



 **hmt**  
**HMT Limited**

**68<sup>th</sup>**  
**ANNUAL REPORT**  
**2020-21**

**Contributing  
to  
Aatmanirbhar Bharat**



**Skill India**  
कौशल भारत - कुशल भारत

## **CORPORATE MISSION**

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

## **CORPORATE OBJECTIVES & GOALS**

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

## Chairman's Address

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

#### My Dear Shareholders,

It is my proud privilege and honour to lead the growth initiatives of HMT after taking over the responsibility on 1<sup>st</sup> August 2021. I take this opportunity to welcome you all on my and Board of Directors behalf. I convey my best wishes to you all and pray for your health and well being. This year was most challenging in the history of HMT as the business was impacted due to onslaught of covid. But now we are already witnessing early sign of recovery and hope to pick up the momentum and move fast. The big movement in vaccinations drive will make the situation better day by day.

The Notice convening AGM, the report of the Directors, Auditors and the audited accounts for the year ended 31<sup>st</sup> March 2021 has already been provided to all the shareholders of the Company and with your permission, I take them as read.

#### Global Outlook

After witnessing the severe impact, growth momentum has started picking up in almost all markets. Restrictions are easing in many parts of the world which will enable supply chain to move strongly leading to overall growth. Global manufacturing is also showing signs of recovery as it witnessed around 2.4 % growth year on year in the fourth quarter of 2020.

#### Indian economy

Growth Output is projected to grow by 9.4% for the year 2021-22 as the domestic economic activities have started normalising with the ending of second wave of the virus and phased reopening of economy. The announcement by government for a special economic and comprehensive package for Atma Nirbhar Bharat including measures taken by RBI amounting to about Rs. 27.1 lakhs crore package to combat the impact of covid 19 and to revive the economic growth. This type of strong impetus will definitely ensure revival and promote all-round industry. Further strong push for vaccination

will ensure safety and health of our people and enable the overall growth.

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

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

Major structural reforms launched by the Government – in agriculture markets, labour laws and definition of MSMEs – provide unparalleled opportunity for this resilient sector to grow and prosper now and thereby contribute to job creation in the primary and secondary sectors. The modified definition of MSMEs facilitates expansion and growth of these enterprises, without fearing the loss of government incentives. The resulting economies of scale can enhance productivity without the MSMEs losing out on several government incentives including interest subvention, collateral-free loans, market support, export promotion, preferential procurement in the public sector and enabling of IT ecosystems.

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

## HMT's contribution to mitigate COVID pandemic

During the Covid-19 period, health and safety of employees, customers and stakeholders has been accorded top priority along with the mission of serving the customers' needs. Your Company re-started the manufacturing operations at the Units as per the guidelines of National Disaster Management Authority during May 2020 and established standard operating procedures for work under the Covid-19 scenario. Your company provided exclusive medical insurance for its employees and family members. Covid Care Centre was set up in a separate block in our existing hospital at Bengaluru to cater to the emergent medical needs during this pandemic.

## Performance & Business accomplishments

During the year 2020-21, your Company's main business portfolio of Food Processing Machinery recorded a decline of 26.68% in production (Rs. 15.39 Crore in 2020-21 as against Rs. 20.99 Crore in the previous year), and 14.12% in Sales (Rs. 18.91 Crore in 2020-21 as against Rs. 22.02 Crore in the previous year). The total turnover of the Company for the year 2020-21 stands at Rs.23.46 Crore as against Rs. 26.13 Crore during 2019-20. The Profit Before Tax during 2020-21 is Rs. 31.58 Crore as against Rs. 28.04 Crore in the previous year. HMT Group of Companies achieved an aggregate Production of Rs. 176.59 Crore and Rs. 203.89 Crore of Revenue from Operations.

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

## Initiatives at the Subsidiaries

The Subsidiaries of your Company undertook several initiatives during the year 2020-21.

## Machine Tools Business

HMT Machine Tools Limited achieved Sales of Rs.166.19 Crore and Production of Rs. 161.20 Crore during the period as compared with Rs. 176.23 Crore

and Rs. 213.42 Crore respectively during the previous year. The Company's net loss registered at Rs. 132.79 Crore as against Rs. 98.72 Crore in the previous year. The Company procured orders valued Rs.115.20 Crore against Rs.164.96 Crore in the previous year. The reduction in production and sales as well as increase in loss was mainly due to the effect of Covid-19. Technology Tie-ups for technology enhancement and product upgradation are on the anvil.

## Exports

The other operative subsidiary, HMT (International) Limited has achieved a turnover of Rs.19.83 Crore as against Rs. 67.15 Crore recorded in the previous year. The Company has recorded a Net Profit before Tax of Rs. 1.20 Crore as against Rs. 3.88 Crore previous year.

The subsidiary has signed orders of Rs. 41.59 Crore. Agreements have been signed for execution of various projects and supplies abroad and completed certain projects abroad. Several machines have already been supplied under this Agreement and it is expected that the project would be completed during the current year. Company is working on many fronts in overseas market to enhance its business.

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

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

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

HMT Bearings Limited has been taken up for closure under section 271 and 272 of Companies Act, 2013. NCLT Hyderabad has passed order for winding up of HMT Bearings Limited and has also appointed Insolvency professional (IP) to act as Company Liquidator for the purpose. The Insolvency professional has initiated the winding up proceeding.

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

## **FUTURE OUTLOOK:**

### **Food Processing Machinery**

The growth of food processing industry is fueling the demand for equipment in the sector. HMT Food Processing Machinery Unit at Aurangabad has planned modernization of its Plant and Machinery and is also developing and supplying upgraded / new versions of its products like Homogenizers, Continuous Butter Making Machines, Chillers, etc. The Company is aggressively working on taking turnkey projects for milk processing and milk powder area to enhance its business.

### **Machine Tools**

The machine tool market depends on Capex Plans and investments of its customers. As the situation is improving, the Company envisages increased revenues, by focusing on sectors and customers for customized hi-tech machines with the inherent capability of in-house R&D, Technology Tie-ups, Joint Working Arrangements, etc.

In view of thrust given by the Government for the Make in India program and monetary stimulus with the aim for ease of doing business increased demand is expected for machine tools during 2021-22. The pending Orders for Machine Tools is over Rs.285.40 Crore as on 31.07.2021.

Your Company is pursuing indigenization and technology absorption through In-house Research & Development, Technology tie-ups and Joint Working Arrangements and new product development to meet the needs of Defence, Power, Aerospace, Railways, Nuclear sectors, etc and reduction in import content in Machine Tools Sector. Further, the Company plans to setup Vocational Training Centres for Machine Tools in Capital Goods Sector as well as Skill Development Centres, R&D Centres, Common Facility Centres and Incubation Centres.

The Company is making many new product developments especially in railways, nuclear and defence sector to make strong foothold and enhance business outlook. Machine tools sector remains bullish as demand in Auto, Railway, Defence and other areas is increasing. Also, the focus on Skill Development will bring in many new projects which augur well for the company. Focus will be on enhancing the delivery and service performance and spares area along with the new development, Technology tie-ups and product upgradation.

In this direction, the Company has taken up development of Technology Portal viz., "SURGE" with assistance from DHI to promote collaboration and sharing of knowledge, expertise and experience amongst Industries, R&Ds, Academia, MSMEs, Start-ups, Professionals, Students etc. along with the policy makers in the Machine Tool Sector.

### **Exports Business**

The Company is gearing up to increase its revenues in the coming years by taking up HMT's products and other Engineering Goods to newer destinations and to take up more turnkey projects in under-developed and developing countries. HMT(I)'s orders pending stands at Rs. 38.98 Crore as on 31.07.2021.

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

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

## Corporate Governance

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

## Acknowledgement

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

I would also like to express my sincere gratitude and appreciation to my esteemed colleagues on the Board and to all **HMTians**, for unswerving commitment, confidence, and continued support for maintaining cordial relations during the extremely challenging year.

I express my thanks to all our esteemed customers in India and abroad for their continual support and patronage and assure them of our commitment to meet their expectations.

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

I thank you all for the continued faith in HMT and its management. As we move ahead and celebrate India's 75<sup>th</sup> year of Independence, I greet you and your family members and wish you all the best!

**(A.K. Jain)**

Chairman & Managing Director  
(Addl. Charge)  
Bengaluru

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**This does not purport to be a record of the proceedings of the 68<sup>th</sup> Annual General Meeting of the Company.**

## HMT LIMITED

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**BOARD OF DIRECTORS (As on 04.10.2021)**

Shri. A.K. Jain	Chairman & Managing Director (Addl. Charge) (w.e.f. 01.08.2021)
Shri. Shashank Priya	Director
Shri. Jeetendra Singh	Director (w.e.f. 18.06.2021)
Smt. Neera Tomar	Independent Director
Shri. R.Vishweshwar Bhat	Independent Director
Shri. Ramji Lal	Independent Director

**CHIEF VIGILANCE OFFICER**

Ms. Kalyani Sethuraman (Addl. Charge)  
(w.e.f. 04.10.2021)  
Shri. Vidya Bhushan Kumar (Addl. Charge)  
(Upto 11.12.2020)

**CHIEF FINANCIAL OFFICER**

Ms. Kamna Mehta

**COMPANY SECRETARY**

Shri. Kishor Kumar S

**STATUTORY AUDITOR**

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

**SECRETARIAL AUDITOR**

S. Kedarnath & Associates  
Practicing Company Secretary  
85, Ojus Apts, # 4, Ground Floor,  
4th Main, 13th Cross, Malleshwaram  
Bengaluru - 560003

**BANKERS**

UCO Bank

**REGISTERED OFFICE**

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

**CORPORATE IDENTITY NUMBER**

L29230KA1953GOI000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

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

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

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
<b>OPERATING STATISTICS</b>										
Sales	<b>2346</b>	2613	1960	1480	1043	726	6155	7971	10095	16112
Other Income *	<b>6510</b>	4331	3731	1730	1634	10448	3239	30518	4756	4658
Materials	<b>1439</b>	1738	1137	818	267	246	3805	6319	5365	12118
Employee Costs	<b>1101</b>	1375	1003	1194	1026	1106	10334	9030	7070	7499
Other Costs	<b>1422</b>	1010	1065	894	5042	470	2293	11754	4090	2906
Depreciation	<b>202</b>	27	25	25	32	27	367	340	355	440
Earnings before Interest	<b>4888</b>	2806	2595	578	(3728)	9348	(8174)	12016	(4135)	735
Interest	<b>1730</b>	2	29	212	288	297	1836	1434	10403	8955
Earnings/(Loss) before Tax	<b>3158</b>	2804	2566	366	(4016)	9051	(10010)	10582	(14538)	(8220)
Taxation (net off withdrawal/refunds)	<b>409</b>	-	-	-	(1861)	-	-	1861	-	-
Discontinued Operations (Tractors)	-	22014	(841)	(1083)	(21794)	(10765)				
Net Earnings	<b>2749</b>	24818	1725	(717)	(23949)	(1714)	(10010)	8721	(14538)	(8220)
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	<b>1251</b>	1393	1616	1723	1956	2229	2481	2831	3159	3507
Current Assets	<b>44239</b>	41552	32000	18983	18832	9345	64225	67742	68604	70619
Current Liabilities & Provisions	<b>10896</b>	10966	23981	11878	20950	35387	27723	21881	26928	25701
Working Capital	<b>33343</b>	30586	8019	7105	(2117)	(26041)	36502	45861	41676	44918
Capital Employed	<b>34594</b>	31979	9635	8828	(161)	(23812)	38983	48692	44835	48425
Investments	<b>71978</b>	71978	71978	72042	72029	76425	76425	76390	76556	76556
Borrowings	<b>64172</b>	64172	66206	67155	57948	15094	13846	11246	82349	71401
Preference Share Capital (PSC)	<b>3686</b>	3686	3686	3686	3686	3686	66000			
Net Worth	<b>38714</b>	36099	11721	10029	10234	33833	35562	113838	39043	53581
<b>OTHER STATISTICS</b>										
Capital Expenditure	<b>61</b>	2	124	10	13	65	8	12	7	81
Internal Resources Generated	<b>3360</b>	24845	1752	(692)	(25778)	(1687)	(9643)	10922	(14183)	(7780)
Working Capital Turnover Ratio	<b>0.07</b>	0.09	0.24	-	-	-	0.17	0.17	0.24	0.36
Current Ratio	<b>4.06</b>	3.79	1.33	1.60	0.90	0.26	2.32	3.10	2.55	2.75
Return on Capital(%)	<b>14.68</b>	13.49	28.11	13.34	-	-	(18.65)	25.70	(8.87)	1.57
Employees (Nos)	<b>80</b>	91	101	103	118	128	1421	1434	1442	1699
Per Capita Sales	<b>29.33</b>	28.71	19.41	14.37	8.84	5.67	4.33	5.56	7.00	9.48

\* Includes Extra Ordinary & Exceptional Items

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

## DIRECTORS' REPORT

To  
The Members  
HMT Limited  
Bengaluru

Dear Members,

The Board of Directors has pleasure in presenting the 68<sup>th</sup> Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2020-21 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

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

Rs. in Lakhs

Particulars	2020-21	2019-20
Gross Revenue from Continuing Operations	2346	2613
Other Income	6510	4331
Total Income	8856	6944
Profit Before Depreciation and Finance Costs	5090	2833
Depreciation	202	27
Gross Profit/(Loss)	4888	2806
Finance Cost	1730	2
Net profit before exceptional Items	3158	2804
Add: Exceptional Items	-	-
Net Profit before Tax	3158	2804
Provision for Tax	409	-
Net Profit After Tax	2749	2804
Profit/Loss from discontinued operations	-	22014
Net Profit/(Loss) for the year	2749	24818
Other Comprehensive Income	(135)	(440)
Total Comprehensive Income	2614	24378

### OPERATING RESULTS

Company's main business portfolios included product range of Food Processing Machines. The Company

recorded a Production of Rs. 15.39 Crore as against Rs.20.99 Crore in the previous year, and Sales of Rs.18.91 Crore compared to Rs.22.02 Crore in the previous year.

Rs. In Cr.

Year	2020-21	2019-20
Production	15.39	20.99
Sales	18.91	22.02

The total turnover of the Company for the year 2020-21 stands at Rs. 23.46 Crore as against Rs.26.13 Crore during 2019-20. The Profit Before Tax during the year 2020-21 is Rs. 31.58 Crore as against Rs.28.04 Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs. 176.59 Crore. Revenue from the operations reported as Rs. 203.89 Crore for the year 2020-21 against Rs. 260.30 Crore of previous year. HMT Group has incurred a loss of Rs. 110.03 Crore in the current year against a profit of Rs. 147.31 Crore during the previous year.

### FUTURE OUTLOOK

#### Dairy Processing Equipment Market

The growth of food processing industry is fuelling the demand for equipment for the sector. The Indian food processing market has the presence of most of the global equipment manufacturing companies. The market has a promising growth potential due to several factors, including the rising production and consumption of milk and other dairy products along with increased automation in dairy product manufacturing.

Dairy processing equipment performs various operations in modern dairy farms. Some of these operations include storing, filtering, pasteurizing, and homogenizing raw milk. Dairy processing equipment can also conduct a wide range of dairy-related processes ranging from chilling raw milk, cream separation, and packaging to producing processed beverages, cultured products, concentrates and powders. In recent years, the demand for dairy processing equipment has increased, as it helps in reducing manual labour, lowering the processing time and improving the overall plant efficiency.

