



## ಎಚ್‌ಎಂಟಿ ಲಿಮಿಟೆಡ್

(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)

ಎಚ್‌ಎಂಟಿ ಭವನ

ನಂ. 59, ಬಳ್ಳಾರಿ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 032

ದೂರವಾಣಿ : 91-80-23330333

ಫ್ಯಾಕ್ಸ್ : 91-80-23339111

ಈ-ಮೇಲ್ : cho@hmtindia.com

ವೆಬ್‌ಸೈಟ್ : www.hmtindia.com

## एच एम टी लिमिटेड

(भारत सरकार का उपक्रम)

एच एम टी भवन, 59, बेल्लारी रोड

बेंगलुरु - 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

October 29, 2020

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers  
25<sup>th</sup> Floor, Dalal Street  
Mumbai - 400 001  
Scrip Code: 500191

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

Dear Sir/Madam,

### Sub: Notice of 67<sup>th</sup> Annual General Meeting and Annual Report FY2019-20

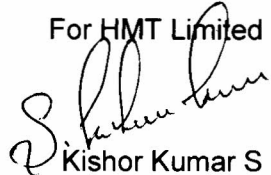
We would like to inform you that the 67th Annual General Meeting of HMT Limited will be held on **Friday, November 20, 2020 at 10.30 A.M (IST)** through Video Conferencing/ Other Audio-Visual Means (VC).

Pursuant to Regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of the AGM Notice and Annual Report for the financial year 2019-20. The same has already been sent to the members of the Company at their registered email addresses.

This is for your information and record.

Yours faithfully

For HMT Limited

  
Kishor Kumar S  
Asst. Company Secretary

Encls: As above

CIN : L29230KA1953PLC000748

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

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

  
एचएमटी लिमिटेड  
**HMT LIMITED**

(CIN No: L29230KA1953GOI000748)

**Regd. Office: HMT Bhavan, No.59, Bellary Road, Banaglore - 560032**

**Ph: 080 – 23330333, Fax: 23339111, E-mail: cosey@hmtindia.com**

**Website: www.hmtindia.com**

## **NOTICE**

**Notice** is hereby given that the 67<sup>th</sup> Annual General Meeting of **HMT Limited** will be held on **Friday, November 20, 2020** at 10.30 A.M IST through Video Conferencing / Other Audio Visual Means to transact the following Businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt:
  - a. The Audited Standalone Financial Statements for the financial year ended March 31,2020 and the reports of the Directors' and Auditors' thereon;
  - b. The Audited Consolidated Financial Statements for the financial year ended March 31, 2020 and the report of Auditors' thereon;
2. To appoint a director in place of Shri. S.Girish Kumar (DIN: 03385073), who retires by rotation and being eligible has offered himself for re-appointment.
3. To authorize the Board of Directors to fix the remuneration of the Independent Auditors appointed by C&AG of India for the year 2020-21.

### **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri. Shashank Priya (DIN: 08538400), who was appointed as Part time Official Director pursuant to Article 67 of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 01.10.2019 to hold office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Ms. Sujata Sharma (DIN: 08863845) who was appointed as Part time Official Director pursuant to Article 67 of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 30.09.2020 to hold office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Shri. R.Vishweshwar Bhat (DIN No. 07271510), who was appointed as Non-Official Independent Director pursuant to Article 67 of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 27.01.2020 to hold office upto the date of this Annual General Meeting be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT Shri. Ramji Lal (DIN No.08690278), who was appointed as Non-Official Independent Director pursuant to Article 67 of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 05.02.2020 to hold office upto the date of this Annual General Meeting be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation.”

8. To consider and, if thought fit, to pass with or without modifications the following as a **Special Resolution:**

“RESOLVED THAT in reconfirmation of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 21<sup>st</sup> July, 2004, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and other applicable provisions if any, of the Companies Act,2013 & Articles of Association of the Company, to the Board of Director of the Company to borrow from time to time any sum or sums of money together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; provided that the total amount of moneys borrowed by the Company shall not at any time exceed the limit of Rs.1100,00,00,000/- (Rupees One Thousand One hundred Crores only)”

**By Order of the Board**

Reg. Office: No.59, Bellary Road,  
Bangalore-560032

**(S Kishor Kumar)**  
**Company Secretary**

Date: October 23, 2020  
Place: Bangalore

1. The Members of the Company
2. All Directors
3. Statutory Auditors
4. Secretarial Auditor

## Notes:-

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM herein after called as "e-AGM". The deemed venue for the AGM shall be the registered office of the Company.
2. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the AGM is annexed hereto and forms part of the notice as **Annexure A**.
3. Pursuant to provisions of the Regulations 26 (4) & 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief resume / profile of the Directors eligible for appointment / re-appointment vide Item Nos. 2, 4 to 7 is enclosed herewith as **Annexure B**.
4. Company has appointed M/s KFin Technologies Private Limited ("KFin") (Formerly Karvy Fintech Private Limited), Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM. Members can attend the meeting through log in credentials provided to them to connect to Video conference. The instructions for e-AGM through Video Conference & remote e-voting / e-voting during the AGM are appended to this Notice as **Annexure C**.
5. The Company has fixed **November 13, 2020** as the 'Cut-off Date' to record the entitlement of the shareholders to cast their voting through remote e-voting/ e-voting during the AGM. The voting right of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date. The remote e-voting period will commence from **November 17, 2020 at 9.00 a.m.** IST and will end on **November 19, 2020 at 5.00 p.m.** IST. Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
6. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. The Company has appointed Shri S. Viswanathan, Practicing Company Secretary to act as a scrutinizer, to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total number of votes cast in favour of or against or invalid if any, not later than 48 hours after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's Report shall be available on the Company's website and on the website of M/s. KFin Technologies Pvt. Ltd (e-voting Agency) and same shall be communicated to the stock exchanges.

8. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.
9. The Share Transfer Books and Register of Members of the Company shall remain closed from **November 14, 2020 to November 20, 2020** (both days inclusive) in connection with the AGM.
10. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.
11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website, [www.hmtindia.com](http://www.hmtindia.com), websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of M/s KFin Technologies Pvt. Ltd, at <https://evoting.kfintech.com>.
12. Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The members may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2020-21 as may be deemed fit by the Board.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants (DP) with whom they are maintaining their demat accounts. Members holding shares in physical form are advised to submit their PAN and bank details to our Registrar and Share Transfer Agent (RTA), M/s. KFin Technologies Pvt. Ltd (Formerly Karvy Fintech Private Limited).
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members. The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts or Arrangements in which the directors are interested and the relevant documents referred to in the Notice will be available electronically for inspection by the Members during the AGM.
16. Members are requested to register their email-ids at the earliest to support the Company's Green initiative and for receiving all communications including Annual Report, Notices, Circulars etc. from the Company electronically. In case of shareholders holding shares in electronic form, details may be sent to their respective Depository Participants (DP). Shareholders holding shares in physical form are requested to send email details to our RTA, M/s KFin Technologies Pvt. Ltd.

**i. For temporary registration of email address for receipt of Notice, Annual Report and e-voting instructions:**

- a. Visit the link [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/)
- b. Select the company name i.e. HMT Limited.
- c. Enter DPID-CLIENT ID (in case shares are held in electronic form)/ Physical Folio No. (in case shares are held in physical form) and PAN.

- d. If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating the records.
- e. In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held.
- f. Enter the email address and Mobile No. System will check the authenticity of DPID-CLIENT ID/ Physical Folio No. and PAN/ Certificate No., as the case may be, and will send the OTPs at the registered Mobile No. as well as email address for validation.
- g. Enter the OTPs received by SMS and email to complete the validation process. Please note that the OTPs will be valid for 5 minutes only.
- h. The Company through its Registrar & Transfer Agent, M/s.KFin Technologies Private Limited will send the Notice, Annual Report and the e-voting instructions along with the User ID and Password to the email address given.

**ii. For registering/updating your email address with the Company permanently and to keep receiving all communication electronically:**

- a. Members holding shares in physical mode may send an e-mail request addressed to cosey@hmtindia.com or to M/s.KFin Technologies Private Limited at einward.ris@kfintech.com along with scanned copy of the request letter duly signed by the first shareholder (mentioning the email address & Mobile No.), self-attested copy of PAN and a copy of the share certificate to enable M/s. KFin Technologies Private Limited to register their e-mail address.
- b. Members holding shares in dematerialized mode are requested to register/ update their email addresses with their respective Depository Participant.

**iii. In case of queries, Members are requested to write to einward.ris@kfintech.com or call at the toll free number 1800-345-4001.**

17. Members who are holding shares in physical form are hereby informed that SEBI has amended regulation 40 of SEBI (LODR) Regulations 2015 vide Notification dated 8th June 2018 and in terms of said notification except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. Hence the members are requested to dematerialize their physical holding.
18. Members can avail of the nomination facility by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the Company. Blank forms will be supplied on request.
19. Members may visit the website of the Company [www.hmtindia.com](http://www.hmtindia.com) for more information on the Company.
20. The Company has assigned an e-mail ID: cosey@hmtindia.com to enable investors to register their complaints, if not adequately addressed by the RTA.
21. Queries on accounts and operations of the Company, if any, may please be sent to the Company at least ten days in advance of the AGM so that the replies may be made available at the AGM.
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
23. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.
24. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders

holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

25. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF  
THE COMPANIES ACT, 2013**

The following explanatory statement sets out the material facts relating to the business mentioned in Item No. 4 to 8 of the accompanying Notice.

**ITEM NO.4**

Shri. Shashank Priya (DIN.08538400) was appointed as Part time Official Director on the Board of the Company by the President of India and accordingly was appointed as an Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 01.10.2019 and holds Office upto the date of this Annual General Meeting.

As per requirement of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing, proposing candidature of Shri. Shashank Priya (DIN. 08538400) for the Office of Part time Official Director of the Company.

Shri. Shashank Priya, if appointed, shall be liable to retire by rotation. Shri. Shashank Priya is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act. 2013.

Except Shri. Shashank Priya, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 4

The Board recommends the resolution for approval of the Shareholders.

**ITEM NO.5**

Ms. Sujata Sharma (DIN: 08863845) was appointed as Part time Official Director on the Board of the Company by the President of India and accordingly was appointed as an Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 30.09.2020 and holds office upto the date of this Annual General Meeting.

As per requirement of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing, proposing candidature of Ms. Sujata Sharma (DIN: 08863845) for the office of Part time Official Director of the Company.

Ms. Sujata Sharma (DIN: 08863845), if appointed, shall be liable to retire by rotation. Ms. Sujata Sharma (DIN: 08863845) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act. 2013.

Except Ms. Sujata Sharma, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 5.

The Board recommends the resolution for approval of the Shareholders.



#### **ITEM NO.6**

Shri. R.Vishweshwar Bhat (DIN No. 07271510) was appointed as Non-Official Independent Director on the Board of the Company by the President of India and accordingly was appointed as an Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 27.01.2020 and holds Office upto the date of this Annual General Meeting.

As per requirement of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing, proposing candidature of Shri. R.Vishweshwar Bhat (DIN No. 07271510) for the Office of Independent Director of the Company.

Shri. R.Vishweshwar Bhat, if appointed, shall not be liable to retire by rotation. Shri. R.Vishweshwar Bhat is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act. 2013.

Except Shri. R.Vishweshwar Bhat, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 6

The Board recommends the resolution for approval of the Shareholders.

#### **ITEM NO.7**

Shri. Ramji Lal (DIN No.08690278) was appointed as Non-Official Independent Director on the Board of the Company by the President of India and accordingly was appointed as an Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f. 05.02.2020 and holds Office upto the date of this Annual General Meeting.

As per requirement of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing, proposing candidature of Shri. Ramji Lal (DIN No. 08690278) for the Office of Independent Director of the Company.

Shri. Ramji Lal, if appointed, shall not be liable to retire by rotation. Shri. Ramji Lal is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act. 2013.

Except Shri. Ramji Lal, being the appointee, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 7

The Board recommends the resolution for approval of the Shareholders.

#### **ITEM NO.8**

At the Extra-Ordinary General Meeting held on 21<sup>st</sup> July, 2004, the Members of the Company had passed the necessary resolution under the provisions of Section 293(1)(d) of the Companies Act, 1956 granting the borrowing powers to the Board of Directors to borrow sum or sums of money upto a limit of Rs.1100 crores. The provisions of Section 180(1)(c) of the Companies Act, 2013, which came into force from 12<sup>th</sup> September, 2013 inter alia provides for passing of a Special Resolution for such borrowing powers to the Board of Directors. Further, it is mandatory to pass resolution under section 180 (1) (c) of the Companies Act, 2013 for the resolution passed in the earlier General Meeting. Therefore, the Board of Directors proposes to seek a fresh mandate by way of Special Resolution proposed to be passed in the forthcoming Annual General Meeting.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 8

The Board recommends the resolution for approval of the Shareholders.

Reg. Office: No.59, Bellary Road,  
Bangalore-560032

**By Order of the Board**

**(S Kishor Kumar)**  
**Company Secretary**

Date: October 23, 2020

Place: Bangalore

**BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT / RE-APPOINTMENT  
AS PER SEBI (LODR) REGULATIONS, 2015****Director seeking re-appointment in this AGM****SHRI. S.GIRISH KUMAR**

At the ensuing Annual General Meeting, Shri S.Girish Kumar, Chairman & Managing Director retires by rotation and being eligible offers himself for reappointment. Shri S.Girish Kumar shall continue to hold his office of Chairman & Managing Director, and the reappointment as such director shall not be deemed to constitute a break in his office of Chairman & Managing Director.

Shri S.Girish Kumar, aged 59 years has assumed charge of the post of Chairman & Managing Director of HMT Limited w.e.f 21st April, 2017 for a period of five years. He is a B.Sc (Engineering) from the College of Engineering, Trivandrum in the year 1983, MBA from the Cochin University and Post Graduate Diploma in Computer Applications from Model Engineering College, Ernakulum. He has worked as Lecturer for a short period in Palghat Engineering College and joined HMT in 1984 as Specialist Trainee. He served for about 21 years in the Engineering Department in HMT Machine Tools, Kalamassery. Handled, MIS functions for one year in HMT Machine Tools Directorate, Bangalore. He was heading the Sales Engineering Department for four years in HMT Machine Tools Ltd., Kalamassery, before joining HMT (International) Ltd as Managing Director on 23rd December, 2010 upto 20.04.2017.

Shri. S. Girish Kumar is holding Chairman & Managing Director (Additional Charge) of Hindustan Photo Films Mfg Co. Ltd, Ooty, Listed entity and not holding membership/chairmanship of Committee of the Board in other listed entities.

Shri S.Girish Kumar does not hold any shares in HMT and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

**Directors seeking appointment in this AGM****SHRI. SHASHANK PRIYA**

Shri Shashank Priya has been appointed as Part-time Official Director on the Board of HMT Limited w.e.f. 01.10.2019. He is presently posted as Additional Secretary and Financial Adviser (AS&FA) in the Ministry of Commerce and Industry (holding the additional charge of AS&FA of Department of Heavy Industry), Government of India.

Shri Shashank Priya, M.A., LL.B, aged 54 years is a Civil Servant belonging to 1988 batch of IRS (C&CE). Prior to joining the Ministry of Commerce and Industry as Additional Secretary, Shri Shashank Priya worked as Joint Secretary in the GST Council. He has more than 31 years of experience of dealing with issues relating to Indirect Tax and WTO. He has also worked in different fields of Customs and Central Excise such as Central Excise Division, Anti-Smuggling, Appraising, Vigilance and Export Promotion. He has acted as a resource person for several reputed institutions and made numerous presentations on GST and WTO issues before national and international audience in India and abroad.

Shri. Shashank Priya is holding directorship in MMTC Ltd, State Trading Corporation of India Ltd, Bharat Heavy Electricals Ltd, listed entities and Member of Audit Committee of the Board in MMTC and State Trading Corporation of India Ltd and also Member of Risk Management Committee of the Board of Bharat Heavy Electricals Ltd., listed entities.

Shri. Shashank Priya does not hold any shares in HMT and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

### **MS. SUJATA SHARMA**

Ms. Sujata Sharma has been appointed as Part-time Official Director on the Board of HMT Limited w.e.f. 30.09.2020. Ms. Sujata Sharma belongs to the Indian Economic Service (IES), 1986 batch. She is presently posted as Senior Economic Adviser in the Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, Government of India. Prior to taking charge of Senior Economic Adviser in Department of Heavy Industry, she was Economic Adviser, Ministry of Panchayati Raj.

Ms. Sujata Sharma aged 59 years is a Post Graduate from Lucknow University and Post Graduate Diploma in Development Studies from the Institute of Developing Economies Advanced School, Tokyo, Japan. She has also participated in the Advanced Professional Programme in Public Administration (APPPA) from the Indian Institute of Public Administration for an M.Phil Degree.

Ms. Sujata Sharma had worked in erstwhile Planning Commission and some Ministries related to the social and rural development sectors. The experience included coordination with States with regard to assessment of Plan Schemes of the States and release of Central Assistance, financial resources for States for the Plans, monitoring of the resources and schemes of the States, analysis of States budgets. She has a rich experience in the development issues relating to the inclusive growth, social justice and empowerment of the disadvantaged and marginalized sections of society. She also handled matters relating to policy intervention, capacity building, financial support for the strengthening of Panchayati Raj system in the country.

Ms. Sujata Sharma is holding directorship in Hindustan Cables Ltd, Listed entity.

Ms. Sujata Sharma does not hold any shares in HMT and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

### **SHRI. R.VISHWESHWAR BHAT**

Shri R.Vishweshwar Bhat has been appointed as Non-Official Independent Director on the Board of HMT Limited w.e.f. 27.01.2020 for a period of three years.

Shri R.Vishweshwar Bhat aged 53 years, Graduated BSc from Karnataka College, MSc (Geology) and MA (Mass Communication & Journalism) from Karnataka University, Dharwad, Karnataka, Diploma in International Journalism from Thomson Foundation, Cardiff Wales, UK & Diploma in Development Journalism from Ecumenical Christian Centre, Bangalore.

Shri R.Vishweshwar Bhat is presently Managing Director of Vishwakshara Media Private Ltd and Editor in Chief, Vishwavani, Kannada Daily.

Shri R.Vishweshwar Bhat has more than 20 years of work experience in the field of Mass Communication & Journalism. Worked as Editor in Chief of Suvarna News Channel, Kannada Prabha from 2011 to May 2015, Executive Managing Editor in Vijaya Karnataka from 2001 to 2010 etc. He also worked as Assistant Professor in Asian College of Journalism & Officer on Special Duty to Union Minister for Tourism & Culture, Government of India, New Delhi for three years. He has written more than 3500 articles, feature, profiles in various newspaper and magazines and also authored 65 books including 8 books on Journalism. He has also travelled across the world and visited 62 countries. He has received various awards including Rajyothsava Award instituted by Government of Karnataka during the year 2005.

Shri. R.Vishweshwar Bhat is not holding Directorship/Membership Committee of the Board in other listed entities.

Shri. R.Vishweshwar Bhat does not hold any shares in HMT and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

**SHRI. RAMJI LAL**

Shri. Ramji Lal aged 51 years Graduated B.Com from Dayalbagh University, Agra and a Fellow member of the Institute of Chartered Accountant of India, New Delhi in the year 1997, having rich experience of more than 20 years of audit in many PSU Banks, Government Departments & Authorities, Firms, Companies etc,.

He is presently Practicing Chartered Accountant, Director of Urban Co-operative Bank, Mainpuri, Member of District Fee Regulatory Samiti, Mainpuri & Auditor of Canara Bank, IDBI Bank and Bank of Baroda, District Coordinator, Goswami Samaj Mainpuri, Legal Representative of District Hospital, Mainpuri etc.

He possesses professional experience in the field of Statutory Branch Audit of PSU Banks, Income Tax, Service Tax, GST, Authorised Legal Advisor etc. He has travelled across the world.

Shri. Ramji Lal is not holding Directorship/Membership Committee of the Board in other listed entities.

Shri. Ramji Lal does not hold any shares in HMT and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

**PROCEDURE AND INSTRUCTIONS FOR ATTENDING THE E-AGM THROUGH VIDEO CONFERENCE, REMOTE E-VOTING AND E-VOTING DURING THE E-AGM SESSION**

**I. INSTRUCTIONS FOR THE MEMBERS FOR ATTENDING THE E-AGM THROUGH VIDEO CONFERENCE**

1. Attending e-AGM through Video Conference: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and click on the “video conference” and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.
2. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
3. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
4. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. AGM Questions prior to e-AGM: Shareholders who would like to express their views/ask questions during the meeting may log into <https://emeetings.kfintech.com> and click on “Post your Questions” and may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that only questions of the members holding the shares as on cut-off date will be considered. Posting of the questions shall commence on **November 17, 2020** at 9.00 AM IST and shall close on **November 18, 2020** at 5.00 PM IST.
7. Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the e-AGM conference.
8. Speaker Registration during e-AGM session: In case of decision to allow the Q&A session in the meeting, member may log into <https://emeetings.kfintech.com> and click on “Speaker Registration” by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commence on **November 17, 2020** at 9.00 AM IST and shall close on **November 18, 2020** at 5.00 PM IST.

**II. REMOTE E-VOTING**

In terms of the provisions of section 108 of the Companies Act 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called ‘the Rules’ for the purpose of this section of the Notice) and regulation 44 of the Listing Regulations, the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice through electronic voting

system, to members holding shares as on **November 13, 2020** (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by M/s. KFin Technologies Private Limited (“KFin”) or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The details of the process and manner for remote e-voting are given below:

- i. Initial password is provided in the body of the email.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT i.e. HMT Limited
- viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click ‘FOR’/‘AGAINST’ as the case may be or partially in ‘FOR’ and partially in ‘AGAINST’, but the total number in ‘FOR’ and/or ‘AGAINST’ taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option ‘ABSTAIN’ and the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on ‘SUBMIT’. A confirmation box will be displayed. Click ‘OK’ to confirm, else ‘CANCEL’ to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at [cs\\_viswanathan@yahoo.com](mailto:cs_viswanathan@yahoo.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format ‘CORPORATE NAME\_EVENT No.’
- xii. Members can cast their vote online from **November 17, 2020** (9.00 a.m. IST) till **November 19, 2020** (5.00 p.m. IST). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.

xiii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 345 4001 (toll free).

### **III. INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE E-AGM SESSION**

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page
2. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those shareholders, who are present in the e-AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.

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**67<sup>th</sup>**

**ANNUAL REPORT**

**2019-20**



## **CORPORATE MISSION**

- To establish ourselves as one of the world's premier companies in the engineering field having strong international competitiveness.
- To achieve market leadership in India through ensuring customer satisfaction by supplying internationally competitive products and services.
- To achieve sustained growth in the earnings of the group on behalf of shareholders.

## **CORPORATE OBJECTIVES & GOALS**

- To encourage the modernization of Indian Industry through the supply of engineering goods and services of world class excellence.
- To maintain technological leadership through continuous efforts to update product technology and manufacturing methods.
- To globalize our operations by developing a mix of international markets and businesses.
- To ensure a satisfactory return on capital employed, to meet the growth needs and the aspirations of our stakeholders.
- To provide an active, pleasant and productive working environment.

## Chairman's Address

### 67<sup>th</sup> Annual General Meeting of HMT Limited

#### Dear Shareholders, Ladies and Gentlemen,

It gives me pleasure to extend a very warm welcome, to each one of you, on behalf of the Board of Directors, as well as, on my own behalf, to the 67<sup>th</sup> Annual General Meeting of your Company. I take this opportunity to convey my best wishes to all those present here and those participating virtually as also to those not able to participate. I thank all the persons who have been associated with this great organisation, for being with us.

The Notice convening AGM, the report of the Directors, Auditors and the audited accounts for the year ended 31st March 2020 has been provided to all the shareholders of the Company.

#### Global Outlook

After collapsing in the first half of the year, the economic output recovered following the easing of measures deployed to contain the COVID-19 pandemic and the initial re-opening of businesses. Policymakers reacted rapidly and massively to buffer the initial blow to incomes and jobs and to restore confidence so that economies can recover. The unprecedented policy support by governments needs to become more targeted and be flexible enough to adapt to changing conditions so that increased consumer and business confidence can boost jobs and demand. Growth momentum has started picking up in international markets with easing of restrictions in many countries. However, for some businesses, the Covid-19 has also presented multiple new opportunities.

#### Indian Economy

In India, growth is estimated to have slowed to 4.2% in FY 2019-20 and output is projected to contract by 9.6% in 2020-21 in view of impact of COVID-19 which would keep private spending and investment lower for longer period. Urban India continues to fight the

growing menace of the pandemic, both on the health and the economic front. While addressing issues around Covid-19, along with the containment strategy, the Government took various measures for fiscal stimulus to open up economic activity, such as relief under MNREGA Scheme, Direct Transfer of Cash, Minimum Support Price, Emergency Working Capital to Farmers, Collateral-free automatic loans to MSMEs along with setting up liquidity facilities and partial credit guarantees to NBFCs etc. Also, additional thrust has been placed on corporate social responsibility measures for mitigation of the repercussions of the pandemic. With these, Government aims to achieve progress, prosperity and quantum jump in development.

#### Manufacturing and impact on Future of Indian Economy

The Government of India has identified manufacturing as critical to the future of the economy. The world after COVID-19 will be different with structural changes in production, consumption and work patterns. A lesson learnt from the Covid-19 crisis is that manufacturers need to be agile in an ever-changing environment to regain their footing amidst continued volatility in costs and policy decisions. While uncertainty may continue in the foreseeable future, the capability of manufacturers to increase resilience in their operations based on their core competencies would yield prosperity to the stakeholders.

Major structural reforms launched by the Government – in agriculture markets, labour laws and definition of MSMEs – provide unparalleled opportunity for this resilient sector to grow and prosper now and thereby contribute to job creation in the primary and secondary sectors. The modified definition of MSMEs facilitates expansion and growth of these enterprises, without fearing the loss of government incentives, thereby avoiding the phenomenon of dwarfs among MSMEs. The resulting economies of scale can enhance

productivity without the MSMEs losing out on several government incentives including interest subvention, collateral-free loans, market support, export promotion, preferential procurement in the public sector and enabling of IT ecosystems.

To support this, thrust has been provided to digitisation across areas like the supply chain, communication, marketing, sales etc and for mobilizing partnerships within ecosystems to drive targeted business goals.

### **HMT's contribution to mitigate Covid pandemic**

Your Company also took up the opportunity to address the pandemic with collaborated efforts and developed a UV Disinfection Tunnel in collaboration with Sri Chitra Tirunal Institute, which will help disinfect various touch points of the passengers / people and installed it in various centres including Kochi Airport, Kannur Airport etc. as well as development of Isolation Pods for testing of Covid-19 patients. Your Company has also tied-up with Indian Institute of Technology, Hyderabad for developing 3 Variants of Ventilators which are under trials and testing.

During the Covid-19 period, health and safety of employees, customers and stakeholders has been accorded top priority along with the mission of serving the customers' needs. Your Company re-started the manufacturing operations at the Units as per the guidelines of National Disaster Management Authority during May 2020 and established standard operating procedures for work under the Covid-19 scenario.

### **Performance & Business accomplishments**

During the year 2019-20, your Company's main business portfolio of Food Processing Machinery business recorded a growth of 23.39% in production (Rs.20.99 Crore in 2019-20 as against Rs.17.01 Crore in the previous year), and 34.59% in Sales (Rs.22.02 Crore in 2019-20 as against Rs. 16.36 Crore in the previous year). The total turnover of the Company for the year 2019-20 stands at Rs. 26.13 Crore as against Rs. 19.60 Crore during 2018-19. The Profit Before Tax during 2019-20 is Rs. 28.04 Crore as against Rs. 25.66 Crore in the previous year. HMT Group of Companies

achieved an aggregate Production of Rs.234.41 Crore and Rs. 260.30 Crore of revenue from operations.

The growth of dairy industry is fuelling the demand for equipment in the sector. The Company is bringing out new products and equipments to capture the emerging demand.

### **Initiatives at the Subsidiaries**

The Subsidiaries of your Company undertook several initiatives during the year 2019-20.

### **Machine Tools Business**

HMT Machine Tools Limited achieved Sales of Rs. 176.23 Crore and Production of Rs.213.42 Crore during the period as compared with Rs. 217.41 Crore and Rs. 238.83 Crore respectively during the previous year. The Company' net loss registered at Rs. 98.72 Crore as against Rs. 63.83 Crore in the previous year. The Company procured orders valued Rs.164.96 Crore against Rs. 253.33 Crore in the previous year. The reduction in production and sales as well as increase in loss was mainly due to the effect of Covid-19 as the Company could not complete several finishing and despatch activities in the last quarter due to non-receipt of imported material, inability of customers to come for pre-dispatch inspection as well as travel restrictions to send engineers for erection and commissioning.

During the year, the Company entered into tie-ups for development of UV Disinfection Tunnel, Isolation Pods and Ventilators. The Company has provided Industrial Training and Internship to students. The Company also successfully designed, developed and supplied Flow Forming Machine, Directing Gear of Variants like Alpha P7, Talwar, CNC Twin Spindle Cylindrical Grinding Machine and CNC Vertical Facing Mill with 200 Ton Rotary table under "Make in India" Initiative of the Government. Several Technology Tie-ups for technology enhancement and product upgradation are on the anvil.

During the year, the Company has also initiated activities related to plant modernisation at its manufacturing Units and investments have been planned to modernise the plants in a phased manner.

## Exports

The other operative subsidiary, HMT (International) Limited has also performed well to achieve its highest turnover of Rs.67.15 Crore since inception as against Rs. 57.07 Crore recorded in the previous year. The Company has recorded a Net Profit before Tax of Rs.3.88 Crore as against Rs.2.02 Crore previous year.

New orders valued Rs.42.26 Crore have been procured during the year. Agreements have been signed for execution of various projects and supplies abroad and completed certain projects abroad. Several machines have already been supplied under this Agreement and it is expected that the project would be completed during the current year.

### Action on directions from Government for Closure of subsidiaries and Tractor Division

As per decision of the Government, the operations of HMT Watches Limited, HMT Chinar Watches Limited, HMT Bearings Limited and HMT Tractor Division have been closed and all the employees have been relieved.

HMT Chinar Watches Ltd has been approved for voluntary liquidation under the provisions of Insolvency and Bankruptcy code 2016 and the Insolvency Professional appointed to finalise the voluntary liquidation of the Company has filed the petition with NCLT.

HMT Bearings Limited has been taken up for closure under section 271 and 272 of Companies Act, 2013 and Consultant appointed for preparation of documents and Petition for Voluntary Winding up has been filed for the same before the NCLT, Hyderabad.

