

HMT WATCHS LIMITED

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BOARD OF DIRECTORS

Shri. A K Jain (from 1-8-2021)	Chairman
Shri. S. Girish Kumar (upto 31-7-2021)	Chairman
Shri. Ramakant singh	Director
Smt. Parveen Gupta	Director

STATUTORY AUDITORS

For M/s Parimal Ram & Pattabhi
Chartered Accountant
FRN No 009153S
Bangalore

REGISTERED OFFICE

HMT BHAVAN
59 Bellary Road
Bangalore 560032

PERFORMANCE HIGHLIGHTS

(Rs. in Lakhs)

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
	IND AS		IND AS		IND AS		IND AS		IND AS	
OPERATING STATISTICS										
Sales	0	0	0	0	424	729	490	844	812	1106
Other Income *	181	148	135	125	165	414	179	172	248	180
Materials	0	570	628	0	424	0	12	285	516	200
Employee Costs	0	0	21	783	909	1210	4798	5749	5089	5884
Other Costs	190	178	322	2169	392	3201	802	1275	771	1572
Depreciation	0	0	0	0	0	0	49	53	43	54
Earnings before Interest	-9	-600	-836	-2827	-1136	-3268	-4992	-6346	-5359	-6424
Interest	26	26	21	22	87	174	1732	19574	17948	17823
Earnings/(Loss) before Tax	-35	-626	-857	-2849	-1223	-3442	-6724	-25920	-23307	-24247
Taxation	0	0	89	3335	0	0	0	0	0	-
Net Earnings	-35	-626	-946	-6184	-1223	-3442	-6724	-25920	-23307	-24247
ExceptioANL items	140	896	1042	18312	373	-16914	-8832	0	0	0
OCI	0	0	0	0	-518	2936	2140	0	0	0
TOTAL INCOME	105	270	96	12128	-1368	-17420	-13416	0	0	0
FINANCIAL POSITION										
Net Fixed Assets	3	5	5	5	5	5	5	722	842	886
Current Assets	4245	3986	3859	6514	5004	7716	29548	6453	4575	5385
Current Liabilities & Provisions	271873	272319	272462	275218	284971	287180	291592	21523	18496	18692
Working Capital	-267628	-268333	-268603	-268704	-279967	-279464	-262044	-15070	-13921	-13307
Capital Employed	-267625	-268328	-268598	-268699	-279962	-279459	-262039	-14348	-13079	-12421
Investments	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Borrowings	0	0	0	0	0	0	0	236437	211718	188884
Net Worth	-268228	-268333	-268603	-268698	-280827	-279459	-262039	-250561	-224573	-201266
OTHER STATISTICS										
Capital Expenditure	0	0	0	0	0	0	0	0	0	0
Internal Resources Generated	-35	-626	-946	-6184	-1223	-3442	-6675	-25867	-23264	-24193
Working Capital Turnover Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.06	-0.06	-0.08
Current Ratio	0.02	0.01	0.01	0.02	0.02	0.03	0.10	0.30	0.25	0.29
Return on Capital(%)	0.00	-0.22	-0.31	-1.03	-0.41	-1.21	-3.61	-46.28	-42.03	-51.41
Employees (Nos)	0	0	0	0	145	640	640	1005	1055	1105
Per Capita Sales	0.00	0.00	0.00	0.00	2.92	1.14	0.77	0.84	0.77	1.00

* Includes Extra Ordinary Items

DIRECTORS' REPORT

To
The Members,
HMT Watches Limited,
Bangalore.

The Board of Directors have pleasure in presenting the 23rd Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2021-22 along with Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached to this Report.

FINANCIAL SUMMARY / PERFORMANCE OF THE COMPANY

Your Company is put under closure, The operations (production, sales etc) has stopped. Hence Gross Sales for the year is. NIL (previous year NIL) and production for the year is also NIL (previous year. NIL).

The Company made a Net profit of Rs 0.65 Crore during the FY 2021-22. The financial highlights are as follows:

Financial summary/Performance of the Company

(Rs. In Crore)

Particulars	FY 2021-22	FY 2020-21
Gross Profit (Loss)	1.04	2.96
Interest	0.26	0.26
Net Profit (Loss)	0.78	2.70
Cumulative Profit (Loss)	(2688.77)	(2689.82)

There is no operating sale or income as the Company is under closure.

DIVIDEND

In view of accumulated losses, your Directors are not in a position to recommend any Dividend for the year 2021-22. Your Directors have considered

and drawn up the accounts for the year ended March 31, 2022, on a going concern basis in spite of the negative Net Worth as on that date.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs.7,00,00,000/- divided into 70,00,000 Equity Shares of Rs. 10/- each. Issued, Subscribed and Paid-up Share Capital of your Company stood at Rs. 6,49,01,000/- divided into 64,90,100 Equity Shares of Rs.10/- each fully paid-up. All shares are held by HMT Limited, the Holding Company.

NET WORTH

The Net worth of the Company as at March 31, 2022 is Rs. (2682.28) Crore.

Fixed Deposits

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

Present Status

DHI informed vide letter dated 13th January 2016 conveyed the approval of CCEA for Closure of HMT Watches Limited and to relieve all the employees of the Company on VRS package and by retrenchment under Industrial Dispute Act 1947 to those not opting for VRS. The Company announced VRS vide Office order dated 20-01-2016. The company relieved 813 employees who opted for VRS and retrenched the two employees. The remaining 146 employees approaches the Hon"ble High Court of Uttarakhand and obtained the stay against the effect and implementation of the closure order. the Hon"ble High Court of Uttarakhand vacated the stay on 18-3-2019 and the company gave effect and implementation of the closure order.

The Company completed the disposal of all the movable assets.

The Company is in the process of disposing the Immovable assets. The Company is awaiting clearance from the Government of Karnataka for the transfer of land at Bangalore to ISRO.

PARTICULARS OF EMPLOYEES

There are no employees in the Company as on March 31, 2022

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

BOARD MEETINGS

During the year four Board Meetings were convened and held the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

AUDITORS

M/s, Parimal Ram & Pattabhi BA 0396 Chartered Accountants, Bangalore was appointed by the C&AG as Statutory Auditors of the Company for the financial year 2021-22

Replies to the observations by the Auditors in their Report are given by way of an Addendum to this Report. The replies to the Comments by the Comptroller and Auditor General of India on the Accounts are given separately.

Auditors' Report

The Statutory Auditors have submitted Independent Auditor's Report along with Addendum to Independent Auditor's Report for the year 2021-22. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

VIGILANCE ACTIVITIES

There is no operations and there is no employees in the company. The vigilance department of the Holding company is functioning and keeping watch on the overall vigilance activities.

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:

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

Implementation of Official Language

Since the Company is under closure & no employees as on 31.03.2022, the implementation of the Official Language is not applicable to the Company.