India has been the leading producer and consumer of dairy products worldwide since 1998 with a sustained growth in the availability of milk and milk products. Dairy activities form an essential part of the rural Indian economy, serving as an important source of employment and income. India also has the largest bovine population in the world. However, the milk production per animal is significantly low as compared to the other major dairy producers. Moreover, nearly all of the dairy produce in India is consumed domestically, with the majority of it being sold as fluid milk. Therefore, the Indian dairy industry holds tremendous potential for value-addition and overall development. According to the latest report by IMARC Group, titled “Dairy Industry in India 2021 Edition: Market Size, Growth, Prices, Segments, Cooperatives, Private Dairies, Procurement and Distribution”, the dairy market in India reached a value of INR 11,357 Billion in 2020.

Along with offering profitable business opportunities, the dairy industry in India serves as a tool of socio-economic development. Keeping this in view, the Government of India has introduced various schemes and initiatives aimed at the development of the dairy sector in the country. Further, the Indian dairy market is expected to exhibit strong growth during the next five years. Our Company is exploring all opportunities to tap the potential.

### **Machine Tools Market**

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sectors and represents 63% of the overall foreign collaborations. India’s engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India’s economy.

The machine tool market in India has the potential to grow by USD 1.9 billion during 2020-2024, and the market’s growth momentum will accelerate at a CAGR of 12.78%.

The production of machine tools has been influenced by their demand across the automotive, industrial, and transportation machinery. Moreover, suppliers are focusing on the digital transformation of the machinery, owing to the shift of the era from conventional to CNC machines & further to multitasking machine. This transformation is the result of the demand for high productivity, high quality, and reduced cycle time across the end-user industry with Industry 4.0 implementation along with robotics and automation.

The machine tool industry now needs to intensify its R&D initiatives and manufacture products that user industries are looking for and which can also be sold globally. Vibrant manufacturing is vital for the country’s growth and the measures announced in the economic package will provide much-needed liquidity for industries, promote local manufacturing, spur demand and help them steer away from uncertainties.

Development and proliferation of automation, robotics, artificial intelligence, machine learning and control solutions are presenting significant opportunities for the manufacturing industry.

While government is stressing on a self-reliant India, machine tool industry needs to continue working with new and emerging sectors such as healthcare and medical equipment, infrastructure, aerospace, defence, food processing, agricultural machinery and equipment, textile machinery, railways, power, electronics, and others.

Some of the major projects supported by the Government of India, to create investment opportunities in Indian machine tools sector are as follows:

- ‘Make in India’ is a programme designed by the Government of India to facilitate investment, foster innovation, enhance skill development, protect intellectual property and improve the manufacturing infrastructure in the country. One of the primary objectives of this initiative is to attract investments from around the world and strengthen India’s manufacturing sector. It will directly impact the machine tools industry as the

industry is at the core of manufacturing. India's vision to emerge as a global manufacturing hub is closely linked to its capability in machine tools. The machine tool industry will play a significant role in making the 'Make in India' initiative successful. The government is also planning large projects to enhance the infrastructure in tier 2 cities, that will directly involve the metal forming segment of the machine tool industry. Under the 'Make in India' initiative, the Government of India aims to increase the share of manufacturing sector to 25% by 2022 and create 100 Mn new jobs by 2022.

- The machine tools sector is included in the National Capital Goods Policy that aims at making the Indian capital goods sector competitive globally. The policy will consider the major capital goods sub-sectors such as machine tools, textile machinery, earthmoving and mining machinery, heavy electrical equipment, plastic machinery, process plant equipment, dies, moulds and press tools, printing and packaging machinery and food processing machinery as priority sectors to be developed under the 'Make in India' initiative.
- Mini Tool Room and Training Centre Scheme Government of India has planned to assist the state governments to set up 'Mini Tool Room' and training centres to meet the growing demand of machine tools and dies in the country, especially in the MSME sector.

## **IMPACT OF COVID-19 ON HMT LIMITED & SUBSIDIARIES**

HMT being a manufacturer of Capital Goods, the impact of COVID 19 has been considerable. The impact is on three fronts

### **Domestic Demand**

User sectors of HMT Products deferred their investments based on the economic situation. This had an impact on the performance of the Company.

### **Issues with Imports**

The machines manufactured by the Company have an imported content of around 40% by value. For items like

CNC Controllers and Drives, Spindle Bearings, Linear Motion Guides etc., there are no domestic manufacturers and have to depend on imports. The manufacturers are also facing similar problems due to the pandemic in their countries. The schedules for receipt of items have got postponed which in turn has affected the sales performance of the Company.

### **International Projects**

HMT (International) has secured orders for international projects some of which are in the final stages. Due to the restrictions on international travel, HMT was not able to depute their personnel for completion. Further, in some cases, customer's representatives are to visit our units for training /pre dispatch inspection which also did not happen due to ban on international travel.

### **SHARE CAPITAL**

The Authorized Equity Share Capital of the Company is Rs.1230 Crore and paid-up equity Share Capital is Rs. 355.60 Crore (355601640 equity shares of Rs. 10/- each fully paid up).

### **FIXED DEPOSITS**

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

### **DIVIDEND**

In view of the operating conditions of the Company, the Board has decided not to propose any dividend to the shareholders

### **DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the Financial year 2020-21, the Company has not received any complaints of Sexual Harassment and no cases are pending.

### **FRAUD REPORTING**

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board level CSR Committee was constituted on 12th August, 2019. The composition of the CSR Committee is provided in the Corporate Governance Report. The CSR policy is placed on the website of the Company <https://www.hmtindia.com/policies/>.

The average net profits of the Company during the three immediately preceding financial years is Rs.760 Lakhs, as such, the Company is required to spend at least two per cent of Rs.760 Lakhs, i.e., Rs.15.2 Lakhs on CSR activities during the FY2020-21 as per the provisions of section 135 (5) of the Companies Act, 2013.

The CSR activities undertaken by the Company during the Financial Year 2020-21 is provided as **Annexure-1** in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments.

## ENTERPRISE RISK MANAGEMENT

In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated a "Risk Management Policy" which is placed on the Company's website <https://www.hmtindia.com/policies/>.

Subsequent to the FY2020-21, the Board of Directors of the Company has constituted the Risk Management Committee of the Board on 12.07.2021 in line with the SEBI (LODR) Regulations, 2015.

## PARTICULARS OF EMPLOYEES

No employees of the Company received remuneration in excess of the limits prescribed under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year 2020-21.

## SUBSIDIARY COMPANIES

### HMT Machine Tools Limited

The Subsidiary achieved Sales of Rs. 166.19 Crore against Rs. 176.23 Crore and attained Production of Rs. 161.20 Crore as against Rs. 213.42 Crore, in the previous year. Net loss reported is Rs. 132.79 Crore

during the year 2020-21 against reported loss of Rs. 98.72 Crore in previous year.

### HMT (International) Limited

The Subsidiary achieved a turnover of Rs. 19.83 Crore during the year 2020-21 as against Rs. 67.15 Crore recorded in the previous year 2019-20. Continuing the trend of achieving profits, Subsidiary reported Profit Before Tax (PBT) of Rs. 1.20 Crore against Rs. 3.88 Crore reported in previous year.

## SUBSIDIARIES UNDER CLOSURE

As per the CCEA decision, the operations of the subsidiaries namely HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd have been closed. There has been no production during the year. Revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year Profit after Tax reported by HMT Watches Limited is Rs.2.70 Crore. HMT Bearings Limited (upto 16-12-2020) and HMT Chinar Watches Ltd (upto 6-8-2020) have incurred a net loss of Rs. 0.08 Crore and Rs 0.11 Crore respectively during the year.

HMT Chinar Watches Limited, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019, under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Audited Financials as at August 6, 2020 along with the petition has been submitted before Hon'ble National Company Law Tribunal, Chandigarh on August 26, 2020 for dissolution of M/s. HMT Chinar Watches Limited in terms of section 59 of the Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulation, 2017 and waiting further directions from Hon'ble NCLT.

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

dated 16.12.2020 allowed petition and passed order for winding up of HMT Bearings Limited and also appointed Shri. Sai Ramesh Kanuparthi, Insolvency Professional (IP), from Hyderabad to act as Company Liquidator for the purpose. The Insolvency Professional has initiated the winding up proceeding.

## **ASSOCIATE /JOINT VENTURE COMPANY**

### **SUDMO-HMT Process Engineers (India) Ltd.**

This Joint Venture Company could not transact any business during the year under review. For the financial year 2020-21, this Company incurred Net Loss of Rs. 0.06 Lakhs.

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

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

Salient features of the financial statement of subsidiaries/ associate companies/joint ventures are provided in Form AOC-1 as **Annexure -2**.

## **INDIAN ACCOUNTING STANDARDS**

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

## **REDUCTION IN SHARE CAPITAL**

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share

Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA

## **CONSOLIDATED FINANCIAL STATEMENTS**

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2020-21, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

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

## **HUMAN CAPITAL**

Information in accordance with the Companies Act, 2013 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2020-21.

The employee strength of the Company (HMT Limited) as on March 31, 2021, stood at 80 Nos.comprising of various categories of employees in manufacturing plants and other offices.

The number of employees on the rolls of the Company as on March 31, 2021, in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	14
Scheduled Tribes	02
Other Backward Classes	15
Ex-Servicemen	01
Persons with Disabilities	02
Women employees	16
Minorities	05

## INDUSTRIAL RELATIONS

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

## IMPLEMENTATION OF OFFICIAL LANGUAGE

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

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of September 2020. Various competitions in Hindi such as Chitrakatha, Impromptu Speech, Official Language Quiz, Hindi Song Competition were organized during Hindi Fortnight and participants were awarded prizes during the grand Hindi Day celebration in the Company. A workshop was also organized during the above period for Hindi Typing. The Hindi Word of the day is displayed in prominent place in the Company and Hindi Newspapers are being procured on daily basis to propagate the usage of official Language among employees. The Officers/ employees of the Company regularly take part in the meetings/ programs, Online webinars, Hindi Month Celebration of the Town Official Language Implementation Committee (TOLIC). The Company regularly take part in the meetings, Workshop, Online webinars organized by Town Official Language Implementation Committee (TOLIC). The Employees of the Company participated

in the Joint Hindi Month Celebrated of TOLIC during August 2020 and also contributed by their Poem, Article in the Deepika Hindi Magazine Published by the TOLIC (Undertaking) Bengaluru.

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

## VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the government of India heads the corporate vigilance Department of the company. Presently the post of Chief Vigilance Officer is vacant and Department of Heavy Industry vide its order No. 5(47)/2010-P.E.X dated 06.12.2019 has assigned the charge of CVO, HMT Limited to Shri Vidya Bhushan Kumar, CVO, BEML, Bangalore. The term of current CVO got expired on December 11, 2020.

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

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

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

Violations of rules and procedures observed during the inspection of files by CVO/DCVO/Unit VOs were recorded and depending upon the seriousness of the deviations further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection; in the quarterly Vigilance Workshop and advice the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedures and all norms of transparency in tendering process. Some of the systems put in place by the company are:

1. Open tenders and high value limited tenders are uploaded in www.eprocure.gov.in.
2. Publishing details regarding all purchase orders / contracts concluded during the month and above the threshold value (presently Rs 5.00 lakhs). This is generally implemented by all units.
3. Application form for vendor registration along with list of items required by different Units of HMT Limited and Subsidiaries are made available on Company Website so as to enable the interested vendors to download the application form and submit the same to the Unit of their choice.
4. Registered with 'Treds' (Trade Receivables Discounting Systems) for better MSME payment process.
5. Initiative of tech platform to enhance technical expertise and capability through exchange of knowledge, experience for overall techno economic propose.
6. Efforts are being made to adopt E- Procurement process of procurement.
7. Emphasis is made towards adopting E payment mode for release of payment to suppliers and contractors. Necessary direction is issued to achieve compliance level of 80%. Presently in many units the compliance level is more than 40%.
8. Management is being persuaded to adopt integrity Pact. The matter was taken up in the 326<sup>th</sup> meeting of Board of Directors of HMTL held on 8.6.2017 and the decision of the board was **“Adoption of Integrity pact in HMT Limited and subsidiary companies and authorized the chairman and managing Director of the company to decide the basis for adoption of integrity pact and to do necessary acts and things as may be required for implementation of integrity pact and to inform the Board”**

9. Recommended on Allotment of township quarters to be made online and implementation is in progress.
10. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders.
11. Efforts are made for effective implementation and usage of 'GEM' by Training and Awareness to the departments.
12. Awareness initiatives on Vigilance to fight corruption in the organization have been uncalculated efficiently.
13. Vigilance Awareness Week 2020 with the theme “Vigilant India, Prosperous India (Satark Bharat, Samridh Bharat)” was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

The number of inspections including surprise inspections carried out by CVC and Unit Vigilance Officers along with the number of property returns scrutinized between April 2020 to March 2021 is tabulated below: -

<b>Inspection</b>	<b>Total carried out between April 2020-March 2021 (by Unit Vigilance Officers)</b>
Periodic Inspection of Purchase Files	1348
Surprise Inspection	298
Scrutiny of Annual Property Returns	577

**MANAGEMENT DISCUSSION AND ANALYSIS**

A Report on Management Discussion and Analysis is appended to this Report separately as **Annexure-3**.

**CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, a Report on the Corporate Governance is appended as **Annexure-4** to this Report along with the Compliance Certificate from the Auditor as **Annexure-5**.

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of Particulars) Rules, 1988 are appended as **Annexure-6**

## 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 profit and loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- Since the overall performance of the Company is evaluated against the annual MoU targets set

by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

## EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2021 on its website at <https://www.hmtindia.com/annual-general-meeting/>. By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (Form MGT-9) as part of the Board's report.

## AUDITORS

M/s. S.S.B & Associates, Chartered Accountant, Bengaluru were appointed as Statutory Auditors of the Company for the year 2020-21 by the Comptroller & Auditor General of India. M/s. Modi & Agrawal, Chartered Accountant, was also appointed as Branch Auditor for the Food Processing Machinery Division, Aurangabad of the Company.

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

## SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act 2013 and rules made thereunder, the Company has appointed M/s.S.Kedarnath & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2020-21. The report of the Secretarial Auditor is appended as **Annexure-8** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Director's report as **Annexure-9**.

## BUSINESS RESPONSIBILITY REPORT

The Company's Business Responsibility Report for the year 2020-21 is appended as **Annexure-10** to this report.

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

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

Shri. Amit Varadan, Joint Secretary, Ministry of Heavy Industries was appointed as Part time Official Director on the Board of HMT Limited with effect from 1<sup>st</sup> September 2020 until further orders vice Shri. Pravin Agrawal, Joint Secretary.

Ms. Sujata Sharma, Sr. Economic Adviser, Ministry of Heavy Industries was appointed as Part time Official Director on the Board of HMT Limited with effect from 30th September 2020, until further orders vice Shri. Amit Varadan, Joint Secretary.

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

Subsequent to the financial year, Shri. Jeetendra Singh, Joint Secretary, Ministry of Heavy Industries was appointed as Part time Official Director on the Board of HMT Limited with effect from 18th June 2021, until further orders vice Smt. Sujata Sharma, Sr. Economic Adviser, Ministry of Heavy Industries.

Shri. S. Girish Kumar ceases to be Chairman & Managing Director of the Company upon attaining the age of superannuation w.e.f. 31.07.2021. Shri. S. Girish Kumar, Chairman & Managing Director of the Company was holding the Additional Charge of the post of Director (Finance), HMT Limited upto 31.07.2021.

Ministry of Heavy Industries vide its order dated 30th July, 2021 has conveyed the approval of the Competent Authority for entrusting the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. A.K. Jain, Executive Director, Bharat Heavy Electricals Limited, Electronic Division, Bengaluru for a

period of six months w.e.f. 01.08.2021 to 31.01.2022, or until further order, whichever is earlier.

Shri Jeetendra Singh (DIN:09207792) and Shri. A.K.Jain (DIN: 09262984) are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

Shri. Shashank Priya, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment.