Closure related activities in HMT Watches Limited are under progress, while the Tractor Division has been closed and the plant and township is now part of the Auxiliary Business Division (erstwhile Common Services Division) of the Company.

## FUTURE OUTLOOK:

### Food Processing Machinery

The growth of food processing industry is fueling the demand for equipment in the sector. HMT Food

Processing Machinery Unit at Aurangabad has planned modernization of its Plant and Machinery and is also developing and supplying upgraded / new versions of its products like Homogenizers, Continuous Butter Making Machines, Chillers, etc.

### Machine Tools

The machine tool market depends on Capex Plans and investments of its customers. The economic slowdown during 2019-20 is likely to continue during 2020-21 in view of the economic consequences of Covid-19 crisis which would affect the Capex plans of the customers. However, the Company envisages increased revenues, by focusing on sectors and customers for customized hi-tech machines with the inherent capability of in-house R&D, Technology Tie-ups, Joint Working Arrangements, etc.

In view of thrust given by the Government for the Make in India program and monetary stimulus with the aim for ease of doing business increased demand is expected for machine tools by the fourth quarter of 2020-21. The pending Orders for Machine Tools is over Rs.300 Crore as on 30.9.2020.

Your Company is pursuing indigenization and technology absorption through In-house Research & Development, Technology tie-ups and Joint Working Arrangements and new product development to meet the needs of Defence, Power, Aerospace, Railways, Nuclear sectors, etc and reduction in import content in Machine Tools Sector. Further, the Company plans to setup Vocational Training Centres for Machine Tools in Capital Goods Sector as well as Skill Development Centres, R&D Centres, Common Facility Centres and Incubation Centres. In this direction, the Company has plans to develop Technology Portal viz., "HMT TechPort" to promote collaboration and sharing of knowledge, expertise and experience amongst Industries, R&Ds, Academia, MSMEs, Start-ups, Professionals, Students etc. along with the policy makers in the Machine Tool Sector.

### Exports Business

The Company is gearing up to increase its revenues in the coming years by taking up HMT's products and

other Engineering Goods to newer destinations and to take up more turnkey projects in under-developed and developing countries. HMT(I)'s orders pending stands at Rs.53.40 Crore as on 30.9.2020.

Your Company will continue to strive for a consistent growth rate to match the expectations of its stakeholders. While your Company is committed to accelerate growth, it will persevere to achieve best standards of Corporate Governance and Ethical Business Practices with emphasis on transparency, accountability and professionalism in working, with the aim of enhancing long term economic value to all stakeholders and society at large.

The performance of the Company is measured in terms of the economic, environmental and societal parameters augurs will to reinforce the image of HMT as a socially responsible Corporate Entity. Sustainability in HMT is the continuing commitment to behave ethically and contribute towards economic development while improving the quality of life of its employees, their families and the local community and society at large. The philosophy of greening the environment will continue in the near future.

### Corporate Governance

Your Company strives constantly in adopting and maintaining the highest standards of values and principles. The Company is complying with Government Guidelines on Corporate Governance framed by Department of Public Enterprises for CPSEs.

### Acknowledgement

I take this opportunity to express my sincere gratitude for the immense support received by your Company

from the Hon'ble Minister for Heavy Industries & Public Enterprises, the Secretary (Heavy Industry), the Joint Secretary and other Officers in the Department of Heavy Industry as well as the Department of Public Enterprises in the Ministry of Heavy Industries & Public Enterprises as well as Ministry of External Affairs. I am also grateful to the officers in the Ministry of Finance, the Comptroller & Auditor General of India and the Statutory Auditors etc., for all their support for smooth operations of the Company. I sincerely thank the State Governments concerned, Joint Venture Partners, Suppliers, Banks and Financial Institutions for their valuable assistance and support. The valued customers of the Company both in India and abroad deserve special mention for their continued patronage.

I would also like to express my sincere thanks and appreciation to my esteemed colleagues on the Board and to all **HMTians, and their families**, for unswerving commitment, continued co-operation and for maintaining cordial relations during the year.

I also thank all the other stakeholders for their valuable support, cooperation and for reposing continued confidence in the Company's performance. I am confident that with dedicated and committed resource of employees and valuable support of our esteemed shareholders, your Company will deliver its responsibilities and enhance value to its stakeholders.

I thank you once again for your continued faith in HMT and its management. I wish you and your family members all the best!

**(S. Girish Kumar)**

Chairman & Managing Director  
Bengaluru

## HMT LIMITED

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**BOARD OF DIRECTORS (As on 23.10.2020)**

Shri. S. Girish Kumar	Chairman & Managing Director
Shri. Shashank Priya	Director (w.e.f. 01.10.2019)
Ms. Sujata Sharma	Director (w.e.f. 30.09.2020)
Smt. Neera Tomar	Independent Director
Shri. R.Vishweshwar Bhat	Independent Director (w.e.f. 27.01.2020)
Shri. Ramji Lal	Independent Director (w.e.f. 05.02.2020)

**CHIEF VIGILANCE OFFICER**

Shri. Vidya Bhushan Kumar (w.e.f 12.12.2019)  
Dr. Mamta Kochar (upto 27.10.2019)

**CHIEF FINANCIAL OFFICER**

Miss Kamna Mehta

**COMPANY SECRETARY**

Shri. Kishor Kumar S

**STATUTORY AUDITOR**

M/s. S.S.B & Associates  
Chartered Accountants  
No.27, Service Road, Between 2nd &  
3rd Cross, Pampamahakavi Road,  
Shankarpuram, Bengaluru – 560 004

**SECRETARIAL AUDITOR**

S. VISWANATHAN  
Practicing Company Secretary  
Susheel Chandra Apts  
17th A Cross, 10th A Main,  
Malleshwaram (W), Bengaluru – 560055

**BANKERS**

UCO Bank  
Punjab National Bank

**REGISTERED OFFICE**

“HMT BHAVAN”  
59, Bellary Road, Bengaluru - 560 032

**CORPORATE IDENTITY NUMBER**

L29230KA1953GOI000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

KFin Technologies Pvt. Ltd  
Selenium Tower B, Plot No 31 & 32 Gachibowli,  
Financial District,  
Nanakramguda, Serilingampally  
Hyderabad – 500 032

**PERFORMANCE HIGHLIGHTS (Values in Rs. Lakhs)**

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
<b>OPERATING STATISTICS</b>										
Sales	2613	1960	1480	1043	726	6155	7971	10095	16112	20086
Other Income *	4331	3731	1730	1634	10448	3239	30518	4756	4658	5475
Materials	1738	1137	818	267	246	3805	6319	5365	12118	13746
Employee Costs	1375	1003	1194	1026	1106	10334	9030	7070	7499	8371
Other Costs	1010	1065	894	5042	470	2293	11754	4090	2906	3140
Depreciation	27	25	25	32	27	367	340	355	440	387
Earnings before Interest	2806	2595	578	(3728)	9348	(8174)	12016	(4135)	735	(16)
Interest	2	29	212	288	297	1836	1434	10403	8955	7908
Earnings/(Loss) before Tax	2804	2566	366	(4016)	9051	(10010)	10582	(14538)	(8220)	(7924)
Taxation (net off withdrawal/refunds)	-	-	-	(1861)	-	-	1861	-	-	-
Discontinued Operations (Tractors)	22014	(841)	(1083)	(21794)	(10765)					
Net Earnings	24818	1725	(717)	(23949)	(1714)	(10010)	8721	(14538)	(8220)	(7924)
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	1393	1616	1723	1956	2229	2481	2831	3159	3507	3868
Current Assets	41552	32000	18983	18832	9345	64225	67742	68604	70619	65557
Current Liabilities & Provisions	10966	23981	11878	20950	35387	27723	21881	26928	25701	24309
Working Capital	30586	8019	7105	(2117)	(26041)	36502	45861	41676	44918	41248
Capital Employed	31979	9635	8828	(161)	(23812)	38983	48692	44835	48425	45116
Investments	71978	71978	72042	72029	76425	76425	76390	76556	76556	76556
Borrowings	64172	66206	67155	57948	15094	13846	11246	82349	71401	59871
Preference Share Capital (PSC)	3686	3686	3686	3686	3686	66000				
Net Worth	36099	11721	10029	10234	33833	35562	113838	39043	53581	61800
<b>OTHER STATISTICS</b>										
Capital Expenditure	2	124	10	13	65	8	12	7	81	227
Internal Resources Generated	24845	1752	(692)	(25778)	(1687)	(9643)	10922	(14183)	(7780)	(7537)
Working Capital Turnover Ratio	0.09	0.24	-	-	-	0.17	0.17	0.24	0.36	0.49
Current Ratio	3.79	1.33	1.60	0.90	0.26	2.32	3.10	2.55	2.75	2.70
Return on Capital (%)	13.49	28.11	13.34	-	-	(18.65)	25.70	(8.87)	1.57	(0.03)
Employees (Nos)	91	101	103	118	128	1421	1434	1442	1699	1904
Per Capita Sales	28.71	19.41	14.37	8.84	5.67	4.33	5.56	7.00	9.48	10.55

\* Includes Extra Ordinary & Exceptional Items

Note: Figures are as per IND AS from FY 2014-15, Networth includes PSC in FY2013-14

## DIRECTORS' REPORT

To  
The Members  
HMT Limited  
Bengaluru

Dear Members,

The Board of Directors has pleasure in presenting the 67<sup>th</sup> Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2019-20 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

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

Particulars	Rs. in Lakhs	
	2019-20	2018-19
Gross Revenue from Continuing Operations	2613	1960
Other Income	4331	2859
Total Income	6944	4819
Profit Before Depreciation and Finance Costs	2833	1748
Depreciation	27	25
Gross Profit/(Loss)	2806	1723
Finance Cost	2	29
Net profit before exceptional Items	2804	1694
Add : Exceptional Items	-	872
Net Profit before Tax	2804	2566
Provision for Tax	-	-
Net Profit After Tax	2804	2566
Profit/Loss from discontinued operations	22014	(841)
Net Profit/(Loss) for the year	24818	1725
Other Comprehensive Income	(440)	(32)
Total Comprehensive Income	24378	1693

### BUSINESS SCENARIO:

As per the provisional estimates of national income released by Central Statistics Office, the growth rate of

Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2019-20 is estimated at 4.2 per cent, as compared to the growth of 6.1 per cent in 2018-19.

The growth in Gross Value Added (GVA) at constant basic prices for the year 2019-20 is estimated at 3.9 per cent, as compared to 6.0 per cent in 2018-19. At the sectoral level, the growth in the 'agriculture, forestry and fishing', 'mining & quarrying', 'manufacturing', 'trade, hotels, transport, communication and services related to broadcasting' is estimated to be 4.0 percent, 3.1 percent, 0.03 percent and 3.6 percent respectively in 2019-20.

The cumulative growth of Index of Industrial Production (IIP) with base 2011-12 for the period April '19 - February '20 over the corresponding period of the previous year stands at 0.9 percent. However for the Period April '19 - March '20 the IIP registered cumulative growth of (-) 0.7 percent over corresponding previous year.

The Eight Core Industries comprise 40.27 per cent of the weightage of items included in the Index of Industrial Production (IIP). The cumulative growth of the eight core industries during April to March, 2019-20 was 0.6 per cent.

The manufacturing sector's growth was 3.1 per cent during February '20 and -20.6 percent during March '20 as compared to growth of 3.9 per cent during 2018-19.

After experiencing a downtrend for five months till January 2020, India's merchandise exports managed around 3 percent growth in February 2020 over the same month last fiscal. However, exports in March conceded an unprecedented 34.57 percent decline year-on-year as outbreak of Corona Virus caused large scale disruptions in supply chains and demand, resulting in cancellation of orders. Merchandise exports were recorded at USD 21.41 billion during the said month as against USD 32.72 billion in March 2019. In Rupee terms, the decline was somewhat thinner at 29.98 percent.

Cumulative value of merchandise exports for the period April-March 2019-20 was USD 314.31 billion as against USD 330.08 billion during the last fiscal,

registering a 4.78 percent fall in Dollar terms. In rupee terms, the decline was 3.52 percent.

The COVID pandemic has affected the flow of manufacturing activities. The supply chain has been disrupted causing delay in dispatch of the machines.

Further in sectors like automobiles, the investment in new machines has been either postponed or cancelled due to reduced demand.

The demand from Government sectors like Defence, Railways etc are also not forthcoming due to budget constraints.

It is expected the time period for businesses to return to the pre covid state would be 12 to 18 months.

## OPERATING RESULTS

Company's main business portfolios included the product range of Food Processing Machines. The Company recorded a Production of Rs. 20.99 Crore (161 Nos) as against Rs.17.01 Crore (128 Nos), in the previous year, and Sales of Rs.22.02 Crore (200 Nos) compared to Rs.16.36 Crore (91 Nos) in the previous year.

Rs. In Cr.

Year	2019-20		2018-19	
	Nos.	Value	Nos.	Value
<b>Production</b>	161	20.99	128	17.01
<b>Sales</b>	200	22.02	91	16.36

The total turnover of the Company for the year 2019-20 stands at Rs. 26.13 Crore as against Rs.19.60 Crore during 2018-19. The Profit Before Tax during the year 2019-20 is Rs. 28.04 Crore as against Rs.25.66 Crore in the previous year. The Tractor business division of the Company stands closed as on 31.03.2020 and remaining assets and liabilities are transferred to Auxiliary Business Division (ABD) erstwhile Common Services Division (CSD) of the Company.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs. 234.41 Crore. Revenue from operations is Rs. 260.30 Crore for the year 2019-20 against Rs. 262.77 Crore of previous year. HMT

Group has registered profit of Rs. 147.31 Crore against Rs. 143.82 Crore during the previous year.

## FUTURE OUTLOOK

### Food Processing Machinery

The Food Processing Industry has emerged as one of the important segment in terms of its contribution to Indian economy, as it contributes 9 % and 11% of GDP in Manufacturing and Agriculture sector respectively.

The contribution of the food processing sector to Gross Value Added (GVA), employment and investments is significant. It is estimated that the gross value of plant and machinery deployed in food processing sector, by the year 2024-25 will be USD 51.41 billion.

The growth in the processing equipment market in India is driven mainly by the increased demand for processed food products. There is a need to adopt new methods, technology, and machinery for the food processing industry with least impact on sensory qualities such as colour and texture. Technological advancements are necessary for the growth of the sector and for the diversification of the existing production capacity of the food processing industry.

The Government is encouraging the technological advancements for the industry by providing specific incentives to the sector in terms of duty reductions, duty exemptions etc. Given this scenario, there is an abundant opportunity for various multinational companies to explore the manufacturing of equipment for food processing sector in India.

A Dairy Processing & Infrastructure Development Fund (DIDF) has been set up with an outlay of USD 1.67 billion during the period from 2017-18 to 2028-29. Out of 1.67 billions USD of financial outlay for project components of DIDF, 1.23 billions USD shall be loan from NABARD to National Dairy Development Board (NDDB) and National Dairy Development Cooperation. This investment is expected to benefit 95,00,000 farmers in about 50,000 villages.

Under Dairy Processing and Infrastructure Development Fund (DIDF) Government of India to provide Interest subvention upto 2.5% to NABARD from 2019-20 (with

effect from 30.07.2019) to 2030-31 and in case there is any further increase in the cost of funds, it shall be borne by the end borrowers themselves.

The funding period (2017-18 to 2019-20) of the scheme is revised to 2018-19 to 2022-23 and the repayment period to be extended upto 2030-31 with spill over to first quarter of the FY 2031-32.

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

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

### **Machine Tools Market in India**

Machine Tool sector is a basic capital goods industry. It is a sub-sector of the engineering industry included under the category heavy engineering units. Machine Tool segment produces mother machines and therefore plays a vital role in the technological upgradation, quality control and cost, in the engineering & manufacturing sector.

The Indian Machine Tool Industry is expected to grow at a CAGR of 12.6% by 2020 and 13% during 2020-2024. The machine tool market in India is expected to reach USD 2,588 million by 2020 and poised to grow by USD 1.9 billion during 2020-2024.

As per the latest 'World Machine Tool Output Survey' by Gardner's publication, India occupies 9th rank in production and 7th rank in consumption of machine

tools globally. The country is set to become a key player in the global machine tools industry and is likely to see substantial high end machine tools manufacturing.

The machine tool market is driven by the rising industrial automation in India. The growth of the automotive industry in India is one of the major factors for the market's growth. The automotive and auto components industry has accounted for about 40% of machine tools consumption in India. In addition, the adoption of 3D printing technology is anticipated to boost the growth of the machine tools market in India. Machine Tool Sector is expected to become more competitive and offers several opportunities for investment. Technology tie-ups with global machine tool companies can create opportunities for Indian companies to develop their business overseas. Given the current gap between demand and supply, there is a clear need for adding capacities in this sector.

The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments such as automobiles and consumer durable, Aerospace etc. The use of such automated machines lowers the cycle time and increases throughput for manufacturers. Development and proliferation of automation, robotics, artificial intelligence, machine learning and control solutions are presenting significant opportunities for machine tool industry.

Moreover, "Make in India" initiative introduced by the Government of India has identified automobiles, auto-components, biotechnology, defence, railways and textiles for development. Machine tool industry will be the key enabler in this journey as automobiles, auto-components, defence and railways have been the main users of machine tools. It gives great opportunity for the sector to grow at 20-25 percent annually to increase its market share. Consumption demand is expected to grow at 15.0 percent, and the domestic production meets less than 50.0 percent of the domestic demand.

### **SHARE CAPITAL**

The Authorized Equity Share Capital of the Company is Rs.1230 Crore and paid up equity Share Capital is



Rs. 355.60 Crore (355601640 equity shares of Rs. 10/- each fully paid up).

### **FIXED DEPOSITS**

The Company has not accepted any deposits from the public and hence there is no violation of Chapter V of Companies Act 2013, and the corresponding rules made thereunder.

### **DIVIDEND**

Keeping in view requirement of funds for operations, the Directors are not in a position to recommend any dividend to the shareholders.

### **Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

During the Financial year 2019-20, the Company has not received any complaints of Sexual Harassment and no cases are pending.

### **FRAUD REPORTING**

There was no incident of fraud reported during the year under review.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board level CSR Committee was constituted on 12th August, 2019 during the Financial Year 2019-20. The composition of the CSR Committee is provided in the Corporate Governance Report. The CSR policy is placed on the website of the Company [www.hmtindia.com](http://www.hmtindia.com).

As the average net profits/(loss) of the company during the three immediately preceding financial years is (Rs.8267.33) Lakhs, the Company is not required to spend any amount on CSR activity during the FY2019-20 as per the provisions of Section 135 (5) of the Companies Act, 2013.

### **ENTERPRISE RISK MANAGEMENT**

In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated a "Risk Management Policy"

which is placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com).

### **PARTICULARS OF EMPLOYEES**

No employees of the Company received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **SUBSIDIARY COMPANIES**

#### **HMT Machine Tools Limited**

The Subsidiary achieved Sales of Rs. 176.23 Crore against Rs. 217.41 Crore and attained Production of Rs. 213.42 Crore as against Rs. 238.83 Crore, in the previous year. Net loss reported during the year 2019-20 is Rs. 98.72 Crore against reported loss of Rs. 63.83 in previous year.

#### **HMT (International) Limited**

The Subsidiary achieved a turnover of Rs. 67.15 Crore during the year 2019-20 as against Rs. 57.07 Crore recorded in the previous year. New Order procurement during the year is Rs. 42.26 Crore. Continuing the trend of achieving profits, Subsidiary reported Profit Before Tax (PBT) of Rs. 3.87 Crore against Rs. 2.02 Crore reported in previous year. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 25% on its Paid-up equity share capital for the year 2019-20.

### **SUBSIDIARIES UNDER CLOSURE**

As per the CCEA decision, the operations of the subsidiaries namely HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd have been closed. There has been no production during the year. Revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year Profit after Tax reported by HMT Watches Limited is Rs. 0.96 Crore and by HMT Bearings Limited is Rs. 2.92 Crore. HMT Chinar Watches Limited has incurred a net loss of Rs 0.02 Crore during the year.

The Voluntary Liquidation proceedings in respect of HMT Chinar Watches Limited commenced from the

date of shareholders' approval i.e. March 25, 2019. The Petition has been submitted before Hon'ble National Company Law Tribunal, Chandigarh on 26.08.2020 for dissolution of M/s.HMT Chinar Watches Limited in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulation, 2017.

HMT Bearings Limited has submitted petition under section 271-272 of the Companies Act, 2013 before Hon'ble National Company Law Tribunal, Hyderabad on 19.06.2020 for voluntary winding up of the Company.

## **ASSOCIATE /JOINT VENTURE COMPANY**

### **SUDMO-HMT Process Engineers (India) Limited**

This Joint Venture Company could not transact any business during the year under review. For the financial year 2019-20, this Company incurred Net Loss of Rs 0.40 Lakhs.

### **Gujarat State Machine Tools Corporation Ltd**

This Joint Venture Company between HMT and GIIC Ltd has discontinued its operations since long. It is therefore proposed to divest from this Associate Company jointly with the JV Partner. The process of disinvestment from this Company is under consideration by the Company in consultation with the JV Partner.

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

## **INDIAN ACCOUNTING STANDARDS**

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

## **REDUCTION IN SHARE CAPITAL**

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved

reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA

## **CONSOLIDATED FINANCIAL STATEMENTS**

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2019-20, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

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

## **HUMAN CAPITAL**

Information in accordance with the Companies Act, 2013 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2019-20.

The employee strength of the Company as on March 31, 2020, stood at 91 Nos comprising of various categories of employees in manufacturing plants and other offices in technical and other professional areas.

The number of employees on the rolls of the Company as on March 31, 2020 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	16
Scheduled Tribes	03
Other Backward Classes	16
Ex-Servicemen	01
Persons with Disabilities	02
Women employees	15
Minorities	07

## **INDUSTRIAL RELATIONS**

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

## **IMPLEMENTATION OF OFFICIAL LANGUAGE**

Continuous efforts are being made by the Company towards implementation of Official Language Act, Rules & Policy as per the directives of the Government to enhance the levels of usage. The Official Language Implementation Committee have been constituted in all the Units of the Company and its Subsidiaries, including the Corporate Office at Bengaluru to monitor implementation of Official Language Act, Rules, Policy, etc. which meets at regular intervals in every quarter.

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of September 2019. Various competitions in Hindi such as Story Telling, Quiz, Essay Writing, Antakshari, etc., were organized and participants were awarded prizes. A workshop was organised during the above period for Hindi Typing Training Programme & Hindi Tippani Lekhan. The Hindi Newspapers are being procured to propagate the usage of Hindi among employees. The Officers of Rajbhasha Department regularly take part in the meetings/ programmes of the Town Official Language Implementation Committee (TOLIC).

Company has also Organised Quiz Competition for members of TOLIC (Undertaking Bengaluru) during August 2019, under Joint Hindi Month 2019 Organized by TOLIC (Bengaluru) where 46 participants from 23 member organizations of TOLIC (Bengaluru) actively participated.

Reporting on progress of Hindi proliferation in the Company is being done periodically on Rajabhasha Vibhag portal.

## **VIGILANCE ACTIVITIES**

Chief Vigilance Officer (CVO) appointed by the Government of India heads the Corporate Vigilance Department of the Company. Presently Shri Vidya Bhushan Kumar, IFoS, CVO, Bharat Earth Movers Limited (BEML) has been assigned with the additional charge of CVO HMT Limited.

The Corporate Vigilance Department carries out vigilance functions in the Holding Company as well as Subsidiary Companies. Vigilance function in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

All the Unit Vigilance Officers send their monthly Vigilance/Inspection Reports and Surprise Inspection reports to CVO. Reports so received are scrutinized at CVO Office for further action. Unit Vigilance Officers also verify Annual Property Returns submitted by the employees of the Unit. As per the guidelines Vigilances Clearances are issued after verification.

Apart from regular inspections by Unit Vigilance Officers, CVO conducts CTE (Chief Technical Examiner at CVC) type surprise and regular inspections of high value purchase/contracts and systems by visiting various subsidiaries and Units.

Violations of rules and procedures observed during the inspection of files by CVO/Dy.CVO/Unit VOs were recorded and depending upon the seriousness of the deviations, further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection, in the quarterly Vigilance workshop and advice the concerned officers that the



violations of rules and procedures pointed out by the Vigilance Department should not be repeated and all the concerned officers should comply with CVC and Company Purchase Manual guidelines.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedure and all norms of transparency in tendering process. Based on CVC's guidelines for 'Improving Vigilance administration by leveraging technology and increasing transparency through effective use of website' necessary direction were given by CVO for implementation of the same. Some of the systems put in place by the Company are:

1. The Quarterly Vigilance/Annual report is switched over to online method from manual copy as per the direction from CVC.
2. Publishing details regarding all purchase orders/ contracts concluded during the month of and above the threshold value (presently Rs 5.00lakhs). This is generally followed by all manufacturing Units.
3. HMT Limited has registered under GEM and the procurements are being made on periodic basis based on the requirements.
4. Management is in the process of adopting E procurement & Integrity Pact as per Gol guidelines.
5. In many of the units/subsidiary, E- payment mode to suppliers is adopted and compliances level is 60 to 85%.
6. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees.
7. Systemic improvements were suggested for implementation from time to time.
8. Vigilance Awareness Week 2019 with the theme "Integrity – A way of life" was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

9. The Number of inspections including surprise inspections carried out by Unit Vigilance Officers and the number of Annual property returns scrutinized between April 2019 to March 2020 is tabulated below:-

Inspection	Total carried out between April 2019-March 2020 (by Unit Vigilance Officers)
Periodic Inspection of purchase files	1272
Surprise Inspection	278
Scrutiny of Annual Property Returns	708

## MANAGEMENT DISCUSSION AND ANALYSIS

A Report on Management Discussion and Analysis is appended to this Report separately as **Annexure-2**.

## CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, a Report on the Corporate Governance is appended as **Annexure-3** to this Report along with the Compliance Certificate from the Auditor as **Annexure-4**.

## INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of Particulars) Rules, 1988 are appended as **Annexure-5**.

## DIRECTORS RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual financial statements for the year ended 31.03.2020, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

## EXTRACT OF ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is appended as **Annexure-6** to this Report.

## AUDITORS

M/s. S.S.B & Associates, Bengaluru were appointed as Statutory Auditors of the Company for the year 2019-20 by the Comptroller & Auditor General of India. Two firms of Chartered Accountants were also appointed as Branch Auditors for the other Units/Divisions of the Company.

Replies to the observations by the Statutory Auditors in their Report are given by way of an addendum to this Report as **Annexure-7**.

## SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act 2013 and rules made thereunder, the Company has appointed Shri. S. Viswanathan, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2019-20. The report of the Secretarial Auditor is appended as **Annexure-8** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Directors report as **Annexure-9**.

## BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility Report for the year 2019-20 is appended as **Annexure-10** to this report.

## BOARD MEETINGS AND CHANGE IN DIRECTORS / KEY MANAGERIAL PERSONNEL

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

Smt. Shashi B. Srivastava, IDAS (1989), Director (Finance), was repatriated to parent cadre/ relieved

from HMT Limited on 31.5.2019 (AN) and Shri. S. Girish Kumar, Chairman & Managing Director of the Company is holding the Additional Charge of the post of Director (Finance), HMT Limited w.e.f. 01.06.2019. Dr. Subhash Chandra Pandey, Special Secretary & Financial Advisor (SSFA) ceased to be Government Nominee Director upon attaining the age of superannuation w.e.f. 30.06.2019.

Shri. Shashank Priya, Additional Secretary & Financial Adviser (AS&FA), Ministry of Commerce and Industry (holding the additional charge of AS&FA of Department of Heavy Industry), was appointed as Part time Official Director on the Board of the Company w.e.f 01st October, 2019, until further orders, vice Shri. Subhash Chandra Pandey, SS&FA (Retd.), Department of Industrial Policy and Promotion.

Shri. Ravindra Singh ceased to be Independent Director in view of completion of term of three years on close of business hours on 01st February, 2020.

Shri. R.Vishweshwar Bhat & Shri. Ramji Lal, were appointed as Non-official Independent Directors on the Board of HMT Limited with effect from 27.01.2020 & 05.02.2020 respectively and for a period of three years from the date of Government of India letter dated 27th January, 2020.

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

Subsequent to the financial year, Shri. Amit Varadan (DIN:08401348), Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises was appointed as Part time Official Director on the Board of HMT Limited with effect from 01st September, 2020 in place of Shri. Pravin Agrawal, Joint Secretary, Department of Heavy Industry. Ms. Sujata Sharma (DIN:08863845) Sr. Economic Adviser, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, was appointed as Part time Official Director on the Board of HMT Limited

with effect from 30th September, 2020, until further orders in place of Shri. Amit Varadan, Joint Secretary, Department of Heavy Industry.

Shri. Shashank Priya, Ms. Sujata Sharma, Shri. R.Vishweshwar Bhat & Shri. Ramji Lal are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

Shri. S. Girish Kumar, Chairman & Managing Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Shri. S Girish Kumar, Chairman and Managing Director, Ms. Kamna Mehta, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2020.

#### **DECLARATION FROM INDEPENDENT DIRECTOR**

As per section 149(7) of the Companies Act, 2013, During the FY2019-20, the Company has received declaration from Shri. Ravindra Singh, Smt. Neera Tomar, Shri. R.Vishweshwar Bhat & Shri. Ramji Lal Independent Directors of the Company.

#### **CODE OF CONDUCT**

A declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2020 is appended to this report as **Annexure-11**.

#### **INTERNAL FINANCIAL CONTROLS**

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

## **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31st March 2020 and date of signing of this Report.

## **RELATED PARTY TRANSACTIONS**

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

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

## **PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS**

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

## **OTHER DISCLOSURES**

The Register of Members and Share Transfer Records both in respect of the shares held in physical

and depository form are maintained by M/s. KFin Technologies Pvt. Ltd (Formerly Karvy Fintech Private Limited), the Registrars & Share Transfer Agents of the Company.

No significant and material orders have been passed by any Regulator(s) or Court(s) or Tribunal(s) impacting the going concern status and Company's operations in future

As on 31st March 2020, no amount is required to be transferred to Investor Education and Protection Fund (IEPF).

## **ACKNOWLEDGEMENTS**

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary Companies, Suppliers, Reserve Bank of India, the Consortium of Banks lead by UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

Your Directors would also like to take this opportunity to express their appreciation for the contributions made by the Company's employees and look forward to their continued services in pursuit of building a world class Indian Company.