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 31.03.2021, 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 statement of 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.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company which have occurred between the financial year ended 31.03.2021 and the date of this report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri A.K. Jain, Executive Director, BHEL Bangalore appointed as Chairman & Managing Director (Additional Charge), HMT Watches Limited with effect from 13.09.2021 to 31-1-2022 and further extended up to 24-8-2022

Smt. Parveen Gupta, Deputy Secretary, Department of Heavy Industry, Ministry of Heavy industries appointed as part time official Director of the company. With effect from 11-11-2020

Shri. Rama Kant Singh, Director Department of Heavy Industry, Ministry of Heavy industries appointed as part time official Director of the company. With effect from 15-6-2021

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

A. CONSERVATION OF ENERGY

Your Company continues to give high priority to the conservation of energy on an ongoing basis. However, since the Company is under closure & no operations, this is not applicable.

B. TECHNOLOGY ABSORPTION

The Company is under closure hence not applicable.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no foreign exchange outgo towards business expenses during the year under review. There are also no foreign exchange earnings during the year.

EXTRACT OF ANNUAL RETURN

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

OTHERS

A report on the Corporate Governance is annexed as part of this Report.

During the Financial year 2020-21, the Company has not received any complaints of Sexual Harassment.

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

The details of loans, guarantees or investments under section 186 are given in the notes to the Financial Statements.

Since the Company is under closure, the provisions relating to Corporate Social Responsibility are not applicable to the Company

The Company does not have any Subsidiary, Joint Venture or Associate Company.

ACKNOWLEDGEMENTS

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

Directors also sincerely appreciate the contributions made by all the concerned stake holders during the year, despite the difficult situation faced by the Company.

For and on behalf of the Board of Directors

Place: Bengaluru

Date : 4.5.2022

(A K Jain)

Chairman

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Section 133 of the Act read with Rule 3 of the companies (Indian accounting standards) Rules, 2015 and companies (Indian accounting standards) Amendment Rules, 2016.

Your Company hereby submits the report on Corporate Governance. The Company is

committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance

Remuneration of Directors

An amount of Rs.1,500/- is payable only to independent Directors for attending each meetings of the Board and Committees.

General Body Meetings

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

Financial year	Date	Time	Venue
2018-19	28-08-2019	11.00 A M	HMT Bhavan, Bangalore
2019-20	15-09-2020	11.00 AM	- DO -
2020-21	28-07-2021	11.00 AM	- DO -
2021-22	13-07-2022	11.00 AM	- DO -

Annual General Meeting for the current year is scheduled before September 30, 2022 or due date extended at HMT Bhavan No.59, Bellary Road, Bangalore-560 032.

Board of Directors

As on March 31, 2022 the Board of Directors comprised of Chairman & Managing Director and two (2) Part-time Official Directors. Currently, the position of part-time Non Official

(Independent) Directors are vacant.

The day-to-day Management of the Company is conducted by the Managing Director / General Manager (O&M) HMT limited and under the supervision and control of the Board of Directors.

During the year 2021-22, four Board Meetings were held on 16th June 2021, 4th October 2021, 22nd December 2021, 22nd March 2022.

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	General Meeting	Directorship	Committee	
					Membership	Chairmanship
A K Jain (DIN:08152959)	Chairman MD (I/C)	3	-			
S. Girish Kumar (DIN:03385073)	Chairman MD (I/C)	1	Yes	8	3	1
Rama Kant Singh (DIN:08360278)	NENI	4	-	3	-	-
Parveen Gupta (DIN:06909226)	NENI	3				

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

C: Chairman, MD: Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent, NA: Not Applicable

Disclosures

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

There were no other instances of non-compliance by the Company, penalties, strictures imposed on the Company by statutory authority, or any matter related to any guidelines issued by Government, during the last three years.

Means of Communication

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

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2022

[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	U33301KA1999LC025573
ii.	Registration Date	August 09, 1999
iii.	Name of the Company	HMT Watches Limited
iv.	Category/Sub-Category of the Company	Company Limited by Shares/Union Government Company
v.	Address of the registered office and contact details:	HMT Bhavan, 59, Bellary Road, Bangalore - 560 032, Ph.: 91- 80-23330333
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	-NA-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	Watches	33301	NIL

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 Limited	L29230KA1953GOI000748	Holding	100	

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
		De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter and Promoter Group									
(1)	INDIAN									
(a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government / State Government	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Other-Government Company	-	6490100	6490100	100	-	6490100	6490100	100	-
	Sub-Total A(1) :	-	6490100	6490100	100	-	6490100	6490100	100	-
(2)	FOREIGN									
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total A (2):	-	-	-	-	-	-	-	-	-
	Total A=A (1) + A(2)	-	6490100	6490100	100	-	6490100	6490100	100	-
(B)	PUBLIC SHARE-HOLDING									
(1)	INSTITUTIONS	-	-	-	-	-	-	-	-	-
	Sub-Total B (1) :	-	-	-	-	-	-	-	-	-
(2)	NON INSTITUTIONS	-	-	-	-	-	-	-	-	-
	Sub-Total B (2):	-	-	-	-	-	-	-	-	-
	Total B = B (1)+B(2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :	-	-	-	-	-	-	-	-	-
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	-	6490100	6490100	100	-	6490100	6490100	100	-

ii) Shareholding of Promoters

Sl. No	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	HMT Limited	6490100	100	-	6490100	100	-	-

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	6490100	100	6490100	100

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
Not Applicable								

v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
None of the Directors or Key Managerial Personnel is holding any shares in the company				
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-

Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-NA-		-NA-	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-
None of the Directors or Key Managerial Personnel is holding any shares in the company.				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs. in Lakhs)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2021				
i) Principal Amount	-	269378.75	-	269378.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	269378.75		269378.75
Change in Indebtedness during the financial year				
- Addition	-			
- Reduction	-			
Net Change	-			
Indebtedness at the end of the financial year 31.03.2022				
i) Principal Amount	-			
ii) Interest due but not paid	-			
iii) Interest accrued but not due	-			
Total (i+ii+iii)	-	269378.75		269378.75

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

Sl. no.	Particulars of Remuneration	Name of MD/ WTD/ Manager
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	- - - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit -others, specify	-
5	Others - Medical	-
	Total (A)	-
	Ceiling as per the Act	-

B. Remuneration to other Directors:

Particulars of Remuneration	Name of MD/ WTD	Total Amount
1. Independent Directors		
- Fee for attending board/ committee meetings	-	-
- Commission	-	-
- Others, please specify	-	-
Total (1)	-	-
2. Other Non-Executive Directors	-	-
Particulars of Remuneration	-	-
Total (2)	-	-
Total (B)=(1+2)	-	-
Total Managerial Remuneration	-	-
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 (Company Secretary)
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	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-
5	Others, please specify	-
	TOTAL	-

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)
A. COMPANY					
Penalty			None		
Punishment			None		
Compounding			None		
B. DIRECTORS					
Penalty			None		
Punishment			None		
Compounding			None		
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment			None		
Compounding			None		

For and on behalf of the Board of Directors

Place: Bengaluru

Date :

(A K Jain)

Chairman

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF HMT WATCHES LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of HMT Watches Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion paragraph below and based on our audit and in view of non-compliance to various accounting standards, inadequacies in internal control system, absence of confirmation and reconciliation of balances in parties accounts, confirmation and other issues as discussed in the below paras, combined with non-availability of data to assess their impact on the financial statements and undetected misstatement, if any, contained therein, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) Going Concern Concept:

- i) The Board of Directors in its 72nd board meeting held as on 18-01-2016 have decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
 - ii) The accumulated losses of the company as at the close of 31st March, 2022 amounted to Rs.2,68,877.28 lakh against which the paid-up capital of the company is Rs.649.01lakh and the losses has totally eroded the net worth of the company.
 - iii) The company has been incurring losses continuously for the past many years.
 - iv) The total liabilities of the company as at the close of 31st March, 2022 is Rs. 2,72,473.57 lakh (Previous year Rs. 2,72,851.89 lakh) against which the Fixed and current assets book values are only Rs. 4,245.30 lakh (Previous year Rs. 4,518.98 lakh).
 - v) The contingent liabilities disclosed in the financial statements are Rs. 8,000.00 lakh (Previous year Rs. 622.41 lakh) 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.
 - vi) Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bengaluru and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.
- b) No provision towards gratuity amounting to Rs. 28 lakh 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 lakh, 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.