Shri. S Girish Kumar, Chairman and Managing Director, Ms. Kamna Mehta, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2021.

## DECLARATION FROM INDEPENDENT DIRECTOR

As per section 149(7) of the Companies Act, 2013, During the FY2020-21, the Company has received declaration from Smt. Neera Tomar, Shri. R.Vishweshwar Bhat & Shri. Ramji Lal, Independent Directors of the Company. Independent Directors of the Company have registered themselves with Independent Directors databank in compliance with Companies (Creation and Maintenance of database of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

## CODE OF CONDUCT

A declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2021 is appended to this report as **Annexure-11**.

## INTERNAL FINANCIAL CONTROLS

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

## EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31<sup>st</sup> March 2021 and date of signing of this Report.

## RELATED PARTY TRANSACTIONS

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

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

## PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

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

## DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

There are no instances of one-time settlement during the financial year 2020-21.

Place: Bengaluru  
Date: 04.10.2021

## STATUS ON COMPLIANCE WITH THE INSOLVENCY & BANKRUPTCY CODE, 2016

There are no applications made or any proceeding pending against the Company under Insolvency & Bankruptcy Code, 2016 (31 of 2016) during the financial year 2020-21.

## OTHER DISCLOSURES

The Register of Members and Share Transfer records both in respect of the shares held in physical and depository form are maintained by M/s. KFin Technologies Pvt. Ltd, the Registrars & Share Transfer Agents of the Company.

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

As on 31<sup>st</sup> March 2021, no amount is required to be transferred to Investor Education and Protection Fund (IEPF).

## ACKNOWLEDGEMENTS

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

Your Directors would also like to take this opportunity to express their appreciation for the hard work and sincere contributions and commitment of all the HMT employees and look forward to their continued services in pursuit of building a world class HMT.

For and on behalf of the Board of Directors

**(A.K. Jain)**  
Chairman & Managing Director  
(Addl. Charge)

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief Outline on CSR Policy of the Company:

**CSR Vision:** To contribute the sustainable development and inclusive growth while taking care of People, Planet and organizational goals / growth.

**CSR Mission :**

- a) To become socially responsible corporate entity committed to improving the quality of life of the society at large.
- b) To create and develop facilities for the communities we engage with.
- c) To balance economic, environmental and welfare development objectives through collective and unified effort of all stakeholders.

**Objective:** The policy is framed with the objective(s) stated herein below:

- a) To provide framework for carrying out the CSR projects or programs or activities including the modalities of execution and transparent monitoring mechanism for its implementation undertaken by the Company which is within the scope of the Companies Act 2013 and the rules made therein; the DPE Guidelines, as amended from time to time;
- b) To create awareness on CSR practices across all the levels in the Company, operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- c) Through its CSR Initiatives, generate community goodwill and help reinforce a

positive & socially responsible image for HMT.

### Main Features of the Policy

- a) This policy broadly covers all relevant clause(s)/ sections of the Companies Act, 2013, the Companies Amendment Rules, 2014 and the DPE Guidelines.
- b) This Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company.
- c) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- d) The CSR and Sustainability budget expenditure shall be fixed in accordance with the provisions of the Act, Rules and the Guidelines.
- e) The Company will endeavor at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization.
- f) Execution of CSR projects can be taken up generally by in-house teams or through suitable partnerships with State Governments, PSUs, NGOs, Private Companies. As far as possible, HMT's manpower should be committed only for monitoring and supervision.
- g) To assist and take up CSR activities forward, the Corporate CSR Committee & Unit CSR Committee (on need basis) has been constituted.

**2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	S. Girish Kumar	Chairman / Chairman & Managing Director	2	2
2	Neera Tomar	Member / Independent Director	2	2
3	Ramji Lal	Member / Independent Director	2	2

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

**Committee Composition:** <https://www.hmtindia.com/investor-relation/share-holder-information/>

**CSR Policy:** <https://www.hmtindia.com/policies/>

**CSR Projects:** <https://www.hmtindia.com/investor-relation/share-holder-information/>

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable**

Not applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
	-	NIL	NIL

**6. Average net profit of the company as per section 135(5) : Rs.760 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5) : Rs.15.20 Lakhs  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL  
 (c) Amount required to be set off for the financial year, if any : NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c) : Rs.15.20 Lakhs
8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (In Rs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5.50 lakhs	9.70 lakhs	30.04.2021	NIL	NIL	-

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1) Sl No	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project.		(6) Project duration	(7) Amount allocated for the project (in Rs.)	(8) Amount spent in the current financial Year (in Rs.)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	(10) Mode of Implementation-Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1	Setting up of "Mini Science Centre" at Government School / Promoting Nutrition & Health care	Item No. ii (Education) / Item No. i (HealthCare)	No	Karnataka	Yadgir	Completion by Feb, 2022	15.20 lakhs	5.50 lakhs	9.70 Lakhs	No	Deputy Commissioner Yadgir, Karnataka	-

**(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL**

(1) Sl. No	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
-	-	-	-	-	-	-	-	-	-

**(d) Amount spent in Administrative Overheads: NIL**
**(e) Amount spent on Impact Assessment, if applicable: Not Applicable**
**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 5.5 Lakhs**
**(g) Excess amount for set off, if any**

Sl. No.	Particular	Amount (In Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	15.20 Lakhs
(ii)	Total amount spent for the Financial Year	5.50 lakhs
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	NIL

**9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (In Rs.)	Amount spent in the reporting Financial Year (In Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
-	-	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year(asset-wise details)

- (a) Date of creation or acquisition of the capital asset(s): NIL
- (b) Amount of CSR spent for creation or acquisition of capital asset: NIL
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5)

In view of lockdown due to Covid-19 pandemic, identification/Implementation of CSR projects was delayed.

**A.K. Jain**  
 {Chairman & Managing Director (Addl. Charge)}  
 &  
 (Chairman, CSR Committee)

Date: 04.10.2021

**Form AOC-1**

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

**Part "A": Subsidiaries**

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

Sl. No.	Particulars	Details				
		01	02	03	04	05
	Name of the subsidiary	HMT Machine Tools Limited	HMT (International) Limited	HMT Watches Limited	*HMT Chinar Watches Limited (Under Liquidation)	**HMT Bearings Limited (Under Liquidation)
1.	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999	04-09-2000	21-08-1980
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA
4.	Share capital	27659.91	72.00	649.01	-	3770.91
5.	Reserves & surplus (Accumulated Losses)	(181642.74)#	3645.18	(268981.92)	(59703.21)	(7925.54)
6.	Total assets	43478.26	5929.12	3986.27	-	1888.75
7.	Total Liabilities	197461.09	2211.94	272319.19	59703.21	6043.38
8.	Investments	-	-	-	-	-
9.	Turnover	16618.81	1983.48	-	-	-
10.	Profit before taxation	(13279.05)	120.26	269.91	(4.75)	(7.81)
11.	Provision for taxation	-	23.32	-	6.25	-
12.	Profit after taxation	(13279.05)	96.94	269.91	(11.00)	(7.81)
13.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
14.	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.36%
15.	Proposed Dividend					
16.	Extent of shareholding (in percentage)					

1. Names of subsidiaries which are yet to commence operations - NIL

2. Names of subsidiaries which have been liquidated or sold during the year- NIL

# Includes Capital Reserve of Rs.2270.82 Lakhs

\* Financials statements prepared upto 6.8.2020. The petition has been submitted before Hon'ble NCLT, Chandigarh for dissolution of M/s. HMT Chinar Watches Limited and waiting further directions from NCLT.

\*\* Financials statements prepared upto 16.12.2020.

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

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

(Rs in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd. (Name of Associate)	SUDMO-HMT Process Engineers (India) Ltd. (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2018	31.03.2021
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	05-09-1994
3	Shares of Associate held by the company on the year end		
	Nos.	2084050 of Rs. 1/- each	150000 of Rs. 10/- each
	Amount of Investment in Associates / Joint Venture	20.84	15.00
	Extent of Holding %	39.86%	50%
4	Description of how there is significant influence	Investment in the equity to the extent of 39.86% paid up capital	Investment in the equity to the extent of 50% paid up capital
5	Reason why the associate / joint venture is not Consolidated	Accounts of GSMTC are not yet finalized	N.A
6	Networth attributable to Shareholding as per latest audited Balance Sheet	Accounts of GSMTC are not yet finalized	19.86
7	Profit / Loss for the year		
	i. Considered in Consolidation	NIL	(0.03)
	ii. Not Considered in Consolidation	Accounts of GSMTC are not yet finalized	N.A

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

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

### OUTLOOK: Growing demand for dairy-based products

The market is witnessing growth due to the growing demand for dairy products due to the health and nutritional benefits they offer. As a result, dairy processing companies are now focusing on low-fat, organic, and nutrient-fortified dairy products, which require highly advanced dairy processing machinery. According to the dairy index from Tetra Pak Global, consumption of products such as milk, cheese, and butter is expected to rise by 36% from 2014 to 2024, reaching in excess of 710.0 million tons of liquid milk equivalent by 2024. The rising demand for dairy products is majorly seen in emerging economies such as India, China, and South American countries. This demand is fuelled by population growth, rapid urbanization, increased disposable income, and the emergence & modernization of cold chain facilities such as refrigerated transport & storage.

The increasing demand for dairy products in the global market has led to an increase in international trade of dairy products, thereby fuelling the market for processing equipment. With the rising health awareness among consumers about the benefits of dairy products, processed dairy products are gaining attention in international markets.

### OPPORTUNITIES: After - sales services to enhance operational efficiency

Dairy processors demand after-sales services to enhance operational efficiencies: Dairy processing equipment requires a high degree of maintenance and services, which may arise during installation and/or after sales. Dairy processing equipment manufacturers can extend their services beyond installation and provide after-sales services such as annual maintenance contracts.

After-sales services enhance the relationship of dairy equipment manufacturers with dairy processors through better services. The leading services that dairy processors need from dairy processing equipment manufacturers to contribute to their operational efficiencies include operator training, preventive maintenance by knowledgeable technicians, factory acceptance testing (FAT), and timely service. This would help the dairy equipment manufacturers to understand their machinery and increase machine performance. Due to a persistent shortage of skilled labour, dairy processors are looking for a higher level of operator training services from dairy equipment manufacturers. This partnership would allow the company to have access to the component, spare parts, support, and management services for the company's customers in the dairy, food & beverage, and pharmaceutical sectors.

Dairy equipment manufacturers can take this as an opportunity to develop services such as scheduling preventive maintenance, notifying machine operators about when the maintenance will be performed, pinpoint a machine failure occurrence, and complete repairs faster for smoother operations. The services provided by dairy equipment manufacturers must follow government regulations and safety laws imposed upon dairy processors.

### THREAT: High capital investment

Dairy processing manufacturers require high capital investments to install various types of processing

equipment. This installation incurs not only high costs but also requires timely maintenance, which acts as a cost addition that affects the operating margins of dairy processors. Moreover, high capital investment affects the product cost steadily, and this is not preferred by dairy product manufacturers.

In addition to this, membrane filtration, which is a widely used technology in dairy processing for the isolation of proteins and other ingredients from the milk, usually incurs a high setup cost. In developing countries where membrane filtration technology does not have full penetration yet, the high cost of membrane filtration technology acts as a prominent obstacle for market growth.

### RISK AND CONCERNS

Gaps in the supply chain are perhaps the biggest challenge faced by this industry. Preprocessing losses occur due to lack of awareness and a dearth of storage and pack-house facilities close to the production vicinity. The shortage of refrigerated vehicles is reflected through losses occurring at the transport stage. The launch of the Pradhan Mantri Kisan Sampada Yojana is aimed at bridging the infrastructure gap. In fact, 100% foreign direct investment in food processing units has been allowed.

The rising cost of power and energy required for the operation of processing equipment is a key restraint for the dairy processing equipment market. The dairy industry is growing at a considerable rate and has bright prospects. The dairy processing industry requires a large amount of energy for running the plants as well as for refrigeration, lighting, and other mechanical processes. Thermal energy is required for processes such as pasteurization and evaporation in dairy processing. Pasteurization consumes a large amount of energy, in the form of electricity and other fuels, as compared to other processing equipment.

There are many opportunities for dairy processors to reduce their electrical energy consumption. Dairy processing plants can become more energy-efficient by upgrading their older equipment, installing new technologies, and changing management practices. An energy audit can be a valuable tool for a dairy processor

who is trying to understand how energy is currently being used in farms and to identify cost-saving opportunities.

The high cost of running processing equipment and the scarcity of non-renewable energy sources is dissuading small dairy processors from installing these processing systems. Hence, this stands as a major restraint for the market growth of dairy processing equipment.

### SEGMENT WISE / PRODUCT WISE PERFORMANCE

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

### RESEARCH & DEVELOPMENT

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

- Development of new product:
  - a. Hydraulic Homogeniser of cap. 5000 lph,
  - b. Crate Washer of cap. 800 crates/hr &
  - c. Small capacity homogenizer, cap. 200 lph
- R&D Expenditure during 2020-21 stands at Rs. 5 lakhs

### FINANCIAL PERFORMANCE

The turnover of the Company for the year 2020-21 was Rs 23.46 Crore with net profit of Rs.27.49 Crore.

Sales decreased from Rs.22.02 Crore of previous year to Rs.18.91 Crore during current year i.e., decrease of 14.12% in respect of Food Processing Machinery Division, Aurangabad.

The total borrowing by the Company as on 31.3.2021 was Rs.641.72 Crore of Government of India Loan.

**RATIO ANALYSIS**

	<b>2019-20</b>	<b>2020-21</b>
Debtors Turnover	46 days	70 days
Inventory Turnover	116 days	159 days
Interest Coverage Ratio	1179.37	373.83
Net Profit Margin (%)	950%	117.18%
Return on Net Worth	68.75%	7.10%

Debtor Turnover (in days) has increased due to reduction in Turnover on account of pandemic situation.

Inventory Turnover (in days) has increased due to increase in inventory holding which would be utilized next year.

EBIT has increased while there is negligible Interest during the year, hence there is reduction in interest coverage ratio.

Net profit decreased as there is no exceptional income during the year as in the previous year. However, the net profit excluding exceptional items is increased.

**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 and Corporate Governance.

- Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized, recorded and reported correctly.
- Process for formulating and reviewing annual and long term business plans have been laid down.
- Detailed Annual budget giving further break up of monthly targets under various heads.
- Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- Compliance with laws and regulations.

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

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

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

The Audit Committee also meets the Company's statutory Auditors to ascertain, inter-alia, their views on the adequacy of internal control system in the Company and keeps the Board of Directors informed of its major observations from time to time.

**HUMAN RESOURCES**

As on 31.03.2021, the Company and its Subsidiaries had a total workforce of 991 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below.

<b>SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.03.2021</b>									
SI No	Subsidiary	IP as on 31.03.2021	Engineering Graduates	Diploma Holders	Professionals		ITI/ NAC	General Graduates/ Post Graduates	Others
					HR	Finance			
1	HMT Limited	80	13	6	6	6	23	14	12
2	HMT Machine Tools Ltd	889	171	148	11	13	342	43	161
3	HMT Watches Ltd	-	-	-	-	-	-	-	-
4	HMT Chinar Watches Ltd	-	-	-	-	-	-	-	-
5	HMT Bearings Ltd	-	-	-	-	-	-	-	-
6	HMT (International) Ltd	22	11	1	1	6	-	3	-
	<b>Total</b>	<b>991</b>	<b>195</b>	<b>155</b>	<b>18</b>	<b>25</b>	<b>365</b>	<b>60</b>	<b>173</b>

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

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

Sl. No	Organisation	No. of employees opted for VRS				
		2017-18	2018-19	2019-20	2020-21	Total
1	HMT Limited	-	-	-	-	-
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	-	-	-	-	-
4	HMT Chinar Watches Ltd.	-	-	-	-	-
5	HMT Bearings Ltd.	-	-	-	-	-
6	HMT (International) Ltd.	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**\* 150 Nos. of Workmen of HMT Limited, Tractor division of Pinjore, were retrenched on 24.01.2018.**

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

## **PERSONNEL AND INDUSTRIAL RELATIONS**

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

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**ANNEXURE- 4**
**REPORT ON CORPORATE GOVERNANCE**
**I COMPANY'S PHILOSOPHY**

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

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

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

**II BOARD OF DIRECTORS**

As on March 31, 2021, the Board of Directors comprised of Chairman & Managing Director, Three Non-Official Independent Director and Two part-time Official Directors.