For and on behalf of the Board of Directors  
**(S.Girish Kumar)**  
Chairman & Managing Director

Place: Bengaluru  
Date: 23-10-2020



### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

#### Part "A": Subsidiaries

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

Sl. No.	Particulars	Details				
		01	02	03	04	05
	<b>Name of the subsidiary</b>	<b>HMT Machine Tools Limited</b>	<b>HMT (International) Limited</b>	<b>HMT Watches Limited</b>	<b>HMT Chinar Watches Limited</b>	<b>HMT Bearings Limited</b>
1.	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999	04-09-2000	21-08-1980
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA
4.	Share capital	27659.91	72.00	649.01	166.01	3770.91
5.	Reserves & surplus (Accumulated Losses)	(168465.33)*	3560.83	(269251.83)	(59082.92)	(7917.73)
6.	Total assets	43660.84	8175.98	3858.66	787.33	1896.31
7.	Total Liabilities	184466.26	4543.15	272461.47	59704.25	6043.13
8.	Investments	-	-	-	-	-
9.	Turnover	17623.18	6714.93	35.48	-	-
10.	Profit before taxation	(9871.80)	387.57	184.78	2.73	(39.76)
11.	Provision for taxation	-	116.38	89.13	4.63	(332.11)
12.	Profit after taxation	(9871.80)	271.19	95.65	(1.90)	292.35
13.	Proposed Dividend	NIL	18.00	NIL	NIL	NIL
14.	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.36%

\*Includes Capital Reserve of Rs.2270.82 Lakhs

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

**Part “B”: Associates and Joint Ventures**

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

(Rs in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2018	31.03.2020
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	05-09-1994
3	Shares of Associate held by the company on the year end		
	Nos.	2084050 of Rs. 1/- each	150000 of Rs. 10/- each
	Amount of Investment in Associates / Joint Venture	20.84	15
	Extent of Holding %	39.86%	50%
4	Description of how there is significant influence	Investment in the equity to the extent of 39.86% paid up capital	Investment in the equity to the extent of 50% paid up capital
5	Reason why the associate / joint venture is not Consolidated	Accounts of GSMTC are not yet finalized	N.A
6	Networth attributable to Shareholding as per latest audited Balance Sheet	Accounts of GSMTC are not yet finalized	19.89
7	Profit / Loss for the year		
	i. Considered in Consolidation	NIL	(0.20)
	ii. Not Considered in Consolidation	Accounts of GSMTC are not yet finalized	N.A

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



## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

The food processing industry is of great significance as it provides linkages between agriculture and industry. Although still at a nascent stage, the sector has been growing at a good pace. The Government of India has initiated several steps in the past few years to accelerate this sector.

Food processing has become an integral part of the food supply chain in the global economy, and India has also seen growth in this sector in the last few years. The sector contributes around 11% of agricultural value-added and 9% of manufacturing value added.

### OPPORTUNITIES AND THREATS

According to the Ministry of Food Processing Industries (MoFPI), the sector employs 12.8% of the workforce in the organized sector (factories registered under Factories Act, 1948), and 13.7% of the workforce in the unorganized sector. Despite being one of the largest producers of agricultural and food products in the world, India ranks fairly low in the global food processing value chains. In fact, as with the rest of India (most other sector), this sector is also largely unorganized and informal.

At present, India's agricultural exports predominantly consist of raw materials, which are then processed in other countries, again indicating the space to move up the value chain. Despite India being one of the largest producers of agricultural commodities in the world, agricultural exports as a share of GDP are fairly low in India relative to the rest of the world.

### OUTLOOK

A Dairy Processing & Infrastructure Development Fund (DIDF) has been set up with an outlay of USD 1.67 billion during the period from 2017-18 to 2028-29. Out of 1.67 billions USD of financial outlay for project

components of DIDF, 1.23 billions USD shall be loan from NABARD to National Dairy Development Board (NDDB) and National Dairy Development Cooperation (NCDC). This investment is expected to benefit 95,00,000 farmers in about 50,000 villages.

Under Dairy Processing and Infrastructure Development Fund (DIDF) Government of India to provide Interest subvention upto 2.5% to NABARD from 2019-20 (with effect from 30.07.2019) to 2030-31 and in case there is any further increase in the cost of funds, it shall be borne by the end borrowers themselves.

The funding period (2017-18 to 2019-20) of the scheme is revised to 2018-19 to 2022-23 and the repayment period to be extended upto 2030-31 with spill over to first quarter of the FY 2031-32.

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

### RISK AND CONCERNS

Gaps in the supply chain are perhaps the biggest challenge faced by this industry. Preprocessing losses occur due to lack of awareness and a dearth of storage and pack-house facilities close to the production vicinity. The shortage of refrigerated vehicles is reflected through losses occurring at the transport stage.

The launch of the Pradhan Mantri Kisan Sampada Yojana is aimed at bridging the infrastructure gap. In fact, 100% foreign direct investment in food processing units has been allowed.

**SEGMENT WISE / PRODUCT WISE PERFORMANCE OF FOOD PROCESSING UNIT**

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

**FINANCIAL PERFORMANCE**

The turnover of the Company for the year 2019-20 was Rs 26.13 Crore with net profit of Rs.248.18 Crore which includes compensation received for transfer of 446 acres of land to Government of Haryana as per the Cabinet Approval.

Sales increased from Rs.16.36 Crore of previous year to Rs.22.02 Crore during current year i.e., an increase of 34.60% in respect of Food Processing Machinery Division, Aurangabad.

The total borrowing by the Company as on 31.3.2020 was Rs.641.72 Crore of Government of India Loan.

**Ratio Analysis**

	<b>2018-19</b>	<b>2019-20</b>
Debtors Turnover	57 days	46 days
Inventory Turnover	247 days	116 days
Interest Coverage Ratio	59.14%	1179.37%
Net Profit Margin	87.96%	950%
Return on Net Worth	14.71%	68.75%

Debtor collection period has been improved due to efficient Receivables Management.

Inventory holding period has been reduced due to better utilization and evaluation of Tractor Inventories.

EBIT has been increased while there is negligible interest due to reduction in debt exposure during the year.

Net profit increased due to increase in exceptional income (Rs.226.75 crore [net of Tax] from sale of land).

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

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



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

The Audit Committee reviews the Audit Report submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions.

The Audit Committee also meets the Company's statutory Auditors to ascertain, inter-alia, their views

on the adequacy of internal control system in the Company and keeps the Board of Directors informed of its major observations from time to time.

### HUMAN RESOURCES

As on 31.03.2020, the Company and its Subsidiaries had a total workforce of 1177 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below.

<b>SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.03.2020</b>									
SI No	Subsidiary	IP as on 31.03. 2020	Engineering Graduates	Diploma Holders	Professionals		ITI/ NAC	General Graduates	Others
					HR	Finance			
1	HMT Limited	91	13	7	4	4	30	18	15
2	HMT M T L	1064	162	192	17	15	430	49	199
3	HMT W L	-	-	-	-	-	-	-	-
4	HMT C W L	-	-	-	-	-	-	-	-
5	HMT BLH	-	-	-	-	-	-	-	-
6	HMT(I) L	22	11	1	1	4	-	5	-
	<b>Total</b>	<b>1177</b>	<b>186</b>	<b>200</b>	<b>22</b>	<b>23</b>	<b>460</b>	<b>72</b>	<b>214</b>

The Company has taken suitable measures to bring down the Personnel Costs by implementing several austerity measures, rationalization of surplus manpower in the Company.

Statistics on the number of employees separated on availing the VR Scheme in HMT and its Subsidiary Companies during the last four years is furnished below:

SI No	Organisation	No. of employees opted for VRS				
		2016-17	2017-18	2018-19	2019-20	Total
1	HMT Limited	850	-	-	-	850
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	492	-	-	-	492
4	HMT Chinar Watches Ltd.	-	-	-	-	-
5	HMT Bearings Ltd.	2	-	-	-	2
6	HMT (International) Ltd.	-	-	-	-	-
	<b>Total</b>	<b>1344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1344</b>

- \* ***150 Nos. of Workmen of HMT Limited, Tractor division of Pinjore, were retrenched on 24.01.2018.***
  
- \* ***146 Nos. of Workmen of HMT Watches Ltd, Watch factory, Ranibagh, were retrenched w.e.f 17.11.2016 based on the directions of Hon'ble High Court of Uttarakhand in Writ Petition No.3292 of 2016.***

Surplus manpower in certain areas has been deployed under re-deployment scheme by providing training and re-training to the employees and posting them at thrust areas to meet the goals of the organization. The Company is trying its best to retain the skilled and professionally qualified personnel to arrest attrition.

#### **PERSONNEL AND INDUSTRIAL RELATIONS**

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

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## REPORT ON CORPORATE GOVERNANCE

### I COMPANY'S PHILOSOPHY

In compliance with Regulation 17 of SEBI (LODR) Regulation, 2015 and as per the applicable provisions of the Companies Act, 2013 as amended from time to time, your Directors submit their report on the matters mentioned in the said Regulation and practice followed by the Company.

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

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

### II BOARD OF DIRECTORS

As on March 31, 2020, the Board of Directors comprised of Chairman & Managing Director, Three

Non Official Independent Director and Two part-time Official Directors.

As President of India is the appointing authority for Board of Directors, Government has been requested to appoint Independent Directors to comply with listing requirements. As on 31st March, 2020, the Board of Directors comprise of requisite number of Independent Directors as per the SEBI (LODR) Regulations, 2015. The day-to-day management of the Company is conducted by the Chairman & Managing Director and under the supervision and control of the Board of Directors.

During the year 2019-20, Five (5) Board Meetings were held on May 28, June 14, August 12, November 11 in the calendar year 2019 and February 14 in the calendar year 2020.

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

Name	Category	Meetings held during respective tenure of Directors	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
			Board Meetings	AGM/ EGM	Directorship	# Committee	
						Membership	Chairmanship
S. Girish Kumar (DIN: 03385073)	C & MD	5	5	Yes	8	-	-
Shashank Priya (DIN: 08538400) (w.e.f. 01.10.2019)	NENI	2	1	-	6	3	0
Subhash Chandra Pandey (DIN:01613073) (upto 30.06.2019)	NENI	2	2	-	9	2	0
Pravin Agrawal (DIN: 05277383)	NENI	5	3	-	4	-	-

Shashi B. Srivastava (DIN: 07582574) (upto 31.05.2019)	DFN/ ENI	1	1	-	3	-	-
Ravindra Singh (DIN: 00475462) (upto 01.02.2020)	NEI	4	4	Yes	1	-	-
Neera Tomar (DIN: 08401336)	NEI	5	5	-	-	-	-
R.Vishweshwar Bhat (DIN: 07271510) (w.e.f. 27.01.2020)	NEI	1	-	-	1	-	-
Ramji Lal (DIN: 08690278) (w.e.f. 05.02.2020)	NEI	1	1	-	-	-	-

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

# Pursuant to Regulation 26 of the Listing Regulations, the Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies are considered.

No Director is holding equity shares in the Company as on 31.03.2020. None of the Directors had any relationship inter-se during the year 2019-20.

**Details of Directors holding Directorship in other Listed Entities and the category of their Directorship:**

Name of Director	Name of Other Listed Entity where Directorship is held	Category of Directorship
S. Girish Kumar	Hindustan Photo Films MFG Co Limited	NENI
Subhash Chandra Pandey	Bharat Heavy Electricals Ltd	NENI
	MMTC Ltd	NENI
	State Trading Corporation of India Ltd	NENI
Shashank Priya	MMTC Ltd	NENI
	State Trading Corporation of India Ltd	NENI
	Bharat Heavy Electricals Ltd	NENI
Pravin Agrawal	Tide Water Oil Co India Ltd	NENI
Sujata Sharma	Hindustan Cables Ltd	NENI

NENI: Non Executive & Non Independent

## **FAMILIARISATION & TRAINING PROGRAMMES FOR DIRECTORS**

Pursuant to Regulation 25 (7) of the SEBI (LODR) Regulation, 2015, the Company has familiarized the Independent Directors about the Company, its operations, divisions, subsidiaries and joint ventures, policies and about their roles and responsibilities in the context of Companies Act, 2013.

During the financial year, there were no familiarization programmes imparted to Independent Directors.

## **SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD**

HMT Limited being a Government Company, all the Directors on the Board are selected and appointed by the Government of India as per a well laid down process for each category of Directors. The skills / expertise / competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per its own process. At the time of recruitment of the Functional Directors, job description, desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates. As such, the Board of HMT by itself does not identify any such core skills or competence required for the job.

## **BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT AND RE-APPOINTMENT AS PER SEBI (LODR) REGULATION, 2015**

Shri. Shashank Priya, Ms. Sujata Sharma, Shri. R. Vishweshwar Bhat and Shri Ramji Lal are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the

ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Shri. S. Girish Kumar, Chairman & Managing Director will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board recommends the appointment/re-appointment of said Directors.

In terms of Regulation 36(3) of the Listing Regulations, brief resume of the Directors proposed for appointment and re-appointment is appended to the notice of the AGM.

## **III COMMITTEES OF THE BOARD**

### **A. AUDIT COMMITTEE**

As on 31.03.2020, the Audit Committee consists of three Directors i.e. Smt. Neera Tomar, Independent Director, Shri Pravin Agrawal, Director and Shri. R.Vishweshwar Bhat, Independent Director in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Audit Committee is an Independent Director. Director (Finance) will be the permanent invitee in the meeting. Company Secretary shall be the Convener to the Committee.

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

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

During the year 2019-20, Five (5) Audit Committee Meetings were held on May 28, June 14, August 12, November 11 in the calendar year 2019 and February 14 in the calendar year 2020.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2019-20**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Smt. Neera Tomar	NEI	5	5
Shri. Ravindra Singh <sup>1</sup>	NEI	4	4
Shri. Pravin Agrawal	NENI	5	3
Shri. R. Vishweshwar Bhat <sup>2</sup>	NEI	1	0
Shri. Ramji Lal <sup>3</sup>	NEI	1	1

<sup>1</sup> Ceased to be Member w.e.f. 01.02.2020. <sup>2</sup> Appointed as Member w.e.f. 01.02.2020. <sup>3</sup> Appointed as Member for meeting held on 14.02.2020

**B. NOMINATION & REMUNERATION COMMITTEE**

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

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

As per SEBI (LODR) Regulation, 2015, the Board of Directors constituted the Nomination and Remuneration Committee of the Board on 28.05.2019. As on 31.03.2020, the Nomination and Remuneration Committee consists of Four Directors i.e. Smt. Neera Tomar, Independent Director, Shri Pravin Agrawal Director, Shri. S. Girish Kumar, C&MD and Shri. Ramji Lal, Independent Director in compliance with the provisions of the Companies Act, 2013 and the SEBI

(LODR) Regulation, 2015. Chairman of the Nomination and Remuneration Committee is an Independent Director. Company Secretary shall be the Convener of the Committee.

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

During the year 2019-20, Three (3) Nomination and Remuneration Committee Meetings were held on August 12, November 11 in the calendar year 2019 and February 15 in the calendar year 2020.

Details of attendance of member at the Nomination and Remuneration Committee Meeting held during 2019-20

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Ravindra Singh	NEI	2	2
Shri. Pravin Agrawal	NENI	3	2
Shri. S. Girish Kumar	C & MD	3	3
Smt. Neera Tomar	NEI	3	3
Shri. Ramji Lal	NEI	1	1

## Remuneration to Directors

The details of remuneration of whole time Directors are given below

Amount in Rs.

Particulars of Remuneration	Shri. S. Girish Kumar	Smt. Shashi B. Srivastava On deputation*
Gross Salary	44,67,648	6,12,256
Value of perquisites/ Commission/ Stock Option	NIL	NIL
Total	44,67,648	6,12,256

\*Upto 31.05.2019

No sitting fee is payable to any of the directors except Non-Official (Independent) Directors. An amount of Rs.5000/- per meeting of the Board and Rs.3000/- for each Committee Meetings is paid as sitting fee to the Non-Official (Independent) Director for attending the Board and Committee Meetings as per the policy of the company.

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. Apart from receiving sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2019-20.

**Details of sitting fees paid to the Independent Directors during the year 2019-20 are given below**

(Amount in Rs)

Name	Sitting Fees paid/ payable for Board & Committee Meetings
Shri. Ravindra Singh	41000
Smt. Neera Tomar	55000
Shri. Ramji Lal	11000

## C. SHAREHOLDER COMMITTEE:

### (i) Share Transfer Sub-Committee

The Share Transfer Sub-Committee comprises of Shri S.Girish Kumar, Chairman and Managing Director as a single member to look after transfer/transmission of shares issued by the Company, issue of duplicate certificates and certificates after split/consolidation/renewal apart from confirmation of dematerialization of shares on transfer to a depository. Three (3) meetings were held during the year 2019-20.

### (ii) Name & Designation of the Compliance Officer:

Shri Kishor Kumar S  
Company Secretary

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

To comply the provisions of section 178(5) of the Companies Act, 2013 and Regulation 20(1) of the Listing Regulations, the Board of Directors have constituted the "Stakeholders Relationship Committee".

As on 31.03.2020, the Committee consists of three Directors i.e. Smt. Neera Tomar, Independent Director, Shri. S. Girish Kumar, C & MD, Shri. Ramji Lal, Independent Director in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015.

Chairman of the Committee is an Independent Director. Company Secretary is the Convener to the Committee.

During the FY 2019-20, One Meeting was held on 12th August, 2019.

### DETAILS OF ATTENDANCE OF MEMBERS AT THE STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING HELD DURING 2019-20

Name of the Member	Category	No of Meetings attended
Shri. Ravindra Singh	NEI	1
Shri. S Girish Kumar	C & MD	1
Smt. Neera Tomar	NEI	1
Shri. Ramji Lal	NEI	0*

\*Not applicable



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

During the financial year 2019-20, 28 Complaints were received from Shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - NIL

#### **D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has constituted the Corporate Social Responsibility Committee (CSR Committee) on 12th August, 2019. As on 31.03.2020, CSR Committee consists of Three Directors i.e. Shri. S. Girish Kumar, C & MD as Chairman of the Committee, Shri. Pravin Agrawal, Director and Smt. Neera Tomar, Independent Director as Members of the Committee. Company Secretary is the Convener of the Committee.

The Committee shall comply with the terms of reference as enumerated under the provisions of the Companies Act, 2013.

During the year 2019-20, One (1) CSR Committee Meeting was held on November 11, 2019.

Details of attendance of member at the CSR Committee Meeting held during 2019-20

<b>Name of the Member</b>	<b>Category</b>	<b>No of Meetings attended</b>
Shri. S. Girish Kumar	C & MD	1
Shri. Pravin Agrawal	NENI	0
Smt. Neera Tomar	NEI	1

#### **INDEPENDENT DIRECTORS' MEETING**

The Independent Directors Meeting which was scheduled during last week of March, 2020 was cancelled due to outbreak of covid-19 pandemic. No

Independent Directors Meeting was held during the FY2019-20.

#### **IV GENERAL BODY MEETINGS**

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

<b>Financial year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2016-2017	13.12.2017	10.30 a.m	Registered Office at No. 59, Bellary Road, Bengaluru -560 032.
2017-2018	28.09.2018	10.30 a.m	
2018-2019	30.09.2019	10.30 a.m	

No Special Resolutions were passed during the last three years.

No special resolutions were passed through postal ballot in the previous year. No special resolution is proposed to be conducted through postal ballot.

#### **V DISCLOSURES**

- i) There were no transactions of material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.
- ii) We affirm that no personnel are denied to access the audit committee. The personnel are also provided unrestricted access to the senior management in case of any complaints.
- iii) There were some instances of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges. As on 31.03.2020, the company is in compliance with the composition of the Board of Directors as per the requirement of SEBI (LODR) Regulation, 2015.
- iv) Policy for determining 'material' subsidiaries & Policy on dealing with related party transactions are placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com).



- v) Details relating to fees paid to the Statutory Auditors are given in Note 27 to the Standalone Financial Statements and Note 27 to the Consolidated Financial Statements.
- vi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: NIL
- vii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: NIL
- viii) Disclosures with respect to demat suspense account/ unclaimed suspense account: NIL
- ix) A Certificate received from Company Secretary in Practice, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company is attached with this report as **Annexure - 12**
- x) During the year 2019-20, the Board of Directors has accepted all the recommendations of its Committees which were mandatorily required.
- xi) During the Financial year 2019-20, the Company has not received any complaints of Sexual Harassment and no cases are pending.
- xii) Management reply to observations in Corporate Governance certificate:
- i) Being Government Company under the administrative control of Ministry of Heavy Industries & Public Enterprises, the nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Department of Heavy Industry Guidelines. The subject matter of nomination / appointment of Independent directors is under the purview of the Government of India. As on 31.03.2020, there are requisite number of Non-Official Independent Directors on the Board of HMT Ltd & is in compliance with the provisions of listing requirements.
- ii) Administrative Ministry has been requested to appoint one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements.

## VI RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL.

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges and Depositories are pending for procedural compliances which have been already taken up in consultation with Registrar and Share Transfer Agent ("RTA"). Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

## VII SUBSIDIARY COMPANIES

The Minutes of the Board meetings along with a report on significant developments of the unlisted Subsidiary Companies are periodically placed before the Board of Directors of the Company.

## VIII MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express and Hosa Digantha. The above results are also displayed at the Company's website [www.hmtindia.com](http://www.hmtindia.com). Pursuant to the directions of Securities & Exchange Board of India (SEBI), the Company has been submitting documents viz., Shareholding Pattern, Financial Results, Annual Report etc. The company makes no presentations to institutional investors or analysts.

## IX CEO AND CFO CERTIFICATION

In terms of the SEBI (LODR) Regulation, 2015, the Certification by the CEO (Chairman & Managing Director) and CFO on the Financial Statements and Internal controls relating to financial reporting for the financial year 2019-20 has been obtained and was placed before the Board. **(Refer Annexure – 13)**

## X. WHISTLE BLOWER POLICY

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

## XI GENERAL SHAREHOLDERS INFORMATION

### i) Annual General Meeting

Date 20th November, 2020  
Time 10.30 A.M  
Venue The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM

No dividends have been declared

### ii) Financial Calendar

Financial Year April 01, 2019 to March 31, 2020

### iii) Book Closure

Please refer to the Notice of the AGM

### iv) The Equity Shares of the Company are listed with the following stock exchanges

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

**Stock Code:**  
500191

National Stock Exchanges of India Ltd  
“Exchange Plaza” Bandra-Kurla Complex  
Bandra (E),  
Mumbai – 400 051

**Stock Code:**  
HMT

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

v) Corporate Identity Number (CIN) of the Company: L29230KA1953GOI000748

### vi) Registrars & Share Transfer Agents

M/s. KFin Technologies Pvt. Ltd  
(Formerly, Karvy Fintech Private Limited)  
“Selenium Tower B”, Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramgude,  
Serilingampally, Hyderabad, Telangana- 500032

### vii) Share Transfer System

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

### viii) Non-Mandatory Requirements

Being a Government Company, the appointment and fixation of terms and conditions of appointment of all Directors are made by the Government of India. As the Company's financial results are displayed on the Website of the Company and published in the

Newspapers, they are not separately circulated to all the shareholders. The Company is making endeavors to move towards a regime of unqualified financial statements. The Company declares that no personnel have been denied the access to Audit Committee.

ix) The details of high/low market price of the shares at the Bombay Stock Exchange Ltd.,(BSE) Mumbai and at National Stock Exchange of India Ltd.,(NSE) Mumbai and Market Index are as under:

**BSE - Company : HMT LTD. (STOCK CODE – 500191)**

**Period: Apr 2019 to March 2020**

BSE			Market Index (Close)
Month	High Price	Low Price	S&P BSE SENSEX
Apr-19	19.95	17.60	39031.55
May-19	19.05	15.70	39714.20
Jun-19	18.75	15.35	39394.64
Jul-19	16.40	12.15	37481.12
Aug-19	13.35	11.05	37332.79
Sep-19	15.50	10.65	38667.33
Oct-19	17.03	10	40129.05
Nov-19	19.40	14.25	40793.81

Dec-19	16.47	12.60	41253.74
Jan-20	14.70	12.75	40723.49
Feb-20	13.40	10.55	38297.29
Mar-20	11.20	7.50	29468.49

**NSE - Company :HMT LTD. (STOCK CODE – HMT)**

**Period: Apr 2019 to March 2020**

NSE			Market Index (Close)
Month	High Price	Low Price	NSE NIFTY
Apr-19	19.95	17.60	11748.15
May-19	19.25	15.80	11922.80
Jun-19	18.40	15.45	11788.85
Jul-19	16.50	11.95	11118.00
Aug-19	13.40	11.05	11023.25
Sep-19	15.20	11.10	11474.45
Oct-19	15.90	9.90	11877.45
Nov-19	18.30	14.15	12056.05
Dec-19	17.10	12.70	12168.45
Jan-20	14.50	12.75	11962.10
Feb-20	14.20	10.50	11201.75
Mar-20	11.00	7.40	8597.75

**x) \*Distribution of Shareholding:**

The shareholding distribution of Equity shares as of 31.03.2020 is given below:

Distribution of Shareholding as on 31/03/2020 (AMOUNT WISE)					
Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (Rs.)	% To Equity
1	1 - 5000	16358	87.83	21063280.00	0.17
2	5001 - 10000	1212	6.51	10202820.00	0.08
3	10001 - 20000	546	2.93	8393930.00	0.07
4	20001 - 30000	190	1.02	4896490.00	0.04
5	30001 - 40000	78	0.42	2814560.00	0.02
6	40001 - 50000	75	0.40	3540380.00	0.03
7	50001 - 100000	94	0.50	6773090.00	0.06
8	100001 & above	71	0.38	11983231850.00	99.53
	<b>TOTAL:</b>	<b>18624</b>	<b>100.00</b>	<b>12040916400.00</b>	<b>100.00</b>

<b>Distribution of Shareholding as on 31/03/2020 (SHARES WISE)</b>					
	<b>Category (Shares)</b>	<b>No. of Holders</b>	<b>% To Holders</b>	<b>No. of Shares</b>	<b>% To Equity</b>
1	1 - 5000	18459	99.11	5091146	0.42
2	5001 - 10000	94	0.50	677309	0.06
3	10001 - 20000	28	0.15	390782	0.03
4	20001 - 30000	19	0.10	473635	0.04
5	30001 - 40000	4	0.02	144604	0.01
6	40001 - 50000	4	0.02	187491	0.02
7	50001 - 100000	9	0.05	652748	0.05
8	100001 & above	7	0.04	1196473925	99.37
	<b>TOTAL:</b>	<b>18624</b>	<b>100.00</b>	<b>1204091640</b>	<b>100.00</b>

<b>Shareholding Pattern As On 31/03/2020 (Total)</b>				
	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	Banks	1	2780	0.00
2	Clearing Members	18	13229	0.00
3	Foreign Portfolio - Corp	1	5265	0.00
4	H U F	435	449340	0.04
5	Indian Mutual Funds	10	18900	0.00
6	Insurance Companies	1	100	0.00
7	Bodies Corporates	205	68556379	5.69
8	Mutual Funds	1	100	0.00
9	NBFC	1	2750	0.00
10	Non Resident Indians	75	32478	0.00
11	Non Resident Indian Non Repatriable	60	23948	0.00
12	Promoters	2	1128056626	93.69
13	Resident Individuals	17813	6929735	0.58
14	Trusts	1	10	0.00
	<b>Total:</b>	<b>18624</b>	<b>1204091640</b>	<b>100.00</b>

\*Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

**xi) Dematerialisation of Shares:**

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31st March 2020, the Company's Shares representing 760224591 equity shares were held in dematerialized form and the balance 443867049 shares were in the physical form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE262A01018.

Place: Bengaluru  
Date: 23-10-2020

**xii) Plant Locations**

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

**Food Processing Machinery Division**

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

**xiii) Address for correspondence:**

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

For and on behalf of the Board of Directors  
**(S.Girish Kumar)**  
Chairman & Managing Director

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF HMT LIMITED

1) We, SSB & Associates, Chartered Accountants, the Statutory Auditors of HMT Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the listing regulations).

### Managements' Responsibility

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

### Auditors' Responsibility

- 3) Our responsibility is limited to examining the Procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 4) We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- 5) We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section

143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

### Opinion

- 7) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management. We certify that the Company has Complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (1) of regulation 46(2) and Para C and D of Schedule-V of the Listing Regulations during the year ended March 31, 2020 subject to:
- i) The company has complied with the provisions of SEBI Regulation 17(1) read with Regulation 27(2) relating to the composition of Board of Directors with the required number of Independent Directors, Women Director, Nominee Director and Executive Directors. However, there was shortfall in the number of Independent Directors during the first 3 quarters whereby instead of 3 independent directors only 2 independent directors were available in the board.
- ii) The company has not complied with the provisions of SEBI Regulation 24(1) regarding compliance of at least one independent director of the listed entity as director on the Board of Directors of material subsidiary as defined in explanation to regulation 24(1).

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

**For SSB & Associates**  
Chartered Accountants  
Firm Reg. No.010372S

**K Balaji,**  
Partner  
Membership No.207783

UDIN: 20207783AAAAET4573

Place: Bengaluru  
Date: 01-09-2020

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### 1. Conservation of Energy:

Energy Conservation Measures implemented:

- LED Lamps have been installed in offices.

### 2. Technology absorption:

- The products manufactured by Food Processing Machinery Division at Aurangabad is with technology transferred through collaboration with KMA, Arten, then East Germany

These products have been continuously upgraded through inhouse R & D to improve performance.