- c) Pursuant to distress warrant dated 08-04-2022 issued by Bruhat Bengaluru Mahanagara Palike for recovery of Rs. 773.82 lakh of property tax along with penalty for the period from 01-10-1995 to F Y 2022-23, a total provision of Rs. 773.82 lakh has not been made. However, the company has made a provision of Rs. 123.41 lakh for dues towards the principal amount. Impact on the Financial Statements due to proposed penalty is not ascertainable.
- d) 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 F Y 2021-22.

However, as per the minutes of 79th meeting of Board of Directors of HMT Watches Ltd, the Board has decided to account the write off of 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 (Note 2.12) to the extent of Rs. 2,69,378.75 lakh and overstated the negative balance of Other Equity (Note 2.10) by Rs. 2,69,378.75 lakh.

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

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of utmost significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	Key Audit Matter	Auditor's Response
1	Going concern assumption:- Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company. For notes on the going concern assumption and financing requirements, see the going concern on page 1 of Audit Report.
2.	Evaluation of uncertain tax matters: The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2.23 and 2.24 to the Financial Statements.	We have obtained details of tax assessments and demands for the year ended 31st March, 2022 from management. The company has not made any provisions for the disputed demands and in view of lack of information and uncertainties in estimating the tax provision and the possible outcome of the disputes, we are unable to concur with the management's position on these uncertainties.
3.	Examination of employee benefit expenses: Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibagh and has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947.	We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement.

Other Matters

- i) Note No.2.8(b)-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) Note No. 2.8(c) - regarding possession of gifted land located at Bengaluru 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 unauthorized 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) Note No. 2.24 to 2.26 regarding pendency of sales tax assessments, suits filed by employees and non-ascertainment of liabilities on sale of land, respectively, not provided for in the accounts.
- iv) Note No 2.12-regarding loan from Government of India (GOI). We have not been provided confirmation from department of Heavy Industries.
- v) Note No. 2.32 - regarding non refund of Rs. 100 lakh to GOI out of Rs. 200 lakh - Plan Assistance received during March 2007 for meeting capital expenditure and accounting of FD in favour of Holding Company.

- vi) We are unable to comment on the compliance of section 186 and 188 of Companies Act, 2013 in respect of advances given and transactions with related party entered during the year as necessary documents for compliance of the said section is not provided for our verification.
- vii) 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.
- viii) The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.
- ix) Other current liabilities include a sum of Rs. 926.64 lakh relating to advances received against the 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 non-current 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.
- x) 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, confirmation and adjustments, if any. 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 the direct balance confirmation from parties in the absence of details of parties made available to us.
- xi) 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.
- xii) In Watch Marketing Division, Retention Deposit, EMD and Security Deposits and other old outstanding liabilities shown under other current liabilities continue to be carried forward even though all the showrooms were closed.
- xiii) Company has not disclosed contingent liability if any relating to sale of land to Canara bank and subsequent claim by third party vide miscellaneous petition no. 621/622 pending adjudication.
- xiv) One of the creditors of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakh. This fact together with contingent liability, if any, has not been disclosed in the financial statements of the company.
- xv) The entire profit of the company for the year (Rs. 104.64 lakh) is on account of exceptional items, i.e., write off of provisions made during the earlier years.

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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's

Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report other than the matters mentioned above.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that

give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 judgment and maintain professional skepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatements of the 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 financial controls 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 Company's ability 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of

the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, subject to our observations mentioned in Basis for Qualified Opinion and Other Matter in above paragraph, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account, subject to our observations mentioned above in Basis for Qualified Opinion and Other Matter in above paragraph.
- d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Ind-AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) In our opinion, based on the Notification No. GSR 829(E) dated 21-10-2003 issued by the Department of Company Affairs, Government of India, the requirements under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Company, being a Government Company.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be

included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the explanations/information given to us, the Company has not paid any remuneration to its directors during the year.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements except for those already mentioned in the above report.
 - (b) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts except for those already mentioned in the above report.
 - (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (d) Omitted.
 - (e) Management has represented that,
 - a. To the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest

- in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;
- b. To the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person (s) or entity (ies) including foreign entities ("Funding parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries; and
- c. Based on the audit procedure we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause i) and ii) contain any material misstatement.
- (f) The company has not declared or paid any dividend during the year in compliance with section 123 of the Companies Act, 2013.
- (g) The company has used such accounting software for maintaining its books of account which as a feature of recording audit trail (edit log) facility and the same has been operated through the year for all transaction recorded in the software and the audit trial feature has not been tampered with and the audit trial has been preserved by the company as per statutory requirements for record retention.

For M/s Parimal Ram & Pattabhi

Chartered Accountants
Firm Reg No: 009153S

Place: Bengaluru

Date: 27/05/2022

B N Pattabhi

Partner

M No: 210278

UDIN: 22210278AJVAUD2202

ADDENDUM TO THE INDEPENDENT AUDITORS' REPORT
Dated 27-05-2022 ON THE FINANCIAL STATEMENTS OF
HMT WATCHES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2022

TO THE MEMBERS OF HMT WATCHES LIMITED, BENGALURU

This letter serves as an addendum to and should be read in conjunction with our Independent Auditors' Report dated 27-05-2022 on the financial statements of the Company. This addendum forms part and parcel of our Report.

After Paragraph: "As required by Section 143(3) of the Act, Based on our Audit we report that: of Independent Auditors' Report dated 27-05-2022, the following Paragraph is inserted:

Sl. No.	Particulars	Remarks
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 the financial implications, if any, may be stated.	The company is in the process of closure of the company. All the accounting transactions during the year were made through IT system. Based on our verification, there are no significant impacts on the integrity of the accounts or towards financial implications for 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.	No such cases noticed during the year.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	No such cases noticed during the year.

For M/s Parimal Ram & Patabhi
Chartered Accountants
Firm Reg No: 009153S

Place: Bengaluru
Date: 27/05/2022

B N Patabhi
Partner
M No: 210278
UDIN: 22210278AJVAUD2202

The 'ANNEXURE A' referred to the Our Report of even date to the members of HMT WATCHES LIMITED, BENGALURU on the accounts of the company for the year ended 31st March, 2022.