As on 31st March, 2021, the Board of Directors comprise of requisite number of Independent Directors as per the SEBI (LODR) Regulations, 2015. The day-to-day management of the Company is conducted by the Chairman & Managing Director and under the supervision and control of the Board of Directors.

During the year 2020-21, Four (4) Board Meetings were held on July 29, September 14, November 13 in the calendar year 2020 and February 10 in the calendar year 2021.

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

Name	Category	Meetings held during respective tenure of Directors	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
			Board Meetings	AGM/ EGM	Directorship	# Committee	
						Membership	Chairmanship
S.Girish Kumar (DIN: 03385073)	C & MD	4	4	Yes	8	1	-
Shashank Priya (DIN: 08538400)	NENI	4	4	-	12	6	2
Pravin Agrawal (DIN: 05277383) (upto 01.09.2020)	NENI	1	-	-	4	-	-
Amit Varadan (DIN: 08401348) (w.e.f. 01.09.2020) (upto 30.09.2020)	NENI	1	1	-	-	-	-
Sujata Sharma (DIN: 08863845) (w.e.f. 30.09.2020)	NENI	2	1	-	5	-	-
Neera Tomar (DIN: 08401336)	NEI	4	4	Yes	-	-	-
R.Vishweshwar Bhat (DIN: 07271510)	NEI	4	4	Yes	1	-	-
Ramji Lal (DIN: 08690278)	NEI	4	4	Yes	-	-	-

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

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

No Director is holding equity shares in the Company as on 31.03.2021. None of the Directors had any relationship inter-se during the year 2020-21.

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

<b>Name of Director</b>	<b>Name of Other Listed Entity where Directorship is held</b>	<b>Category of Directorship</b>
S. Girish Kumar	Hindustan Photo Films MFG Co Limited	NENI
Shashank Priya	MMTC Ltd	NENI
	State Trading Corporation of India Ltd	NENI
	Bharat Heavy Electricals Ltd	NENI
	National Mineral Development Corporation	NENI
	Steel Authority of India Ltd.	NENI
	Kudremukh Iron Ore Company Ltd.	NENI
Sujata Sharma	Hindustan Cables Ltd	NENI

NENI: Non-Executive & Non-Independent

**FAMILIARISATION & TRAINING PROGRAMMES FOR DIRECTORS**

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

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

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

HMT Limited being a Government Company, all the Directors on the Board are selected and appointed by the Government of India as per a well laid down process for each category of Directors. The skills / expertise / competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per its own process. At the time of recruitment of the Functional Directors, job description,

desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates. As such, the Board of HMT by itself does not identify any such core skills or competence required for the job.

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

Shri. A.K.Jain and Shri Jeetendra Singh are proposed for appointment as Directors in terms of Article 67 of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Shri. Shashank Priya, Director will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board recommends the appointment/re-appointment of said Directors.

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

### III COMMITTEES OF THE BOARD

#### A. AUDIT COMMITTEE

As on 31.03.2021, the Audit Committee consists of three Directors i.e., Smt. Neera Tomar, Independent Director as Chairperson, Shri. R.Vishweshwar Bhat, Independent Director and Shri. Ramji Lal, Independent Director as Members in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Audit Committee is an Independent Director. Director (Finance) will be the permanent invitee in the meeting. Company Secretary shall be the Convener to the Committee.

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

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

During the year 2020-21, Four (4) Audit Committee Meetings were held on July 29, September 14, November 13 in the calendar year 2020 and February 10 in the calendar year 2021.

#### DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2020-21

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

<sup>1</sup> Ceased to be Member w.e.f. 01.09.2020

#### B. NOMINATION & REMUNERATION COMMITTEE

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

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

As per SEBI (LODR) Regulation, 2015, the Board of Directors has constituted the Nomination and Remuneration Committee of the Board. As on 31.03.2021, the Nomination and Remuneration Committee consists of Four Directors i.e., Smt. Neera Tomar, Independent Director as Chairperson, Shri. S. Girish Kumar, C&MD, Shri. R. Vishweshwar Bhat, Independent Director and

Shri. Ramji Lal, Independent Director as Members in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Nomination and Remuneration Committee is an Independent Director. Company Secretary shall be the Convener of the Committee.

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

During the year 2020-21, Three (3) Nomination and Remuneration Committee Meetings were held on July 28, September 14 in the calendar year 2020 and February 10 in the calendar year 2021.

Details of attendance of member at the Nomination and Remuneration Committee Meeting held during 2020-21

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Pravin Agrawal <sup>1</sup>	NENI	1	-
Shri. S. Girish Kumar	C & MD	3	3
Smt. Neera Tomar	NEI	3	3
Shri. Ramji Lal	NEI	3	3
Shri. R. Vishweshwar Bhat <sup>2</sup>	NEI	2	2

<sup>1</sup>. Ceased to be Member w.e.f. 01.09.2020. <sup>2</sup>. Appointed as Member w.e.f. 04.09.2020

### Remuneration to Directors

The details of remuneration of whole time Directors are given below

(Amount in Rs.)

Particulars of Remuneration	Shri. S. Girish Kumar
Gross Salary	4506110
Value of perquisites/ Commission/ Stock Option	Nil
Total	4506110

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

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. Apart from receiving sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2020-21.

Details of sitting fees paid to the Independent Directors during the year 2020-21 are given below

(Amount in Rs)

Name	Sitting Fees paid/payable for Board & Committee Meetings
Smt. Neera Tomar	50000
Shri. R. Vishweshwar Bhat	38000
Shri. Ramji Lal	50000

### C. SHAREHOLDER COMMITTEE:

#### (i) Share Transfer Sub-Committee

During the FY2020-21, the Share Transfer Sub-Committee comprises of Shri S.Girish Kumar, Chairman and Managing Director as a single member to look after transfer/transmission of shares issued by the Company, issue of duplicate certificates and certificates after

split/consolidation/renewal apart from confirmation of dematerialization of shares on transfer to a depository. There were no meetings held during the year 2020-21.

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

Shri Kishor Kumar S  
Company Secretary

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

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

As on 31.03.2021, the Committee consists of three Directors i.e. Smt. Neera Tomar, Independent Director as Chairperson, Shri. S. Girish Kumar, C&MD and Shri. Ramji Lal, Independent Director as Members in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015.

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

During the FY 2020-21, One Meeting was held on 28th July, 2020.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING HELD DURING 2020-21**

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

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

During the financial year 2020-21, 4 Complaints were received from Shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - NIL

**D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has constituted the Corporate Social Responsibility Committee (CSR Committee). As on 31.03.2021, CSR Committee consists of Three Directors i.e.,

Shri. S. Girish Kumar, C & MD as Chairman of the Committee, Smt. Neera Tomar, Independent Director and Shri. Ramji Lal, Independent Director as Members of the Committee. Company Secretary is the Convener of the Committee.

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

During the year 2020-21, Two (2) CSR Committee Meeting was held on September 14, 2020 & February 10, 2021.

Details of attendance of member at the CSR Committee Meeting held during 2020-21

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. S. Girish Kumar	C & MD	2	2
Smt. Neera Tomar	NEI	2	2
Shri. Ramji Lal <sup>1</sup>	NEI	2	2
Shri Pravin Agrawal <sup>2</sup>	NENI	0	0

<sup>1</sup> Appointed as Member w.e.f. 04.09.2020.

<sup>2</sup> Ceased to be Member w.e.f. 01.09.2020.

**INDEPENDENT DIRECTORS' MEETING**

During the FY 2020-21, One Independent Directors Meeting was held on 26<sup>th</sup> March, 2021 and all the Independent Directors participated in the meeting. Independent Directors reviewed the action taken on the minutes of the previous meetings on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

#### IV GENERAL BODY MEETINGS

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

Financial year	Date	Time	Venue
2017-2018	28.09.2018	10.30 am	Registered Office at No. 59, Bellary Road, Bengaluru - 560032.
2018-2019	30.09.2019	10.30 am	
2019-2020*	20.11.2020	10.30 am	

\*For the FY 2019-20, Annual General Meeting was held through Video Conferencing. Deemed venue was Registered Office of the Company

#### b) DETAILS OF SPECIAL RESOLUTIONS PASSED IN PREVIOUS THREE AGMs

Following Special Resolution was passed in the 67<sup>th</sup> AGM held on 20.11.2020.

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

#### c) POSTAL BALLOT

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

#### V DISCLOSURES

i) There were no transactions of material nature with its Promoters, the Directors or the Management,

their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.

- ii) We affirm that no personnel are denied to access the audit committee. The personnel are also provided unrestricted access to the senior management in case of any complaints.
- iii) There were some instances of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges. As on 31.03.2021, the company is in compliance with the composition of the Board of Directors as per the requirement of SEBI (LODR) Regulation, 2015.
- iv) Policy for determining ‘material’ subsidiaries & Policy on dealing with related party transactions are placed on the Company’s website [www.hmtindia.com](http://www.hmtindia.com).
- v) Details relating to fees paid to the Statutory Auditors are given in Note 27 to the Standalone Financial Statements and Note 27 to the Consolidated Financial Statements.
- vi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: NIL
- vii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: NIL
- viii) Disclosures with respect to demat suspense account/ unclaimed suspense account: NIL
- ix) A Certificate received from Company Secretary in Practice, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company is attached with this report as **Annexure - 12**
- x) During the year 2020-21, the Board of Directors has accepted all the recommendations of its Committees which were mandatorily required.
- xi) During the Financial year 2020-21, the Company has not received any complaints of Sexual Harassment and no cases are pending.
- xii) Management reply to observations in Corporate Governance certificate:

- i) Administrative Ministry has been requested to appoint one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements.

## VI RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL except for 735920900 equity shares of Rs.10/- each which was allotted to President of India way back in 2014 for which Corporate Action has been already initiated with Stock Exchanges and under process.

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

## VII SUBSIDIARY COMPANIES

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

## VIII MEANS OF COMMUNICATION

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

## IX CEO AND CFO CERTIFICATION

In terms of the SEBI (LODR) Regulation, 2015, the Certification by the CEO (Chairman & Managing Director) and CFO on the Financial Statements and Internal controls relating to financial reporting for the financial year 2020-21 has been obtained and was placed before the Board. (Refer Annexure – 13)

## X. WHISTLE BLOWER POLICY

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

## XI GENERAL SHAREHOLDERS INFORMATION

### i) Annual General Meeting

Date 29<sup>th</sup> October, 2021

Time 10.30 A.M

Venue The Company is conducting meeting through Video Conference/Other Audio-Visual Means (VC / OAVM) pursuant to the MCA Circular dated May 5, 2020 & January 13, 2021 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM

No dividends have been declared

**ii) Financial Calendar**

Financial Year April 01, 2020 to March 31, 2021

**iii) Book Closure**

Please refer to the Notice of the AGM

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

BSE Ltd. **Stock Code:**  
Phiroze Jeejeebhoy Towers 500191  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai – 400 001

National Stock Exchange **Stock Code:**  
of India Ltd. HMT  
“Exchange Plaza”  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051

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

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

**vi) Registrars & Share Transfer Agents**

M/s. KFin Technologies Pvt. Ltd  
Selenium Tower B,  
Plot Nos. 31 & 32, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad - 500032, Telangana

**vii) Share Transfer System**

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

**viii) Non-Mandatory Requirements**

Being a Government Company, the appointment and fixation of terms and conditions of appointment of all Directors are made by the Government of India. As the Company's financial results are displayed on the Website of the Company and published in the Newspapers, they are not separately circulated to all the shareholders. The Company is making endeavors to move towards a regime of unqualified financial statements. The

Company declares that no personnel have been denied the access to Audit Committee.

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

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

**Period: April 2020 to March 2021**

BSE			Market Index (Close)
Month	High Price	Low Price	S&P BSE SENSEX
Apr-20	12.60	8.25	30966.00
May-20	11.55	10.05	31294.24
Jun-20	16.49	10.67	34262.87
Jul-20	20.25	14.35	37030.64
Aug-20	19.10	15.30	38346.58
Sep-20	18.00	14.50	38378.97
Oct-20	15.80	14.00	40115.38
Nov-20	15.40	13.72	43011.38
Dec-20	23.97	14.40	46211.83
Jan-21	28.00	20.10	48580.33
Feb-21	28.40	20.65	50782.81
Mar-21	38.90	25.50	50100.65

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

**Period: Apr 2020 to March 2021**

NSE			Market Index (Close)
Month	High Price	Low Price	NSE NIFTY
Apr-20	12.05	8.35	9063.58
May-20	11.75	10.00	9192.01
Jun-20	16.35	10.75	10116.45
Jul-20	20.25	14.45	10897.69
Aug-20	18.95	15.15	11318.56
Sep-20	18.00	14.20	11336.70
Oct-20	15.95	13.80	11789.70
Nov-20	15.25	14.00	12602.32
Dec-20	23.70	14.55	13550.44
Jan-21	28.00	20.20	14284.60
Feb-21	28.40	20.95	14956.84
Mar-21	39.50	25.15	14835.10

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

The shareholding distribution of Equity shares as of 31.03.2021 is given below:

<b>Distribution of Shareholding as on 31/03/2021 (AMOUNT WISE TOTAL)</b>					
<b>Sl. No</b>	<b>Category (Amount)</b>	<b>No.of Holders</b>	<b>% To Holders</b>	<b>Amount (Rs.)</b>	<b>% To Equity</b>
1	1 - 5000	16385	88.02	20481580.00	0.17
2	5001 - 10000	1186	6.37	10000490.00	0.08
3	10001 - 20000	521	2.80	8026440.00	0.07
4	20001 - 30000	188	1.01	4839940.00	0.04
5	30001 - 40000	77	0.41	2790400.00	0.02
6	40001 - 50000	72	0.39	3400570.00	0.03
7	50001 - 100000	108	0.58	7957620.00	0.07
8	100001 and above	79	0.42	11983419360.00	99.52
	<b>TOTAL:</b>	<b>18616</b>	<b>100.00</b>	<b>12040916400.00</b>	<b>100.00</b>

<b>Distribution of Shareholding as on 31/03/2021 (SHARES WISE TOTAL)</b>					
<b>Sl. No</b>	<b>Category (Shares)</b>	<b>No.of Holders</b>	<b>% To Holders</b>	<b>No.of Shares</b>	<b>% To Equity</b>
1	1 - 5000	18429	99.00	4953942	0.41
2	5001 - 10000	108	0.58	795762	0.06
3	10001 - 20000	39	0.21	554688	0.05
4	20001 - 30000	16	0.08	397108	0.03
5	30001 - 40000	5	0.03	181741	0.02
6	40001 - 50000	2	0.01	90019	0.01
7	50001 - 100000	10	0.05	643528	0.05
8	100001 and above	7	0.04	1196474852	99.37
	<b>TOTAL</b>	<b>18616</b>	<b>100.00</b>	<b>1204091640</b>	<b>100.00</b>

<b>Shareholding Pattern as on 31/03/2021 (TOTAL)</b>				
<b>Sl. No</b>	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	BANKS	1	2015	0.00
2	CLEARING MEMBERS	31	43077	0.00
3	H U F	409	414672	0.03
4	INDIAN MUTUAL FUNDS	10	18900	0.00
5	INSURANCE COMPANIES	1	100	0.00
6	BODIES CORPORATES	174	68542424	5.69
7	MUTUAL FUNDS	1	100	0.00

Sl. No	Description	No. of Cases	Total Shares	% Equity
8	NBFC	1	2750	0.00
9	NON RESIDENT INDIANS	82	54586	0.01
10	NON RESIDENT INDIAN NON REPATRIABLE	62	30646	0.00
11	PROMOTERS	2	1128056626	93.69
12	RESIDENT INDIVIDUALS	17841	6925740	0.58
13	TRUSTS	1	4	0.00
	<b>Total</b>	<b>18616</b>	<b>1204091640</b>	<b>100.00</b>

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

**xi) Dematerialisation of Shares:**

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31st March 2021, the Company's Shares representing 760224891 equity shares were held in dematerialized form and the balance 443866749 shares were in the physical form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE262A01018.