### 3. Research & Development:

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

- Development of new product: Hydraulically operated Homogenizer, Cap. 10000 lph

### 4. Foreign Exchange Earnings and Outgo

Total Foreign Exchange earnings and outgo

- Earnings: Rs.7.21 Lakhs
- Outgo: Rs.8.73 Lakhs

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**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2020

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

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L29230KA1953GOI000748
ii.	Registration Date	7th February, 1953
iii.	Name of the Company	HMT LIMITED
iv.	Category/Sub-Category of the Company	Company Limited by Shares / Union Government Company
v.	Address of the registered office and contact details:	HMT Bhavan, 59, Bellary Road Bengaluru – 560 032 Ph.: 91-80-23330333 Fax: 91-80- 23339111
vi.	Whether listed company	Yes, on NSE & BSE
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. KFin Technologies Pvt. Ltd Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032 Ph : +91 040 67161604

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

The business activities contributing 10% or more of the total turnover of the company are as below:-

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	Food Processing Machinery	29251	84
2	Retail Sale of Watches	52391	16

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

**IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)**
**i) Category-wise Share Holding**

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government	684315126	443741500	1128056626	93.69	684315126	443741500	*1128056626	93.69	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>684315126</b>	<b>443741500</b>	<b>1128056626</b>	<b>93.69</b>	<b>684315126</b>	<b>443741500</b>	<b>1128056626</b>	<b>93.69</b>	<b>0.00</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A (2):	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Total A=A (1) + A(2)</b>	<b>684315126</b>	<b>443741500</b>	<b>1128056626</b>	<b>93.69</b>	<b>684315126</b>	<b>443741500</b>	<b>1128056626</b>	<b>93.69</b>	<b>0.00</b>
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	100	18900	19000	0.00	100	18900	19000	0.00	0.00

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(b)	Financial Institutions / Banks	0	0	0	0.00	2780	0	2780	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	100	100	0.00	0	100	100	0.00	0.00
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00					
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B (1) :</b>	<b>5365</b>	<b>19000</b>	<b>24365</b>	<b>0.00</b>	<b>8145</b>	<b>19000</b>	<b>27145</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>NON INSTITUTIONS</b>									
(a)	Bodies Corporate	68638343	800	68639143	5.70	68555579	800	68556379	5.69	-0.01
(b)	Individuals									
(i)	Individual holding nominal share capital up to Rs. 1 lakh	5321521	108549	5430070	0.45	5361685	105749	5467434	0.45	0.00
(ii)	Individual holding nominal share capital in excess of Rs 1 lakh	1870730	0	1870730	0.16	1911641	0	1911641	0.16	0.00
(c)	Others									
	CLEARING MEMBERS	18401	0	18401	0.00	13229	0	13229	0.00	0.00
	NBFC	4050	0	4050	0.00	2750	0	2750	0.00	0.00
	NON RESIDENT INDIANS	31063	0	31063	0.00	32478	0	32478	0.00	0.00
	NRI NON-REPATRIATION	17182	0	17182	0.00	23948	0	23948	0.00	0.00
	TRUSTS	10	0	10	0.00	10	0	10	0.00	0.00
(d)	<b>Qualified Foreign Investor</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	Sub-Total B (2):	<b>75901300</b>	<b>109349</b>	<b>76010649</b>	<b>6.31</b>	<b>75901320</b>	<b>106549</b>	<b>76007869</b>	<b>6.31</b>	<b>0.00</b>
	Total B = B (1)+B(2)	<b>75906665</b>	<b>128349</b>	<b>76035014</b>	<b>6.31</b>	<b>75909465</b>	<b>125549</b>	<b>76035014</b>	<b>6.31</b>	<b>0.00</b>
	Total (A+B) :	<b>760221791</b>	<b>443869849</b>	<b>1204091640</b>	<b>100</b>	<b>760224591</b>	<b>443867049</b>	<b>1204091640</b>	<b>100</b>	<b>0.00</b>
(C)	<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	
(2)	Public	0	0	0	0.00	0	0	0	0.00	
	<b>Grand Total (A+B+C)</b>	<b>760221791</b>	<b>443869849</b>	<b>1204091640</b>	<b>100</b>	<b>760224591</b>	<b>443867049</b>	<b>1204091640</b>	<b>100</b>	<b>0.00</b>

\*Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

**ii) Shareholding of Promoters**

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

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

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	*1128056626	93.69	*1128056626	93.69
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/sweat equity etc)	NIL	NIL	NIL	NIL
2	At the End of the year	*1128056626	93.69	*1128056626	93.69

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

Sl No	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	5.61	30/03/2019			67538614	5.61
				31/03/2020			67538614	5.61
2	MANISH SHAH	323280	0.03	30/03/2019			323280	0.03
				31/12/2019	-7914	Transfer	315366	0.03
				03/01/2020	7914	Transfer	323280	0.03
				31/03/2020			323280	0.03
3	RAVIRAJ DEVELOPERS LTD	295964	0.02	30/03/2019			295964	0.02
				31/12/2019	-106041	Transfer	189923	0.02
				03/01/2020	106041	Transfer	295964	0.02
				31/03/2020			295964	0.02
4	UDAYANKUMAR N KOTHARI	137070	0.01	30/03/2019			137070	0.01
				06/12/2019	12000	Transfer	149070	0.01
				31/12/2019	-12000	Transfer	137070	0.01

SI No	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				03/01/2020	12000	Transfer	149070	0.01
				31/03/2020			149070	0.01
5	ATRUN FISCAL PVT LTD	110371	0.01	30/03/2019			110371	0.01
				31/12/2019	-110022	Transfer	349	0.00
				03/01/2020	110022	Transfer	110371	0.01
				31/03/2020			110371	0.01
6	JENA PRASHANT SHAH	100000	0.01	30/03/2019			100000	0.01
				31/03/2020			100000	0.01
7	DELHI IRON & STEEL CO (P) LTD	26967	0.00	30/03/2019			26967	0.00
				28/06/2019	500	Transfer	27467	0.00
				20/09/2019	2314	Transfer	29781	0.00
				25/10/2019	19233	Transfer	49014	0.00
				01/11/2019	33428	Transfer	82442	0.01
				08/11/2019	3385	Transfer	85827	0.01
				15/11/2019	648	Transfer	86475	0.01
				06/12/2019	6578	Transfer	93053	0.01
				31/12/2019	-92053	Transfer	1000	0.00
				03/01/2020	92053	Transfer	93053	0.01
				31/03/2020			93053	0.01
8	UMESH CHANDULAL GANDHI	86738	0.01	30/03/2019			86738	0.01
				31/03/2020			86738	0.01
9	DILIPKUMAR LAKHI	78602	0.01	30/03/2019			78602	0.01
				31/03/2020			78602	0.01
10	POORVI R ROONGTA	60349	0.01	30/03/2019			60349	0.01
				02/08/2019	7672	Transfer	68021	0.01
				31/12/2019	-68021	Transfer	0	0.00
				03/01/2020	68021	Transfer	68021	0.01
				31/03/2020			68021	0.01

**v) Shareholding of Directors and Key Managerial Personnel:**

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>None of the Directors or Key Managerial Personnel is holding any shares in the company</b>				
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-NA-		-NA-	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-

**V. INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. in Lakhs)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2019</i>				
i) Principal Amount	-	64171.74	-	64171.74
ii) Interest due but not paid	-	2034.73	-	2034.73
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>66206.47</b>	-	<b>66206.47</b>
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	2034.73	-	2034.73
<b>Net Change</b>	-	<b>2034.73</b>	-	<b>2034.73</b>
<i>Indebtedness at the end of the financial year 31.03.2020</i>				
i) Principal Amount	-	64171.74	-	64171.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>64171.74</b>	-	<b>64171.74</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Whole-time Directors:**

Sl. No.	Particulars of Remuneration	Shri. S. Girish Kumar (Chairman & Managing Director)	Smt. Shashi B Srivastava (Director Finance)	Total Amount (in Rs.)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	4467648	612256	5079904
		-	-	-
		-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others – Medical	-	-	-
	Total (A)	4467648	612256	5079904
	Ceiling as per the Act	-	-	-

**B. Remuneration to other Directors:**

Particulars of Remuneration	Shri. Ravindra Singh (Independent Director)	Smt. Neera Tomar (Independent Director)	Shri. Ramji Lal (Independent Director)	Total Amount (in Rs.)
<b>1. Independent Directors</b>				
- Fee for attending board/ committee meetings	41000	55000	11000	107000
- Commission	0	0	0	0
- Others, please specify	0	0	0	0
Total (1)	41000	55000	11000	107000
<b>2. Other Non-Executive Directors</b>	0	0	0	0
<i>Particulars of Remuneration</i>	0	0	0	0
Total (2)	0	0	0	0
Total (B)=(1+2)	41000	55000	11000	107000
<b>Total Managerial Remuneration</b>	41000	55000	11000	107000
Overall Ceiling as per the Act	-	-	-	-

**C. Remuneration to Key Managerial Personnel other Than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount (in Rs.)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	739166	1167527	1906693
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	- -	- -	- -
5	Others, please specify	-	-	-
	<b>TOTAL</b>	<b>739166</b>	<b>1167527</b>	<b>1906693</b>



## VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment			None		
Compounding			None		

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 23-10-2020

**(S.Girish Kumar)**

Chairman &amp; Managing Director

**Annexure - 7**
**ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2019-20 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

Audit Observations	Management Reply
<p><b>Food Processing Machinery Unit, Aurangabad</b></p> <p>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 at the earliest and the said stock will be valued as per purchase cost from PO. Hence there is no material impact with the valuation of inventories</p>
<p><b>Tractor Business Group, Pinjore</b></p> <p>1) 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>

<p>2) 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 &amp; 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"><li>- 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.</li><li>- The inventories are tailor made for use in HMT Tractors only and can't be used on any other tractor.</li><li>- Most of inventory items are of slow moving nature which remained unsold over a long period of time.</li><li>- 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.</li></ul> <p>Considering the above reality, inventory was evaluated again from M/s S.V. Engineers &amp; 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>
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<p>3) 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>Senior Technical Officers of the Company have examined the Assets and Assets 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><b>Corporate Head Office and Company as a whole</b></p> <p>1) Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified</p> <p>2) Employer and Employee contribution towards Provident Fund is transferred and invested in Provided Fund Trust which is a defined benefit plan. The Company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.</p>	<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 &amp; Srinagar. Further, combinations of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust.</p> <p>Further, HMT Watch Factory, Ranibagh PF Trust had been taken over by the Office of The Regional Provident Fund Commissioner’s w.e.f. 01.09.2010.</p> <p>For implementing Indian Accounting Standard bifurcation of income &amp; expenditure, assets &amp; liabilities of PF Trust is required and since in the PF trust Account, income &amp; 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>3) 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>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 is no ECL during the year.</p>
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**Form No. MR-3****Secretarial Audit Report for the financial year ended 31st March 2020**

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

To  
**The Members**  
**M/s. H.M.T. Limited**  
**(CIN: L29230KA1953GOI000748)**  
**HMT Bhavan, 59, Bellary Road,**  
**Bangalore – 560032**

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

**Management's Responsibility for Secretarial Compliances:**

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

**Auditor's Responsibility:**

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the Company has, during the audit period covering the financial year ended on 31st March 2020 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. H.M.T. Limited for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

1. The Companies Act, 2013 and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956('SCRA') and the Rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings applicable to

the Company - **As reported to us, there were no FDI, ODI or ECB transaction in the Company during the year under review.**

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **No instances were observed during the year.**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **No instances were observed during the year.**
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were observed during the year.**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were observed during the year.**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **The Company has appointed a SEBI authorized Category I Registrar and Share Transfer Agent.**
  - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**
6. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **No instances were observed during the year**
7. Other laws specifically applicable to the Company:
  - Contracts Act, 1982
  - Transfer of Property Act, 1882
  - Intellectual Property Laws
  - Trade Marks Act, 1999
  - The Patents Act, 1970
  - Indian Copyright Act, 1957 and Copyright Rules 1957
  - The Design Act, 2000
  - Environment (Protection) Act, 1986
  - Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
  - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  - The Contract Labour (Regulation and Abolition) Act, 1970
  - Payment of Wages Act, 1936
  - Workmen's Compensation Act, 1923.

- The Equal Remuneration Act, 1976
- Employees Liabilities Act, 1938
- The Employees Provident Fund and Miscellaneous Act, 1952
- Fatal Accidents Act, 1855
- The Building and other Construction Workers Act, 1996
- The RTI Act, 2005
- Disaster Management Act, 2005
- Motor Vehicles Act, 1988.
- The Central Motor Vehicles Rules, 1989.
- The Karnataka Motor Vehicles Rules, 1989.
- Legal Metrology Act, 2009.

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

- a. Secretarial Standards with respect to Board and general meetings issued by The Institute of Company Secretaries of India.
- b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015]

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, subject to the following observations:

1. SEBI Regulation 17 (1) regarding composition of Board of Directors read with Regulation 27(2).

As on 31.03.2020, the Company has complied with the provisions of SEBI Regulation 17 (1) read with Regulation 27(2), relating to the composition of the Board of Directors with the required number of Independent Directors, Women Director, Nominee Director and Executive Directors. However, there were shortfalls in the number of Independent Directors during the previous quarter(s).

2. Regulation 19 (1)/ 19 (2) regarding constitution of Nomination and Remuneration Committee.

As on 31.03.2020, the Company has complied with the provisions of SEBI Regulations 19(1)/19 (2) regarding constitution of Nomination and Remuneration Committee, except for the first quarter

3. Regulation 38 of the SEBI (LODR) Regulations, 2015 read with Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957 regarding minimum public shareholding.

As on 31.03.2020, the Public Shareholding of the Company was 21.38% as against the prescribed limit of 25%. However, the Ministry of Finance issued a Notification No. G.S.R. 738(E) dated 3<sup>rd</sup> August 2018, adding a proviso to Rule 19A, sub rule(1) of the Securities Contracts (Regulation) Rules, 1957, permitting listed public sector companies having less than 25%, to increase its public shareholding to 25% within a period of 2 years from the date of commencement of the amended Rules.



**I further report that:**

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bangalore  
Date: 17.06.2020

**S.VISWANATHAN**  
Company Secretary  
C.P.NO. 5284  
ACS NO: 5284  
UDIN: A005284B000348990

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

**“Annexure A”**

To  
The Members  
M/s. H.M.T. Limited  
(CIN: L29230KA1953GOI000748)  
HMT Bhavan, 59, Bellary Road,  
Bangalore - 560 032

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.

The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bangalore  
Date: 17.06.2020

**S.VISWANATHAN**  
Company Secretary  
C.P.NO. 5284  
ACS NO: 5284  
UDIN: A005284B000348990

**Annexure - 9**
**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2019-20 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1	<p><b>SEBI Regulation 17 (1) regarding composition of Board of Directors read with Regulation 27(2).</b></p> <p><b>As on 31.03.2020, the Company has complied with the provisions of SEBI Regulation 17 (1) read with Regulation 27(2), relating to the composition of the Board of Directors with the required number of Independent Directors, Women Director, Nominee Director and Executive Directors. However, there were shortfalls in the number of Independent Directors during the previous quarter(s).</b></p>	<p>Being Government Company under the administrative control of Ministry of Heavy Industries &amp; Public Enterprises, the nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Guidelines. DHI appointed Two more Non Official Independent Directors on the Board of the Company only in the last quarter.</p>
2	<p><b>Regulation 19 (1)/ 19 (2) regarding constitution of Nomination and Remuneration Committee.</b></p> <p><b>As on 31.03.2020, the Company has complied with the provisions of SEBI Regulations 19(1)/19 (2) regarding constitution of Nomination and Remuneration Committee, except for the first quarter</b></p>	<p>Nomination and Remuneration Committee (NRC) should comprise of at least three Directors and at least fifty percent of the directors shall be independent directors.</p> <p>The Board of Directors had only one Independent Director up to 26.03.2019 and on appointment of another Independent Director on 27.03.2019, the Board of Directors in their immediate next meeting held on 28.05.2019 constituted the Nomination and Remuneration Committee as per the SEBI (LODR) Regulation, 2015.</p>
3	<p><b>Regulation 38 of the SEBI (LODR) Regulations, 2015 read with Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957 regarding minimum public shareholding.</b></p> <p><b>As on 31.03.2020, the Public Shareholding of the Company was 21.38% as against the prescribed limit of 25%. However, the Ministry of Finance issued a Notification No. G.S.R. 738(E) dated 3rd August 2018, adding a proviso to Rule 19A, sub rule(1) of the Securities Contracts (Regulation) Rules, 1957, permitting listed public sector companies having less than 25%, to increase its public shareholding to 25% within a period of 2 years from the date of commencement of the amended Rules.</b></p>	<p>Administrative Ministry has been appraised of the matter and request is made for compliance in respect of the balance 3.62%.</p>

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L29230KA1953GOI000748
2.	Name of the Company	HMT LIMITED
3.	Registered address	HMT Bhavan, 59 Bellary Road, Bengaluru 560032
4.	Website	<a href="http://www.hmtindia.com/index.htm">http://www.hmtindia.com/index.htm</a>
5.	E-mail	<a href="mailto:cosey@hmtindia.com">cosey@hmtindia.com</a>
6.	Financial Year reported	FY2019-20
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Dairy Machinery / Food Processing Industry
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers etc
9.	Total number of locations where business activity is undertaken by the Company: i. Number of International Locations (Provide details of major 5): ii. Number of National Locations:	i) Number of International Locations: NIL ii) Number of National Locations: 1 (Aurangabad)
10	Markets served by the Company – Local / State / National / International:	National and International (Neighbouring Countries)

### Section B: Financial Details of the Company

Paid up Capital	Rs. 355.60 Crore
Total Turnover	Rs. 26.13 Crore
Total Profit After Taxes	Rs. 28.04 Crore
Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%)	NIL
List of activities in which expenditure in 4 above has been incurred	NIL

### Section C: Other Details:

1. Does the Company have any Subsidiary Company/Companies?
HMT has five Subsidiary Companies of which only two are operational viz. HMT Machine Tools Ltd & HMT (International) Ltd
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)
Yes – Both

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No. However, the Company takes cognizance of any suggestions / feedback from its stakeholders while evolving / updating policies.

## Section D: BR Information

### 1. Details of Director / Directors responsible for BR:

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN	03385073
Name	S. Girish Kumar
Designation	Chairman & Managing Director

b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	03385073
2.	Name	S. Girish Kumar
3	Designation	Chairman & Managing Director
4.	Telephone Number	080-23330333
5.	E-mail id	cmd@hmtindia.com

### 1. Principle-wise (as per NVGs) BR Policy/policies:

(a) Details of compliance (Reply in Y/N):

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Various policies conform to different applicable statutes / guidelines / rules etc., issued by GoI and other Regulatory Authorities and updated from time to time. Industry Practices, National / International Standards are kept in view while formulating policies.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD /Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes								
5	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Chairman & Managing Director								
6	Indicate the link for the policy to be viewed online?	The Policies are available on Company's website: <a href="http://www.hmtindia.com/Policies&amp;CodeofConduct">www.hmtindia.com/Policies&amp;CodeofConduct</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The Policy has been uploaded on the website of the Company for viewing and information of all stakeholders								
8	Does the Company have in-house structure to implement the policy/policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by Comptroller & Auditor General, C&AG Audit, Internal Audit, Secretarial Audit etc.								

**b. If answer to Sr.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options):**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to BR:**

1. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?	Annually
2. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Annually

**Section E: Principle-wise performance:**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/ Others?	Yes, to the Company and its Subsidiaries also
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	Total 28 number of investor complaints has been received by the Company through SEBI SCORES Platform and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority Basis.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

<p>1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</p>
<p>The Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers are all products which are social and environment friendly.</p>
<p>2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p> <ul style="list-style-type: none"> <li>i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?</li> <li>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</li> </ul>
<p>The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.</p>
<p>3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?</p>
<p>The Company has adopted specific criteria for the selection of vendors to ensure sustainable sourcing which includes vendors having certifications approved by regulatory authorities, ability to provide materials as per specification and other requirements, ability to supply materials as per delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance, a vendor is removed/suspended from approved vendor list based on his average performance over the period of evaluation, vendors list is reviewed and updated once in a year.</p>
<p>4. Has the Company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>
<p>HMT procures goods and services from Micro, Small &amp; Medium Enterprises (MSMEs) and local suppliers in and around manufacturing units &amp; complies with the Public Procurement Policy of the Government in procurement of goods from Micro, Small &amp; Medium Enterprises (MSME). HMT is using GEM portal where Micro, Small &amp; Medium Enterprises (MSME), Local and small producers are registered sellers.</p>
<p>5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof.</p>
<p>The products of the Company being Dairy Machinery works for several years without any need for recycling. The Company has suitable treatment plants for treatment of polluted liquid as per Pollution Control Board specifications before letting out the waste liquid. HMT Units also have sewage treatment plants for the waste water drained out from wash rooms, kitchen, etc.</p>

**Principle 3: Businesses should promote the well being of all employees**

<p>1. Please indicate the Total number of Employees</p>	<p>91</p>
<p>2. Please indicate the Total number of employees hired on Contractual / temporary/casual basis</p>	<p>70</p>
<p>3. Please indicate the Number of permanent women employees</p>	<p>16</p>



4. Please indicate the Number of permanent employees with disabilities	02
5. Do you have an employee association that is recognized by management?	Yes
6. What percentage of your permanent employees are members of this recognized employee association?	60.67%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL

SI. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour/ forced Labour/ Involuntary Labour	NIL	NIL
2	Sexual Harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. What percentage of your under-mentioned employees was given safety & skill up-gradation training in the last year?

SI. No.	Category	
1	Permanent Employees	NIL
2	Permanent Women Employees	NIL
3	Casual / Temporary / Contractual Employees	NIL
4	Employees with Disability	NIL

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the company mapped its internal and external stakeholders? Yes/No	Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?	Yes i. SC / ST employees ii. Employees with Disabilities iii. Women employees

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company follows the reservation policy for SC/ST at the time of their appointment and promotion. The Company has provided building / infrastructure for housing SC/ST Welfare Association Offices. The Company periodically organizes appreciation programmes on Presidential Directives on Reservations. To sensitize the SC/ST employees about the various Government scheme /facilities available, sensitization programme are conducted by the Company HRD centres.

The Company give preference to the Persons with Disabilities in Allotment of Residential Accommodation in the Company Quarters, Relaxation in daily recording of the attendance viz., Punch In and Punch Out, provided Conveyance Allowance and are recommended for National Awards like Shram Awards.

For Women employees, the Company has provided separate Canteen Space, separate Working Hours, Crèche Facilities, etc. at Units. The Company also extends Maternity Leave, Incentive for small family norms as per Company Policy. A Complaint Committee headed by a Woman Officer for redressal of complaints relating to Sexual Harassment of Women at workplace is also in place.

### **Principle 5: Businesses should respect and promote human rights**

1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

HMT respect the human rights of all its stakeholders and ensures through various policies or code of conduct of the Company. The employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. HMT does not promote any kind of discrimination between its employees, customers, suppliers and other stakeholders on the basis of race, caste, religion, sex etc

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No stakeholder complaint was received during the year with regard to human rights.

### **Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The protection and preservation of environment is integral part of Codes and Policies of HMT and it extends to HMT Subsidiaries, Suppliers and others.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Though the Company has not defined specific strategies / initiatives, its measures towards global environmental issues such as climate change, global warming etc., are implicit in its various activities.

3. Does the Company identify and assess potential environmental risks? Y/N

Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?
HMT complies with the requirements of environmental standards and meet all the statutory & regulatory requirements of environmental aspects in its manufacturing processes.
5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.
For energy efficiency, LED Lamps have been installed in Offices. The Company has been planning and gathering some of the ideologies and processes and studying and optimizing our processes whose efficiency can be improved and environmental impact can be reduced.
6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Yes
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year:
NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
The Company through its Subsidiary Company i.e. HMT Machine Tools Ltd is a member Indian Machine Tool Manufacturers' Association (IMTMA) while HMT (International) Limited is a member of EEPC, FICCI, etc.
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).
HMT provides suggestions with respect to the economy in general and the sector in particular it operates by proactively involving in various policy initiatives, programmes, events, etc., with the above institutions.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
HMT has CSR Policy and identified several activities from Schedule-VII of the Companies Act, 2013. The policy shall be implemented through Board Level CSR Committee, Corporate Level CSR Committee and Unit Level CSR Committee. No specified programmes/initiatives/projects in pursuit of the policy were identified nor implemented during the financial year 2019-20 as per the provisions of Section 135 (5) of the Companies Act, 2013.

2. Are the programmes/projects undertaken through in-house team/own foundation /external NGO/government structures/any other organization?
Not Applicable as the CSR initiatives not taken up.
3. Have you done any impact assessment of your initiative?
Not Applicable as the CSR initiatives not taken up.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?
Not Applicable as the CSR initiatives not taken up.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.
Not Applicable as the CSR initiatives not taken up.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year
The Company is constantly working towards creating value for customer through products and services. The Customer complaints are attended as per timelines mentioned in the contract.
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).
Yes, Every HMT product is labeled with detailed product labels/ name plates/ test certificates, etc., as per the requirement and terms of contracts with customers besides the mandatory requirements of the applicable law.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.
No
4. Did your Company carry out any consumer survey/ consumer satisfaction trends?
The Company products are of the nature of capital goods used in dairies and other allied industries.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 23-10-2020

**(S. Girish Kumar)**  
Chairman & Managing Director

## Annexure - 11

**DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR**

WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that:

The Company has adopted a Code of Conduct for its employees including the Chairman & Managing Director and Senior Management. A Code of Conduct for the Board Members and Senior Management and for the Part-time Directors has been approved by the Board.

The said Code of Conduct has been uploaded on the website of the Company and has also been circulated to the Board Members and the Senior Management Personnel of the Company; and,

All Board Members, both Full time and Part-time and the Senior Management have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2020.

**(S.Girish Kumar)**

Chairman & Managing Director

Place: Bengaluru

## Annexure - 12

**CERTIFICATE REGARDING DISCLOSURES PERTAINING TO DISQUALIFICATION OF DIRECTORS PURSUANT TO SEBI (Listing Obligations and Disclosure Requirements) (Amendment)****Regulations, 2018 – Schedule V (C) (10) (i)**

I have examined the relevant records of H.M.T Limited for the purpose of issue of Certificate regarding Disqualification of Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 – Clause 10 (i) of Part C of Schedule V for the financial year ending March 31, 2020.

Based on our verification of records made available to us, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as the Directors of the Company by the Board/MCA or any such statutory authority as on 31.03.2020

Sd/-

**S. Viswanathan**

Practicing Company Secretary

ACS No: 5284

CP No: 5284

UDIN: A005284B000260836

Place: Bengaluru

Date: 20.05.2020

## CEO & CFO CERTIFICATION

This is to certify to the Board of Directors of HMT Limited that:

- (a) We have reviewed the Financial Statements and the cash flow statement for the year 2019-20 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee regarding:
  - (i) Any significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HMT Limited

**Kamna Mehta, CFO**

**S. Girish Kumar, CMD/CEO**



***STANDALONE  
FINANCIAL  
STATEMENTS***



## 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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
<b>Adoption of Ind AS 116 - Leases</b>	
<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"> <li>• We have verified the accounting, measurement and presentation for Leases which is in line with the Ind AS 116.</li> <li>• We have examined the disclosures as required by Ind AS 116 in financial statements.</li> <li>• 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.</li> </ul>

### Emphasis of Matter Paragraph

We draw your attention to Note No.43 of standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> 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

*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:
  - i. 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.
  - ii. 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 <sup>st</sup> March, 2020	Net Block as on 31 <sup>st</sup> 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:
  - a) In our opinion and according to information and explanation furnished to us, the terms and conditions of the loan given by the Company is prima facie, not prejudicial to the interest of the Company.
  - b) According to information and explanation furnished to us by the Company there is no specific repayment specified by the Company.

- c) There is an overdue interest for financial year 2017 – 18, 2018-19 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)
<b>In respect of Corporate Head Office:</b>			
1.	Greater Hyderabad Municipal Corporation	Property tax	272.41
2	Sales Tax of various states	Sales tax recovery of Lamps Division	62.93
<b>In respect of Auxiliary Business Division:</b>			
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 31<sup>st</sup> March, 2020 except the following:

Name of the Statute	Nature of Dues	Amount	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
		(Rs.in lakhs)			
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:

<b>Period of Default</b>	<b>Amount (Rs. in lakhs)</b>
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  
Partner

Membership Number: 207783  
UDIN: 20207783AAAADW4309

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 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 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.

Place: Bengaluru  
Date: July 29, 2020

#### **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  
*Partner*  
Membership Number: 207783  
UDIN : 20207783AAAADW4309

**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.

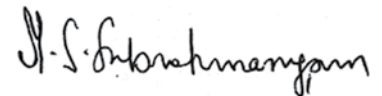
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of HMT Limited, Bangalore for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Limited, Bangalore for the year ended 31 March 2020 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 143 (6) (b) of the Act.

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



**(M. S. Subrahmanyam)**

**Director General of Commercial Audit**

**Hyderabad**

**Place: Hyderabad**

**Date: 16 October 2020**



## Standalone significant accounting policies for the year ended March 31, 2020

### 1. Background:

HMT Limited (“the Company”) is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company’s shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Food Processing Machineries. Tractor division has discontinued its operations as per CCEA approval dated October 27, 2016 and disclosed as discontinued operations in the financial statements.

**The standalone financial statements were authorised for issue in accordance with resolution of the directors July 29, 2020**

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Summary of Significant Accounting Policies:

##### a) Use of estimates:

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

##### b) Property, Plant & Equipment

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

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

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

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

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

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

The carrying amount of an item of PPE is derecognised:

- (a) on disposal; or
- (b) where no future economic benefits are expected from its use or disposal.

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

### Special Tools:

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

### c) Leases

#### The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

#### *Operating Leases as a Lessor*

- a) Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's

expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

- b) Operating lease payments in case of intermediate lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the term of the relevant lease.

#### The Company as a lessee

Leases for which the Company is a lessee is classified as a finance or operating lease.

- a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
- b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.
- c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the



lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### **d) Borrowing Cost:**

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

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

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

#### **e) Investment Property:**

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

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

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

#### **f) Intangible Assets:**

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

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

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

iv) **Research and Development Expenditure:**  
Research Phase:

Expenditure on research including the expenditure during the research phase of Research & Development

Projects is charged to profit and loss account in the year of incurrence.

Development Phase:

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

#### **g) Depreciation and Amortisation:**

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

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

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

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

#### **h) Non-current assets held for distribution to owners and discontinued operations:**

The Company classifies non-current assets as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will

be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

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

#### **i) Government Grants:**

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

#### **j) Inventories:**

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

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

#### **k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

**i) Sale of goods and services:**

Revenues are recognised at the point in time that the customer obtains control of the goods or services which is when it has taken title to the products and assumed the risks and rewards of ownership of the product or services. Generally, the transfer of title and risks and rewards of ownership of goods are governed by the contractually defined shipping terms.

**ii) Rental Income:**

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**iii) Dividend Income:**

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

**iv) Interest Income:**

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

**v) Warranty:**

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

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

**vi) Extended Warranties:**

When the company sells extended warranty, the revenue from sale of extended warranty is deferred and recognised over the period covered by the warranty. Where extended warranties are included in the price

of the product and provide protection in excess of that provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

**l) Foreign Currency Translation:**

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

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

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

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

**m) Retirement & Other Employee Benefits:**

Provident Fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the company.

Leave encashment is provided for under a long-term employee benefit based on actuarial valuation.