(Referred to in "Report on Other Legal and Regulatory Requirements" paragraph 1 of our report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2022. We report that:

- i) In respect of its Fixed Assets:
 - a. The Company has not maintained up to date proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have not been physically verified by the management and in the absence of such physical verification we are unable to comment on discrepancies.
 - c. We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the units where we have audited are not made available to us and in the absence of the specific comment on the same by the other Auditors in their Report.
- ii) In respect of its Inventories:
 - a) According to information and explanation provided to us, the company does not hold any inventory and hence commenting on the physical verification of inventories does not arise.
 - b) The company does not hold any inventory and hence the question of commenting on the reasonableness and adequacy of the procedures of physical verification of inventories followed by the management does not arise.
 - c) The company does not hold any inventory and hence the question of commenting on the maintenance of inventory records does not arise.
- iii) The company has not granted any loans, secured or unsecured, to any company, firm or other parties listed in the register maintained under section 189 of the Act. Accordingly, clause (iii) (a) and (b) of paragraph 3 of CARO 2020 is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Section 185 and 186 of the Act, with respect to the loans made to the holding companies.
- v) In our opinion and according to the information and explanations given to us, during the year, the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act or any other relevant provisions of the Companies Act or the rules framed there under or directions issued by RBI. Therefore this clause is not applicable to the Company.

vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any of the activities of the Company.

vii) In respect of statutory dues:

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Service tax and other statutory dues have not been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, the details of undisputed amounts payable in respect of the aforesaid dues outstanding as at 31st March, 2022 for a period of more than six months from the date of becoming payable are given below.

Name of the Statute	Nature of Dues	Amount (Rs. In Lakh)	Period to which the amount relates	Date of Payment
WATCH FACTORY, RANIBAGH				
Uttaranchal Pollution Control Board	Fees for renewal of Licence	4.78	Not Available	Not Paid

b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess which have not been deposited as on 31st March, 2022 on account of disputes except the following:-

The company has made a provision for contingent liability of Rs 80.00 crore towards statutory, tax, legal and other payments.

viii) In our opinion and according to the information and explanations given to us, the Company does not have any outstanding dues to financial institutions, banks or debenture holders during the year. In respect of loans obtained by the Company from Government of India there is default in repayment of the loans.

ix) The Company did not raise any money by way of debt instruments and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

x) According to the information and explanations given to us by the management, no material fraud on or by the company has been noticed or reported during the course of our audit.

xi) During the year Company has not paid any managerial remuneration and therefore this clause is not applicable.

xii) According to the information and explanations given to us and in our opinion, the Company is not a Nidhi Company and therefore clause is not applicable.

xiii) According to the information and explanations given to us, all the transactions with the related parties are not in compliance with section 188 and 177 and where applicable the details have been disclosed in the financial statements as required by the accounting standard and Companies Act 2013.

- xiv) According to the Information and Explanation given to us the company is in the process of closure. All the transactions are conducted through the HMT Limited ABD. The company has not appointed the internal auditors.
- xv) According to the information and explanations provided to us, the company has not entered into any non-cash transactions with Directors or persons connected with him and therefore this clause is not applicable to the company.
- xvi) According to the Information and Explanation given to us, the company is not required to obtain the registration under section 45-IA of the Reserve Bank of India Act, 1934.
- xvii) According to the information and explanations given to us the company has incurred cash losses during the financial year and in the preceding financial year.
- xviii) During the year there is no resignation of the statutory auditor hence comment on this clause is not applicable.
- xix) No material uncertainty exists as on the date of audit report that company is capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx) As per our verification there is no such material uncertainty exists.
- a. During the period of audit there is no unspent amount which needs to be transferred to fund specified in schedule VII to the companies act hence comment on this clause is not applicable.
- b. During the year No such amount remaining unspent under sub-section (5) of section 135 of the Companies, hence comment on this clause is not applicable.
- xxi) The company does not have any subsidiaries and the question of commenting on qualifications or adverse remarks contained in the CARO reports of the subsidiaries does not arise.

For M/s Parimal Ram & Pattabhi
Chartered Accountants
Firm Reg No: 009153S

Place: Bengaluru
Date: 27/05/2022

B N Pattabhi
Partner
M No: 210278
UDIN: 22210278AJVAUD2202

'ANNEXURE-B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HMT Watches Limited, Bengaluru.

(Referred to in "Report on Other Legal and Regulatory Requirements" paragraph 2 (f) of our report of even date) Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of HMT Watches Limited, Bengaluru ("the Company") as of 31st March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on essential components such as the control environment, the entity's risk assessment process, control activities, Information system and communication and the monitoring of such controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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.

**For M/s Parimal Ram & Pattabhi
Chartered Accountants
Firm Reg No: 009153S**

**Place: Bengaluru
Date: 27/05/2022**

**B. N. Pattabhi
Partner
M No: 210278
UDIN: 22210278AJVAUD2202**

QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES
HMT WATCHES LIMITED FOR THE FY 2021-22

	Audit Observations	Management Reply	Frequency of Qualification
	Basis for Qualified Opinion a) Going Concern Concept:		
i)	The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.	The Company is a subsidiary of HMT Limited and has been carrying on its activities. The Company has been receiving financial support from the Government of India. The financial statements have been prepared as per Ind AS ongoing concern concept	Repetitive
ii)	The accumulated losses of the company as at the close of 31st March 2022 amounted to Rs.2,68.877.28 lakhs against which the paid up capital of the company is Rs.649.01lakhs and the losses has totally eroded the net worth of the company.	DHI conveyed vide letter dated 13-1-2016, the decision of the CCEA to close the Company by sending the all the employees on VRS/VSS. The Company has relieved all the employees on VRS/VSS and retrenchment. The company also disposed all the movable assets of the company at Bangalore and Tumkur.The company is in the process of disposing the movable assets at WFR	Repetitive
iii)	The company has been incurring continues losses for the past many years.	The company will settle all the liabilities of the company and remove the name of the company From ROC	Repetitive
iv)	The total liabilities of the company as at the close of 31st March 2022 is Rs. 272473.57 lakhs (Previous year Rs. 2,72,851.89/-lakhs) against which the Fixed and current assets book values are only Rs. 4255.30 lakhs (Previous year Rs.4518.98lakhs).	The company disposed the Immovable assets of the company at TUMKUR. The company is in the process of disposing the immovable assets at Bangalore and Ranibagh	Repetitive

	Audit Observations	Management Reply	Frequency of Qualification
v)	The contingent liabilities disclosed in the financial statements a Rs. 8000.00 lakhs (Previous year Rs. 622.41/-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.	The Company reviewed the contingent liability and obtained the Board approval to provide the contingent liability of Rs 80.00 cr after considering the legal cases. It is in the consideration of MHI. Approval.	Repetitive
vi)	Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.	In view of th closure of the Company, MHI approved to transfer the immovable assets of the Company to HMT Limited holding Company. The process will be completed during FY 2022-23	Repetitive
	b) 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.	The company deposited Rs 28.00 lakhs as per the ALC order. The company not recognized the liability and contested in the Hon'ble High Court of Karnataka.	Repetitive
	c) In pursuant to distress warrant dated 23-12-2011 issued by Bangalore MahanagaraPalike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties as at the 31st March 2021.	The Company has made the payments till the FY 2016-17 and requested the BBMP for waiver of intrest. The Company sr executives discussed with the Joint commissioner (revenue). One time settlement is in the process.	Repetitive

	Audit Observations	Management Reply	Frequency of Qualification
	<p>d) 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 2020-21</p>	<p>DHI communicated the company vide letter dt. 13-1-2016 , the GOI loans will written off after closure of the company</p>	<p>Repetitive</p>
	<p>However, as per the minutes of 79th meeting of board of directors of HMTWatches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016.</p> <p>Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs. 2,69,378.75 lakh and overstated the negative balance of Other Equity (Note 2.10) by Rs. 2,69,378.75 lakh.</p> <p>Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.</p>		

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 WATCHES LIMITED FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of HMT Watches Limited for the year ended 31 March 2022 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 Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act . This is stated to have been done by them vide their Audit Report dated 27 May 2022 .