**xii) Plant Locations**

**(1) Food Processing Machinery Division**

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

**(2) Auxiliary Business Division**

Jalahalli, Bengaluru – 560 013

**xiii) Address for correspondence:**

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

For and on behalf of the Board of Directors

Place : Bengaluru  
Date : 04.10.2021

**(A.K.Jain)**  
Chairman & Managing Director  
(Addl. Charge)

## Annexure-5

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****TO THE MEMBERS OF HMT LIMITED**

- 1) We, **SSB & Associates**, Chartered Accountants, the Statutory Auditors of **HMT Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the listing regulations).

**Managements' Responsibility**

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

**Auditors' Responsibility**

- 3) Our responsibility is limited to examining the Procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 4) We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- 5) We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or

Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

**Opinion**

- 7) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management. We certify that the Company has Complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (1) of regulation 46(2) and Para C and D of Schedule-V of the Listing Regulations during the year ended March 31, 2021 subject to:
- i) The company not complying with the provisions of SEBI Regulation 24(1) regarding compliance of at least one independent director of the listed entity as director on the Board of Directors of material subsidiary as defined in explanation to regulation 24(1).
- 8) We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

K Balaji,  
Partner  
Membership No.207783  
UDIN: 21207783AAAAGO3351

Place: Bangalore  
Date : 01.09.2021

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

### A. CONSERVATION OF ENERGY:

#### (i) The steps taken or impact on conservation of energy

- CFL/LED Lamps have been installed in Offices
- Machine Shop now running with 2 shifts instead of 3 shifts without hampering production target. This saved lot of electricity.
- Outer peripheral lighting has been replaced with LED lighting with fixtures.
- Loading of machines are pre-planned. Hence, machine idle time reduced.

#### (ii) Steps taken by the company for utilizing alternate sources of energy

- We have taken decision for installation of Roof type Solar plant as well as
- Solar plant on open space.
- A team of REIL, Jaipur already visited to our plant & taken measurement for roof type solar plant & plant on open space.

#### (iii) The capital investment on energy conservation equipment

- Under initial stage & will be intimated later

### B. TECHNOLOGY ABSORPTION:

#### (i) Efforts made towards technology absorption:

- Based on the Collaboration Agreement Technology for Food Processing Machinery division, various products have been manufactured over the years. The design of the FPA products needs up-gradation since new technology already developed in the market.
- Work on online platform for Estate Management is under progress.

#### (ii) The benefits derived like product improvement, cost reduction, products development or import substitution:

- Developed Hydraulic Homogeniser of cap. 5000 lph, Crate Washer of cap. 800 crates/hr & small capacity homogenizer, cap. 200 lph & due to this our order position have been improved.
- We have changed methods & technology for manufacturing of items due to which production time has reduced & cost of the product is also reduced.

#### (iii) Imported Technology during the last three years reckoned from the beginning of the financial year:

- Not imported any technology during the last three years due to financial constraint.

#### (iv) The expenditure incurred on Research and Development : Rs. 5 Lakhs

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earnings and outgo

- Earnings : Rs 72.72 Lakhs
- Outgo : Rs 8.53 Lakhs

**ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2020-21 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

Audit Observations	Management Reply
<p><b>1. Food Processing Machinery Unit, Aurangabad</b></p> <p>As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification, correctness of rates of stock items could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain any material departure from the Weighted Average Cost Method adopted by the company. Consequently, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p>	<p>The inventory is valued using Weighted average cost method</p> <p>There are some items of stores (Consumables) valued incorrectly due to system error/software drawback. It will be corrected as earliest by installing Tally software during FY 2021-22. Since there is no material impact with the valuation of inventories, Audit may drop the observation.</p>
<p><b>2. Auxiliary Business Division, Bengaluru</b></p> <p>a. The inventory valuation as on 31.03.2021 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.2,69,55,167/-. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2021.</p> <p>b. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified</p>	<p>Tractor Unit, Pinjore has stopped the production in the year 2016-17. In view of closure, the inventory lying in stores were at various stages of usage. Therefore, Unit has got evaluation of inventory done during 2019-20. Since the inventory is of engineering / product nature and not fabricated, there is no necessity of evaluation every year. Hence, valuation was not done in FY 2020-21.</p> <p>Quantum of loss due to Impairment of asset as per IND AS 36 is NIL</p>

Audit Observations	Management Reply
<p><b>3. Corporate Head Office and Company as a whole</b></p> <p>a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.</p> <p>b. The Company has not disclosed as required in Schedule III of Companies Act, 2013 in the following matters:</p> <p>i. Total outstanding dues of Micro and small enterprises on the face of the Balance sheet and</p> <p>ii. Current tax Asset/Liability on the face of the Balance sheet.</p> <p>c. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.</p> <p><i>Indian Accounting Standards</i></p> <p>d. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.</p>	<p>Confirmation for balances under Trade Receivables, Loans &amp; Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Confirmation and reconciliation of balances are obtained from all major parties. Disclosures has been made to this effect in Note no.46</p> <p>I. The Company has made necessary disclosure with respect to Total outstanding dues of Micro and small enterprises on Note No.16, Trade Payables under Notes Forming part of Standalone Financial Statements.</p> <p>II. The Company has disclosed the Net Current Tax Asset after adjustment of tax provision in Note No. 10, Other Current Assets under Notes Forming part of Standalone Financial Statements.</p> <p>Nigeria Machine Tools Ltd is a company incorporated outside India. As HMT Ltd could not retrieve any information from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd, the company believes that it is more appropriate to conclude that the Fair Value of these shares as NIL</p> <p>HMT Limited (Holding Company) has five subsidiary Companies, viz., 1) HMT Machine Tools Limited, 2) HMT Watches Limited, 3) HMT (International) Limited, 4) HMT Bearings Limited and 5) HMT Chinar Watches Limited. The PF Trusts of various Units of the Subsidiary companies are situated in different locations, viz., Bangalore, Pinjore, Hyderabad, Kalamassery, Ajmer &amp; Srinagar. Further, combinations of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust.</p>

Audit Observations	Management Reply
<p>e. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p>	<p>Further, HMT Watch Factory, Ranibagh PF Trust had been taken over by the Office of The Regional Provident Fund Commissioner's w.e.f. 01.09.2010.</p> <p>For implementing Indian Accounting Standard bifurcation of income &amp; expenditure, assets &amp; liabilities of PF Trust is required and since in the PF trust Account, income &amp; expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such, it is very difficult to bifurcate the same. However, all our efforts are being made to compile the required information for the purpose of actuarial valuation</p> <p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there in no ECL during the year.</p>

**FORM No. MR-3****Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March 2021**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
H.M.T. Limited,  
HMT Bhavan, 59 Bellary Road  
Bangalore - 560032

We have conducted the Secretarial Audit of compliances of the applicable statutory provisions and the adherence to good corporate practices by **H.M.T. Limited, having CIN:L29230KA1953GOI000748** (herein after called the company). Secretarial Audit was conducted in a manner that provided us the reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the Financial year ended on 31<sup>st</sup> March 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March 2021, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - c) SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. (LODR Regulations) including the requirements with regard to the disclosure of information on Company's website and other disclosure and reporting requirements to the Stock Exchanges during the Financial Year

There were no occasions during the financial year requiring specific compliance under the provisions of the following Regulations and Guidelines:-

- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended till date;
- e) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, as amended till date;
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended till date;
- g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended till date;
- i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

VI. We further report that based on the information and explanations, and the records maintained and Industrial Specific laws as provided by the Company. the Company has, in our opinion, complied with the provisions of:

### 1. Industry Specific Laws

- a) The Factories Act, 1948
- b) Intellectual Property Laws
- c) Trade Marks Act, 1999
- d) The Patents Act, 1970
- e) Indian Copyright Act, 1957 and Copyright Rules 1957
- f) The Design Act, 2000
- g) Environment (Protection) Act, 1986

### 2. General Laws

- a) Industrial and Labour laws, as applicable to the Company such as:
  - i. Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
  - ii. The Contract Labour (Regulation and Abolition) Act, 1970
  - iii. Payment of Wages Act, 1936
  - iv. Workmen's Compensation Act, 1923.
  - v. The Equal Remuneration Act, 1976
  - vi. Employees Liabilities Act, 1938
  - vii. The Employees Provident Fund and Miscellaneous Act, 1952
  - viii. Fatal Accidents Act, 1855
  - ix. The Building and other Construction Workers Act, 1996
- b) Indian Boilers Act, 1923
- c) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- d) Contracts Act, 1982
- e) Transfer of Property Act, 1882
- f) The RTI Act, 2005
- g) Disaster Management Act, 2005
- h) Legal Metrology Act, 2009.

We have also examined compliance with respect to:

- (i) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and report that the Company has generally complied with the said Standards.
- (ii) The Listing Agreement/s entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited (NSE) and report that the Company has complied with the same.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs except the followings

- 01. The Company has not complied with the requirement that there shall be at least one independent director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations 2015.**
- 02. The Company being a listed company is required to have at least 25% Public Shareholding (Other than Promoter) as per the regulation 38 of Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957. However the public shareholding is 21.38%.**
- 03. Payments delayed beyond 45 days to Small Scale Enterprises coming under Micro, Small and Medium Enterprises Development Act, 2006 in some cases.**

We further report that:

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

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Sub committees of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

We further report that the Company has developed and implemented adequate systems and processes, commensurate with its size and operations, to effectively monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There are also processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company. The Company has generally complied with the requirements of the provisions governing Corporate Social Responsibility

We further report that during the Financial Year there were no significant events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Place: Bengaluru**  
**Date: 17<sup>th</sup> July, 2021**  
**UDIN No. F003031C000649151**

**S.Kedarnath**  
**Company Secretary**  
**(M.No:3031. CP No. : 4422)**

**Note:** This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.

To,  
The Members,  
H.M.T. Limited,  
HMT Bhavan, 59 Bellary Road  
Bangalore - 560032

My report (2020-21) of even date is to be read along with this letter.

1. Secretarial Audit was conducted using Information Technology tools and on a random test check basis which was necessitated in view of the prevailing COVID-19 circumstances and in compliance of directions of the State Government as per Para 3 of the ICSI Guidance dated 4th May 2020.
2. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
5. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**Place: Bengaluru**  
**Date: 17<sup>th</sup> July, 2021**  
**UDIN No. F003031C000649151**

**S.Kedarnath**  
**Company Secretary**  
**(M.No : 3031. CP No. : 4422)**

**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2020-21 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	The Company has not complied with the requirement that there shall be atleast one independent director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations 2015.	Administrative Ministry has been requested to appoint one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements
02	The Company being a listed company is required to have atleast 25% Public Shareholding (Other than Promoter) as per the regulation 38 of Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957. However, the public shareholding is 21.38%.	Administrative Ministry has been appraised of the matter and request is made for compliance of the same
03	Payments delayed beyond 45 days to Small Scale Enterprises coming under Micro, Small and Medium Enterprises Development Act, 2006 in some cases.	An amount of Rs. 6.25 Lakhs is outstanding as on 31.03.2021 against MSME and in some of the cases, payments were delayed beyond 45 days. The same are being cleared in staged manner subsequently. However, out of the above, in respect of Rs. 2.76 Lakhs pertaining to Tractor Division dues shall be cleared on completion of requisite documentation

## BUSINESS RESPONSIBILITY REPORT

### Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L29230KA1953GOI000748
2.	Name of the Company	HMT LIMITED
3.	Registered address	HMT Bhavan, 59 Bellary Road, Bengaluru 560032
4.	Website	<a href="https://www.hmtindia.com">https://www.hmtindia.com</a>
5.	E-mail	<a href="mailto:cosey@hmtindia.com">cosey@hmtindia.com</a>
6.	Financial Year reported	FY2020-21
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Dairy Machinery / Food Processing Industry / Watch Assembly
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers, Watches etc.
9.	Total number of locations where business activity is undertaken by the Company: i. Number of International Locations (Provide details of major 5): ii. Number of National Locations:	i) Number of International Locations: NIL ii) Number of National Locations: 2 (Aurangabad & Bangalore)
10	Markets served by the Company – Local / State / National / International:	National and International (Neighbouring Countries)

### Section B: Financial Details of the Company

1.	Paid up Capital	Rs. 355.60 Crore
2.	Total Turnover	Rs. 23.46 Crore
3.	Total Profit After Taxes	Rs. 26.14 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%)	0.58%
5.	List of activities in which expenditure in 4 above has been incurred	Setting up of “Mini Science Centre” at One Government School in Devathkal village in Yadgir District (Aspirational District identified by NITI Ayog), Karnataka

**Section C: Other Details:**

<b>1. Does the Company have any Subsidiary Company/Companies?</b>
HMT has <b>five</b> Subsidiary Companies of which only two are operational viz. HMT Machine Tools Ltd & HMT (International) Ltd
<b>2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)</b>
Yes–Both
<b>3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]</b>
No. However, the Company takes cognizance of any suggestions / feedback from its stake holders while evolving / updating policies.

**Section D: BR Information**
**1. Details of Director / Directors responsible for BR:**

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

DIN	03385073	09262984
Name	S. Girish Kumar (Upto 31.07.2021)	A.K.Jain (w.e.f. 01.08.2021)
Designation	Chairman & Managing Director	Chairman & Managing Director (Addl. Charge)

b) Details of the BR Head

Sl. No.	Particulars	Details	Details
1.	DIN (if applicable)	03385073	09262984
2.	Name	S. Girish Kumar (Upto 31.07.2021)	A.K. Jain (w.e.f. 01.08.2021)
3	Designation	Chairman & Managing Director	Chairman & Managing Director (Addl. Charge)
4.	Telephone Number	080-23330333	080-23330333
5.	E-mail id	cmd@hmtindia.com	cmd@hmtindia.com

**2. Principle-wise (as per NVGs) BR Policy/policies:**

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

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.

P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

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

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

### 3. Governance related to BR:

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

### Section E: Principle-wise performance:

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

1.	<b>Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?</b>
	Yes, to the Company and its Subsidiaries also
2.	<b>How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.</b>
	Total 4 number of investor complaints has been received by the Company through SEBI SCORES Platform and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority Basis.