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

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

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

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

The amount of Rs.50,000/- per head received/ receivable from LIC on account of gratuity claims in respect of employees separated under Voluntary Retirement Scheme during the year is accounted as Other Income.

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the yearend for Gratuity, ELE and SA is restated as per the actuarial valuation done at the year-end

Gratuity, ELE, SA and lumpsum compensation paid to employees under Voluntary Retirement Scheme ("VRS") shall be fully written off in the year of incidence.

Expenses incurred in respect of bonds issued for raising funds to meet payments made under the VRS are fully written off in the year of disbursement.

#### **n) Income taxes:**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability

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

#### **i) Current taxes:**

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

#### **ii) Deferred Taxes:**

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

#### **o) Provisions:**

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

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

not recognize a contingent liability but discloses its existence in the financial statements.

**p) Impairment:**

*i) Financial assets:*

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

**ii) Non-financial assets:**

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

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is

provided on the revised carrying amount of the asset over its remaining useful life.

**q) Financial Instruments:**

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

**i) Cash & cash equivalents:**

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

**ii) Financial assets at amortised cost:**

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash



flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

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

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

**v) Financial Liabilities:**

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

**vi) De-recognition of financial instruments:**

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

**vii) Fair value of financial instruments:**

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

**Fair value hierarchy:**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows,

based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

**viii) Investment in subsidiaries, joint ventures and associates:**

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

**iii) Significant accounting judgements, estimations and assumptions:**

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

**i) Judgements:**

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

**a Operating lease– Company as lessor:**

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

**b Discontinued Operations:**

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

**c Property, plant & equipment:**

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

**ii) Estimates and assumptions:**

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

**a Deferred Taxes**

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

**b Defined Benefit Obligations:**

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

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

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

**c Other Long-Term Employee Benefits:**

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

**d Fair value measurement of financial instruments:**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the NAV/NRV model. The inputs to these

models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020**

(Rs. in lakhs)

	Notes	As at 31-03-2020	As at 31-03-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	<b>1,167.67</b>	1,354.63
Investment Property	3B	<b>225.27</b>	249.68
Financial assets			
Investments	4	<b>71,977.91</b>	71,977.91
Other Assets	10	-	169.50
		<b>73,370.85</b>	<b>73,751.72</b>
<b>Current assets</b>			
Inventories	5	<b>826.98</b>	1,328.45
Financial assets			
Trade Receivables	6	<b>329.73</b>	305.19
Cash and cash equivalents	7	<b>10,573.27</b>	14,606.78
Loans	8	<b>20,556.06</b>	13,747.30
Other Financial Assets	9	<b>202.01</b>	271.25
Other Assets	10	<b>9,063.63</b>	1,572.57
		<b>41,551.68</b>	<b>31,831.54</b>
<b>Non Current Assets Held for Sale</b>	3C	<b>0.09</b>	11.50
		<b>0.09</b>	11.50
<b>TOTAL ASSETS</b>		<b>1,14,922.62</b>	<b>1,05,594.76</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	11	<b>35,560.16</b>	35,560.16
Other equity	12	<b>539.38</b>	(23,838.76)
<b>Total equity</b>		<b>36,099.54</b>	<b>11,721.40</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13	<b>12,223.92</b>	22,510.89
Non-current financial liability	14	<b>2,565.68</b>	5,110.31
Provisions			
Provision for Employee Benefits	15	<b>254.55</b>	198.13
		<b>15,044.15</b>	<b>27,819.33</b>

## STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

(Rs. in lakhs)

	Notes	As at 31-03-2020	As at 31-03-2019
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	16	550.15	310.29
Other financial liabilities	17	53,068.14	42,271.27
Other Current Liabilities	18	9,737.53	23,282.63
Provisions			
Provision for Employee Benefits	15	389.44	150.44
Others	19	33.67	39.40
		<b>63,778.93</b>	<b>66,054.03</b>
<b>Total liabilities</b>		<b>78,823.08</b>	<b>93,873.36</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,14,922.62</b>	<b>1,05,594.76</b>

**Significant Accounting policies and Notes forming part of Accounts****As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited**

**For S S B & Associates**  
Chartered Accountants  
F.R.N : 010372S

**S. Girish Kumar**  
Chairman and Managing Director  
DIN 03385073

**Shashank Priya**  
Director  
DIN 08538400

**K. Balaji**  
Partner  
M.No : 207783  
UDIN : 20207783AAAADW4309

**Kishor Kumar Shankar**  
Company Secretary

**Kamna Mehta**  
Chief Financial Officer

Place : Bangalore  
Date : July 29,2020

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2020**

(Rs. in lakhs)

	Notes	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	20	<b>2,612.44</b>	1,960.35
Other income	21	<b>4,331.30</b>	2,858.68
<b>Total Income</b>		<b>6,943.74</b>	<b>4,819.03</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	22	<b>1,627.06</b>	1,055.40
Purchase of Stock In Trade	22A	<b>111.39</b>	81.90
Changes in inventories of finished goods, work-in-progress and traded goods	23	<b>(13.41)</b>	(134.12)
Employee benefits expense	24	<b>1,374.66</b>	1,002.57
Depreciation and amortization expense	25	<b>26.97</b>	25.48
Finance costs	26	<b>2.38</b>	29.13
Other expenses	27	<b>1,010.18</b>	1,065.04
<b>Total expense</b>		<b>4,139.23</b>	<b>3,125.40</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>2,804.51</b>	<b>1,693.63</b>
Exceptional items	28	-	872.25
<b>Profit/(loss) before and tax from continuing operations</b>		<b>2,804.51</b>	<b>2,565.88</b>
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>Profit/(loss) for the year from continuing operations</b>		<b>2,804.51</b>	<b>2,565.88</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		<b>25,082.94</b>	(841.47)
Tax Income/ (expense) of discontinued operations		<b>3,069.08</b>	-
<b>Profit/(loss) from discontinued operations</b>		<b>22,013.86</b>	<b>(841.47)</b>
<b>Profit/(loss) for the year</b>		<b>24,818.37</b>	<b>1,724.41</b>

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2020**

(Rs. in lakhs)

	Notes	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Net (loss)/gain on FVTOCI debt securities			
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		(440.23)	16.33
Revaluation of land and buildings			
Net (loss)/gain on FVTOCI equity Securities		-	(48.27)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(440.23)</b>	<b>(31.94)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>24,378.14</b>	<b>1,692.47</b>
Earnings per share for continuing operations			
	36		
i) Basic, profit from continuing operations attributable to equity holders of the parent		0.79	0.72
ii) Diluted, profit from continuing operations attributable to equity holders of the parent		0.79	0.72
Earnings per share for discontinued operations			
	37		
i) Basic, profit from discontinued operations attributable to equity holders of the parent		6.19	(0.24)
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent		6.19	(0.24)
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders of the parent		6.98	0.48
ii) Diluted, profit for the year attributable to equity holders of the parent		6.98	0.48

**Significant Accounting policies and Notes forming part of Accounts**
**As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited**
**For S S B & Associates**

Chartered Accountants

F.R.N : 010372S

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashank Priya**

Director

DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN : 20207783AAAADW4309

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : July 29, 2020

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

(Rs. in lakhs)

	Year Ended 31-03-2020	Year Ended 31-03-2019
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	2,804.51	2,565.88
Profit/(loss) before tax from discontinued operations	25,082.94	(841.47)
<b>Profit before tax</b>	<b>27,887.45</b>	<b>1,724.41</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	188.82	206.07
Depreciation of investment properties	23.96	24.39
Loss on sale of investments	-	8.71
Transfer from FVTOCI reserve	-	(48.27)
Amortisation of government grant	(2,544.63)	(3,306.63)
Gain on disposal of property, plant and equipment	(25,808.10)	(908.89)
Loss on disposal of property, plant and equipment	0.08	-
Provision withdrawn	(848.88)	-
Interest Income	(2,267.34)	(1,617.72)
Dividend received from subsidiaries	(14.40)	-
Finance costs	2,547.55	3,337.59
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	(374.22)	68.26
Increase in trade and other receivables and prepayments	(12,691.20)	(13,569.09)
(Increase)/Decrease in inventories	714.54	813.59
Increase in trade and other payables	(13,304.79)	12,293.43
	<b>(26,491.16)</b>	<b>(974.15)</b>
Income tax (paid)/reversed	(3,156.10)	(171.10)
<b>Net cash flows from operating activities</b>	<b>(29,647.26)</b>	<b>(1,145.25)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	25,819.58	908.93
Purchase of property, plant and equipment	(2.01)	(124.24)
Proceeds from sale of investments	-	55.64
Dividend received from subsidiaries	14.40	-
Interest received	970.55	1,537.55
<b>Net cash flows used in investing activities</b>	<b>26,802.52</b>	<b>2,377.88</b>
<b>Financing activities</b>		
Interest Paid	(1,188.77)	(6.24)
Repayment of borrowings	-	(986.50)
<b>Net cash flows from/(used in) financing activities</b>	<b>(1,188.77)</b>	<b>(992.74)</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

(Rs. in lakhs)

	<b>Year Ended 31-03-2020</b>	<b>Year Ended 31-03-2019</b>
Net increase in cash and cash equivalents	<b>(4,033.51)</b>	239.89
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	<b>14,606.78</b>	14,366.89
<b>Cash and cash equivalents at year end</b>	<b>10,573.27</b>	<b>14,606.78</b>

**Significant Accounting policies and Notes forming part of Accounts**

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

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

**As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited**

**For S S B & Associates**

Chartered Accountants

F.R.N : 010372S

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashank Priya**

Director

DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN : 20207783AAAADW4309

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : July 29, 2020

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-03-2020**
**A. EQUITY SHARE CAPITAL**

	Amount Rs. In lakhs
<b>Balance as at 1 April 2018</b>	<b>1,20,409.16</b>
Issued during the year	
Reduced during the year - refer note 11 (1) ii) of the financial statements	(84,849.00)
<b>Balance as at 31 March 2019</b>	<b>35,560.16</b>
Issued during the year	-
Redeemed during the year	-
<b>Balance as at 31 March 2020</b>	<b>35,560.16</b>

**B Other Equity**

(Rs. in lakhs)

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2018</b>	13,453.11	(1,22,562.29)	48.27	(1,319.32)	(1,10,380.23)
Write off of losses against reduction of Share Capital	-	84,849.00	-	-	84,849.00
Discontinued operations	-	(841.47)	-	-	(841.47)
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	16.33	16.33
Total Comprehensive Income for the year	-	2,565.88	(48.27)	-	2,517.61
<b>Balance as at 31 March 2019</b>	<b>13,453.11</b>	<b>(35,988.88)</b>	-	<b>(1,302.99)</b>	<b>(23,838.76)</b>
Discontinued operations	-	22,013.86	-	-	22,013.86
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(440.23)	(440.23)
Total Comprehensive Income for the year	-	2,804.51	-	-	2,804.51
<b>Balance as at 31 March 2020</b>	<b>13,453.11</b>	<b>(11,170.51)</b>	-	<b>(1,743.22)</b>	<b>539.38</b>

**Significant Accounting policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For S S B & Associates**

Chartered Accountants

F.R.N : 010372S

**K. Balaji**

Partner

M.No : 207783

UDIN: 20207783AAAADW4309

Place : Bangalore

Date : July 29, 2020

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Kishor Kumar Shankar**

Company Secretary

**Shashank Priya**

Director

DIN 08538400

**Kamna Mehta**

Chief Financial Officer

**3A. PROPERTY, PLANT AND EQUIPMENT** (Rs. in lakhs)

	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land-Leasehold	Total
<b>Gross carrying amount</b>								
<b>As At 1 April 2018</b>	158.19	671.74	10,942.38	477.31	623.99	134.11	17.09	13,024.81
Additions	-	-	122.99	1.25	-	-	-	124.24
Disposals	-	-	(51.61)	(1.34)	-	(38.47)	-	(91.42)
<b>As At 31 March 2019</b>	158.19	671.74	11,013.76	477.22	623.99	95.64	17.09	13,057.63
Additions	-	-	0.42	1.59	-	-	-	2.01
Disposals	-	-	(123.86)	(1.60)	-	(30.52)	-	(155.98)
<b>As At 31 March 2020</b>	158.19	671.74	10,890.32	477.21	623.99	65.12	17.09	12,903.66
<b>Accumulated Depreciation</b>								
<b>As At 1 April 2018</b>	-	301.17	10,064.40	469.30	609.57	134.11	9.76	11,588.31
Depreciation charge for the year	-	12.59	181.28	1.52	10.62	-	0.06	206.07
Disposals/Adjustment	-	-	(51.61)	(1.34)	0.04	(38.47)	-	(91.38)
<b>As At 31 March 2019</b>	-	313.76	10,194.07	469.48	620.23	95.64	9.82	11,703.00
Depreciation charge for the year	-	10.24	177.05	1.17	0.30	-	0.06	188.82
Disposals/Adjustment	-	-	(123.84)	-1.46	-0.01	(30.52)	-	(155.83)
<b>As At 31 March 2020</b>	-	324.00	10,247.28	469.19	620.52	65.12	9.88	11,735.99
<b>Net carrying value</b>								
As At 31 March 2020	158.19	347.74	643.04	8.02	3.47	-	7.21	1,167.67
As At 31 March 2019	158.19	357.98	819.69	7.74	3.76	-	7.27	1,354.63
<b>31-03-2020</b>	<b>31-03-2019</b>							
<b>Net carrying value</b>	<b>Amount</b>	<b>Amount</b>						
Plant Property and Equipment	1,167.67	1,354.63						

**Additional Information:**

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

**Land:**

(b) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.

**Others:**

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



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**(Rs. in lakhs)**
**3B. INVESTMENT PROPERTY**

<b>Gross carrying value</b>	
<b>As at 1 April 2018</b>	1,456.33
Additions	-
Deduct/adjustment	-
<b>As at 31 March 2019</b>	<b>1,456.33</b>
Additions	-
Deduct/adjustment	0.61
<b>As at 31 March 2020</b>	<b>1,455.72</b>
<b>Depreciation and impairment</b>	
<b>As at 1 April 2018</b>	1,182.26
Depreciation	24.39
Deduct/adjustment	-
<b>As at 31 March 2019</b>	<b>1,206.65</b>
Depreciation	23.96
Deduct/adjustment	(0.16)
<b>As at 31 March 2020</b>	<b>1,230.45</b>
<b>Net Block</b>	
<b>As at 31 March 2020</b>	<b>225.27</b>
<b>As at 31 March 2019</b>	<b>249.68</b>

**Additional Information:**

- i) The Company has classified certain land & building as investment property which is not a owner occupied property.
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2020 is Rs.2,26,593.78 Lakhs (as at March 31, 2019 Rs. 2,26,599.86 Lakhs)

**iii) Land:**

- (a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at ₹1/- each.
- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20

acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

- (c) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.82,24,000/- is yet to be received and National Highways Authority of India has acquired 12.88 acres of land for road widening project for which the Company has been received during the year 2019-20.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>Information regarding income and expenditure of Investment property</b>		
Rental income derived from investment properties	0.00	0.00
Direct operating expenses (including repairs and maintenance) generating rental income	0.00	0.00
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.20)	(2.93)
<b>Profit/(loss) arising from investment properties before depreciation and indirect expenses</b>	<b>(2.20)</b>	<b>(2.93)</b>
Less – Depreciation	23.96	24.39
<b>Profit arising from investment properties before indirect expenses</b>	<b>(26.16)</b>	<b>(27.32)</b>

3C. Non Current Assets Held for Sale	Rs in Lakhs	
	As at 31-Mar-20	As at 31-Mar-19
<b>Nature of Asset</b>		
Land	0.09	11.50
<b>Total</b>	<b>0.09</b>	<b>11.50</b>

**Additional Information:**

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale, and the clearance for sale is awaited from Forest Department, Government of Karnataka which is expected during FY 2020-21.
- (b) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and an amount of Rs.38,04,98,700/- yet to be received from HSIIDC.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>4. Financial assets</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (31-Mar-19: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture at Cost:</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (31-Mar-19: 1,50,000) Equity shares of ₹.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	15.00	15.00
<b>Investments in Associates</b>		
20,84,050 (31-Mar-19: 20,84,050) Equity Shares of ₹.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Investment in Subsidiaries</b>		
7,20,000 (31-Mar-19: 7,20,000) Equity Shares {including 6,90,000 (31-Mar-17: 6,90,000) Bonus Shares} of ₹.10 each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00
3,74,68,586 (31-Mar-19: 3,74,68,586) Equity Shares of ₹.10 each fully paid up in HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
27,65,99,137 (31-Mar-19: 27,65,99,137) Equity Shares of ₹.10 each fully paid up in HMT Machine Tools Ltd, Bangalore	27,659.91	27,659.91
64,90,100 (31-Mar-19: 64,90,100) Equity Shares of ₹.10 each fully paid up in HMT Watches Ltd, Bangalore	649.01	649.01
16,60,100 (31-Mar-19: 16,60,100) Equity Shares of ₹.10 each fully paid up in HMT Chinar Watches Ltd, Jammu *	166.01	166.01
<b>Total Investment in Equity instruments in subsidiaries and Joint Venture</b>	<b>32,239.79</b>	<b>32,239.79</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>Investments in Preference Shares</b>		
<b>Investment in Subsidiaries</b>		
4,43,00,000 (31-Mar-19: 4,43,00,000) 3.5% Redeemable Preference Shares of ₹.100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	44,300.00	44,300.00
<b>Total Investment in Preference Shares</b>	<b>44,300.00</b>	<b>44,300.00</b>
<b>Total</b>	<b>76,539.79</b>	<b>76,539.79</b>
Less: Allowance for Investments in Subsidiaries		
HMT Chinar Watches Ltd, Jammu	166.01	166.01
HMT Watches Ltd, Bangalore	649.01	649.01
HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
	<b>4,561.88</b>	<b>4,561.88</b>
<b>Total Investments</b>	<b>71,977.91</b>	<b>71,977.91</b>
<b>Current</b>		
<b>Non Current</b>	71,977.91	71,977.91
Aggregate amount of unquoted investments	76,539.79	76,539.79
Aggregate amount of impairment in value of investments	4,561.88	4,561.88

**Additional Information:**

HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and have sought for exemption from payment of Stamp Duty from the State Government, pending receipt of order from the State Government, the Share Certificates for 3.5% Preference Shares are not yet issued to the Company.

\* the said company is under voluntary winding up with effect from March 25, 2019.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>5. Inventories</b>		
Raw Materials and Components	223.37	469.69
Work-in-Progress	198.71	471.91
Finished Goods	170.32	184.51
Stock in Trade	374.35	435.04
Stores and Spares	21.27	31.35
Tools and Instruments	65.99	174.28
Scrap	3.13	4.90
	<b>1,057.14</b>	<b>1,771.68</b>
Less: Provision for Non-moving Inventories	230.16	443.23
	<b>826.98</b>	<b>1,328.45</b>
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	329.73	305.19
Doubtful	6,130.04	6,136.68
	<b>6,459.77</b>	<b>6,441.87</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	6,130.04	6,136.68
	<b>329.73</b>	<b>305.19</b>
Trade Receivables exceeding 6months from the date they are due for payment	127.69	126.82
Trade Receivables less than 6 months from the date they are due for payment	202.04	178.37

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>7. Cash and Cash equivalents</b>		
<i>Balances with banks:</i>		
– On current accounts	254.96	189.69
– On Deposits accounts less than 12 months of maturity	10,318.02	14,409.58
Cash and remittances in transit	0.29	7.51
	<b>10,573.27</b>	<b>14,606.78</b>
<b>8. Loans</b>		
<b>Unsecured</b>		
<b>Loans to subsidiaries</b>		
<b>Considered Good</b>		
HMT Machine Tools Ltd	20,556.06	13,747.30
<b>Total</b>	<b>20,556.06</b>	<b>13,747.30</b>
<b>9. Other Financial Assets</b>		
<b>Current</b>		
Interest accrued and due	202.01	271.25
	<b>202.01</b>	<b>271.25</b>
<b>10. Other Assets</b>		
<b>Non-Current</b>		
Gratuity Fund (Net)	-	169.50
	-	169.50
<b>Current</b>		
<b>Advances to subsidiary companies</b>		
HMT Machine Tools Ltd	4,071.09	779.31
HMT International Ltd	61.00	12.93
	<b>4,132.09</b>	<b>792.24</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>Advances &amp; Other Receivables</b>		
Advances & other receivables in cash or in kind		
<b>Secured</b>		
Considered Good	0.50	0.50
<b>Unsecured</b>		
Considered Good #	4,417.24	365.96
Considered Doubtful	199.13	203.10
	<b>4,616.87</b>	<b>569.56</b>
Less: Allowance for Doubtful Advances	199.13	203.10
	<b>4,417.74</b>	<b>366.46</b>
Interest on Trade Receivable	5,924.90	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.90	5,924.90
	-	-
Advance payment of tax (Net provisions)*	417.52	330.50
Collector of customs	2.00	2.00
Deposits	94.28	81.37
	<b>9,063.63</b>	<b>1,572.57</b>
<b>Total Other Assets</b>	<b>9,063.63</b>	<b>1,742.07</b>

# Includes Advances to Joint Ventures Rs. 5.66 lakhs and Rs. 2.41 lakhs (Previous year)

\* primarily consists of TDS Receivables



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	As at 31-Mar-20		As at 31-Mar-19	
	No.	Amount	No.	Amount
<b>11 Share Capital</b>				
<b>Authorised Share Capital:</b>				
<i>Equity shares of Rs.10 each</i>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs.10 each</i>				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	1,20,40,91,640	1,20,409.16
Issued during the year	-	-	-	-
Reduction during the year	-	-	84,84,90,000	84,849.00
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16

**Additional Information:**
**1 Equity Shares:**

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

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

- ii) Pursuant to the letter No I-0501/8/2015-PE-X dated 4th November, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises and pursuant to section 66 and other applicable provisions of the Companies Act 2013, if any, the shareholders of the Company in its Annual General Meeting dated 19th December, 2016 has approved for Reduction of share capital of the Company from Rs.1,204.09 Crore equity shares to Rs.355.60 Crore equity shares by passing a special resolution.

In this regard, Petition vide C.P. No 226/BB/2017 was filed by the Company u/s 66 of the Companies Act, 2013 before National Company Law Tribunal (NCLT), Bengaluru Bench, the Hon'ble NCLT Bench have passed and issued an order dated October 16, 2018 for reduction of paid up Equity Share Capital from Rs.1,204.09 crore to Rs.355.60 crore and such reduction is effected by way of accumulated losses of Rs.848.49 crores against the Shares held by President of India. Subsequently the Registrar of Companies, Bengaluru issued the Certificate of Registration of Order confirming the reduction of Capital on 17th November 2018.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	As at 31-Mar-20		As at 31-Mar-19	
<b>2. Details of shareholders holding more than 5% shares in the Company:</b>				
Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	27,95,66,626	78.62%	27,95,66,626	78.62%
Special National Investment Fund	6,75,38,614	18.99%	6,75,38,614	18.99%
<b>3. Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:</b>				
	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	-	-	-	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>12 Other Equity:</b>		
<b>i) General Reserve:</b>		
As per last Balance Sheet	13,453.11	13,453.11
<b>ii) Retained Earnings:</b>		
As per last Balance Sheet	(35,988.88)	(1,22,562.29)
Adjustments:		
Write off of losses against reduction of Share Capital as referred in note 11(1) (ii) Of the financial statements	-	84,849.00
Amount transferred from Statement of Profit & Loss	24,818.37	1,724.41
	<b>(11,170.51)</b>	<b>(35,988.88)</b>
<b>iii) FVTOCI Reserve:</b>		
As per last Balance Sheet	(1,302.99)	(1,271.05)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	(440.23)	16.33
- On account of derecognition of fair value of Investments	-	(48.27)
	<b>(1,743.22)</b>	<b>(1,302.99)</b>
<b>Total</b>	<b>539.38</b>	<b>(23,838.76)</b>
<b>13. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
Interest free Loans		
Repayment in 5 equal annual installments from the date of drawal of loan	12,223.92	22,510.89
<b>Total non-current borrowings</b>	<b>12,223.92</b>	<b>22,510.89</b>
Current		
Secured		
<b>Aggregate Secured loans</b>	-	-
<b>Aggregate unsecured loans</b>	<b>12,223.93</b>	<b>22,510.89</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>14. Non current financial liability</b>		
Deferred Government Grant	2,565.68	5,110.31
	<b>2,565.68</b>	<b>5,110.31</b>
<b>15. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	(50.59)	-
Earned Leave Encashment	272.61	169.95
Settlement Allowance	32.53	28.18
	<b>254.55</b>	<b>198.13</b>
<b>Current</b>		
Gratuity	227.74	-
Earned Leave Encashment	81.29	71.08
Settlement Allowance	10.73	9.25
Wage and Salary Revision (1992)	69.68	70.11
	<b>389.44</b>	<b>150.44</b>
<b>Total</b>	<b>643.99</b>	<b>348.57</b>
<b>16. Trade payables</b>		
Dues to Micro, Small & Medium Enterprises	8.11	10.67
Dues to Other than Micro, Small & Medium Enterprises	542.04	299.62
<b>Total</b>	<b>550.15</b>	<b>310.29</b>

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

Principal amount due and remaining unpaid	8.11	10.67
Interest due on above and the unpaid interest	4.06	3.33
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	-	149.88
Interest accrued and remaining unpaid at the end of the accounting year.	4.06	3.33

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>17. Other Financial Liabilities</b>		
Current maturities of long-term Debts	12,831.60	12,831.60
3.5% preference Share Capital (Defaulted)	3,686.00	3,686.00
Loan from Govt. of India (Defaulted)	36,536.80	23,705.20
Interest free loan from Government of India (refer foot note 2 below)	13.74	13.74
Interest accrued and due on borrowings		
Loans from Bank - Dena Bank*	-	2,034.73
<b>Total</b>	<b>53,068.14</b>	<b>42,271.27</b>

**Additional information:**
**1. 3.5% Preference Share Capital**

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

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

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

2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the ensuing year.

\*The Company has made One Time Settlement with Dena Bank for Rs.1185.85 lakhs and the reversal of Rs.848.88 lakhs has been included under other income as provision withdrawn.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>18. Other Liabilities</b>		
<b>Current</b>		
Dues to subsidiary companies		
HMT Watches Ltd	866.12	1,361.77
HMT Chinar Watches Ltd	555.60	19.49
HMT Bearings Ltd	1,668.29	2,351.16
Revenue received in advance	261.40	204.16
Accrued Expenses	1,055.88	983.32
Other liabilities	5,330.24	18,362.73
<b>Total</b>	<b>9,737.53</b>	<b>23,282.63</b>

**19. Provisions - others**

	<b>Warranty Claims</b>	<b>Other Provisions</b>	<b>Total</b>
<b>As At 1 April 2018</b>	17.30	36.11	53.41
Arising during the year	4.25	-	4.25
Utilised	(5.14)	(4.04)	(9.18)
Unused amounts reversed	(9.08)	-	(9.08)
<b>As At 31 March 2019</b>	<b>7.33</b>	<b>32.07</b>	<b>39.40</b>
Current	7.33	32.07	39.40
<b>As At 1 April 2019</b>	7.33	32.07	39.40
Arising during the year	6.25	-	6.25
Utilised	(4.42)	(6.26)	(10.68)
Unused amounts reversed	(1.30)	-	(1.30)
<b>As At 31 March 2020</b>	<b>7.86</b>	<b>25.81</b>	<b>33.67</b>
Current	7.86	25.81	33.67

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-20</b>	<b>Year Ended 31-Mar-19</b>
<b>20. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	1,921.83	1,522.96
Watches	410.60	324.15
Accessories	186.27	84.41
	<b>2,518.70</b>	<b>1,931.52</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	86.18	15.25
Packing / Forwarding charges	7.56	13.58
	<b>93.74</b>	<b>28.83</b>
<b>Revenue from Operations</b>	<b>2,612.44</b>	<b>1,960.35</b>
<b>21. Other income</b>		
<b>A. Other Income</b>		
Recoveries from Staff/Others	250.65	184.51
Royalties from Subsidiaries	31.52	16.37
Rent Received	1,003.74	1,135.70
Gains on Sale of Property, Plant and Equipment	0.08	-
Transfer from FVTOCI reserve	-	48.27
Provisions Withdrawn	875.54	3.98
Amortisation of Govt. Grant	-	-
Other non operating Income	34.80	79.67
<b>Total Other Income</b>	<b>2,196.33</b>	<b>1,468.50</b>
<b>B. Interest Income</b>		
Interest income on Bank Deposits	754.00	832.58
Interest received on HC loans from subsidiaries	1,366.03	556.99
Interest from Dealers/Others	0.54	0.61
	<b>2,120.57</b>	<b>1,390.18</b>
<b>C. Dividend Income</b>		
Dividend received from subsidiaries	14.40	-
	<b>14.40</b>	-
<b>Total Other Income</b>	<b>4,331.30</b>	<b>2,858.68</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>22. Cost of Raw Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	103.10	120.51
Add: Purchases	1,604.36	999.87
	<b>1,707.46</b>	1,120.38
Less: inventory at the end of the year	105.13	103.10
Cost of raw material and components consumed	<b>1,602.33</b>	<b>1,017.28</b>
Consumption of Stores, Spares, Tools & Packing Materials	24.73	38.12
Total raw materials and components consumed	<b>1,627.06</b>	<b>1,055.40</b>
<b>Particulars of Materials Consumed</b>		
Steel	71.90	77.56
Ferrous Castings	6.02	8.79
Non-ferrous Castings	-	0.21
Forgings	9.76	17.24
Standard parts & components	1,514.65	913.48
<b>Total</b>	<b>1,602.33</b>	<b>1,017.28</b>
<b>22A. Purchase of Stock in Trade</b>		
Purchases of Watches and Other Spares	111.39	81.90
	<b>111.39</b>	<b>81.90</b>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	170.09	63.35
Less: inventory at the end of the year	159.88	170.09
<b>Changes in Inventory</b>	<b>10.21</b>	(106.74)
<b>Work in Progress</b>		
Inventory at the beginning of the year	164.88	112.31
Less: inventory at the end of the year	149.24	164.88
<b>Changes in Inventory</b>	<b>15.64</b>	(52.57)
<b>Stock in Trade</b>		
Inventory at the beginning of the year	287.53	312.72
Less: inventory at the end of the year	326.79	287.53
<b>Changes in Inventory</b>	<b>(39.26)</b>	25.19
<b>Total</b>	<b>(13.41)</b>	<b>(134.12)</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>24. Employee benefits expense</b>		
Salaries, Wages and Bonus	1,180.14	821.24
House Rent Allowance	25.06	22.72
Gratuity	4.74	11.56
Contribution to PF & FPS	96.09	72.94
Deposit Linked Insurance	2.93	5.36
Contribution to ESI	0.18	0.38
Welfare Expenses	65.52	68.37
	<b>1,374.66</b>	<b>1,002.57</b>
<b>25. Depreciation and amortization</b>		
Depreciation of tangible assets	26.97	25.48
	<b>26.97</b>	<b>25.48</b>
<b>26. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans		
Loans from Bank	-	24.73
Others	0.08	2.60
<b>Other Borrowing Cost</b>		
Discounting Charges	2.30	1.80
<b>Total finance costs</b>	<b>2.38</b>	<b>29.13</b>
<b>27. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	24.61	20.93
Repairs to machinery	1.38	1.67
Provision for Non Moving Inventories	1.04	0.38
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	8.49	5.64
Carriage outwards	1.44	15.26
<b>Establishment Expenses</b>		
Rent	12.37	9.47
Rates and Taxes	140.45	113.09
Insurance	5.20	3.27
Water and Electricity	229.99	212.06
Printing and Stationery	12.65	10.97
Auditors Remuneration #	2.02	2.16
Provision for Doubtful Debts, Loans and Advances	13.22	4.82
Warranty claims	5.12	4.55
Loss on sale of investments	-	8.71

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Loss on Assets sold/discard	0.08	-
Loss sustained by PF Trust	9.58	-
Traveling Expenses	22.55	34.56
Repairs and Maintenance	231.00	293.72
Security Charges	90.65	97.38
Other Expenses	339.26	305.87
Less: Recovery of Common Expenses from Subsidiary Companies	(140.92)	(79.47)
	<b>1,010.18</b>	<b>1,065.04</b>
As auditor	1.90	1.90
For taxation matters	0.12	0.12
Reimbursement of expenses	-	0.14
	<b>2.02</b>	<b>2.16</b>
<b>28. Exceptional Items</b>		
Income from sale of land	-	872.25
	-	<b>872.25</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>29. Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt:</b>		
a) Tax related claims pending in appeal		
i) Excise Duty	2.48	2.48
ii) Sales Tax	112.17	112.17
iii) Income Tax	-	1.87
b) Non receipt of related Forms against levy of concessional Sales Tax	9.80	109.61
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	52.64	6.80
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	4,174.21	3,863.32
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
f) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs. 2.69 Lakhs as debt. However, the deposit was reversed in the books.	13.31	13.31
g) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	69.91	86.48
h) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
i) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
j) An amount of Rs.4.53 lakhs is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. Rs.3.02 lakhs has been deposited by the Company		
k) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,607.63

(Rs. in lakhs)

	As at 31-03-2020	As at 31-03-2019
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**30 Other Disclosures:**

Government of India ("GOI") had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs. 100 lakhs) & Loan (Rs. 100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs.10/- each (Rs.100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.