I, on behalf of the Comptroller and Auditor General of India , have decided not to conduct the supplementary audit of the financial statements of HMT Watches Limited for the year ended 31 March 2022 under Section 143 (6) (a) 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 : 08 June 2022

Significant Accounting Policies:

i) Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The standalone financial statements of the Company are prepared and presented in accordance with Ind AS and in accordance with the accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

The financial statements 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.

Summary of Significant Accounting Policies:

a) Use of estimates:

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

in future periods. Any revision to accounting estimates is recognized prospectively.

b) Property, Plant & Equipment

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

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

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

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

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

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

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

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

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

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

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

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

Special Tools:

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

c) Borrowing Cost:

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

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

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

d) Investment Property:

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

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

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

e) Intangible Assets:

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated /purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

iv) Research and Development Expenditure:

Research Phase

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

Development Phase:

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

F) Depreciation and Amortisation:

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

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

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

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

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

The Company classifies non-current assets as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/distribution expected within one year from the date of classification.

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

H) Government Grants:

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

I) Inventories

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

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

J) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on Ind AS 115, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

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

i) Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade

discounts and volume rebates. The Company recognises the Sale of Goods based on:

- 1) Physical delivery of goods to the customer/ customer's carrier/common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.
- 2) In case of FOR destination contracts, "when the significant risk and reward of ownership get transferred to the buyer on physical delivery.
- 3) Despatches to dealers/customers in respect of sale.

ii) Rendering of services:

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

iii) Rental Income:

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

iv) Dividend Income:

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

v) Interest Income:

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

vi) Warranty:

Provisions for warranty-related costs are

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

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

vii) *Extended Warranties:*

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

K) Foreign Currency Translation:

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

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period

in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

L) Retirement & Other Employee Benefits:

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

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

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

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

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

Schedule III, the Company recognizes re-measurement gains and losses on defined benefit plans (net of tax) to retained earnings.

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

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

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

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

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

M) Income taxes

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

i) Current taxes:

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

ii) Deferred Taxes:

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

N) Provisions:

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

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

because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

O) Impairment:

i) Financial assets:

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

ii) Non-financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortised cost:

Financial assets are subsequently measured at amortized cost if these financial assets are held

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

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

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

- v) Financial Liabilities:

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

- vi) De-recognition of financial instruments:

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

- vii) Fair value of financial instruments:

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

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the

lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

viii) Investment in subsidiaries, joint ventures and associates:

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

iii) Significant accounting judgements, estimations and assumptions:

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

i) Judgements:

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

a) Operating lease- Company as lessor

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

b) Discontinued Operations

As per the CCEA Approval on 06/01/2016 it was decided that the operations of the Company will be closed. Thereafter, operations closed in the same Financial Year. 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 and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future

salary increases and gratuity increases are based on expected future inflation rates.

c) Other Long-Term Employee Benefits

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

d) Fair value measurement of financial instruments

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

BALANCE SHEET

(Rs. In Lakhs)

Particulars	NOTE NO	Year Ended 31-Mar-22	Year Ended 31-Mar-21
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.2	-	-
Current Assets			
a) Inventories	2.3	-	-
b) Financial Assets			
i. Trade Receivables	2.4	-	-
ii. Cash and Cash Equivalents	2.5	2,013.82	2,171.82
iii. Other Financial Assets (Int accrued on FD)	2.6	217.12	156.10
iv. Funds available with Gratuity Ttrust	2.6A	600.75	569.43
c) Other Current Assets	2.7	1,117.55	1,325.57
Non Current Assets Held for Sale	2.8	296.06	296.06
TOTAL ASSETS		4,245.30	4,518.98
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.9	649.01	649.01
Other Equity	2.10	(268,877.28)	(268,981.92)
Non-current liabilities			
a) Financial liabilities			
b) Provisions			
i. Employee Benefit obligations		-	-
c) Other non- current liabilities			
Current liabilities			
a) Financial liabilities			
i. Borrowings		-	-
ii. Trade and other payables	2.11	212.76	213.03
iii. Other financial liabilities	2.12	269,378.75	269,378.75
b) Provisions			
i. Employee Benefit obligations		-	-
ii. Others	2.13	-	-
c) Other current liabilities	2.14	2,882.06	3,260.11
TOTAL LIABILITIES		4,245.30	4,518.98
Summary of Significant Accounting Policies			
See accompanying notes to the financial statements	2.1 2.2 To 2.38	0.00	0.00

**As per our report of even date attached
FOR M/s Parimal Ram & Pattabhi
Chartered Accountants
FRN : 009153S**

**For and on behalf of the Board of Directors of
H M T Watches Limited**

B N Pattabhi

Partner
M.No 210278

Place : Bangalore
Date : 04/05/2022

A K Jain
Chairman
DIN: 09262984

Ms. Parveen Gupta
Director
DIN 08152959

Ramakant Sing
Director
DIN 08360278

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(Rs. In Lakhs)

Particulars	NOTE NO	Year Ended 31-Mar-22	Year Ended 31-Mar-21
Continuing Operations		-	-
Discontinued Operations			
Revenue from operations	2.15	-	-
Other income	2.16	180.97	148.29
Total revenue		180.97	148.29
Expenses			
Cost of material consumed	2.17	-	201.45
Changes in inventory of work-in progress, stock-in-trade and finished goods.	2.18	-	368.56
Employee benefit expense	2.19	-	-
Other expense	2.20	190.14	178.06
Finance Cost	2.21	26.06	26.06
Total expenses		216.20	774.14
Profit/ (loss) before exceptional items and tax		(35.24)	(625.85)
Exceptional items	2.22	139.88	895.75
		-	-
Profit/ (loss) before tax		104.64	269.90
Tax expense			
a) Current tax		-	-
b) Deferred tax		-	-
c) Income Tax for earlier year		-	-
Profit/ (loss) for the period from discontinued operations		104.64	269.90
Profit/ (loss) for the period		104.64	269.90

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(Rs. In Lakhs)

Particulars	NOTE NO	Year Ended 31-Mar-22	Year Ended 31-Mar-21
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement Gains/(Loss) on Defined Benefit Obligations		-	-
Items that will be reclassified to profit or loss			
Other Comprehensive Income		-	-
Total comprehensive income for the period		104.64	269.90
Earnings per equity share (for continuing operations)			
a) Basic		-	-
b) Diluted		-	-
Earnings per equity share (for discontinued operations)			
a) Basic	2.38	1.61	4.16
b) Diluted		1.61	4.16
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		1.61	4.16
b) Diluted		1.61	4.16
Summary of Significant Accounting Policies	2.1		
See accompanying notes to the financial statements	2.2 To 2.38		