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

<p><b>1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</b></p>
<p>The Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers, Watches are all products which are social and environment friendly.</p>
<p><b>2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</b></p> <p>i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?</p> <p>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>
<p>The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.</p>
<p><b>3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?</b></p>
<p>The Company has adopted specific criteria for the selection of vendors to ensure sustainable sourcing which includes vendors having certifications approved by regulatory authorities, ability to provide materials as per specification and other requirements, ability to supply materials as per delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance, a vendor is removed/suspended from approved vendor list based on his average performance over the period of evaluation, vendors list is reviewed and updated once in a year.</p>
<p><b>4. Has the Company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</b></p>
<p>HMT procures goods and services from Micro, Small &amp; Medium Enterprises (MSMEs) and local suppliers in and around manufacturing units &amp; complies with the Public Procurement Policy of the Government in procurement of goods from Micro, Small &amp; Medium Enterprises (MSME). HMT is using GEM portal where Micro, Small &amp; Medium Enterprises (MSME), Local and small producers are registered sellers.</p>
<p><b>5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof.</b></p>
<p>The products of the Company being Diary Machinery works for several years without any need for recycling. The Company has suitable treatment plants for treatment of polluted liquid as per Pollution Control Board specifications before letting out the waste liquid. HMT Units also have sewage treatment plants for the waste water drained out from wash rooms, kitchen, etc.</p>

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

1.	Please indicate the Total number of Employees as on 31.03.2021	80
2.	Please indicate the Total number of employees hired on Contractual / temporary / casual basis	90
3.	Please indicate the Number of permanent women employees	16
4.	Please indicate the Number of permanent employees with disabilities	02
5.	Do you have an employee association that is recognized by management?	Yes
6.	What percentage of your permanent employees are members of this recognized employee association?	53.75%
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL

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

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

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

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

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

<b>3.</b>	<p><b>Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.</b></p> <p>The Company follows the reservation policy for SC/ST at the time of their appointment and promotion. The Company has provided building/infrastructure for housing SC/ST Welfare Association Offices. The Company periodically organizes appreciation programmes on Presidential Directives on Reservations. To sensitize the SC/ST employees about the various Government scheme /facilities available, sensitization programmes are conducted by the Company HRD centres.</p> <p>The Company give preference to the Persons with Disabilities in Allotment of Residential Accommodation in the Company Quarters, Relaxation in daily recording of the attendance viz., Punch In and Punch Out, provided Conveyance Allowance and are recommended for National Awards like Shram Awards.</p> <p>For Women employees, the Company has provided separate Canteen Space, separate Working Hours, Crèche Facilities, etc. at Units. The Company also extends Maternity Leave, Incentive for small family norms as per Company Policy. A Complaint Committee headed by a Woman Officer for redressal of complaints relating to Sexual Harassment of Women at workplace is also in place.</p>
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**Principle 5: Businesses should respect and promote human rights**

<b>1.</b>	<p><b>Does the policy of the Company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?</b></p> <p>HMT respect the human rights of all its stakeholders and ensures through various policies or code of conduct of the Company. The employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. HMT does not promote any kind of discrimination between its employees, customers, suppliers and other stakeholders on the basis of race, caste, religion,sex etc</p>
<b>2.</b>	<p><b>How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?</b></p> <p>No stakeholder complaint was received during the year with regard to human rights.</p>

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

<b>1.</b>	<p><b>Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.</b></p> <p>The protection and preservation of environment is integral part of Codes and Policies of HMT and it extends to HMT Subsidiaries, Suppliers and others.</p>
<b>2.</b>	<p><b>Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyper link for webpage etc.</b></p> <p>Though the Company has not defined specific strategies / initiatives, its measures towards global environmental issues such as climate change, global warming etc., are implicit in its various activities.</p>
<b>3.</b>	<p><b>Does the Company identify and assess potential environmental risks? Y/N</b></p> <p>Yes.</p>

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

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

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

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

<b>1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.</b>
HMT has CSR Policy and identified several activities from Schedule-VII of the Companies Act, 2013. The policy shall be implemented through Board Level CSR Committee, Corporate Level CSR Committee and Unit Level CSR Committee.
<b>2. Are the programmes/projects undertaken through in-house team/own foundation /external NGO/ government structures/any other organization?</b>
Currently, the CSR programmes/projects are being undertaken through in-house team & Government structures

<b>3. Have you done any impact assessment of your initiative?</b>
No
<b>4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?</b>
Company has taken up the project in education sector for setting up of "Mini Science Centre" at One Government School in Devathkal village, Yadgir District (Aspirational District as identified by NITI Aayog) at the CSR expenditure of Rs. 5.50 Lakhs as recommended by Office of District Commissioner, Yadgir, Karnataka. Around 500 students have been benefitted from this project.
<b>5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.</b>
Yes, setting up of Mini Science Centre was taken up as per the recommendation of Office of District Commissioner, Yadgir, Karnataka. This project has been continuously monitored by the Office of District Commissioner, Yadgir. Head Master of Government School, Devathkal village has issued letter confirming Installation of Mini Science Centre. Training program being taken up shortly.

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

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

For and on behalf of the Board of Directors

Place : Bengaluru  
Date : 04.10.2021

**(A.K. Jain)**  
Chairman & Managing Director  
(Addl. Charge)

**DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR**

WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that:

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

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

All Board Members, both Full time and Part-time and the Senior Management have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2021.

(A.K. Jain)

Date : 04.10.2021

Place: Bengaluru

Chairman & Managing Director  
(Addl. Charge)

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

I have examined the relevant records of H.M.T Limited for the purpose of issue of Certificate regarding Disqualification of Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 – Clause 10 (i) of Part C of Schedule V for the financial year ending March 31, 2021.

Based on our verification of records made available to us, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as the Directors of the Company by the Board/MCA or any such statutory authority as on 31.03.2021

Sd/-

S. Viswanathan

Practicing Company Secretary

ACS No: 5284

CP No: 5284

UDIN: A005284C000643152

Place: Bengaluru

Date: 16/07/2021

## CEO & CFO CERTIFICATION

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

- (a) We have reviewed the Financial Statements and the cash flow statement for the year 2020-21 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee regarding:
  - (i) Any significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HMT Limited

**Kamna Mehta, CFO**

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

Date: 12<sup>th</sup> July, 2021

***STANDALONE  
FINANCIAL  
STATEMENTS***

## REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Audit Enquiries vide letter dated 18.08.2021 by Office of the Director General of Commercial Audit, AG's Office Complex, Saifabad, Hyderabad, and it supersedes our Independent Auditor's Report dated 12<sup>th</sup> July 2021]

### To the Members of HMT Limited

### Report on Audit of the Standalone Ind AS Financial Statements

#### Qualified Opinion:

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

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

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

#### Basis of Qualified Opinion:

##### 1. Food Processing Machinery Unit, Aurangabad:

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

##### 2. Auxiliary Business Division, Bengaluru Indian Accounting Standards

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

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

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

- b. The Company has not disclosed the following items on the face of the Balance sheet as required in Schedule III of Companies Act, 2013:
- i) Total outstanding dues of Micro and small enterprises
  - ii) Current tax Asset/Liability.
- c. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
- Indian Accounting Standards
- d. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.
- e. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.

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

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under

the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Material Uncertainty Related to Going Concern:**

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

### **Key Audit Matters:**

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

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

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

### Emphasis of Matter Paragraph

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

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

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

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

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

### Management’s Responsibility for Standalone Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Other Matters:

i) We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 1,239.19 lakhs as at March 31, 2021 and total revenues of Rs. 1,928.10 lakhs for the year ended on that date. The financial statements/information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.

ii) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs. 26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2021.

#### Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with books of account.
  - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. the company is a Government Company and in terms of Notification reference No.G.S. 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. Hence our comment on the same does not arise.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.
- h. With respect to other matters to be included in the Auditors report in accordance with

rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,

- i) The Company has disclosed its pending litigations which would impact its financial position in note 29 of the Standalone Ind AS financial statements.
- ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 21207783AAAAGS7763

Place: Bengaluru  
Date: 07-09-2021

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

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

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

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

Tractor division, we are unable to comment on the discrepancy if any, on Fixed assets of Tractor division.

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

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

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

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

ii) The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, the physical verification of inventories belonging to Tractor division merged with Auxiliary Business Division was not conducted and hence we are unable to comment on the discrepancies if any and its impact on Standalone Ind AS Financial statements.

iii) In respect of the unsecured loans granted by the Company to companies covered in the register maintained under section 189 of the Act:

a) In our opinion and according to information and explanation furnished to us, the terms and conditions of the loan given by the Company is prima facie, not prejudicial to the interest of the Company.

b) According to information and explanation furnished to us by the Company there is no specific repayment specified by the Company.

- c) There is an overdue interest for financial year 2017-18, 2018-19, 2019-20 and 2020-21.
- iv) In our opinion and according to information and explanation furnished to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investment made.
- v) The Company has not accepted any deposits from the public. Hence our comment on the compliance of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.
- The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal has not passed any order and hence our comment on the same does not arise
- vi) In our opinion and according to information and explanations furnished to us, in our opinion the Central Government has not prescribed maintenance of cost records under sub section(1) of section 148 of companies act, 2013 in respect of company's products.
- vii) a) According to the information and explanations provided to us, Custom Duty and Excise duty does not apply to this company for the year under review.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income tax, GST have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in few cases.
- As per our verification and according to the information and explanation given to us, there are no undisputed statutory dues except the following statutory dues which remained outstanding as at 31st March, 2021 for a period more than six months from the date they became payable:

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

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

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

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

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

- ix) In our opinion based on the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, comment on the same does not arise.
- x) According to the information and explanation given to us, there are no frauds reported by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) Consequent to Notification reference no. G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs, compliances on transactions under section 197 of Companies Act, 2013 are not applicable to Government Companies.

- xii) The Company is not a Nidhi Company and hence compliances specified in the Nidhi Rules, 2014 are not applicable.
- xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not made any preferential allotment of equity shares and hence our comment on compliance with the provisions of section 62 and section 42 of Companies Act, 2013 does not arise.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with directors or persons connected with him and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 21207783AAAAGS7763

Place: Bengaluru  
Date: 07-09-2021

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

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

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

#### **Management’s Responsibility for Internal Financial Controls:**

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

#### **Auditors’ Responsibility:**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by

the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting:**

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

#### Qualified Opinion:

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

#### Company as a Whole:

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

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

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

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

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

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

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

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

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

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 21207783AAAAGS7763

Place: Bengaluru  
Date: 07-09-2021

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

Sl. No.	Directions	Audit Observations
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the Company, it has system in place where all the accounting vouchers are manually prepared and entered into IT systems after proper authorization. We are of the opinion that there is no material financial implications on the Company.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.30.49 crores as on 31.03.2021 out of the Loan received from GOI of Rs. 641.58 crores.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of HMT Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 07 September 2021 which supersedes their earlier Audit Report dated 12 July 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory Auditors' Report to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report under Section 143(6)(b) 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: 09 September 2021**

## Standalone significant accounting policies for the year ended March 31, 2021

### 1. Background:

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

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

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

##### a) Use of estimates:

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting

period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

#### b) Property, Plant & Equipment

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

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

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

*Special Tools:*

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

**c) Leases**

**The Company as a lessor**

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

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

*Operating Leases as a Lessor*

- a) Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.
- b) Operating lease payments in case of intermediate lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the term of the relevant lease.

**The Company as a lessee**

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

- a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of

ownership to the lessee.

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

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

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

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

Sheet and lease payments have been classified as financing cash flows.

**d) Borrowing Cost:**

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

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

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

**e) Investment Property:**

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

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

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

**f) Intangible Assets:**

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

known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

**iv) Research and Development Expenditure:**

**Research Phase:**

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

**Development Phase:**

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

**g) Depreciation and Amortisation:**

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

Each part of an item of PPE (also known as 'Component') with a cost that is significant in relation to the total cost of the item and has

different useful life from that of the PPE it shall be depreciated separately.

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

Raw materials, stores and Spares, Tools and Instruments, Scrap, 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.

Provision for slow moving inventories are made considering the redundancy. However, provision for non moving inventories are made when the same are unmoved for more than five years and they are not useful for any other alternative purpose for general or specific orders.

**k) Revenue Recognition:**

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

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

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

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

*ii) Rental Income:*

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

*iii) Dividend Income:*

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

*iv) Interest Income:*

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

*v) Warranty:*

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

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

*vi) Extended Warranties:*

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

**l) Foreign Currency Translation:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**n) Income taxes:**

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

*i) Current taxes:*

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

*ii) Deferred Taxes:*

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

**o) Provisions:**

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the

control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Impairment:**

*i) Financial assets:*

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

*ii) Non-financial assets:*

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

current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

**q) Financial Instruments:**

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

*i) Cash & cash equivalents:*

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

*ii) Financial assets at amortised cost:*

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

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

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

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

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

*v) Financial Liabilities:*

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

*vi) De-recognition of financial instruments:*

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

*vii) Fair value of financial instruments:*

In determining the fair value of its financial

instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

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

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

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

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

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

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

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

a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**i) Judgements:**

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

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

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

**b Discontinued Operations:**

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

**c Property, plant & equipment:**

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

**ii) Estimates and assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at

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

**a . Deferred Taxes**

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

**b Defined Benefit Obligations:**

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

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

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

*c. Other Long -Term Employee Benefits:*

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

*d. Fair value measurement of financial instruments:*

When the fair values of financial assets and financial liabilities recorded in the balance

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

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2021**

(Rs. in lakhs)

	Notes	As at 31-03-2021	As at 31-03-2020
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	3A	1,049.11	1,167.67
Investment Property	3B	202.08	225.27
Financial Assets			
Investments	4	71,977.91	71,977.91
Other Financial Assets	9	1,414.92	403.83
		<b>74,644.02</b>	<b>73,774.68</b>
<b>Current assets</b>			
Inventories	5	1,022.41	826.98
Financial Assets			
Trade Receivables	6	446.50	329.73
Cash and Bank Balances	7	10,653.52	10,188.27
Loans	8	22,864.82	20,556.06
Other Financial Assets	9	380.26	183.18
Other Assets	10	7,456.64	9,063.63
		<b>42,824.15</b>	<b>41,147.85</b>
<b>Non Current Assets Held for Sale</b>	3C	0.09	0.09
		<b>0.09</b>	<b>0.09</b>
<b>TOTAL ASSETS</b>		<b>1,17,468.26</b>	<b>1,14,922.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	11	35,560.16	35,560.16
Other Equity	12	3,153.62	539.38
<b>Total Equity</b>		<b>38,713.78</b>	<b>36,099.54</b>
<b>Non-current Liabilities</b>			
Financial liabilities			
Borrowings	13	1,791.53	12,223.92
Non-current Financial Liability	14	844.01	2,565.68
Provisions			
Provision for Employee Benefits	15	35.96	254.55
		<b>2,671.50</b>	<b>15,044.15</b>

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2021**

(Rs. in lakhs)

	Notes	As at 31-03-2021	As at 31-03-2020
<b>Current Liabilities</b>			
Financial Liabilities			
Trade Payables	16	579.33	550.15
Other Financial Liabilities	17	65,222.20	53,068.14
Other Current Liabilities	18	9,663.94	9,737.53
Provisions			
Provision for Employee Benefits	15	589.22	389.44
Others	19	28.29	33.67
		<b>76,082.98</b>	<b>63,778.93</b>
<b>Total Liabilities</b>		<b>78,754.48</b>	<b>78,823.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,17,468.26</b>	<b>1,14,922.62</b>

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

F.R.N : 010372S

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashank Priya**

Director

DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN : 21207783AAAAEZ7280

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : July 12, 2021

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021**

(Rs. in lakhs)