**31 Preference Share Capital:**

Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of `Rs.44,300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.

However, as per the CCEA approval 40614000 No. of Shares has been extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.

**32 Inventories:**

(i) In respect of Tractor Division, Pinjore , Work in progress (Semi Finished Goods), Raw Materials/Components/ Stores and Spares/Tools and Instruments etc as per valuer's revised NRV and at 23% of book value for Stock of finished Tractors. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2020 as compared to cost (Cost or Selling Price which ever is less in respect of Stock of finished Tractors) due to valuation of inventories at revised NRV is as under:

Finished goods (stock of Tractors)	3.98	48.28
Work in Progress (Semi Finished Goods)/Tractors Spare Parts	357.51	303.03
Raw Materials / Components/Shop Stores and Tools & Instruments etc.	365.46	361.45
Provision for Obsolescence	187.44	236.92

(ii) In respect of Auxillary Business Division, Bangalore, as per Valuer's Report the NRV has been determined at 87.5% of book value for stock of watches transferred from its subsidiary companies HMT Watches Limited and HMT Chinar Watches Limited. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2020 as compared to cost (Cost or net realisable value which ever is less in respect of Stock of watches and its components) due to valuation of inventories at NRV is as under:

Stock of watches & components	-	25.19
Provision for Obsolescence	-	0.39

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>33 Advances:</b>		
Advances include		
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	27.06	27.73
<b>34 Transactions with Key Managerial Personnel</b>		
<i>Compensation of key management personnel of the Company</i>		
i) Short - term employee benefits	55.84	59.33
ii) Post - employment benefits	9.87	11.91
iii) Other long term benefits	4.16	4.41
<b>Total compensation paid to key management personnel</b>	<b>69.87</b>	<b>75.65</b>

**35 A Fair Values**

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

	(Rs. in lakhs)			
	Carrying amount		Fair value	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Financial assets</b>				
Loans - Fair value through Profit & loss	20,556.06	13,747.30	20,556.06	13,747.30
<b>Total</b>	<b>20,556.06</b>	<b>13,747.30</b>	<b>20,556.06</b>	<b>13,747.30</b>
<b>Financial liabilities</b>				
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
<b>Total</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>

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

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

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

## NOTES FORMING PART OF BALANCE SHEET

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020, 31 March 2019 are as shown below: Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020

### 35B Fair value Hierarchy

	Date of valuation	Valuation technique	Fair value measurement using			Rs in Lakhs
			Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value:</b>						
<b>FVTOCI financial investments:</b>						
<b>Unquoted equity shares</b>						
Nigeria Machine Tools Ltd	-				-	
<b>Assets for which fair values are disclosed</b>						
Investment properties						
Land*	31-Mar-20		2,26,593.78		2,26,593.78	
<b>Financial Liability</b>						
Interest Free Government of India Loan	31-Mar-20	8% Effective Rate of Interest used	64,171.74		64,171.74	

**NOTES FORMING PART OF BALANCE SHEET**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019

	Fair value measurement using			Rs in Lakhs
	Total Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	

	Date of valuation	Valuation technique
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**Assets measured at fair value:**
**FVTOCI financial investments:**
**Unquoted equity shares**

Nigeria Machine Tools Ltd	-	-	-	-
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**Assets for which fair values are disclosed**

Investment properties				
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Land*	31-Mar-19		2,26,599.86	2,26,599.86
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**Financial Liability**

Interest Free Government of India Loan	31-Mar-19	8% Effective Rate of Interest used	64,171.74	64,171.74
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**\* Based on guidance value not restated in the financial statements since Investment property**

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

**NOTES FORMING PART OF BALANCE SHEET**

(Rs. in lakhs)

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>36. Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	2,804.51	2,565.88
Discontinued operation	22,013.86	(841.47)
Less/(Add): Other Comprehensive income/Loss		
<b>Profit attributable to equity holders for basic earnings</b>	<b>24,818.37</b>	<b>1,724.41</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>24,818.37</b>	<b>1,724.41</b>
Weighted average number of Equity shares for basic EPS #	35,56,01,640	35,56,01,640
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>

**Earnings per share for continuing operations**

i) Basic, profit from continuing operations attributable to equity holders of the parent	0.79	0.72
ii) Diluted, profit from continuing operations attributable to equity holders of the parent	0.79	0.72

**Earnings per share for discontinued operations**

i) Basic, profit from discontinued operations attributable to equity holders of the parent	6.19	(0.24)
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent	6.19	(0.24)

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



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

**37 Discontinued Operations**

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

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

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Revenue		
Revenue from Operations	23.81	143.13
Other income	3,006.04	4,175.82
Expenses		
Material Consumption and changes in inventory	726.76	931.09
Employee Benefit Expenses	6.31	117.05
Depreciation	185.81	204.98
Other Expenses	226.52	598.84
Finance costs	2,545.17	3,308.46
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(660.72)</b>	<b>(841.47)</b>
Exceptional items	25,743.66	0.00
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>25,082.94</b>	<b>(841.47)</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	3,069.08	-
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>22,013.86</b>	<b>(841.47)</b>

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

	31-Mar-20	31-Mar-19
<b>Assets</b>		
Property, plant and equipment	508.58	670.45
Investment Property	224.51	248.92
Non Current Assets Held for Sale	-	11.41
<b>Total Non Current Assets</b>	<b>733.09</b>	<b>930.78</b>

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

Operating	(1,069.17)	2,360.41
Investing	211.58	264.18
Financing	(2,545.17)	(3,308.46)
<b>Net cash (outflow)/inflow</b>	<b>(3,402.76)</b>	<b>(683.87)</b>
<b>Earnings per share:</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Basic, profit/(loss) for the year from discontinued operation	6.19	(0.24)
Diluted, profit/(loss) for the year from discontinued operation	6.19	(0.24)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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

i) **Defined Contribution Plan:** (Rs. In Lakhs)

Particulars	Year Ended	Year Ended
	31-Mar-20	31-Mar-19
Employer's Contribution to Pension Fund	9.02	8.68

ii) **Defined Benefit Plans:**

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

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

	31-Mar-20	31-Mar-19
	%	%
<b>Discount rate:</b>		
Gratuity plan	6.33	7.25
Settlement Allowance	6.33	7.25
<b>Future salary increases:</b>		
Gratuity plan	8.00	8.00
Settlement Allowance	8.00	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%
Attrition Rate				
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	10.38	8.30	10.38	8.30

### 38 Employee Benefits (Contd.):

#### A. Employee Benefit Obligations

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

#### 1) Gratuity

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income													
		Gratuity cost charged to profit or loss		Return on plan assets (excluding amounts included in net interest expense)		Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions		Experience adjustments		Sub-total included in OCI		Contributions by employer	
01-Apr-19		Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	01-Apr-19		31-Mar-20	
Defined benefit obligation		(788.32)	(50.72)	(74.18)	278.55	14.51	(20.38)	(404.76)	(410.63)	(994.58)					
Fair value of plan assets		957.82	69.44	69.44	(278.55)	(14.51)			(14.51)	817.43					
<b>Benefit liability</b>		<b>169.50</b>		<b>(4.74)</b>	<b>0.00</b>				<b>(425.14)</b>	<b>83.23</b>				<b>(177.15)</b>	

(Rs. In lakhs)

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income													
		Gratuity cost charged to profit or loss		Return on plan assets (excluding amounts included in net interest expense)		Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions		Experience adjustments		Sub-total included in OCI		Contributions by employer	
01-Apr-18		Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	01-Apr-18		31-Mar-19	
Defined benefit obligation		(853.49)	(59.62)	(79.19)	130.11		(0.44)	14.69	14.25	(788.32)					
Fair value of plan assets		901.70	67.62	67.62	(130.11)	0.00			0.00	957.82					
<b>Benefit liability</b>		<b>48.21</b>		<b>(11.57)</b>	<b>0.00</b>				<b>14.25</b>	<b>118.61</b>				<b>169.50</b>	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**2) Settlement Allowance:**

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

(Rs. In lakhs)

01-Apr-19	Remeasurement gains/(losses) in other comprehensive income					Sub-total included in OCI	Contributions by employer	31-Mar-20
	Gratuity cost charged to profit or loss	Sub-total included in profit or loss	Net interest expense	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)			
Defined benefit obligation	(37.43)	(4.06)	(2.53)	(6.59)	15.86	(15.10)	(15.10)	(43.26)
Fair value of plan assets								
<b>Benefit liability (37.43)</b>				<b>(6.59)</b>	<b>15.86</b>			<b>(43.26)</b>

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Remeasurement gains/(losses) in other comprehensive income					Sub-total included in OCI	Contributions by employer	31-Mar-19
	Gratuity cost charged to profit or loss	Sub-total included in profit or loss	Net interest expense	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)			
Defined benefit obligation	(39.05)	(4.19)	(2.71)	(6.90)	6.44	2.08	2.08	(37.43)
Fair value of plan assets								
<b>Benefit liability (39.05)</b>				<b>(6.90)</b>	<b>6.44</b>			<b>(37.43)</b>

The Company has not obtained Actuarial valuation for PF trust as per Ind AS - 19.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**38 Employee Benefits (Contd.):**
**B Sensitivity analysis:**

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

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	22.11	24.65	31.30	27.92
Change in rate of salary increase	9.77	10.78	6.48	7.61
Change in withdrawal rates	1.23	1.89	3.12	3.91

**(ii) Settlement Allowance** (Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	1.20	1.41	1.49	1.41
Change in rate of salary increase	1.10	1.26	0.34	0.37
Change in withdrawal rates	1.31	1.37	0.03	0.02

C. The expected contributions for gratuity for the next financial year will be Rs.211.01 and Settlement allowance will be Rs.Nil.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**39 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013**

Sr. No.	Name of Related Party	Relationship
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
	HMT Watches Ltd, Bangalore (HWL)	
	HMT Chinar Watches Ltd, Jammu (CWL)	
	HMT (International) Ltd, Bangalore (HMT(I))	
	HMT Bearings Ltd, Hyderabad (BLH)	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. S Girish Kumar	Key Managerial Persons (KMP)
	Mr. Shashank Priya (w.e.f 01.10.2019)	
	Dr. Subhash Chandra Pandey (upto 30.06.2019)	
	Smt. Shashi B Srivastava (upto 31.05.2019)	
	Mr. Pravin Agrawal	
	Dr. Ravindra Singh (upto 01.02.2020)	
	Smt. Neera Tomar	
	Mr. Ramji Lal (w.e.f 05.02.2020)	
	Mr. Vishweshwar Bhat (w.e.f 27.01.2020)	
	Mr. S. Kishor Kumar	
	Ms. Kamna Mehta	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**Transactions during the year with Related Parties:**
**a) Loans and Advances given and repayment thereof:**

Name of Related Party	As at	(Rs. In lakhs)			
		Opening Balance	Loans Given	Repay- ment	Closing Balance
<u>Loans</u> HMT Machine Tools Ltd	31/03/2020	13,747.30	6,800.00		8.76
	31/03/2019	163.54	13,575.00		8.76

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	transfers	Closing Balance
SUDMO HMT Process Engineers (India) Ltd	31/03/2020	2.41	3.25	-	-	5.66
	31/03/2019	7.06	3.26	-	7.91	2.41
HMT Machine Tools Ltd	31/03/2020	779.31	3,291.78	-	-	4,071.09
	31/03/2019	731.79	47.52	-	-	779.31
HMT Watches Ltd	31/03/2020	(1,361.77)	495.65	-	-	-866.12
	31/03/2019	(645.83)	-	715.94	-	-1,361.77
HMT Chinar Watches Ltd	31/03/2020	(19.49)	-	536.11	-	-555.60
	31/03/2019	(20.07)	0.58	-	-	-19.49
HMT Bearings Ltd	31/03/2020	(2,351.16)	682.87	-	-	-1,668.29
	31/03/2019	(165.20)	-	2,185.96	-	-2,351.16
HMT (International) Ltd	31/03/2020	12.93	48.07	-	-	61.00
	31/03/2019	84.51	-	71.58	-	12.93

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4  
The Company has not given any guarantee/security to the related parties.

(Rs. In lakhs)

d) Name of the Transacting Related Party	MTL	HWL	CWL	HMT(I)	BLH	TOTAL
<b>Revenue from Operations</b>	48.52	-	-	-	-	48.52
	2019-20	-	-	42.15	-	42.15
	2018-19	-	-	-	-	-
<b>Other Income:</b>	1345.47	27.17	-	-	-	1,372.64
	2019-20	-	-	-	-	556.99
	2018-19	-	-	-	-	-
<b>Purchases</b>	-	35.48	-	-	-	35.48
	2019-20	-	-	14.74	-	14.74
	2018-19	-	-	-	-	-
<b>General Expenses: (recovery of expenses)</b>	(59.33)	(5.87)	-	(75.72)	-	(140.92)
	2019-20	(5.62)	-	(61.48)	-	(79.47)
	2018-19	-	-	-	-	-
<b>Interest</b>	-	-	-	-	-	-

(Rs. In lakhs)

**e) Transactions with Key Managerial Persons:**
**Remuneration paid to KMP**

	Current Year	Previous Year
- S.Girish Kumar	44.68	28.30
- Shashi Bala Srivastava (upto 31.05.2019)	6.12	34.21
- S.Kishore Kumar	11.68	7.50
- Kamna Mehta	7.39	0.67
- Bhaskara Gowdar (upto 30.06.2018)	-	2.58
- Hitesh Goyal (1.7.2018 to 6.11.2018)	-	2.39
	<b>69.87</b>	<b>75.65</b>

**Directors sitting fees**

- Dr. Ravindra Singh (upto 01.02.2020)	0.41	0.41
- Neera Tomar	0.55	-
- Ramji Lal (w.e.f 05.02.2020)	0.11	-
	<b>1.07</b>	<b>0.41</b>



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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### 40 SEGMENT REPORTING:

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

During the year Food Processing Division has made a sale of Rs.1,318.46 Lakhs to one customer which is exceeding 10% of the revenue.

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

42 The Investment in Gujrat State Machine Tools Corporation being an Associate Company, has been fully provided in books of Accounts as the Net Worth of the Company is completely eroded based on the latest information available with HMT Limited. Hence the fair value is shown as Nil.

### 43 Impact on uncertainties relating to the global health pandemic from COVID-19

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.

44 Balances under Trade "Receivables", 'Loans & Advances', 'Trade payables' and Other Current Liabilities' are subject to confirmation , although confirmation has been sought in most of the cases.

45 The Company has deferred tax asset in the form of brought forward losses, in the absence of reasonable certainty of future business profits, the Company has not recognised any deferred tax asset.

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

***CONSOLIDATED  
FINANCIAL  
STATEMENTS***

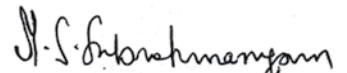
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 16 October 2020 which supersedes their earlier Audit Report dated 29 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of HMT Limited for the year ended 31 March 2020 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of HMT Limited and subsidiaries listed in Annexure-I but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure-II for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

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



**(M. S. Subrahmanyam)**

Director General of Commercial  
Hyderabad

Place: Hyderabad

Date: 22 October 2020

## Annexure - I

### Subsidiaries

1. HMT Machine Tools Limited
2. HMT Watches Limited

## Annexure - II

### Subsidiaries

1. HMT (International) Limited
2. HMT Bearings Limited
3. HMT Chinar Watches Limited
4. Gujarat State Machine Tools Limited

## REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Provisional Comments by Deputy Director, Office of the Director General of Commercial Audit and Ex-officio Member, Audit Board, Hyderabad, vide No.DGCA/Hyd/A/c/Desk/HMTCFS/2019-20/1.20/135 dated 01.10.2020 and it supersedes our Independent Auditor's Report dated 29<sup>th</sup> July 2020]

### 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 31<sup>st</sup> 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.

On completion of audit of Consolidated Ind AS financial statements of the company for the year ended 31<sup>st</sup> March, 2020, we had issued an Independent Auditor's Report dated 29<sup>th</sup> July, 2020. The said Report has been revised in the light of the revision of Independent Auditor's report of one of the company's Subsidiary HMT Machine Tools Ltd. based on the observations from the Deputy Director, CAG and hence this Report supersedes our earlier Report.

- (a) in the case of the Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> 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):**
  - 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 Consolidated 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.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

- 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 Consolidated 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 Consolidated Ind AS financial statements cannot be quantified.
- b. *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.

- 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 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 72<sup>nd</sup> 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 31<sup>st</sup> March 2020 amounted to Rs.2,69,251.83 lakhs against which the paid up capital of the company is Rs.649.01 lakhs and the losses has totally eroded the net worth of the company.
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 31<sup>st</sup> 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 relates 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 79<sup>th</sup> 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
<b>I. HMT Ltd.</b>	
<b>1) Adoption of Ind AS 116 - Leases</b>	
<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"> <li>• We have verified the accounting, measurement and presentation for Leases which is in line with the Ind AS 116.</li> <li>• We have examined the disclosures as required by Ind AS 116 in financial statements.</li> <li>• 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.</li> </ul>
<b>II. HMT Watches Ltd.</b>	
<b>1) Going concern assumption:-</b>	
<p>Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.</p>	<p>We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company.</p>
<b>2) Evaluation of uncertain tax matters:</b>	
<p>The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.23 and 2.24 to the Financial Statements.</p>	<p>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.</p>
<b>3) Examination of employee benefit expenses:</b>	
<p>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.</p>	<p>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.</p>

<b>4) HMT (International) Limited</b>	
<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Significant Accounting Policies I and Note 1 – Notes Forming Part of the Financial Statements Pertaining to Balance Sheet Point No – 4</p>	<p>As part of our Audit procedures, our procedures included the following :</p> <p><b>Principal Audit Procedures</b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management.</p> <p>We have involved our internal experts to review the nature of the amounts payable, the sustainability and the likelihood of payment upon final resolution.</p>
<b>5) HMT Bearings Ltd.</b>	
<p>Going Concern</p>	<p>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.</p>

## 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 31<sup>st</sup> 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 15<sup>th</sup> 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 out 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 Rs 0.20/- 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, Aurangabad 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 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.

- (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.

### III. HMT Machine Tools Limited:

#### Bangalore Complex (MBX) Unit:

- a) The Unit has capitalized the execution of collaboration project with NUM, AG, a Swiss Company for ₹11,76,77,241/- up to the extent of provision made regarding the said technology. However, as informed to us in the preceding financial year regarding the technical collaboration project with NUM, AG, the Unit was in the view to rescind the agreement with the said Company and

was communicating for the closure of the same. During the discussion with the management we had sought clarification and management has furnished the decision of the Board Meeting No.92 held on 14th Feb 2020 to capitalise the technology development cost regarding collaboration with NUM, AG.

- b) The Unit has provided impairment test reports of the following capitalize products during the year. The in-house impairment test reports as provided by the management, do not comply with the impairment test reporting requirements of Ind AS-36, in the following cases as both external and internal indicators were present due to technology development.
  - i) The Purchase of hardware and implementation of SAP in the year 2010 has been capitalized by the unit which includes ₹229.35 lakh towards SAP software and ₹128.89 lakh paid against the SAP hardware. Since SAP was purchased in 2010, the Unit has conducted in house impairment test during the year for the intangible assets and Data & Computer Processors capitalized pertaining to the software and hardware of the SAP system.
  - ii) In case of a technical collaboration agreement with NUM AG of Switzerland for developing numerical control system for machine tools during 2014, the Company had paid one installment of Euro 4,00,000 (i.e. ₹3,30,87,241) & seven installments amounting to Euro 10,00,000 (₹8,45,90,001) is still due. In the event of presence of external indicator such as technology development, in house impairment test have been conducted by the Unit.

#### **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

Partner

Membership Number: 207783

UDIN: 20207783AAAAGN5414

Place: Bengaluru

Date: 16-10-2020

**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

Partner

Membership Number: 207783

UDIN: 20207783AAAAGN5414

Place: Bengaluru

Date: 16-10-2020

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2020

### 1. Background:

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

The consolidated financial statements were authorised for issue in accordance with resolution of the directors July 29,2020

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Basis of Consolidation:

The consolidated financial statements of HMT Limited (“Parent Company”), subsidiary companies, associates and joint venture (collectively referred as “the Group”) used in the preparation of this consolidated financial

statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2019. The financial statement of the associate company has not received by the parent company and the networth of the said associate is completely eroded. Accordingly, losses have been consolidated to the extent of the value of the investments.

#### iii) Principles of consolidation and equity accounting:

- a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- c) Eliminate the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary
- d) Non Controlling Interest’s share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Non Controlling Interest’s share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.
- f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating unrealised profits and losses resulting from transactions between



the Company and its associate to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

**iv) Summary of Significant Accounting Policies:**

**a) Use of estimates:**

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

**b) Property, Plant & Equipment**

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

(a) on disposal; or

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

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

Special Tools:

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

**c) Leases**

**The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

### Operating Leases as a Lessor

- a) Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.
- b) Operating lease payments in case of intermediate lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the term of the relevant lease.

### The Company as a lessee

Leases for which the Company is a lessee is classified as a finance or operating lease.

- a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
- b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.
- c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments

as an operating expenses on a straight line basis over the term of the lease.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### d) **Borrowing Cost:**

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

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

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

#### e) **Investment Property:**

Investment properties are measured initially at cost, including transaction costs. Subsequent

to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

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

**f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

**iv) Research and Development Expenditure:**

**Research Phase:**

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

**Development Phase:**

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

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

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

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

**k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

**i) Sale of goods:**

Revenues are recognised at the point in time that the customer obtains control of the goods or services which is when it has taken title to the products and assumed the risks and rewards of ownership of the product or services. Generally, the transfer of title and risks and rewards of ownership of goods are governed by the contractually defined shipping terms.

**ii) Rendering of services:**

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

**iii) Rental Income:**

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**iv) Dividend Income:**

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

**v) Interest Income:**

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

**vi) Warranty:**

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

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

**vii) Extended Warranties:**

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

**l) Foreign Currency Translation:**

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

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the

transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

**m) Retirement & Other Employee Benefits:**

Provident Fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the company.

Leave encashment is provided for under a long-term employee benefit based on actuarial valuation.

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

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

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

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

The amount of Rs.50,000/- per head received/receivable from LIC on account of gratuity claims in



respect of employees separated under Voluntary Retirement Scheme during the year is accounted as Other Income.

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the yearend for Gratuity, ELE and SA is restated as per the actuarial valuation done at the year-end

Gratuity, ELE, SA and lumpsum compensation paid to employees under Voluntary Retirement Scheme ("VRS") shall be fully written off in the year of incidence.

Expenses incurred in respect of bonds issued for raising funds to meet payments made under the VRS are fully written off in the year of disbursement.

#### **n) Income taxes:**

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

#### **i) Current taxes:**

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

#### **ii) Deferred Taxes:**

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

#### **o) Provisions:**

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

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

#### **p) Impairment:**

#### **i) Financial assets:**

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

**ii) Non-financial assets:**

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

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

**q) Financial Instruments:**

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

**i) Cash & cash equivalents:**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities

of twelve months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

**ii) Financial assets at amortised cost:**

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

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

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

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

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

**v) Financial Liabilities:**

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

**vi) De-recognition of financial instruments:**

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

**vii) Fair value of financial instruments:**

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

**Fair value hierarchy:**

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

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

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

**v) Significant accounting judgements, estimations and assumptions:**

The preparation of the Company's financial statements requires management to make judgements, estimates

and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**i) Judgements:**

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

**a. Operating lease— Company as lessor:**

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

**b. Discontinued Operations:**

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

**c. Property, plant & equipment:**

Building at Corporate Head Office, where the significant portion of the property is used as Company owner occupied property and certain portion has been leased out by the Company. The management doesn't have any intention to sell



the building and the portion of building which has been leased is for a short period and accordingly, it has been classified as PPE.

## ii) Estimates and assumptions:

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

### a. Deferred Taxes

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

### b. Defined Benefit Obligations:

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

in these assumptions. All assumptions are reviewed at each reporting date.