**As per our report of even date attached
FOR M/s Parimal Ram & Pattabhi
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Director
DIN 08360278

Place : Bangalore
Date : 04/05/2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
Operating activities		
Profit before tax from continuing operations	-	-
Profit/(loss) before tax from discontinued operations	104.64	269.91
Profit before tax	104.64	269.91
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	-	0.00
Gain/(Loss) on disposal of property, plant and equipment	(49.03)	(300.90)
Finance income	(131.94)	(143.05)
Finance Cost	26.06	26.26
Working capital adjustments:		
Movements in provisions, gratuity	0.00	0.00
Increase in trade and other receivables and prepayments	115.68	(161.46)
Decrease in inventories	0.00	0.00
Increase in trade and other payables	(378.32)	(142.30)
	(312.90)	(451.54)
Income tax paid	0.00	0.00
Net cash flows from operating activities	(312.90)	(451.54)
Investing activities		
Proceeds from sale of property, plant and equipment	49.03	300.90
Interest received	131.94	143.05
Net cash flows used in investing activities	180.97	443.96
Financing activities		
Proceeds from Loan/(Repayment of Loan)	0.00	0.00
Interest paid	(26.06)	(26.26)
Net cash flows from/(used in) financing activities	(26.06)	(26.26)
Net increase in cash and cash equivalents	(158.00)	(33.85)
Cash and cash equivalents at the beginning of the year	2,171.82	2,205.67
Cash and cash equivalents at year end	2,013.82	2,171.82

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS
2) The Cash and Cash equivalents has been considered as per Note No.2.5

**As per our report of even date attached
FOR M/s Parimal Ram & Pattabhi
Chartered Accountants
FRN : 009153S**

B N Pattabhi
Partner
M.No 210278

**For and on behalf of the Board of Directors of
H M T Watches Limited**

A K Jain
Chairman
DIN: 09262984

Ms. Parveen Gupta
Director
DIN 08152959

Ramakant Singh
Director
DIN 08360278

Place : Bangalore
Date : 04/05/2022

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

(Rs. in lakhs)

A. Equity Share Capital

Balance at the beginning of the reporting period 1st April 2019	Changes in equity share capital during the year 2020-21	Balance at the end of the reporting period 31st March 2021	Changes in equity share capital during the year 2021-22	Balance at the end of the reporting period 31st March 2021
64,901,000	Nil	64,901,000	Nil	64,901,000

B. Other Equity

Particulars	Reserves and Surplus				Discon (tinued operations)	Other Comprehensive Income		
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve		Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attri butable to equity holders of the company
Balance as of 1st April 2020	-	-	-	-	(269,251.83)	-	-	(269,251.83)
Changes in accounting policy or prior period errors								-
Restated balance as of 1st April 2020"	-	-	-	-	(269,251.83)	-	-	(269,251.83)
Discontinued operations				269.91				269.91
Remeasurement of the net defined benefit liability/asset, net of tax effect				-				-
Total Comprehensive Income for the year								-
At 31 March 21	-	-	-	-	(268,981.92)	-	-	(268,981.92)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total equity attri butable to equity holders of the company
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Discon (tinued operations)	Equity Instruments through other compre hensive income	Other items of Other Compre hensive Income	
Balance as of 1st April 2021	-	-	-	-	(268,981.92)	-	-	(268,981.92)
Changes in accounting policy or prior period errors								-
Restated balance as of 1st April 2022	-	-	-	-	(268,981.92)	-	-	(268,981.92)
Discontinued operations					104.64	-	-	104.64
Remeasurement of the net defined benefit liability/asset, net of tax effect					-	-	-	-
Total Comprehensive Income for the year								-
At 31 March 2022	-	-	-	-	(268,877.28)	-	-	(268,877.28)

As per our report of even date attached
FOR M/s Parimal Ram & Pattabhi

Chartered Accountants
FRN : 009153S

B N Pattabhi
Partner
M.No 210278

Place : Bangalore
Date : 04/05/2022

For and on behalf of the Board of Directors of
H M T Watches Limited

A K Jain
Chairman
DIN: 09262984

Ms. Parveen Gupta
Director
DIN 08152959

Ramakant Singh
Director
DIN 08360278

NOTES ON FINANCIAL STATEMENTS

2.2 PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

Particulars	Land - Freehold	Land - Leasehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Special Tools	Total
Gross Block								
At 1 April 2020	296.06	-	-	-	-	-	-	296.06
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	(296.06)	-	-	-	-	-	-	(296.06)
At 31 March 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
At 31 March 2022	296.06	-	-	-	-	-	-	296.06
Accumulated Depreciation								
At 1 April 2020	-	-	-	-	-	-	-	-
Depreciation/Amortisation charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
At 31 March 2021	296.06	-	-	-	-	-	-	296.06
Depreciation/Amortisation charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
At 31 March 2022	296.06	-	-	-	-	-	-	296.06
Net book value								
At 31 March 2022	296.00	-	-	-	-	-	-	296.00
At 31 March 2021	296.06	-	-	-	-	-	-	296.06
Net book value								
Plant Property and Equipment	-	-	-	-	-	-	-	-
	Amount	Amount						
	31-03-2022	31-03-2021						

NOTES ON FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-Mar-22 INR Lacs	31-Mar-21 INR Lacs
2.3 INVENTORIES (At Cost or NRV whichever is lower)		
Raw Materials	-	-
MIT		
Stores and Spares	-	-
Scrap	-	-
Finished Goods	-	-
Work-in-progress	-	-
Total	-	-
Less: Provisions	-	-
Total	-	-
2.4 TRADE RECEIVABLES		
Trade receivable others	-	-
Total	-	-
TRADE RECEIVABLES		
Secured Considered good		
Unsecured, considered good	-	-
Doubtful	3,863.98	3,863.98
Less Allowance for doubtful Debts	(3,863.98)	(3,863.98)
Total	-	-
Trade Receivable for a period > 6 Month	-	-
Trade Receivable for a period < 6 Month	-	-
2.5 CASH AND CASH EQUIVALENTS		
Balances with scheduled banks		
- Current Account	87.82	99.20
Deposit with scheduled banks > three months and < 12 months	1626.00	1,772.62
Deposit with scheduled banks > three months	300.00	300.00
Total	2,013.82	2,171.82

NOTES ON FINANCIAL STATEMENTS

Particulars	31-Mar-22 INR Lacs	31-Mar-21 INR Lacs
2.6 OTHER FINANCIAL ASSETS		
Interest Accrued on Bank deposit	217.12	156.10
Total	217.12	156.10
Less: Fund Available in Gratuity Trust	600.75	569.43
Total	600.75	569.43
2.7 OTHER CURRENT ASSETS		
Dues from Related Parties		
Chinar Watches Ltd		-
Machine Tools Ltd	-	-
HMT Ltd	987.82	989.79
HMT (I) Ltd	-	-
HMT Bearings	-	-
Secured		0
- Considered Good	0.00	0.00
		0.00
(Unsecured considered good)		-
- Considered Good (Statutory)	-	23.80
Claimes recoverable doubt ful	31.99	229.19
Less: provisions made during 2021-22	(31.99)	-
Advances	0.63	-
GST	1.68	-
- Capital Advances	5.70	5.70
- Other Advance	0.26	0.26
Less: Provision for doubtf(ul advances	(5.96)	(5.96)
-Claims recoverable	7.74	7.74
Less : Provision for Doubtful Claims	(7.74)	(7.74)
Deposits with various authorities - court cases	103.80	25.56
Advance tax / TDS receivable	23.62	57.21
Total	1,117.55	1,325.56