	Notes	Year Ended 31-03-2021	Year Ended 31-03-2020
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	20	2,346.14	2,612.44
Other Income	21	6,509.43	4,331.30
<b>Total Income</b>		<b>8,855.57</b>	<b>6,943.74</b>
<b>EXPENSES</b>			
Cost of Materials consumed	22	1,438.51	1,627.06
Purchase of Stock In Trade	22A	-	111.39
Changes in Inventories of finished goods, Stock in trade and work-in-progress	23	(196.27)	(13.41)
Employee benefits expense	24	1,101.14	1,374.66
Depreciation and amortization expense	25	202.41	26.97
Finance costs	26	1,730.14	2.38
Other expenses	27	1,421.79	1,010.18
<b>Total expense</b>		<b>5,697.72</b>	<b>4,139.23</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>3,157.85</b>	<b>2,804.51</b>
Exceptional items	28	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>3,157.85</b>	<b>2,804.51</b>
(1) Current tax		408.60	-
(2) Deferred tax		-	-
<b>Profit/(loss) for the year from continuing operations</b>		<b>2,749.25</b>	<b>2,804.51</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations	37	-	25,082.94
Tax Income/ (expense) of discontinued operations		-	3,069.08
<b>Profit/(loss) from discontinued operations</b>		<b>-</b>	<b>22,013.86</b>
<b>Profit/(loss) for the year</b>		<b>2,749.25</b>	<b>24,818.37</b>

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021**

(Rs. in lakhs)

Notes	Year Ended 31-03-2021	Year Ended 31-03-2020
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
Net (loss)/gain on FVTOCI debt securities	-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		
Re-measurement gains (losses) on defined benefit plans	(135.01)	(440.23)
Revaluation of land and buildings	-	-
Net (loss)/gain on FVTOCI equity Securities	-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		
	<b>2,614.24</b>	<b>24,378.14</b>
Earnings per share for continuing operations	36	
i) Basic, profit from continuing operations attributable to equity holders	0.77	0.79
ii) Diluted, profit from continuing operations attributable to equity holders	0.77	0.79
Earnings per share for discontinued operations		
i) Basic, profit from discontinued operations attributable to equity holders	-	6.19
ii) Diluted, profit from discontinued operations attributable to equity holders	-	6.19
Earnings per share from continuing and discontinued operations		
i) Basic, profit for the year attributable to equity holders	0.77	6.98
ii) Diluted, profit for the year attributable to equity holders	0.77	6.98

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

F.R.N : 010372S

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashank Priya**

Director

DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN: 21207783AAAAEZ7280

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : July 12, 2021

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021**

(Rs. in lakhs)

	Year Ended 31-03-2021	Year Ended 31-03-2020
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	3,157.85	2,804.51
Profit/(loss) before tax from discontinued operations	-	25,082.94
<b>Profit before tax</b>	<b>3,157.85</b>	<b>27,887.45</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	179.22	188.82
Depreciation of investment properties	23.19	23.96
Amortisation of government grant	(1,721.67)	(2,544.63)
Gain on disposal of property, plant and equipment	(7.64)	(25,808.10)
Loss on disposal of property, plant and equipment	-	0.08
Provision withdrawn (CWL investment)	(166.01)	(848.88)
Interest Income	(2,345.27)	(2,267.34)
Dividend received from subsidiaries	(627.28)	(14.40)
Finance costs	1,730.14	2,547.55
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	(144.57)	(374.22)
Increase in trade and other receivables and prepayments	(476.49)	(13,076.20)
(Increase)/Decrease in inventories	(203.87)	714.54
Increase in trade and other payables	(44.41)	(13,304.79)
	<b>(646.81)</b>	<b>(26,876.16)</b>
Income tax (paid)/reversed	(68.04)	(3,156.10)
<b>Net cash flows from operating activities</b>	<b>(714.85)</b>	<b>(30,032.26)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	7.66	25,819.58
Purchase of property, plant and equipment	(60.68)	(2.01)
Proceeds from sale of Investments	166.01	
Dividend received from subsidiaries	627.28	14.40
Deposits with Banks	(3,214.30)	(6,305.13)
Interest received	448.30	970.55
<b>Net cash flows used in investing activities</b>	<b>(2,025.73)</b>	<b>20,497.39</b>
<b>Financing activities</b>		
Interest Paid	(8.47)	(1,188.77)
Repayment of borrowings	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(8.47)</b>	<b>(1,188.77)</b>

## STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Rs. in lakhs)

	Year Ended 31-03-2021	Year Ended 31-03-2020
Net increase in cash and cash equivalents	(2,749.05)	(10,723.64)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	3,883.14	14,606.78
<b>Cash and cash equivalents at year end</b>	<b>1,134.09</b>	<b>3,883.14</b>

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

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7  
2) The Cash and Cash equivalents has been considered as per Note No.7

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

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

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

**Shashank Priya**  
Director  
DIN 08538400

**K. Balaji**  
Partner  
M.No : 207783  
UDIN : 21207783AAAAEZ7280

**Kishor Kumar Shankar**  
Company Secretary

**Kamna Mehta**  
Chief Financial Officer

Place : Bangalore  
Date : July 12, 2021

**STATEMENT OF CHANGES IN EQUITY**
**A. EQUITY SHARE CAPITAL**

	<b>Amount Rs. In lakhs</b>
<b>Balance as at 1 April 2019</b>	<b>35,560.16</b>
Issued during the year	-
Redeemed during the year	-
<b>Balance as at 31 March 2020</b>	<b>35,560.16</b>
Issued during the year	-
Redeemed during the year	-
<b>Balance as at 31 March 2021</b>	<b>35,560.16</b>

**B Other Equity**

(Rs. in lakhs)

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2019</b>	13,453.11	(35,988.88)	-	(1,302.99)	(23,838.76)
Write off of losses against reduction of Share Capital	-	-	-	-	-
Discontinued operations	-	22,013.86	-	-	22,013.86
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(440.23)	(440.23)
Total Comprehensive Income for the year	-	2,804.51	-	-	2,804.51
<b>Balance as at 31 March 2020</b>	<b>13,453.11</b>	<b>(11,170.51)</b>	<b>-</b>	<b>(1,743.22)</b>	<b>539.38</b>
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	(135.01)	(135.01)
Total Comprehensive Income for the year	-	2,749.25	-	-	2,749.25
<b>Balance as at 31 March 2021</b>	<b>13,453.11</b>	<b>(8,421.26)</b>	<b>-</b>	<b>(1,878.23)</b>	<b>3,153.62</b>

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

As per our Report of even date attached

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

**For S S B & Associates**

Chartered Accountants

F.R.N : 010372S

**K. Balaji**

Partner

M.No : 207783

UDIN : 21207783AAAAEZ7280

Place : Bangalore

Date : July 12, 2021

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Kishor Kumar Shankar**

Company Secretary

**Shashank Priya**

Director

DIN 08538400

**Kamna Mehta**

Chief Financial Officer

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

## 3A. PROPERTY, PLANT AND EQUIPMENT

	(Rs. in lakhs)							
	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land- Leasehold	Total
<b>Gross carrying value</b>								
<b>As At 1 April 2019</b>	158.19	671.74	11,013.76	477.22	623.99	95.64	17.09	13,057.63
Additions	-	-	0.42	1.59	-	-	-	2.01
Disposals	-	-	(123.86)	(1.60)	-	(30.52)	-	(155.98)
<b>As At 31 March 2020</b>	158.19	671.74	10,890.32	477.21	623.99	65.12	17.09	12,903.66
Additions	-	46.30	14.27	0.11	-	-	-	60.68
Disposals	-	-	(76.68)	(15.31)	-	(0.13)	-	(92.12)
<b>As At 31 March 2021</b>	158.19	718.04	10,827.91	462.01	623.99	64.99	17.09	12,872.22
<b>Accumulated Depreciation</b>								
<b>As At 1 April 2019</b>	-	313.76	10,194.07	469.48	620.23	95.64	9.82	11,703.00
Depreciation charge for the year	-	10.24	177.05	1.17	0.30	-	0.06	188.82
Disposals/Adjustment	-	-	(123.84)	(1.46)	(0.01)	(30.52)	-	(155.83)
<b>As At 31 March 2020</b>	-	324.00	10,247.28	469.19	620.52	65.12	9.88	11,735.99
Depreciation charge for the year	-	17.60	159.74	1.15	0.39	-	0.34	179.22
Disposals/Adjustment	-	-	(76.66)	(15.31)	-	(0.13)	-	(92.10)
<b>As At 31 March 2021</b>	-	341.60	10,330.36	455.03	620.91	64.99	10.22	11,823.11
<b>Net carrying value</b>								
<b>As At 31 March 2021</b>	158.19	376.44	497.55	6.98	3.08	-	6.87	1,049.11
As At 31 March 2020	158.19	347.74	643.04	8.02	3.47	-	7.21	1,167.67
<b>Net carrying value</b>	<b>31-03-2021</b>	<b>31-03-2020</b>						
Plant Property and Equipment	Amount	Amount						
	1,049.11	1,167.67						

**Additional Information:**

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

**Land:**

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
<b>3B. INVESTMENT PROPERTY</b>			
<b>Gross carrying value</b>			
<b>As at 1 April 2019</b>	<b>11.20</b>	<b>1,445.13</b>	<b>1,456.33</b>
Additions	-	-	-
Deduct/adjustment	0.45	0.16	0.61
<b>As at 31 March 2020</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
Additions	-	-	-
Deduct/adjustment	-	-	-
<b>As at 31 March 2021</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
<b>Depreciation and impairment</b>			
<b>As at 1 April 2019</b>		<b>1,206.65</b>	<b>1,206.65</b>
Depreciation		23.96	23.96
Deduct/adjustment		0.16	0.16
<b>As at 31 March 2020</b>	<b>-</b>	<b>1,230.45</b>	<b>1,230.45</b>
Depreciation		23.19	23.19
Deduct/adjustment		-	0.00
<b>As at 31 March 2021</b>	<b>-</b>	<b>1,253.64</b>	<b>1,253.64</b>
<b>Net carrying value</b>			
<b>As at 31 March 2021</b>	<b>10.75</b>	<b>191.33</b>	<b>202.08</b>
As at 31 March 2020	10.75	214.52	225.27

## Additional Information:

- i) The Company has classified certain land & building as investment property which is not a owner occupied property.
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2021 is Rs. 2,27,020.15 Lakhs (as at March 31, 2020 Rs. 2,26,593.78 Lakhs)
- iii) **Land:**
  - (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at ₹1/- each.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Honourable Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- (c) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.82,24,000/- is yet to be received. The Company has filed a case against DRO (Haryana Irrigation Department) for not releasing the said compensation towards acquisition of land. Further, the Company has entered into settlement agreement with Haryana Irrigation Department, as per the agreement it has been agreed to release the compensation after withdrawal of case and accordingly the company filed an application for withdrawal of case against Haryana Irrigation Department, which is pending with Honourable High Court of Haryana. The compensation will be received by the company up on completion of formalities.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>Additional Information:</b>		
<b>Information regarding income and expenditure of Investment property</b>		
Rental income derived from investment properties	277.10	0.00
Direct operating expenses (including repairs and maintenance) generating rental income	(291.61)	0.00
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.15)	(2.20)
<b>Profit/(loss) arising from investment properties before depreciation and indirect expenses</b>	<b>(16.66)</b>	<b>(2.20)</b>
Less : Depreciation	23.19	23.96
<b>Profit arising from investment properties before indirect expenses</b>	<b>(39.85)</b>	<b>(26.16)</b>

**3C. Non Current Assets Held for Sale**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>Nature of Asset</b>		
Land	0.09	0.09
<b>Total</b>	<b>0.09</b>	<b>0.09</b>

## Additional Information:

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale, and the clearance for sale is expected at any moment from Forest Department, Government of Karnataka.
- (b) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2021 an amount of Rs.5,04,98,700/- (previous year Rs.38,04,98,700/-) is due from HSIIDC.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs in Lakhs)	
	As at 31-Mar-21	As at 31-Mar-20
<b>4. Financial assets</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (31-Mar-20: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture at Cost:</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (31-Mar-20: 1,50,000) Equity shares of ₹.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	15.00	15.00
<b>Investments in Associates</b>		
20,84,050 (31-Mar-20: 20,84,050) Equity Shares of ₹.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Investment in Subsidiaries</b>		
7,20,000 (31-Mar-20: 7,20,000) Equity Shares {including 6,90,000 (31-Mar-20: 6,90,000) Bonus Shares} of ₹.10 each fully paid up in HMT (International) Ltd, Bangalore	3.00	3.00
3,74,68,586 (31-Mar-20: 3,74,68,586) Equity Shares of ₹.10 each fully paid up in HMT Bearings Ltd, Hyderabad *	3,746.86	3,746.86
27,65,99,137 (31-Mar-20: 27,65,99,137) Equity Shares of ₹.10 each fully paid up in HMT Machine Tools Ltd, Bangalore	27,659.91	27,659.91
64,90,100 (31-Mar-20: 64,90,100) Equity Shares of ₹.10 each fully paid up in HMT Watches Ltd, Bangalore	649.01	649.01
Nil (31-Mar-20: 16,60,100) Equity Shares of ₹.10 each fully paid up in HMT Chinar Watches Ltd, Jammu**	-	166.01
<b>Total Investment in Equity instruments in subsidiaries and Joint Venture</b>	<b>32,073.78</b>	<b>32,239.79</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs in Lakhs)	
	As at 31-Mar-21	As at 31-Mar-20
<b>Investments in Preference Shares</b>		
<b>Investment in Subsidiaries</b>		
4,43,00,000 (31-Mar-20: 4,43,00,000) 3.5% Redeemable Preference Shares of ₹.100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	44,300.00	44,300.00
<b>Total Investment in Preference Shares</b>	<b>44,300.00</b>	<b>44,300.00</b>
<b>Total</b>	<b>76,373.78</b>	<b>76,539.79</b>
Less: Allowance for Investments in Subsidiaries		
HMT Chinar Watches Ltd, Jammu	-	166.01
HMT Watches Ltd, Bangalore	649.01	649.01
HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
	<b>4,395.87</b>	<b>4,561.88</b>
<b>Total Investments</b>	<b>71,977.91</b>	<b>71,977.91</b>
<b>Current</b>		
<b>Non Current</b>	<b>71,977.91</b>	71,977.91
Aggregate amount of unquoted investments	<b>76,373.78</b>	76,539.79
Aggregate amount of impairment in value of investments	<b>4,395.87</b>	4,561.88

**Additional Information:**

HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and has sought for exemption from payment of Stamp Duty from Government of Karnataka for issue of share certificates in respect of 26,08,99,037 Equity Shares and 4,43,00,000, 3.5% Preference Shares. Pending receipt of order, the share certificates are still not issued by the company.