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

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

### c. Other Long-Term Employee Benefits:

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

### d. Fair value measurement of financial instruments:

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

vi) The consolidation of financial statement(CFS) present the consolidated accounts of HMT Limited with its following subsidiaries and associates:

Name of the Company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous Year
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT Bearings Limited	Subsidiary	India	99.36%	99.36%
HMT Chinar Watches Limited – under voluntary winding up w.e.f March 25, 2019	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corporation Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Limited	Joint Venture	India	50%	50%

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020**

(Rs. in lakhs)

	Notes	As at 31-Mar-20	As at 31-Mar-19
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	5,095.96	5,588.08
Capital work in progress	3A	655.04	565.82
Investment Property	3B	277.09	301.93
Intangible assets	3C	1,265.51	-
Intangible assets under development	3C	-	941.21
Financial assets			
Investments	4	19.89	20.09
Other Assets	9	42.24	248.78
		<b>7,355.73</b>	<b>7,665.91</b>
<b>Current assets</b>			
Inventories	5	18,896.85	16,846.63
Financial assets			
Trade Receivables	6	15,076.50	16,632.18
Cash and cash equivalents	7	20,851.00	23,778.50
Others Financial assets	8	446.22	553.24
Other Assets	9	9,833.04	6,018.84
		<b>65,103.61</b>	<b>63,829.39</b>
<b>Non Current Assets Held for Sale</b>	3D	296.16	307.57
		<b>296.16</b>	<b>307.57</b>
<b>TOTAL ASSETS</b>		<b>72,755.50</b>	<b>71,802.87</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	35,560.16	35,560.16
Other equity	11	(4,95,931.60)	(5,10,657.43)
<b>Equity attributable to equity holders of the parent</b>		<b>(4,60,371.44)</b>	<b>(4,75,097.27)</b>
Non-controlling interests		(26.44)	(28.30)
<b>Total equity</b>		<b>(4,60,397.88)</b>	<b>(4,75,125.57)</b>

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020**

(Rs. in lakhs)

	Notes	As at 31-Mar-20	As at 31-Mar-19
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	12	12,223.92	23,144.89
Non Current Financial Liability	13	2,565.68	5,110.31
Provisions			
Provision for Employee Benefits	14	5,115.10	5,457.59
Deferred tax liability (net)		43.80	49.07
		<b>19,948.50</b>	<b>33,761.86</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	12	2,402.50	1,857.44
Trade payables	15	11,380.78	10,013.02
Other financial liabilities	16	4,51,337.12	4,33,710.24
Other Current Liabilities	17	41,898.04	60,182.71
Provisions			
Provision for Employee Benefits	14	5,834.31	6,527.69
Others	18	221.13	221.29
Current Tax Liabilities (Net)		131.00	654.19
		<b>5,13,204.88</b>	<b>5,13,166.58</b>
<b>Total liabilities</b>		<b>5,33,153.38</b>	<b>5,46,928.44</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>72,755.50</b>	<b>71,802.87</b>

**Significant Accounting policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**S. Girish Kumar**

 Chairman and Managing Director  
 DIN 03385073

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN:20207783AAAADX5029  
 Place : Bangalore  
 Date : July 29,2020

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

(Rs. in lakhs)

	Notes	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	19	26,030.14	26,277.14
Other income	20	4,761.47	4,525.25
<b>Total Income</b>		<b>30,791.61</b>	<b>30,802.39</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	21	10,371.83	9,362.61
Purchase of Stock In Trade	22	4,883.21	3,015.16
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	(2,980.37)	(3,393.83)
Excise duty on changes in inventories of finished goods	24	-	14.94
Employee benefits expense	25	11,934.54	12,363.71
Depreciation and amortization expense	26	953.89	924.25
Finance costs	27	6,537.54	6,225.75
Other expenses	28	5,960.01	6,741.30
Less: Jobs Done for Internal Use	29	(276.95)	(84.13)
<b>Total expense</b>		<b>37,383.70</b>	<b>35,169.76</b>
<b>Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations</b>		<b>(6,592.09)</b>	<b>(4,367.37)</b>
Share of profit/(loss) of an associate and a joint venture	31	(0.20)	(0.75)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>(6,592.29)</b>	<b>(4,368.12)</b>
Exceptional items	30	-	872.25
<b>Profit/(loss) before and tax from continuing operations</b>		<b>(6,592.29)</b>	<b>(3,495.87)</b>
(1) Current tax	32	131.00	67.00
(2) Deferred tax	32	(5.28)	(16.17)
(3) Adjustment of tax relating to earlier periods		(9.34)	-
		116.38	50.83
<b>Profit for the year from continuing operations</b>		<b>(6,708.67)</b>	<b>(3,546.70)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations	33	25,128.67	25,036.04
Tax Income/ (expense) of discontinued operations		(2,830.74)	(5,946.92)
<b>Profit/(loss) from discontinued operations</b>		<b>22,297.93</b>	<b>19,089.12</b>
<b>Profit/(loss) for the year</b>		<b>15,589.26</b>	<b>15,542.42</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		(858.67)	(1,124.82)
Income tax effect		0.06	12.42
Revaluation of land and buildings		-	-
Net (loss)/gain on FVTOCI equity Securities		-	(48.27)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(858.61)</b>	<b>(1,160.67)</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020**

(Rs. in lakhs)

Notes	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		
<b>Profit/(loss) for the year</b>		
<b>Attributable to:</b>		
Equity holders of the parent	15,587.40	15,491.81
Non-controlling interests	1.86	50.61
<b>Other Comprehensive Income</b>		
<b>Attributable to:</b>		
Equity holders of the parent	(858.61)	(1,160.60)
Non-controlling interests	-	(0.07)
<b>Total comprehensive income for the year</b>		
<b>Attributable to:</b>		
Equity holders of the parent	14,728.79	14,331.21
Non-controlling interests	1.86	50.54
Earnings per share for continuing operations	44	
i) Basic, profit from continuing operations attributable to equity holders of the parent	<b>(1.89)</b>	<b>(1.00)</b>
ii) Diluted, profit from continuing operations attributable to equity holders of the parent	<b>(1.89)</b>	<b>(1.00)</b>
Earnings per share for discontinued operations		
i) Basic, profit from discontinued operations attributable to equity holders of the parent	<b>6.27</b>	<b>5.35</b>
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent	<b>6.27</b>	<b>5.35</b>
Earnings per share from continuing and discontinued operations		
i) Basic, profit for the year attributable to equity holders of the parent	<b>4.38</b>	<b>4.36</b>
ii) Diluted, profit for the year attributable to equity holders of the parent	<b>4.38</b>	<b>4.36</b>

**Significant Accounting policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**S. Girish Kumar**

 Chairman and Managing Director  
 DIN 03385073

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN:20207783AAAADX5029  
 Place : Bangalore  
 Date : July 29,2020

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

(Rs. in lakhs)

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	(6,592.29)	(3,495.87)
Profit/(loss) before tax from discontinued operations	25,128.67	25,036.04
<b>Profit before tax</b>	<b>18,536.38</b>	<b>21,540.17</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	974.70	1,104.57
Depreciation of investment properties	24.39	24.82
Amortisation of Intangible Assets	140.61	-
Loss on sale of Investments	-	8.71
Gain on disposal of property, plant and equipment	(26,852.62)	(29,062.65)
Loss on disposal of property, plant and equipment	5.22	-
Provision withdrawn	(848.88)	-
Finance income (including fair value change in financial instruments)	(1,196.59)	(1,135.07)
Finance costs (including fair value change in financial instruments)	9,086.95	9,555.79
Share of (profit)/ loss of an associate and a joint venture	0.20	0.75
<b>Working capital adjustments:</b>		
Movements in provisions	(2,178.38)	(2,862.03)
Increase in trade and other receivables and prepayments	(2,287.88)	(6,219.96)
Decrease in inventories	(1,354.69)	(3,982.84)
Increase in trade and other payables	(16,916.91)	11,739.94
	<b>(22,867.50)</b>	<b>712.20</b>
Income tax (paid)/reversed	(3,656.24)	(5,542.51)
<b>Net cash flows from operating activities</b>	<b>(26,523.74)</b>	<b>(4,830.31)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	26,872.07	29,439.20
Purchase of property, plant and equipment	(1,044.75)	(857.23)
Proceeds from sale of non current investments	-	61.00
Interest received	1,303.61	1,108.46
<b>Net cash flows used in investing activities</b>	<b>27,130.93</b>	<b>29,751.43</b>
<b>Financing activities</b>		
Interest Paid	(4,223.91)	(3,759.61)
Proceeds from borrowings (net) & Government Grants	-	-
Repayment of borrowings and government grants	692.18	(20,333.91)
Dividend Distribution Tax Paid	(2.96)	0.00
<b>Net cash flows from/(used in) financing activities</b>	<b>(3,534.69)</b>	<b>(24,093.52)</b>

(Rs. in lakhs)

	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Net increase in cash and cash equivalents	(2,927.50)	827.60
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	23,778.50	22,950.90
<b>Cash and cash equivalents at year end</b>	<b>20,851.00</b>	<b>23,778.50</b>

**Significant Accounting policies and Notes forming part of Accounts**

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7  
2) The Cash and Cash equivalents has been considered as per Note No.7

As per our Report of even date attached

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

**For S S B & Associates**

Chartered Accountants  
F.R.N : 010372S

**S. Girish Kumar**

Chairman and Managing Director  
DIN 03385073

**Shashank Priya**

Director  
DIN 08538400

**K. Balaji**

Partner  
M.No : 207783  
UDIN:20207783AAAADX5029  
Place : Bangalore  
Date : July 29,2020

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer



## A. Equity Share Capital

Equity shares of INR 1 each issued, subscribed and fully paid

At 1 April 2018

Changes in equity share capital during the year

At 31 March 2019

Changes in equity share capital during the year

At 31 March 2020

No. of Shares	Rs. In lakhs
1,20,40,91,640	1,20,409.16
(84,84,90,000)	(84,849.00)
<b>35,56,01,640</b>	<b>35,560.16</b>
<b>35,56,01,640</b>	<b>35,560.16</b>

	Reserves and Surplus				Other Comprehensive Income			Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income			
<b>Balance as of 1st April 2018</b>	2,270.82	(6,23,576.29)	16,600.97	49.64	-	-	(5,182.78)	(6,09,837.64)	(78.84)	(6,09,916.48)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2019</b>	2,270.82	(6,23,576.29)	16,600.97	49.64	-	-	(5,182.78)	(6,09,837.64)	(78.84)	(6,09,916.48)
Write off of Losses against reduction of Share Capital	-	84,849.00	-	-	-	-	-	84,849.00	-	84,849.00
Discontinued operations	-	19,038.58	-	-	-	-	-	19,038.58	50.54	19,089.12
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(1,112.40)	(1,112.40)	-	(1,112.40)
Total Comprehensive Income for the year	-	(3,546.70)	-	(48.27)	-	-	(6,295.18)	(3,594.97)	-	(3,594.97)
<b>At 31 March 2019</b>	2,270.82	(5,23,235.41)	16,600.97	1.37	-	-	(6,295.18)	(5,10,657.43)	(28.30)	(5,10,685.73)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2019</b>	2,270.82	5,23,235.41)	16,600.97	1.37	-	-	(6,295.18)	(5,10,657.43)	(28.30)	(5,10,685.73)
Discontinued operations	-	22,296.07	-	-	-	-	-	22,296.07	1.86	22,297.93
Dividend Distribution Tax	-	2.96)	-	-	-	-	-	(2.96)	-	(2.96)
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(858.61)	(858.61)	-	(858.61)
Total Comprehensive Income for the year	-	(6,708.67)	-	-	-	-	(7,153.79)	(6,708.67)	-	(6,708.67)
<b>At 31 March 2020</b>	2,270.82	(5,07,650.97)	16,600.97	1.37	-	-	(7,153.79)	(4,95,931.60)	(26.44)	(4,95,958.04)

### Significant Accounting policies and Notes forming part of Accounts

As per our Report of even date attached

**For S S B & Associates**

Chartered Accountants

F.R.N : 0103725

**K. Balaji**

Partner

M.No : 207783

UDIN:2020783AAAADX5029

Place : Bangalore

Date : July 29, 2020

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

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Kishor Kumar Shankar**

Company Secretary

**Shashank Priya**

Director

DIN 08538400

**Kamna Mehta**

Chief Financial Officer

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**  
**3A. PROPERTY, PLANT AND EQUIPMENT**

(Rs. in lakhs)

Particulars	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances			Transport Vehicles	Land-Leasehold	Total
<b>Gross carrying value</b>									
As at 1 April 2018	237.06	3,557.13	38,862.09	1,158.24	1,659.39	174.09	25.93	45,673.93	
Additions	-	-	358.62	2.24	4.13	-	-	444.99	
Disposals	-	-	-585.69	-5.66	-	-38.47	-	-629.82	
<b>At 31 March 2019</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,635.02</b>	<b>1,154.82</b>	<b>1,743.52</b>	<b>135.62</b>	<b>25.93</b>	<b>45,489.10</b>	
Additions	-	-	367.01	5.08	118.53	-	-	490.62	
Disposals	-	-	-231.48	-2.18	-	-30.52	-8.84	-273.02	
<b>At 31 March 2020</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,770.55</b>	<b>1,157.72</b>	<b>1,862.05</b>	<b>105.10</b>	<b>17.09</b>	<b>45,706.70</b>	
<b>Accumulated Depreciation</b>									
As at 1 April 2018	-	2,511.74	34,213.18	1,117.31	1,394.15	172.83	13.30	39,422.51	
Depreciation charge for the year	-	43.17	924.93	13.25	122.29	0.71	0.22	1,104.57	
Disposals/Adjust	-	-	-581.97	-5.66	0.04	-38.47	-	-626.06	
<b>At 31 March 2019</b>	<b>-</b>	<b>2,554.91</b>	<b>34,556.14</b>	<b>1,124.90</b>	<b>1,516.48</b>	<b>135.07</b>	<b>13.52</b>	<b>39,901.02</b>	
Depreciation charge for the year	-	34.94	820.70	9.02	109.43	0.55	0.06	974.70	
Disposals/Adjust	-	-	-228.70	-2.04	-0.02	-30.52	-3.70	-264.98	
<b>At 31 March 2020</b>	<b>-</b>	<b>2,589.85</b>	<b>35,148.14</b>	<b>1,131.88</b>	<b>1,625.89</b>	<b>105.10</b>	<b>9.88</b>	<b>40,610.74</b>	
<b>Net carrying value</b>									
At 31 March 2020	237.06	967.28	3,622.41	25.84	236.16	-	7.21	5,095.96	
At 31 March 2019	237.06	1,002.22	4,078.88	29.92	227.04	0.55	12.41	5,588.08	
<b>Net carrying value</b>									
Plant Property and Equipment		<b>31-03-2020</b>	<b>31-03-2019</b>						
		<b>Amount</b>	<b>Amount</b>						
		5,095.96	5,588.08						
Capital work in progress - Opening		<b>565.82</b>	<b>128.89</b>						
Additions		503.14	436.93						
Disposals/Adjust		-413.92	-						
Capital work in progress - Closing		<b>655.04</b>	<b>565.82</b>						

**Additional Information:**

A. Quantum of loss due to Impairment of Assets as per IND AS-36 - Nil

**Land:**

- (i) The Company is in possession of Gift land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 348.85 Acres and 227.30 Acres respectively, nominally valued at Rs. 1 each.
- (ii) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- (iii) Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- (iv) HMT-MTL has leased out land admeasuring 2.71 acres to the Kerala Electricity Board and Postal Authorities in Kalamassery. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi Metro Rail Ltd., for which the lease period has been extended up to 31.07.2017 and 31.12.2018 respectively. Further an additional land of 1.6131 Ha. has been leased out up to 31.12.2018 for stackyard and fabrication purpose. Subsequently both 5 Ha and 1.6131 Ha of land has been surrendered back to the Company as on 31.12.2018. The Lease agreement for 2.5 Ha of land has been extended upto 31.05.2019. KMRL paid licence fee and vacated this 2.5 Ha of land on 30.11.2019.
- (v) In the matter relating to 195 acres and 33 guntas land handed over to HMT-Machine Tools Ltd (HMT-MTL) by the Govt. of Andhra Pradesh. HMT-MTL has filed Writ Petition No. 20012 of 2003 on the file of Hon'ble High Court of A.P. against the Govt. of A.P. and others wherein HMT-MTL has sought directions for demarking 195.33 acres of land for handing over the same to HMT-MTL. As per the survey conducted during the year 2004-05 by the Officials of Survey and Settlement Department, Ranga Reddy Dist. in view of Supreme Court directives, it has come to the notice that approx. 39 acres of land is not in the actual possession of HMT-MTL, but HMT-MTL has paid for the entire 195.33 acres of land for the decree holders. Out of the above land, 6000 sq. mts. of land is allotted to APSEB for setting up 33KV Switching Station and 33/11 KV Electrical sub-station. The compensation payable by the APSEB has not yet been determined. GHMC issued a notice vide notice No. 41/86/RW/TPS/GHMC/SC/2007 dated 01.12.2007 to take over 238.86sq. Yds of land for road widening programme undertaken by them out of the 3000 sq. yds available at kavadi guda, Secunderabad without any compensation. HMT-MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.
- (vi) Praga Tools Division has leased out a land admeasuring 64.62 acres to HMRL (Hyderabad Metro Rail Corporation) for a period of 3 years commencing from 1 September, 2012 to 31 August, 2015 for a temporary casting-cum-stacking yard. Further lease period has been extended upto 31 August, 2017 and then upto 30.09.2018.

**Others:**

- (i) In Tractor Division-Pinjore: A Transport Vehicle with WDV of Rs. 1/- was lost due to theft and is to be written off. Factory Equipment with WDV Rs. 4/-, Office Equipment with WDV of Rs.3/-, Electrical Equipment with WDV Rs.13/-, Furniture and Fixtures with WDV Rs.19/-, Computer & Data Processing Equipment with WDV Rs.6/- were burnt during fire in store and be written off.
- (ii) In respect of HMT-MTL, Plant & Machinery includes 7 items of PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**3B. INVESTMENT PROPERTY**
**Gross carrying value**

<b>Opening balance at 1 April 2018</b>	<b>1,512.35</b>
Additions	-
Less: Deductions/adjustments	-
<b>Closing balance at 31 March 2019</b>	<b>1,512.35</b>
Additions	-
Less: Deductions/adjustments	(0.61)
<b>Closing balance at 31 March 2020</b>	<b>1,511.74</b>

**Depreciation and impairment**

<b>Opening balance at 1 April 2018</b>	<b>1,185.60</b>
Depreciation	24.82
Less: Deductions/adjustments	-
<b>Closing balance at 31 March 2019</b>	<b>1,210.42</b>
Depreciation	24.39
Less: Deductions/adjustments	(0.16)
<b>Closing balance at 31 March 2020</b>	<b>1,234.65</b>
<b>Net carrying value</b>	
<b>at 31 March 2020</b>	<b>277.09</b>
at 31 March 2019	301.93

**Additional Information:**

- i) The Company has classified certain land & building as investment property which is not a owner occupied property
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, the based on the guidance value, the fair value of the investment property as at March 31, 2020 is Rs.3,06,862.88 lakhs (previous year Rs.3,06,868.96 lakhs).

**iii) Land:**

- (a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at Rs.1/- each. The mutation of title of land at Pinjore in the name of the Company is yet to be done.
- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- (c) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.8224000/- is yet to be received and National Highways Authority of India has acquired 12.88 acres of land for road widening project for which the Company has been received during the year 2019-20.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**Additional Information:**
**Information regarding income and expenditure of Investment property**

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Rental income derived from investment properties	80.19	26.09
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.20)	(2.93)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>77.99</b>	<b>23.16</b>
Less – Depreciation	(24.39)	(24.82)
<b>Profit arising from investment properties before indirect expenses</b>	<b>53.60</b>	<b>(1.66)</b>

(Rs. in lakhs)

	<b>Intangible assets</b>	<b>Intangible assets under development</b>	<b>Total</b>
<b>3C. INTANGIBLE ASSET</b>			
<b>Gross carrying value</b>			
<b>Opening balance at 1 April 2018</b>	<b>88.36</b>	<b>965.90</b>	<b>1,054.26</b>
Additions	-	(24.69)	(24.69)
<b>Closing balance at 31 March 2019</b>	<b>88.36</b>	<b>941.21</b>	<b>1,029.57</b>
Additions	1,406.12	(941.21)	464.91
<b>Closing balance at 31 March 2020</b>	<b>1,494.48</b>	<b>-</b>	<b>1,494.48</b>
<b>Amortisation and impairment</b>			
<b>Opening balance at 1 April 2018</b>	<b>88.36</b>	<b>-</b>	<b>88.36</b>
Amortisation	-	-	-
<b>Closing balance at 31 March 2019</b>	<b>88.36</b>	<b>-</b>	<b>88.36</b>
Amortisation	140.61	-	140.61
<b>Closing balance at 31 March 2020</b>	<b>228.97</b>	<b>-</b>	<b>228.97</b>
<b>Net carrying value</b>			
<b>at 31 March 2020</b>	<b>1,265.51</b>	<b>-</b>	<b>1,265.51</b>
at 31 March 2019	-	941.21	941.21
<b>Net carrying value</b>	<b>31-03-2020</b>	<b>31-03-2019</b>	
Intangible assets under development	-	941.21	
Intangible Assets	1,265.51	-	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****3D Non Current Assets Held for Sale**

(Rs. in lakhs)

<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Land and Land Development	24.13	35.54
Buildings	271.97	271.97
Plant & Machinery	0.01	0.01
Furniture, Fixture & other appliances.	0.05	0.05
<b>Total</b>	<b>296.16</b>	<b>307.57</b>

**Additional Information:****HMT Ltd**

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale and the clearance for sale is awaited from Forest Department, Government of Karnataka, which is expected during the FY 2020-21.
- (b) 446.02 acres of land at Pinjore, has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and an amount of Rs.38,04,98,700/- yet to be received from HSIIDC.

**HMT Machine Tools Ltd**

Few items of Plant and Machinery for which the Company is committed to sell within the end of next Financial Year is classified as Non Current Assets Held for Sale.

**HMT Watches Ltd**

The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off (other than in Ranibagh Unit where the process is yet to be completed to meet the closure liabilities). The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.

The Company is in possession of gift land located at Bangalore admeasuring 89.74 acres of which 7 acres of land has been encroached upon and the matter has been taken up with the Govt. fo Karnataka to shift the un-authorised occupants.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>Financial assets</b>		
<b>4. Investments</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (31-Mar-19: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Associates and Joint Venture</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (31-Mar-19: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	19.89	20.09
<b>Investments in Associates</b>		
20,84,050 (31-Mar-19: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Total Investment in Equity instruments in Associate and Joint Venture</b>	<b>19.89</b>	<b>20.09</b>
<b>Total Investments</b>	<b>19.89</b>	<b>20.09</b>
<b>Current</b>	-	-
<b>Non Current</b>	19.89	20.09
Aggregate amount of unquoted investments	19.89	20.09
Aggregate amount of impairment in value of investments	-	-



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>5. Inventories</b>		
Raw Materials and Components	2,710.19	2,820.49
Material and Components in Transit	306.34	1,162.56
Work-in-Progress	6,238.69	7,155.37
Finished Goods #	9,283.93	5,595.85
Stock in Trade	688.96	1,104.10
Goods in Transit	-	268.93
Stores and Spares	1,577.44	1,349.55
Tools and Instruments	131.96	249.34
Scrap	227.60	104.23
	<b>21,165.11</b>	<b>19,810.42</b>
Less: Provision for Non-moving Inventories	2,268.26	2,963.79
	<b>18,896.85</b>	<b>16,846.63</b>
# Includes Excise Duty paid/ payable		
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	15,076.50	16,632.18
Doubtful	16,187.77	15,831.62
	<b>31,264.27</b>	<b>32,463.80</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	16,187.77	15,831.62
	<b>15,076.50</b>	<b>16,632.18</b>
Trade Receivables exceeding 6months from the date they are due for payment	5,973.84	3,852.81
Trade Receivables less than 6 months from the date they are due for payment	9,102.66	12,779.37
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		
<b>7. Cash and Cash equivalents</b>		
<i>Balances with banks:</i>		
- In current accounts	900.29	1,913.90
- In Deposits accounts (with original maturity less than 12 months)	19,937.67	21,841.62
Cash and Cheques on hand	13.04	22.98
	<b>20,851.00</b>	<b>23,778.50</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>8. Other Financial Assets</b>		
Interest accrued & due	446.22	553.24
	<b>446.22</b>	<b>553.24</b>
<b>9. Other Assets</b>		
<b>Non-Current</b>		
Gratuity Fund (Net)	42.24	243.08
Capital Advances	1.97	7.67
Less: Allowance for Doubtful Advances	1.97	1.97
	<b>42.24</b>	<b>248.78</b>
<b>Current</b>		
<b>Advances and other receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	1.04	1.04
Less: Allowance for Doubtful Advances	0.54	0.54
	<b>0.50</b>	<b>0.50</b>
<b>Unsecured</b>		
Considered Good #	8,306.06	4,711.73
Considered Doubtful	851.29	790.81
	<b>9,157.85</b>	<b>5,503.04</b>
Less: Allowance for Doubtful Advances	851.29	790.81
	<b>8,306.56</b>	<b>4,712.23</b>
Interest on Trade Receivable	5,924.90	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.90	5,924.90
	-	-
Withholding of taxes and other tax receivables*	962.78	782.05
Deposits	563.70	524.56
	<b>9,833.04</b>	<b>6,018.84</b>
<b>Total Other Assets</b>	<b>9,875.28</b>	<b>6,267.62</b>

# Includes Advances to Joint Ventures Rs.5.66 lakhs and Rs.2.41 lakhs (Previous year)

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**10 Share Capital**

(Rs. In lakhs)

	As at 31-Mar-20		As at 31-Mar-19	
	No	Amount	No	Amount
<b>Authorised Share Capital:</b>				
<i>Equity shares of Rs.10 each</i>	1,23,00,00,000	<u>1,23,000.00</u>	1,23,00,00,000	<u>1,23,000.00</u>
		<u>1,23,000.00</u>		<u>1,23,000.00</u>
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs.10 each</i>				
At the beginning of the year	35,56,01,640	35,560.16	1,20,40,91,640	1,20,409.16
Issued during the year				
Reduction during the year			84,84,90,000	84,849.00
At the end of the year	<u>35,56,01,640</u>	<u>35,560.16</u>	<u>35,56,01,640</u>	<u>35,560.16</u>

**Additional Information:**
**1 Equity Shares:**

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

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

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

In this regard, Petition vide C.P. No 226/BB/2017 was filed by the Company u/s 66 of the Companies Act, 2013 before National Company Law Tribunal (NCLT), Bengaluru Bench, the Hon'ble NCLT Bench have passed and issued an order dated 16th October 2018 for reduction of paid up Equity Share Capital from Rs.1204.09 crore to Rs.355.60 crore and such reduction is effected by way of accumulated losses of Rs.848.49 crores against the Shares held by President of India. Subsequently the Registrar of Companies, Bengaluru issued the Certificate of Registration of Order confirming the reduction of Capital on 17th November 2018.

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	27,95,66,626	78.62%	27,95,66,626	78.62%
Special National Investment Fund	6,75,38,614	18.99%	6,75,38,614	18.99%

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

	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	-	-	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>11 Other Equity:</b>		
<b>i) Capital Reserve:</b>		
As per last Balance Sheet	2,270.82	2,270.82
<b>ii) General Reserve:</b>		
As per last Balance Sheet	16,600.97	16,600.97
Add:		
Transferred from Statement of Profit & Loss		
	<b>16,600.97</b>	<b>16,600.97</b>
<b>iii) Retained Earnings:</b>		
As per last Balance Sheet	(5,23,235.41)	(6,23,576.29)
Adjustments:		
Write off of Losses against reduction of Share Capital as referred in note 10.1.ii of the financial statement	-	84,849.00
Transferred to general reserve	-	-
Dividend distribution tax	(2.96)	-
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	15,587.40	15,491.88
	<b>(5,07,650.97)</b>	<b>(5,23,235.41)</b>
<b>iv) FVTOCI Reserve:</b>		
As per last Balance Sheet	(6,293.81)	(5,133.14)
Adjutments:		
On implementation of Ind AS		
- Reclassification of of acturial gain/losses on defined benefit plans	(858.61)	(1,112.40)
- On account of derecognition of fair value of investments	-	(48.27)
	<b>(7,152.42)</b>	<b>(6,293.81)</b>
<b>Total</b>	<b>(4,95,931.60)</b>	<b>(5,10,657.43)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
<b>12. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
With free of interest		
Repayment in 1 to 5 equal annual installments from the date of drawal of loan	12,223.92	23,144.89
<b>Total non-current borrowings</b>	<b>12,223.92</b>	<b>23,144.89</b>
<b>Current</b>		
<b>Secured</b>		
Cash Credit	2,402.50	1,857.44
<b>Unsecured</b>		
<b>Net current borrowings</b>	<b>2,402.50</b>	<b>1,857.44</b>
<b>Aggregate Secured loans</b>	2,402.50	1,857.44
<b>Aggregate Unsecured loans</b>	12,223.92	23,144.89
Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.		
<b>13. Deferred Government Grant</b>		
Equity component of Financial Liability	2,565.68	5,110.31
	<b>2,565.68</b>	<b>5,110.31</b>
<b>14. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	3,303.41	,658.44
Earned Leave Encashment	1,584.31	1,548.41
Settlement Allowance	227.38	250.74
	<b>5,115.10</b>	<b>5,457.59</b>
<b>Current</b>		
Gratuity	2,289.38	2,668.13
Earned Leave Encashment	661.81	755.05
Settlement Allowance	113.03	129.33
Wage and Salary Revision arrears (1992-1995)	2,770.09	2,975.18
	<b>5,834.31</b>	<b>6,527.69</b>
<b>Total</b>	<b>10,949.41</b>	<b>11,985.28</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	As at 31-Mar-20	As at 31-Mar-19
<b>15. Trade payables</b>		
Acceptances	140.27	795.41
Dues towards Goods purchased	10,716.61	9,107.39
Dues to Micro, Small & Medium Enterprises	523.90	110.22
<b>Total</b>	<b>11,380.78</b>	<b>10,013.02</b>
<b>The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:</b>		
<b>Particulars</b>		
Principal amount due and remaining unpaid	523.90	110.22
Interest due on above and the unpaid interest	35.51	30.12
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	28.04	149.95
Interest accrued and remaining unpaid at the end of the accounting year.	66.83	61.93
<b>16. Other Financial Liabilities</b>		
Current maturities of long-term Debts	14,118.08	17,486.00
3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00
Loan from Govt. of India (Defaulted)	70,103.13	53,269.60
Govt of India Liabilities	3,35,093.36	3,34,946.25
Interest free Loan from Government of India (refer foot note No.2 below)	13.74	13.74
Interest accrued and due on borrowings		
Loans from Government of India	26,295.60	20,434.34
Loans from Bank - Dena Bank	-	2,034.73
Interest accrued but not due on borrowings		
Government of India Loan	2,027.21	1,839.58
<b>Total</b>	<b>4,51,337.12</b>	<b>4,33,710.24</b>

**1. 3.5% Preference Share Capital**

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-20	As at 31-Mar-19
For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed .		
2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based of the clarification the same will be treated as income or borrowing in the ensuing year.		
<b>17. Other Liabilities</b>		
<b>Current</b>		
Revenue received in advance	6,874.76	7,615.46
Accrued expenses	4,212.49	4,842.99
Other liabilities	30,810.79	47,724.26
<b>Total</b>	<b>41,898.04</b>	<b>60,182.71</b>

**18. Provisions - others**

	Warranty Claims	Other Provisions	Total
<b>At 1 April 2018</b>	98.24	146.25	<b>244.49</b>
Arising during the year	71.15	0.25	<b>71.40</b>
Utilised	(40.51)	(4.30)	<b>(44.81)</b>
Unused amounts reversed	(49.79)	0.00	<b>(49.79)</b>
<b>At 31 March 2019</b>	<b>79.09</b>	<b>142.20</b>	<b>221.29</b>
Current	79.09	142.20	221.29
<b>At 1 April 2019</b>	79.09	142.20	<b>221.29</b>
Arising during the year	71.70	0.27	<b>71.97</b>
Utilised	(47.98)	(6.26)	<b>(54.24)</b>
Unused amounts reversed	(17.89)	0.00	<b>(17.89)</b>
<b>At 31 March 2020</b>	<b>84.92</b>	<b>136.21</b>	<b>221.13</b>
Current	84.92	136.21	221.13