Note:

1. Considered good statutory :: Rs 23.80 L is netted of statutory Liabilities
2. Clains recovable doubtful :: Rs 31.99 L (Prv 229.19 L) is due to netting off the amount of Rs 169.04 pertains to 1992 arrears, Rs 28.16 L netted off with the statutory liabilities

NOTES ON FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-Mar-22 INR Lacs	31-Mar-21 INR Lacs
2.8 NON CURRENT ASSETS HELD FOR SALE		
Land - Freehold	24.04	24.04
Buildings	272.02	272.02
Total	296.06	296.06

*regrouping

- 2.8(a) 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 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.
- 2.8(b) Non Current Assets Held for Sale includes immovable properties vested under the Scheme of Arrangement approved by Govt. of India. However, the mutation of title deeds are yet to be carried out in the revenue records to that effect.
- 2.8(c) The Company is in the possession of gift land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the un-authorized occupants.
- 2.8(d) During 2003-04 based on a MOU entered in to between HMT Ltd. and the Company, certain lands were sold and the profit on sale of such lands amounting to Rs.1421 lakhs were accounted in HMT Ltd. books. Equivalent value of the land is yet to be identified and transferred to the Company.
- 2.8(e) The Company is in possession of land at Ranibhag admeasuring 58.98 acres (purchase 33.655 acres, acquired 11.967 acres and Govt. land 13.36 acres).
- 2.8(f) Fixed assets have been transferred from the Holding Company to the Subsidiary at the Gross values, Reserve for Depreciation and Net values as on 1.4.2000 in line with Para 10(J) and Annexure 13 of the Scheme of Arrangement approved by the Department of Company Affairs. Depreciation has been charged for the year 2000-2001 and onwards on the original cost of the assets on straight line basis, keeping in view the estimated life of the asset.

NOTES ON FINANCIAL STATEMENTS
NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

2.9 Share Capital
Share capital

	Authorised share capital Equity Shares	
	Number (In Lakhs)	Amount
At 1 April 2020	70	700.00
Increase/(decrease) during the year	-	-
At 31 March 2021	70	700.00
Increase/(decrease) during the year	-	-
At 31 March 2022	70	700.00

	Issued Capital Equity shares of INR 10 each issued and fully paid	
	Number	Amount
At 1 April 2020	6,490,100	649.01
Increase/(decrease) during the year	-	-
At 31 March 2021	6,490,100	649.01
Increase/(decrease) during the year	-	-
At 31 March 2022	6,490,100	649.01

"The company has only one class of equity shares having par value of INR10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of the Share Holder	No of Shares	% holding	No of Shares	% holding
Equity shares of INR10 each fully paid	6,490,100	100.00%	6,490,100	100.00%
HMT Limited				

The company has only one class of equity shares having par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

Notes on Financial Statements

2.10 Other Equity

Particulars	31-Mar-22 INR lacs	31-Mar-21 INR lacs
Retained Earnings	268,877.28	(268,981.92)
Total	268,877.28	(268,981.92)

Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2020

	Retained Earnings INR lacs	Total INR lacs
Re-measurement gains (losses) on defined benefit plans		

During the year ended 31 March 2021

	Retained Earnings INR lacs	Total INR lacs
Re-measurement gains (losses) on defined benefit plans	-	-

2.11 TRADE AND OTHER PAYABLES

Due to micro and small enterprises*	-	-
Dues to Trade Payable	212.76	213.03
Total	212.76	213.03

*Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has not received any confirmation from Vendors regarding their status under MSMED ACT 2006 and hence disclosure relating to amounts un-paid as at the year .

2.12 OTHER FINANCIAL LIABILITIES

GOI Liabilities	269,378.75	269,378.75
Total	269,378.75	269,378.75

Note: Consequent to the approval accorded by the CCEA in its meeting held on 06-01-2016 and communication from DHI vide letter dated 13-01-2016 to close down the operations, the loan from Government of India, Interest Accrued there on upto 2014-15 has been classified under other Financial liabilities.

2.13 PROVISIONS - OTHERS

Income Tax Provision	-	-
Closing Balance	-	-

NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
	INR Lacs	INR Lacs
2.14 OTHER CURRENT LIABILITIES		-
HMT International Ltd		-
HMT Machine Tools Ltd (directorates)		-
HMT Chinar Watches Ltd		-
HMT Ltd, (Holding Company)	-	
HMT Bearings Ltd		
Statutory Liability Excise duty	59.14	130.02
Advance Received Sale Of Assets (MSTC)	-	(5.58)
Advance received against sale of land & Building	926.64	926.64
E M D Received	w 3.75	0.75
Retention Deposit	1.47	1.47
Security Deposit	7.30	7.30
Gratuity Payable	17.64	17.64
Earned Leave Encashment Payable	28.11	29.35
Pay Revision Payable	86.96	86.96
Settlement Allowance Payable	7.62	7.93
Others	-	696.33
TDS pending payments	15.51	
Doora darsan	21.19	
BBMP tax 31-3-2022 WFB	103.48	
Security deposits and EMD from WMD	195.84	
Expenses Payable 2021-22 (payments made next FY)	58.86	12.74
7Q & 14B Interest Payable	1,348.57	1,348.57
Total	2,882.06	3,260.11

NOTE:

Statutory due : Rs 59.14 L(Prv year 130.02) L is due to netting of the Liability and assets of same nature
 Others :: Rs NIL (Prv year 696.33 L) is due to Bifurcation of amounts 15.51,21.19,103.48,195.84 and also netting off the amount of Rs 169.04 pertains to 1992 arrears, rectification Rs 165.99. Wrongly credited to other liabilities instead of Other income in previous years, Rs 17.80 lakhs paid to Pf Trust loss, and Rs 7.48 lakhs paid various expenses

2.15 REVENUE FROM OPERATIONS

Sales of Wathes	-	-
Total	-	-

NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2022 INR Lacs	For the year ended 31-03-2021 INR Lacs
2.16 OTHER INCOME		
B. Other Income		
Miscellaneous Income (sale of scarp and building Materials)	36.63	5.24
GST Refund	12.40	
	49.03	5.24
B. Interest Income		
Interest received on Fixed Deposits	82.39	107.64
Interest received from CHO on FD	5.75	5.75
Interest received from Gratuity	31.32	29.66
Income tax Refund	12.48	
	131.94	143.05
Total	180.97	148.29
2.17 COST OF MATERIAL CONSUMED		
A. Raw Materials & Components		
Inventory at the beginning of the year	-	10.66
Add: Purchases	-	-
Inventory at the end of the year	-	-
	-	10.66
B) Stores, Spares and Other Component Consumed		
Opening	-	190.79
Closing	-	-
	-	190.79
	-	201.45
Total	-	201.45

NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended	For the year ended
	31-03-2022	31-03-2021
	INR Lacs	INR Lacs
2.18 CHANGES IN INVENTORY OF WORK-IN PROGRESS, STOCK-IN- TRADE AND FINISHED GOODS.		
Finished Goods		
Opening	-	222.45
Closing	-	-
		222.45
Work in progress		
Opening	-	135.78
Closing	-	-
		135.78
Inventory of Scrap		
Opening	-	10.33
Closing	-	-
		10.33
Total	-	368.56

2.19 EMPLOYEE BENEFIT EXPENSES

Staff welfare exp.	-	-
Others	-	21.20
Total	-	21.20

2.20 OTHER EXPENSES

Water and Electricity	7.23	8.51
Rates and Taxes*	-	11.07
Travelling Expenses & Conveyance Allowance	6.21	4.66
Printing and Stationary Expenses	0.71	0.59
Auditors Remuneration	0.75	0.75
Advertisement & publication	-	0.24
Miscellaneous Expenses	10.60	1.23
Legal Expenses & Professional charges	24.44	23.13
Postage and telephone expenses	0.11	0.34
Repair & Maintenance	7.99	4.43
MSTC Service Charges	1.78	5.04
7Q/14B Interest/		-

NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended	For the year ended
	31-03-2022	31-03-2021
	INR Lacs	INR Lacs
Security Expenses	58.33	64.63
Casual Labour Charges	44.04	42.70
Share of Holding Company Exp.	5.20	5.39
Other Provision(WFT)		5.14
Service charges (HMT ABD)	21.52	
P F Trust Loss	-	
Bank charges	1.23	0.20
		-
Total	190.14	178.06

2.21 FINANCE COST

Bank charges		
Other Interest	26.06	26.06
Total	26.06	26.06

2.22 EXCEPTIONAL ITEMS

Profit on sale of Plant & Machinery , Scrap	-	300.90
Liabilities no longer required		-
Provision For Advances	(31.99)	
Provision no longer required	171.86	570.01
Total	139.88	870.91

NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
	INR Lacs	INR Lacs

2.23 CONTINGENT LIABILITIES & COMMITMENTS (to the extent not provided for)

Contingent Liabilities

Claims against the company not acknowledged as debt

	31.03.2022	31.03.2021
a) Tax related claims pending in appeal		
- Sales Tax		23.20
- Excise duty		232.79
- TDS Defaults (as per TRACES)		-
- Others		9.49
b) Other money for which company is contingently liable		
-Employee related claims relating to lockouts, backwages, incentives, annual bonus etc pending adjudication to the extent ascertainable		213.89
c) The Company has made one time payment to Prasar Bharati amounting to Rs.22.94 lacs towards principal. However wavier of interest /penalty yet to be approved by Director of Prasar Bharati.		72.14
d) Others		70.90
The Company made contingent liabilities towards legal and other payment	8,000.00	

2.24 Sales tax assessments are pending since 2008-09. Additional liability if any is not ascertainable.

2.25 146 Ex-employees of one of the Divisions who have opted for VRS have filed case for payment of additional ex-gratia. The amount is not quantifiable.

2.26 Liability, if any, relating to sale of land by the Company to Canara Bank and subsequent claim by third party vide Miscellaneous Petition No. 621/622, pending adjudication has not been made.

2.27 "Advances received against sale of land amounting to Rs. 926.64 Lacs represents amount received from Raman Institute of Technologies towards sale of land and building. The value of land and buildings has been included in the respective head under Non- Current Assets held for Sale. Though the Company has executed an Agreement to Sell and possession of land given to the Purchaser, the transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed."

2.28 VALUE OF IMPORTS CALCULATED ON CIF BASIS BY THE COMPANY DURING THE FINANCIAL YEAR

	31-03-2022	31-03-2021
Components and Spare Parts	-	-

2.29 EXPENDITURE IN FOREIGN CURRENCY

Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest and other matters Nil Nil

2.30 EARNINGS IN FOREIGN EXCHANGE Nil Nil

2.31 Balances under trade payables, short term loans and advances, deposits and other current liabilities are subject to confirmation.

2.32 The Government of India (GOI) had released a Plan Assistance of Rs. 2.00 Crores to the Company (HMT Watches Ltd.) during March 2007 through Holding Company (HMT Limited) to meet the Capital Expenditure, in the form of Equity (Rs. 1.00 Crores) & Loan (Rs.1.00 Crores). In view of the non utilization of the funds by the Company within the stipulated period, GOI had instructed the Holding Co. during December 2009 for refund of the total Plan Assistance of Rs. 2.00 Crores. Accordingly, the Holding Company has refunded the Loan amount of Rs. 1.00 Crores 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. Rs.10 each (Rs.1.00 Crores) in favour of Holding Company during the year 2007-08, 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, 1956 and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same. The amount of Rs.1.00Cr. is kept in FD in favour of Holding Company, the Holding Company is giving a credit of interest for the interest earned year on year basis.

2.33 Trade Receivable include dues from 37 parties (previous year 37 parties) against whom cases have been filed before various courts pending adjudication amounting to Rs. 3863.98 lakhs. The company has made sufficient provision towards this.

2.34 The Deferred Tax Assets has not been recognized in the absence of reasonable certainty that sufficient future taxable Income will be available against which such Deferred Tax Assets can be adjusted.

2.35 The Company has not recognised the MAT Credit Entitlement in absence of reasonable certainty that sufficient future taxable income will be available in future to set off the same.

2.36 Segment reporting as per IND AS 108

The Company was carrying on the business of manufacture, sale and servicing of wrist watches. Due to decision of closure of business, entire business has been classified under discontinued operation.

2.37 Related Party Disclosure (IND AS 24)

During year following transaction took place with related parties:

Rs. in Lacs

Name of the Related Party	Nature of Transactions	Amount
HMT LTD (ABD, Bangalore)	Service Charges	21.52
HMT LTD (CHO)	Common Expenses	5.20
HMT LTD (CHO)	Interest Paid	26.06
HMT LTD (CHO)	Interest Received	5.75

2.38 Earnings per share (EPS)

	31-Mar-22	31-Mar-21
	INR Lacs	INR Lacs
Profit attributable to equity holders:		
Continuing operations	-	-
Discontinued operation	104.64	269.91
Less: Other Comprehensive Income		-
Profit attributable to equity holders for basic earnings	104.64	269.91
Interest on convertible preference shares		-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	104.64	269.91
Weighted average number of Equity shares for basic EPS*	64.90	64.90
Effect of dilution:		-
Convertible preference shares		-
Weighted average number of Equity shares adjusted for the effect of dilution *	64.90	64.90
Earnings per equity share (for discontinued operations)	1.61	4.16

* 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.

**As per our report of even date attached
FOR M/s Parimal Ram & Pattabhi
Chartered Accountants
FRN : 009153S**

**For and on behalf of the Board of Directors of
H M T Watches Limited**

B N Pattabhi
Partner
M.No 210278

A K Jain
Chairman
DIN: 09262984

Ms. Parveen Gupta
Director
DIN 08152959

Ramakant Singh
Director
DIN 08360278

Place : Bangalore
Date : 04/05/2022