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>19. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	1,921.83	1,480.81
Watches	410.60	324.15
Accessories	86.27	84.41
	<b>518.70</b>	<b>1,889.37</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	37.66	15.26
Packing / Forwarding charges	7.56	13.58
	<b>45.22</b>	<b>28.84</b>
<b>Total</b>	<b>2,563.92</b>	<b>1,918.21</b>
<b>Machine Tools</b>		
Sale of Products	15,466.82	17,058.27
Accessories	446.60	819.50
	<b>15,913.42</b>	<b>17,877.77</b>
<b>Sale of Services</b>		
Sale of Services	214.98	292.57
Sundry Jobs and Miscellaneous Sales	818.74	990.89
Packing / Forwarding charges	77.91	87.87
	<b>1,111.63</b>	<b>1,371.33</b>
<b>Total</b>	<b>17,025.05</b>	<b>19,249.10</b>
<b>Exports</b>		
Sales & Commission	268.68	298.53
Technical Services	21.55	73.89
Project Sales & Services	6,149.75	4,733.35
Export Assistance	1.19	4.06
	<b>6,441.17</b>	<b>5,109.83</b>
<b>Revenue from Operations</b>	<b>26,030.14</b>	<b>26,277.14</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>20. Other income</b>		
<b>A. Other Income</b>		
Recoveries from Staff/Others	11.60	340.22
Rent Received	1,452.90	1,677.30
Gains on Sale of Property, Plant and Equipment	67.19	137.89
Transfer from FVTOCI Reserve	-	48.27
Provisions Withdrawn	1,089.70	222.90
Other non operating Income	43.49	903.60
<b>Total Other Income</b>	<b>3,564.88</b>	<b>3,330.18</b>
<b>B. Interest Income</b>		
Interest income on Bank Deposits	183.08,	1,170.34
Interest from Dealers/Others	13.51	24.73
	<b>1,196.59</b>	<b>1,195.07</b>
<b>Total Other Income</b>	<b>4,761.47</b>	<b>4,525.25</b>
<b>21 Cost of Raw Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	2,238.41	1,623.05
Add: Purchases	8,685.27	6,810.90
	10,923.68	8,433.95
Less: inventory at the end of the year	2,581.29	2,238.41
Cost of raw material and components consumed	8,342.39	6,195.54
Consumption of Stores, Spares, Tools & Packing Materials	2,029.44	3,167.07
Total raw materials and components consumed	<b>10,371.83</b>	<b>9,362.61</b>
<b>Particulars of Materials Consumed</b>		
Steel	686.28	720.70
Non-ferrous Metals	1.68	4.27
Ferrous Castings	550.22	635.29
Non-ferrous Castings	25.69	21.46
Forgings	43.26	68.78
Standard parts & components	6,355.26	4,532.37
Others	680.00	212.67
<b>Total</b>	<b>8,342.39</b>	<b>6,195.54</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>22. Purchase of Stock in Trade</b>		
Purchases of Stock in Trade	4,883.21	3,015.16
	<b>4,883.21</b>	<b>3,015.16</b>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	910.00,	3,975.63
Less: inventory at the end of the year	9,365.65	5,910.00
<b>Changes in Inventory</b>	<b>(3,455.65)</b>	<b>(1,934.37)</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	6,424.20	4,994.15
Less: inventory at the end of the year	6,053.44	6,424.20
<b>Changes in Inventory</b>	<b>370.76</b>	<b>(1,430.05)</b>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	287.53	312.72
Less: inventory at the end of the year	326.79	287.53
<b>Changes in Inventory</b>	<b>-39.26</b>	<b>25.19</b>
<b>Goods in Transit</b>		
Inventory at the beginning of the year	268.93	279.84
Less: inventory at the end of the year	-	268.93
<b>Changes in Inventory</b>	<b>268.93</b>	<b>10.91</b>
<b>Scrap</b>		
Inventory at the beginning of the year	89.00	23.49
Less: inventory at the end of the year	214.15	89.00
<b>Changes in Inventory</b>	<b>(125.15)</b>	<b>(65.51)</b>
<b>Total</b>	<b>(2,980.37)</b>	<b>(3,393.83)</b>
<b>24. Changes in Excise Duty on Finished Goods</b>		
Inventory at the beginning of the year	-	14.94
Less: inventory at the end of the year	-	-
	-	<b>14.94</b>
<b>25. Employee benefits expense</b>		
Salaries,Wages and Bonus	8,284.34	8,296.00
House Rent Allowance	307.30	372.49
Gratuity	754.83	1,122.97
Contribution to PF & FPS	753.25	806.19
Deposit Linked Insurance	49.09	67.03
Contribution to ESI	8.86	18.78
Welfare Expenses	1,776.87	1,680.25
	<b>11,934.54</b>	<b>12,363.71</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>26. Depreciation and amortization</b>		
Depreciation of tangible assets	812.85	923.82
Depreciation on Investment Properties	0.43	0.43
Amortisation of intangible assets	140.61	-
	<b>953.89</b>	<b>924.25</b>
<b>27. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans	6,048.89	5,771.45
Cash Credit loans from Banks	465.77	402.93
Loans from Bank	-	24.73
Others	20.58	24.84
<b>Other Borrowing Cost</b>		
Discounting Charges	2.30	1.80
<b>Total finance costs</b>	<b>6,537.54</b>	<b>6,225.75</b>
<b>28. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	875.05	912.92
Repairs to machinery	50.82	69.90
Provision for Non Moving Inventories	38.84	31.88
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	24.15	49.86
Carriage outwards	12.28	20.61
<b>Establishment Expenses</b>		
Rent	53.35	52.29
Rates and Taxes	475.32	746.12
Insurance	21.22	20.66
Water and Electricity	376.17	428.56
Repairs to building	33.32	37.33
Printing and Stationery	50.78	52.24
Auditors Remuneration #	9.65	9.89
Loss on sale of investments	-	8.71
Provision for Doubtful Debts, Loans and Advances	371.07	404.28
Warranty claims	101.30	70.70
Loss on sale of property, Plant and Equipment	0.08	-
Loss sustained by PF Trust	13.35	13.61

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
Traveling Expenses	278.85	259.87
Difference in exchange	43.20	-14.39
Other Expenses	3,131.21	3,566.26
	<b>5,960.01</b>	<b>6,741.30</b>
#As auditor	6.64	6.87
For taxation matters	1.35	1.51
Cost audit fee & expenses	1.66	1.36
For other services	-	0.01
Reimbursement of expenses	-	0.14
	<b>9.65</b>	<b>9.89</b>
<b>29. Jobs Done for Internal Use</b>		
Shop manufactured Special Tools	(276.95)	(84.13)
	<b>(276.95)</b>	<b>(84.13)</b>
<b>30. Exceptional Items</b>		
Profit on Sale of Land	-	872.25
	-	<b>872.25</b>
<b>31. Interest in Joint Venture</b>		
<p>The Company has a 50% interest in SUDMO- HMT Process Engineers (India) Limited, a joint venture involved in marketing of Food Processing Machines. The Company's interest in SUDMO- HMT Process Engineers (India) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind-AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below</p>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Current assets, including cash and cash equivalents	45.93	43.11
Current liabilities, including tax payable	(6.15)	(2.93)
<b>Equity</b>	39.78	40.18
Proportion of the Company's ownership	0.50	0.50
Carrying amount of the investment	19.89	20.09
<b>Summarised statement of profit and loss of the SUDMO- HMT Process Engineers (India) Limited:</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Revenue	3.42	3.27
Finance cost	-	-
Other expense	(3.82)	(4.77)
<b>Profit before tax</b>	<b>(0.40)</b>	<b>(1.50)</b>
Income tax expense	-	-
<b>Profit for the year (continuing operations)</b>	<b>(0.40)</b>	<b>(1.50)</b>
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(0.40)</b>	<b>(1.50)</b>
<b>Company's share of profit for the year</b>	<b>(0.20)</b>	<b>(0.75)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>32. Income Tax</b>		
<b>The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:</b>		
<b>Continuing Operations</b>		
Statement of profit and loss		
Profit or loss section		
<b>Current income tax:</b>		
Current income tax charge	131.00	67.00
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(5.28)	(16.17)
<b>Adjustment of Tax :</b>		
Relating to earlier years	(9.34)	-
<b>Income tax expense reported in the statement of profit and loss</b>	<b>116.38</b>	<b>50.83</b>
OCI section		
Deferred tax related to items recognised in OCI during in the year		
<b>Discontinued Operations</b>		
<b>Current income Tax</b>	3,069.08	5,946.92
<b>Adjustment of Tax relating to earlier years</b>	(238.34)	-
	<b>2,830.74</b>	<b>5,946.92</b>
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	0.06	12.42
<b>Income tax charged to OCI</b>	<b>0.06</b>	<b>12.42</b>

**Additional Information:**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of tax expense has not furnished by the subsidiary companies. Accordingly same has note been furnished.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**33. Discontinued Operations**

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

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

**The results of Discontinued Operations for the year are presented below:** (Rs. in lakhs)

	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>Revenue</b>		
Revenue from Operations	23.81	143.13
Other income	3,108.84	4,475.47
<b>Expenses</b>		
Material Consumption, purchase of stock and changes in inventory	1,354.29	934.87
Employee Benefit Expenses	33.38	146.97
Depreciation	185.81	205.14
Other Expenses	666.52	3,006.32
Finance costs	2,549.41	3,330.04
Other Comprehensive Income	0.00	(11.73)
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(1,656.76)</b>	<b>(3,016.47)</b>
Exceptional items	26,785.43	28,052.51
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>25,128.67</b>	<b>25,036.04</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	2,830.74	5,946.92
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>22,297.93</b>	<b>19,089.12</b>
<b>The classification of Non Current Assets of Discontinued Operations are as follows</b>		
	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Assets</b>		
Property, plant and equipment	508.58	675.59
Investment Property	224.51	248.92
Non Current Assets Held for Sale	296.06	307.47
<b>Total Non Current Assets</b>	<b>1,029.15</b>	<b>1,231.98</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in lakhs)	
	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>The net cash flows incurred as follows:</b>		
Operating	529.48	(14,102.32)
Investing	723.20	27,937.40
Financing	(127.12)	(15,573.43)
<b>Net cash (outflow)/inflow</b>	<b>1,125.56</b>	<b>(1,738.35)</b>
<b>Earnings per share:</b>		
Basic, profit/(loss) for the year from discontinued operation	6.27	5.35
Diluted, profit/(loss) for the year from discontinued operation	6.27	5.35

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**(Rs. in lakhs)**

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>34. Contingent Liabilities</b>		
<b>1) Claims against the company not acknowledged as debt;</b>		
<b>Details</b>		
i) Tax related claims pending in appeal		
i) Excise Duty	267.58	294.93
ii) Sales Tax	225.48	225.48
iii) Property Tax	4,055.02	6,706.38
iv) Income Tax	2,371.94	2,381.92
v) Others	9.49	9.49
b) Non receipt of related Forms against levy of concessional Sales Tax	102.70	392.30
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	723.16	686.91
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	4,488.09	11,233.67
Guarantees & Counter guarantees & LC's issued	2,454.60	3,327.26
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
ii) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs.2.69 Lakhs as debts	13.31	13.31
iii) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
iv) Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
v) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	69.91	86.48
vi) An amount of Rs. 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. Rs.3.01 Lakhs has been deposited by the Company		
vii) Estimated amount of contracts remaining to be executed on capital account and not provided for	922.53	1,128.00
viii) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,607.63

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**(Rs. in lakhs)**

	<b>As at 31-Mar-20</b>	<b>As at 31-Mar-19</b>
<b>35. Other Disclosures</b>		
<p>The GOI had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs.100 lakhs) &amp; Loan (Rs.100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. 10/- each (Rs. 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.</p>		
<b>36. Preference Share Capital</b>		
<p>The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs. 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.</p> <p>However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.</p>		
<b>37. Inventories include</b>		
Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	409.97	681.57
<p>In respect of Tractor Division, Pinjore, Work in progress (Semi Finished Goods), Raw Materials/ Components/Stores and Spares/Tools and Instruments etc as per valuer's NRV and at 23% of book value for Stock of finished Tractors. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2020 as compared to cost (Cost or Selling Price which ever is less in respect of Stock of finished Tractors) due to valuation of inventories at revised NRV as under:</p>		
Finished goods (stock of Tractors)	3.98	48.28
Work in Progress (Semi Finished Goods)/Tractors Spare Parts	357.51	303.03
Raw Materials / Components/Shop Stores and Tools & Instruments etc.	365.46	361.45
Provision for Obsolescence	187.44	236.92
<p>In respect of Auxillary Business Division, Bangalore, as per Valuer's Report the NRV has been determined at 87.5% of book value for stock of watches transferred from its subsidiary companies HMT Watches Limited and HMT Chinar Watches Limited. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2019 as compared to cost (Cost or net realisable value which ever is less in respect of Stock of watches and its components) due to valuation of inventories at NRV is as under:</p>		
Stock of watches & components	-	25.19
Provision for Obsolescence	-	0.39
Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.	-	-



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	As at 31-Mar-20	As at 31-Mar-19
<b>38. Trade Receivables include</b>		
Dues towards erection and commissioning for a period exceeding one year	324.96	304.66
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-
<b>39. Advances</b>		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	2.81	2.81
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	1,526.53	1,614.20
	<b>1,529.34</b>	<b>1,617.01</b>
<b>40. Contingent Asset</b>		
Debts written in the past, but action of recovery proceedings is being continued before the courts	138.98	151.98

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>41. Related Party Transactions &amp; Disclosure u/s 186 of Companies Act 2013</b>		
<b>Name of the Related Party- Key Managerial Persons (KMP)</b>		
Mr. S Girish Kumar		
Mr. Shashank Priya (w.e.f 01.10.2019)		
Dr. Subhash Chandra Pandey (upto 30.06.2019)		
Smt. Shashi B Srivastava (upto 31.05.2019)		
Mr. Pravin Agrawal		
Dr. Ravindra Singh (upto 01.02.2020)		
Smt. Neera Tomar		
Mr. Ramji Lal (w.e.f 05.02.2020)		
Mr. Vishweshwar Bhat (w.e.f 27.01.2020)		
Mr. S. Kishor Kumar		
Ms. Kamna Mehta		
<b>Transactions with Key Managerial Personnel</b>		
Compensation of key management personnel of the Company		
Mr. S. Girish Kumar	44.68	28.30
Ms. Shashi Bala Srivastava (upto 31.05.2019)	6.12	34.21
Mr. S. Kishor Kumar	11.68	7.50
Ms. Kamna Mehta	7.39	0.67
Mr. Bhaskara Gowdar (upto 30.06.2018)	-	2.58
Mr. Hitesh Goyal (1.7.2018 to 6.11.2018)	-	2.39
	<b>69.87</b>	<b>75.65</b>
Directors sitting fees		
Dr. Ravindra Singh (upto 01.02.2020)	0.41	0.41
Smt. Neera Tomar	0.55	-
Mr. Ramji Lal (w.e.f 05.02.2020)	0.11	-
	<b>1.07</b>	<b>0.41</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**42. Fair Values**

(Rs. in lakhs)

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

	Carrying amount		Fair value	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Financial assets</b>				
FVTOCI financial investments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	3,72,348.67	3,71,656.49	3,72,348.67	3,71,656.49
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
<b>Total</b>	<b>4,36,520.41</b>	<b>4,35,828.23</b>	<b>4,36,520.41</b>	<b>4,35,828.23</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the government of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied.

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

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

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020 and 31 March 2019 is as shown below:

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020

(Rs. In lakhs)

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVTOCI financial investments:</b>				
<b>Unquoted equity shares</b>				
Nigeria Machine Tools Limited	-			-
<b>Assets for which fair values are disclosed</b>				
Investment properties				
Land *	31-Mar-20	Circle rate	3,06,862.88	3,06,862.88
<b>Financial Liability</b>				
Interest Free Government of India Loan	31-Mar-20	8% Effective Rate of Interest used	64,171.74	64,171.74

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019



	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
<b>Assets measured at fair value:</b>					
<b>FVTOCI financial investments:</b>					
<b>Unquoted equity shares</b>					
Nigeria Machine Tools Limited			-		-
<b>Assets for which fair values are disclosed</b>					
<u>Investment properties</u>					
Land *	31-Mar-19	Circle rate	3,06,868.96		3,06,868.96
<b>Financial Liability</b>					
Interest Free Government of India Loan	31-Mar-19	8% Effective Rate of Interest used	64,171.74		64,171.74

**\* Based on guidance value**

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

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET**
**44. Earnings per share (EPS)**

(Rs. In lakhs)

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Profit attributable to equity holders:</b>		
Continuing operations	(6,708.67)	(3,546.70)
Discontinued operation	22,296.07	19,038.51
<b>Profit attributable to equity holders for basic earnings</b>	<b>15,587.40</b>	<b>15,491.81</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>15,587.40</b>	<b>15,491.81</b>
Weighted average number of Equity shares for basic EPS	35,56,01,640	35,56,01,640
<b>Effect of dilution:</b>		
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders of the parent	(1.89)	(1.00)
ii) Diluted, profit from continuing operations attributable to equity holders of the parent	(1.89)	(1.00)
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders of the parent	6.27	5.35
ii) Diluted, profit from discontinuing operations attributable to equity holders of the parent	6.27	5.35

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

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

### 45 A. Employee Benefit Obligations

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

#### A. Gratuity

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

(Rs. In lakhs)

	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-20		
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments	Sub-total included in OCI
Defined benefit obligation	(8,859.09)	(216.30)	(430.90)	(647.20)	2,260.02	14.51	0.00	0.00	(187.04)	(714.74)	(887.27)	0.00	(8,133.54)
Fair value of plan assets	2,565.12	0.00	191.92	191.92	(2,260.02)	14.50	0.00	0.00	0.00	0.00	14.50	2,065.00	2,576.52
Change in Asset Ceiling	210.48	0.00	0.47	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(204.48)	6.47
<b>Benefit liability</b>	<b>(6,083.49)</b>			<b>(454.81)</b>	<b>0.00</b>						<b>(872.77)</b>		<b>1,860.52(5,550.55)</b>

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-19		
	01-Apr-18	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments	Sub-total included in OCI
Defined benefit obligation	(9,872.50)	(211.59)	(911.19)	(1,122.78)	3,277.76	0.00	0.00	0.00	(96.46)	(1,045.11)	(1,141.57)	0.00	(8,859.09)
Fair value of plan assets	2,515.86	0.00	188.92	188.92	(2,406.52)	(16.37)	0.00	0.00	0.00	0.00	(16.37)	2,283.23	2,565.12
Change in Asset Ceiling	195.79	0.00	14.69	14.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	210.48
<b>Benefit liability</b>	<b>(7,160.85)</b>			<b>(919.17)</b>	<b>871.24</b>						<b>(1,157.94)</b>		<b>(6,083.49)</b>

The Company and its subsidiary has different plan assets. Holding Company has funded excess amount. However, there is a liability in respect of subsidiary company which cannot be set off against each other and disclosed separately in financial statements.

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

**B. Settlement Allowance**

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income																	
		Gratuity cost charged to profit or loss		Benefits paid		Return on plan assets (excluding amounts included in net interest expense)		Re measurement due to asset ceiling (excluding interest income)		Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions		Experience adjustments		Sub-total included in OCI		Contributions by employer	
01-Apr-19	(380.08)	(35.23)	(23.04)	(58.27)	119.86	0.00	0.00	0.00	(8.44)	2.60	(16.08)	(21.92)	0.00	(340.41)					
Defined benefit obligation																			
Fair value of plan assets	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Benefit liability</b>	<b>(380.08)</b>		<b>(58.27)</b>	<b>119.86</b>					<b>(21.92)</b>	<b>0.00</b>	<b>(16.08)</b>	<b>(21.92)</b>	<b>0.00</b>	<b>(340.41)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income																	
		Gratuity cost charged to profit or loss		Benefits paid		Return on plan assets (excluding amounts included in net interest expense)		Re measurement due to asset ceiling (excluding interest income)		Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions		Experience adjustments		Sub-total included in OCI		Contributions by employer	
01-Apr-18	(472.29)	(38.83)	(27.73)	(66.56)	183.11	0.00	0.00	0.00	0.27	(2.70)	(21.91)	(24.34)	0.00	(380.08)					
Defined benefit obligation																			
Fair value of plan assets	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Benefit liability</b>	<b>(472.29)</b>		<b>(66.56)</b>	<b>183.11</b>					<b>(24.34)</b>	<b>0.00</b>	<b>(21.91)</b>	<b>(24.34)</b>	<b>0.00</b>	<b>(380.08)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET**
**45B. Employee Benefits (Contd.):**
**B Sensitivity analysis:**

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

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	238.08	215.85	363.72	320.60
Change in rate of salary increase	152.84	171.96	253.18	278.51
Change in withdrawal rates	8.49	11.24	30.56	38.28

**(ii) Settlement Allowance** (Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	11.87	10.99	18.56	17.03
Change in rate of salary increase	10.80	12.61	15.03	16.68
Change in withdrawal rates	13.70	12.59	1.03	0.75

**C.** The expected contributions for gratuity for the next financial year will be Rs.5,147.56 lakhs and Settlement allowance NIL.

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**
**46. Segment reporting**
**Year ended 31 March 2020**
**I. Revenue**
**(Rs. in Lakhs)**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue	2201.83	17623.18	6714.93	410.61	(920.41)	26,030.14
Interest Income	13.35	203.48	244.29	2,107.22	(1,371.75)	1,196.59
<b>Total</b>	<b>2,215.18</b>	<b>17,826.66</b>	<b>6,959.22</b>	<b>2,517.83</b>	<b>(2,292.16)</b>	<b>27,226.73</b>
<b>Less:</b>						
Interest expense	2.38	7,966.81	0.21		(1,431.86)	6,537.54
Depreciation and Amortisation expense	13.59	912.97	13.95	13.38	-	953.89
<b>Segment result</b>	<b>2,199.21</b>	<b>8,946.88</b>	<b>6,945.06</b>	<b>2,504.45</b>	<b>(860.30)</b>	<b>19,735.30</b>
Add: Unallocable income	-	-	-	-	-	3,564.68
Less: Unallocable expenses	-	-	-	-	-	29,892.27
Total Profit / Loss before tax	-	-	-	-	-	(6,592.29)
Less: Income Tax expense	-	-	-	-	-	116.38
<b>Profit/Loss for the Year</b>						<b>(6,708.67)</b>

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	<b>1,054.98</b>	<b>42,968.12</b>	<b>8,321.28</b>	<b>12,997.25</b>	<b>65,341.63</b>	<b>14,898.59</b>	<b>(7,484.72)</b>	<b>72,755.50</b>
<b>Total liabilities</b>	<b>1,190.65</b>	<b>53,339.35</b>	<b>4,513.65</b>	<b>8,596.70</b>	<b>67,640.35</b>	<b>4,293.73</b>	<b>4,61,219.30</b>	<b>5,33,153.38</b>

**Year ended 31 March 2019**
**I. Revenue**

Revenue from Operations	1636.21	21741.03	5707.43	324.15	(3,131.68)	26,277.14
Interest income	20.74	167.64	182.98	1,369.44	(545.73)	1,195.07
<b>Total</b>	<b>1,656.95</b>	<b>21,908.67</b>	<b>5,890.41</b>	<b>1,693.59</b>	<b>(3,677.41)</b>	<b>27,472.21</b>
<b>Less:</b>						
Interest expense	4.06	5,350.82	0.00	204.50	666.37	6,225.75
Depreciation and Amortisation expense	5.95	884.01	14.76	19.53	-	924.25
<b>Segment result</b>	<b>1,646.94</b>	<b>15,673.84</b>	<b>5,875.65</b>	<b>1,469.56</b>	<b>(4,343.78)</b>	<b>20,322.21</b>

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Add: Unallocable income	-	-	-	-	-	4,201.68
Less: Unallocable expenses	-	-	-	-	-	28,019.76
Total Profit / Loss before tax	-	-	-	-	-	(3,495.87)
Less: Income Tax expense	-	-	-	-	-	50.83
Profit/Loss for the year						(3,546.70)

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
Total assets	1,240.07	40,744.14	9,685.30	26,901.23	78,570.74	2,262.50	(9,030.53)	71,802.71
Total liabilities	709.17	56,467.64	6,190.50	21,899.16	85,266.47	6,166.39	4,55,495.61	5,46,928.47

**Reconciliations to amounts reflected in the financial statements**

	(Rs. In lakhs)	
<b>Reconciliation of Profit/Loss</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Segment result	19,735.30	20,322.21
Add: Unallocable income	3,564.68	4,201.68
Less: Unallocable expenses	29,892.27	28,019.76
<b>Profit / Loss of Continuing Operations before tax</b>	<b>(6,592.29)</b>	<b>(3,495.87)</b>
Add/Less: Profit or Loss from Discontinued Operations	25,128.67	25,036.04
Total Profit / Loss before tax	<b>18,536.38</b>	<b>21,540.17</b>
Less: Tax Expense	(2,947.12)	(5,997.75)
<b>Profit/Loss for the year</b>	<b>15,589.26</b>	<b>15,542.42</b>
<b>Reconciliation of assets</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Segment operating assets	65,341.63	78,570.74
Assets held by Discontinued Operations	14,898.59	2,262.50
Inter-segment (elimination)	(7,484.72)	(9,030.53)
<b>Total assets</b>	<b>72,755.50</b>	<b>71,802.71</b>

(Rs. In lakhs)

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Reconciliation of liabilities</b>		
Segment operating liabilities	67,640.35	85,266.47
Liabilities of Discontinued Operations	4,293.73	6,166.39
Inter-segment (elimination)	-	-
Current Tax Liabilities	131.00	654.19
Deferred tax liabilities	43.80	49.07
Borrowings	4,61,044.50	4,54,792.35
<b>Total liabilities</b>	<b>5,33,153.38</b>	<b>5,46,928.47</b>

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported in the 'adjustments and elimination' column.

(Rs. In lakhs)

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Major Customer- Details of Revenue from Single Customer exceeding 10% of total revenue</b>		
India	4,719.46	3,550.22
Outside India	-	-
<b>Total revenue per consolidated statement of profit or loss</b>	<b>4,719.46</b>	<b>3,550.22</b>

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

### Food Processing Unit

Revenue exceeding 10% from any individual customers:  
During the year Rs. 1318.46 Lakhs (Previous Year Rs.1202.00)

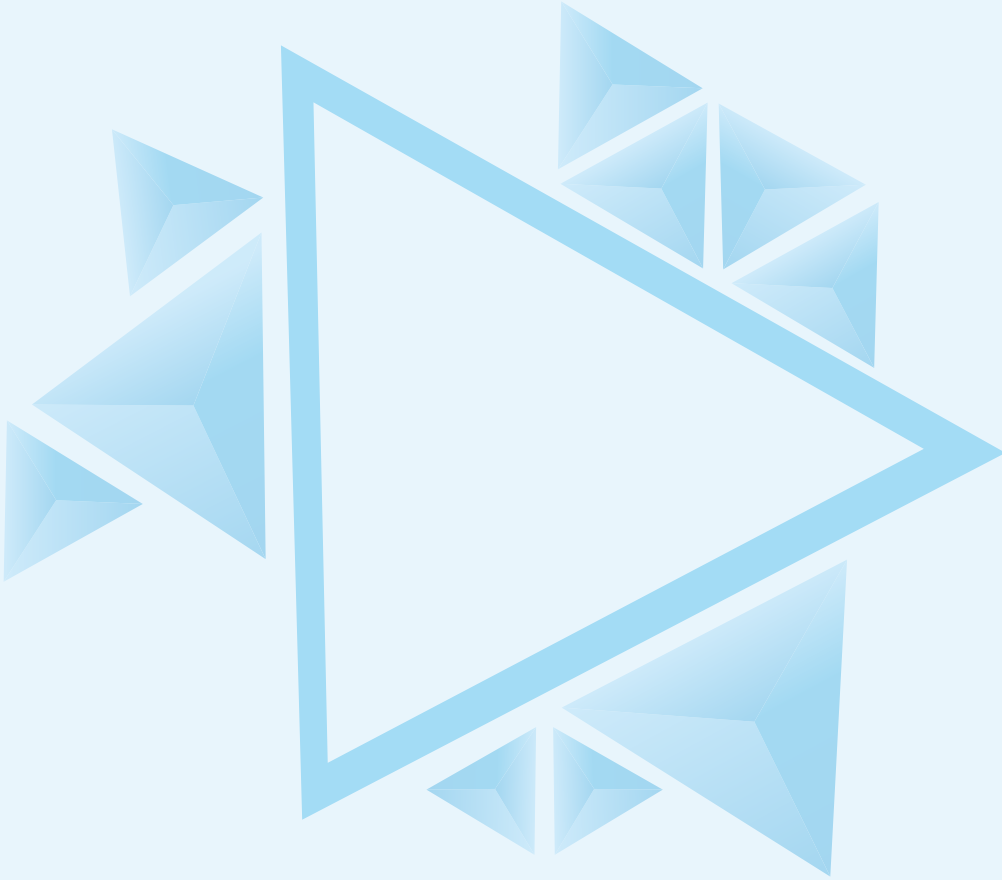
### Machine Tools

Revenue from one customer amounted to Rs.3401.00 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2020

Revenue from one customer amounted to Rs.2348.22 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2019

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020**
**52 Statutory Group Information**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs
HMT Ltd								
Balance as at 31 March, 2020	-7.53%	34,683.57	149.40%	23,290.58	51.27%	-440.23	155.12%	22,850.35
Balance as at 31 March, 2019	-2.49%	11,818.82	6.79%	1,055.37	1.74%	-20.21	7.20%	1,035.16
<b>Subsidiaries</b>								
1 HMT Machine Tools Ltd								
Balance as at 31 March, 2020	36.38%	-1,67,485.44	-55.45%	-8,644.15	48.76%	-418.65	-61.52%	-9,062.80
Balance as at 31 March, 2019	33.34%	-1,58,422.64	-48.83%	-7,589.04	94.47%	-1,096.49	-60.39%	-8,685.53
2 HMT International Ltd								
Balance as at 31 March, 2020	-1.44%	6,615.86	4.23%	658.96	-0.03%	0.27	4.48%	659.23
Balance as at 31 March, 2019	-1.26%	5,973.99	13.73%	2,134.52	2.78%	-32.24	14.62%	2,102.28
3 HMT Watches Ltd								
Balance as at 31 March, 2020	58.05%	-2,67,238.31	0.46%	71.51	0.00%	-	0.49%	71.51
Balance as at 31 March, 2019	56.26%	-2,67,309.82	77.97%	12,118.73	0.00%	-	84.26%	12,118.73
4 HMT Chinar Watches Ltd								
Balance as at 31 March, 2020	12.71%	-58,529.17	-0.01%	-1.90	0.00%	-	-0.01%	-1.90
Balance as at 31 March, 2019	12.32%	-58,527.27	-0.01%	-0.82	0.00%	-	-0.01%	-0.82
5 HMT Bearings Ltd								
Balance as at 31 March, 2020	1.83%	-8,437.84	1.36%	212.60	0.00%	-	1.44%	212.60
Balance as at 31 March, 2019	1.82%	-8,650.44	50.02%	7,773.80	1.01%	-11.73	53.97%	7,762.07
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2020	0.01%	-26.44	0.01%	1.86	0.00%	-	0.01%	1.86
Balance as at 31 March, 2019	0.01%	-28.30	0.33%	50.61	0.00%	-	0.35%	50.54
<b>Associates (investment as per the equity method)</b>								
Balance as at 31 March, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Joint ventures (investment as per the equity method)</b>								
SUDMO-HMT Process Engineers (India) Ltd								
Balance as at 31 March, 2020	0.00%	19.89	0.00%	-0.20	0.00%	-	0.00%	-0.20
Balance as at 31 March, 2019	0.00%	20.09	0.00%	-0.75	0.00%	-	-0.01%	-0.75
<b>Total</b>								
Balance as at 31 March, 2020	100.00%	-4,60,397.88	100.00%	15,589.26	100.00%	-858.61	100.00%	14,730.65
Balance as at 31 March, 2019	100.00%	-4,75,125.57	100.00%	15,542.42	100.00%	-1,160.67	100.00%	14,381.75



 **hmt**  
**HMT Limited**

CIN No. L29230KA1953GOI000748  
"HMT Bhavan", No. 59, Bellary Road,  
Bengaluru - 560 032.  
Website : [www.hmtindia.com](http://www.hmtindia.com)