\* The Company is under liquidation w.e.f December 16, 2020 based on the winding up order passed by Hon'ble National Company Law Tribunal on 16.12.2020

\*\* The Company is under voluntary winding up with effect from March 25, 2019 (Ref. Note No.44)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs in Lakhs)	
	As at 31-Mar-21	As at 31-Mar-20
<b>5. Inventories</b>		
Raw Materials and Components	<b>225.89</b>	223.37
Material and Components in Transit	<b>10.43</b>	-
Work-in-Progress	<b>383.49</b>	198.71
Finished Goods	<b>118.21</b>	170.32
Stock in Trade	<b>440.04</b>	374.35
Stores and Spares	<b>16.45</b>	21.27
Tools and Instruments	<b>65.47</b>	65.99
Scrap	<b>1.03</b>	3.13
	<b>1,261.01</b>	<b>1,057.14</b>
Less: Provision for Non-moving Inventories	<b>238.60</b>	230.16
	<b>1,022.41</b>	<b>826.98</b>
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	<b>446.50</b>	329.73
Doubtful	<b>6,136.23</b>	6,130.04
	<b>6,582.73</b>	<b>6,459.77</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	<b>6,136.23</b>	6,130.04
	<b>446.50</b>	<b>329.73</b>
Trade Receivables exceeding 6months from the date they are due for payment	<b>199.65</b>	127.69
Trade Receivables less than 6 months from the date they are due for payment	<b>246.85</b>	202.04
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>7. Cash and Bank balances</b>		
<i>A. Cash and Cash Equivalents:</i>		
Current accounts	200.80	254.96
Deposits with maturity three months or less	932.89	3,627.89
Cash and Cheques on hand	0.40	0.29
	<b>1,134.09</b>	<b>3,883.14</b>
<i>B. Other banks balances:</i>		
Deposits with maturity more than three months but less than twelve months	9,519.43	6,305.13
	<b>10,653.52</b>	<b>10,188.27</b>
<b>8. Loans</b>		
<b>Unsecured</b>		
<b>Loans to Subsidiaries</b>		
<b>Considered Good</b>		
HMT Machine Tools Ltd	22,864.82	20,556.06
<b>Total</b>	<b>22,864.82</b>	<b>20,556.06</b>
<b>9. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	1,363.00	385.00
Interest accrued and due	51.92	18.83
	<b>1,414.92</b>	<b>403.83</b>
<b>Current</b>		
Interest accrued and due	380.26	183.18
	<b>380.26</b>	<b>183.18</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
<b>10. Other Assets</b>		
<b>Current</b>		
<b>Advances to subsidiary companies</b>		
HMT Machine Tools Ltd	5,934.35	4,071.09
HMT International Ltd	116.41	61.00
	<b>6,050.76</b>	<b>4,132.09</b>
<b>Advances and Other Receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	0.50	0.50
<b>Unsecured</b>		
Considered Good #	1,236.98	4,417.24
Considered Doubtful	199.13	199.13
	<b>1,436.61</b>	<b>4,616.87</b>
Less: Allowance for Doubtful Advances	199.13	199.13
	<b>1,237.48</b>	<b>4,417.74</b>
Interest on Trade Receivable	5,924.90	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.90	5,924.90
	-	-
Advance payment of tax (Net of provision)*	76.96	417.52
Collector of customs	2.00	2.00
Deposits	89.44	94.28
<b>Total Other Assets</b>	<b>7,456.64</b>	<b>9,063.63</b>

# Includes Advances to Joint Ventures Rs.2.42 lakhs and Rs. 5.66 lakhs (Previous Year)

\*primarily consists of TDS Receivables

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	As at 31-March-21		As at 31-March-20	
	No	Amount	No	Amount
<b>11 Share Capital</b>				
<b>Authorised Share Capital:</b>				
<i>Equity shares of Rs.10 each</i>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs.10 each</i>				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16
Issued during the year	-	-	-	-
Reduction during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16

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

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

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

**2 Details of shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	<b>27,95,66,626</b>	<b>78.62%</b>	27,95,66,626	78.62%
Special National Investment Fund	<b>6,75,38,614</b>	<b>18.99%</b>	6,75,38,614	18.99%

**3 Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	-	-	-	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>12 Other Equity:</b>		
<b>i) General Reserve:</b>		
As per last Balance Sheet	13,453.11	13,453.11
<b>ii) Retained Earnings:</b>		
As per last Balance Sheet	(11,170.51)	(35,988.88)
Adjustments:		
Amount transferred from Statement of Profit & Loss	2,749.25	24,818.37
	<u>(8,421.26)</u>	<u>(11,170.51)</u>
<b>iii) FVTOCI Reserve:</b>		
As per last Balance Sheet	(1,743.22)	(1,302.99)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	(135.01)	(440.23)
	<u>(1,878.23)</u>	<u>(1,743.22)</u>
<b>Total</b>	<u><u>3,153.62</u></u>	<u><u>539.38</u></u>
<b>13. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
Interest free Loans		
Repayment in 5 equal annual installments from the date of drawal of loan	1,791.53	12,223.92
<b>Total non-current borrowings</b>	<u>1,791.53</u>	<u>12,223.92</u>
<b>Current</b>		
<b>Secured</b>	-	-
<b>Aggregate Secured loans</b>	-	-
<b>Aggregate Unsecured loans</b>	1,791.53	12,223.92

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>14. Non current financial liability</b>		
Deferred Government Grant	844.01	2,565.68
	<b>844.01</b>	<b>2,565.68</b>
<b>15. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	(180.19)	(50.59)
Earned Leave Encashment	178.06	272.61
Settlement Allowance	38.09	32.53
	<b>35.96</b>	<b>254.55</b>
<b>Current</b>		
Gratuity	348.21	227.74
Earned Leave Encashment	165.13	81.29
Settlement Allowance	19.72	10.73
Wage and Salary Revision arrears (1992-1995)	56.16	69.68
	<b>589.22</b>	<b>389.44</b>
<b>16. Trade payables</b>		
Dues to Micro, Small & Medium Enterprises	6.25	8.11
Dues to Other than Micro, Small & Medium Enterprises	573.08	542.04
<b>Total</b>	<b>579.33</b>	<b>550.15</b>

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

Particulars	31-Mar-21	31-Mar-20
Principal amount due and remaining unpaid	6.25	8.11
Interest due on above and the unpaid interest	4.63	4.06
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	-	-
Interest accrued and remaining unpaid at the end of the accounting year.	4.63	4.06

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs in Lakhs)	
	As at 31-Mar-21	As at 31-Mar-20
<b>17. Other Financial Liabilities</b>		
Current maturities of long-term Debts	<b>12,154.06</b>	12,831.60
3.5% preference Share Capital (Defaulted)	<b>3,686.00</b>	3,686.00
Loan from Govt. of India (Defaulted)	<b>49,368.40</b>	36,536.80
Interest free loan from Government of India (Defaulted) (refer foot note 2 below)	<b>13.74</b>	13.74
<b>Total</b>	<b>65,222.20</b>	<b>53,068.14</b>

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

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

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 Nos. (Rs. 40,614.00 lakhs) out of 4,43,00,000 Nos. of Rs.100/- each (Rs.44,300.00 lakhs) has been extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

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

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>18. Other Liabilities</b>		
<b>Current</b>		
Dues to Subsidiary Companies		
HMT Watches Ltd	989.79	866.12
HMT Chinar Watches Ltd	-	555.60
HMT Bearings Ltd	1,868.29	1,668.29
Revenue received in advance	37.16	261.40
Accrued Expenses	1,320.29	1,055.88
Other liabilities (Earnest Money Deposit, Statutory dues, etc.,)	5,448.41	5,330.24
<b>Total</b>	<b>9,663.94</b>	<b>9,737.53</b>

**19. Provisions - others**

	Warranty Claims	Provision for Indirect Taxes	Total
<b>As At 1 April 2019</b>	7.33	32.07	39.40
Arising during the year	6.25	-	6.25
Utilised	(4.42)	(6.26)	(10.68)
Unused amounts reversed	(1.30)	-	(1.30)
<b>As At 31 March 2020</b>	<b>7.86</b>	<b>25.81</b>	<b>33.67</b>
Current	7.86	25.81	33.67
<b>As At 1 April 2020</b>	7.86	25.81	<b>33.67</b>
Arising during the year	4.20	-	<b>4.20</b>
Utilised	(2.65)	(3.74)	<b>(6.39)</b>
Unused amounts reversed	(3.19)	-	<b>(3.19)</b>
<b>As At 31 March 2021</b>	<b>6.22</b>	<b>22.07</b>	<b>28.29</b>
Current	6.22	22.07	28.29

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>20. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	1,730.60	1,921.83
Watches	405.07	410.60
Spares and Accessories	119.12	186.27
	<u>2,254.79</u>	<u>2,518.70</u>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	72.23	86.18
Packing / Forwarding charges	19.12	7.56
	<u>91.35</u>	<u>93.74</u>
<b>Revenue from Operations</b>	<u><u>2,346.14</u></u>	<u><u>2,612.44</u></u>
<b>21. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	648.77	754.00
Interest income on HC loans from Subsidiaries	1,666.80	1,366.03
Interest from Dealers/Others	29.70	0.54
	<u>2,345.27</u>	<u>2,120.57</u>
<b>Dividend Income</b>		
Dividend received from Subsidiaries	627.28	14.40
	<u>627.28</u>	<u>14.40</u>
<b>Other Income</b>		
Recoveries from Staff/Others	301.82	250.65
Royalties from Subsidiaries	9.44	31.52
Rent Received	1,235.92	1,003.74
Gains on Sale of Property, Plant and Equipment	7.64	0.08
Provisions withdrawn	200.57	875.54
Amortisation of Govt. Grant	1,721.67	-
Other non operating Income	59.82	34.80
	<u>3,536.88</u>	<u>2,196.33</u>
<b>Total Other Income</b>	<u><u>6,509.43</u></u>	<u><u>4,331.30</u></u>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>22. Cost of Materials Consumed</b>		
Raw materials and Components (Refer note 43)		
Inventory at the beginning of the year	223.37	103.10
Add: Purchases	1,421.48	1,604.36
	<u>1,644.85</u>	<u>1,707.46</u>
Less: inventory at the end of the year	221.97	105.13
Cost of raw material and components consumed	1,422.88	1,602.33
Consumption of Stores, Spares, Tools & Packing Materials	15.63	24.73
Total raw materials and components consumed	<u>1,438.51</u>	<u>1,627.06</u>
<b>Particulars of Materials Consumed</b>		
Steel	41.36	71.90
Ferrous Castings	11.29	6.02
Forgings	8.73	9.76
Standard parts & components	1,361.51	1,514.65
<b>Total</b>	<u>1,422.89</u>	<u>1,602.33</u>
<b>22A. Purchase of Stock in Trade</b>		
Purchases of Watches and Other Spares	-	111.39
	<u>-</u>	<u>111.39</u>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	170.32	170.09
Less: inventory at the end of the year	118.22	159.88
<b>Changes in Inventory</b>	<u>52.10</u>	<u>10.21</u>
<b>Work in Progress</b>		
Inventory at the beginning of the year	198.71	164.88
Less: inventory at the end of the year	383.49	149.24
<b>Changes in Inventory</b>	<u>(184.78)</u>	<u>15.64</u>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	374.35	287.53
Less: inventory at the end of the year	440.04	326.79
<b>Changes in Inventory</b>	<u>(65.69)</u>	<u>(39.26)</u>
<b>Scrap</b>		
Inventory at the beginning of the year	3.13	-
Less: inventory at the end of the year	1.03	-
<b>Changes in Inventory</b>	<u>2.10</u>	<u>-</u>
<b>Total</b>	<u>(196.27)</u>	<u>(13.41)</u>

[Please Refer Note No.43 of notes forming part of Standalone Financial Statements]

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>24. Employee benefits expense</b>		
Salaries,Wages and Bonus	894.73	1,180.14
House Rent Allowance	21.51	25.06
Gratuity	26.15	4.74
Contribution to PF & FPS	92.57	96.09
Deposit Linked Insurance	2.50	2.93
Contribution to ESI	-	0.18
Welfare Expenses	63.68	65.52
	<b>1,101.14</b>	<b>1,374.66</b>
<b>25. Depreciation and amortization</b>		
Depreciation of tangible assets	179.22	26.97
Depreciation on Investment Properties	23.19	-
	<b>202.41</b>	<b>26.97</b>
<b>26. Finance costs</b>		
<b>Interest Expense</b>		
Interest Expense (Gol Loans)	1,721.67	-
Others	7.41	0.08
<b>Other Borrowing Cost</b>		
Discounting Charges	1.06	2.30
<b>Total finance costs</b>	<b>1,730.14</b>	<b>2.38</b>
<b>27. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	26.14	24.61
Repairs to Machinery	1.07	1.38
Provision for Non Moving Inventories	8.44	1.04
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	9.11	8.49
Carriage outwards	1.28	1.44
<b>Establishment Expenses</b>		
Rent	9.37	12.37
Rates and Taxes	179.79	140.45
Insurance	12.60	5.20
Water and Electricity	328.65	229.99
Printing and Stationery	9.74	12.65
Auditors Remuneration #	2.19	2.02
Provision for Doubtful Debts,Loans and Advances	-	13.22
Warranty claims	4.20	5.12

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
Loss on Assets sold/discard	-	0.08
Loss sustained by PF Trust	14.72	9.58
Travelling Expenses	10.30	22.55
Repairs and Maintenance-Other than Machinery	332.65	231.00
Security Charges	145.77	90.65
Corporate Social Responsibility	15.20	-
Grant Expense	11.40	-
Other Expenses	375.32	339.26
Less: Recovery of Common Expenses from Subsidiary Companies	(76.15)	(140.92)
	<b>1,421.79</b>	<b>1,010.18</b>
# As auditor	2.07	1.90
For taxation matters	0.12	0.12
	<b>2.19</b>	<b>2.02</b>

**Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

Amount required to spend during the year	15.20	-
Amount available from previous year	-	-
	<b>15.20</b>	-
Amount spent during the year	5.50	-
(on the project in Education Sector for setting up of "Mini Science Centre" at Yadgir District)		
Amount carried forward	<b>9.70</b>	-
<b>28. Exceptional Items</b>	-	-
	-	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>29 Contingent Liabilities</b>		
<b>Claims against the Company not acknowledged as debt:</b>		
a) Tax related claims pending in appeal		
i) Excise Duty	2.48	2.48
ii) Sales Tax	112.17	112.17
b) Non receipt of related Forms against levy of concessional Sales Tax	5.68	9.80
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	52.64	52.64
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	4,193.81	4,174.21
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
f) Guarantees & Counter guarantees & LC's issued	59.69	
g) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs. 2.69 Lakhs as debt. However, the deposit was reversed in the books.	13.31	13.31
h) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	71.30	69.91
i) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
j) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
k) An amount of Rs.4.53 lakhs is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decretal amount 50% i.e. Rs.3.02 lakhs has been deposited by the Company		
l) Tax liability/tax demand, in respect of HMT Chinar Watches Ltd (Subsidiary of HMT Limited ) up on dissolution up to Rs. 775.29 lakhs.	775.29	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
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**30 Other Disclosures:**

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

**31 Preference Share Capital:**

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

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

- (ii) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India
- |  |                 |          |
|--|-----------------|----------|
|  | <b>5,607.63</b> | 5,607.63 |
|--|-----------------|----------|

**32 Inventories:**

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

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs in Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>33 Advances:-</b>		
Advances include		
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	26.05	27.06
<b>34 Transactions with Key Managerial Personnel</b>		
<i>Compensation of key management personnel of the Company</i>		
i) Short-term employee benefits	54.30	55.84
ii) Post - employment benefits	7.45	9.87
iii) Other long term benefits	3.96	4.16
<b>Total compensation paid to key management personnel</b>	<b>65.71</b>	<b>69.87</b>

**35 A Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

(Rs. in lakhs)

	Carrying amount		Fair value	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Financial assets</b>				
Loans - Fair value through Profit & loss	22,864.82	20,556.06	22,864.82	20,556.06
<b>Total</b>	<b>22,864.82</b>	<b>20,556.06</b>	<b>22,864.82</b>	<b>20,556.06</b>
<b>Financial liabilities</b>				
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
<b>Total</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>

The Company has assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The Company has also assessed that the Government of India ("GOI") loan excluding interest free GOI loan approximate their carrying amounts as transaction costs are not levied

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest

The Company has defaulted 3.5% preference shares which are already matured for redemption and hence no fair valuation has been made in the accounts.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2021, 31 March 2020 are as shown below:

### 35B Fair value Hierarchy

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021

(Rs in Lakhs)

#### Fair value measurement using

Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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Date of valuation	Valuation technique
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Assets measured at fair value:

FVTOCI financial investments:

Unquoted equity shares

Nigeria Machine Tools Ltd

Assets for which fair values are disclosed

Investment properties

Land\*

Financial Liability

Interest Free Government of India Loan

-	-	-	-
31-Mar-21	31-Mar-21	8% Effective Rate of Interest used	
2,27,020.15	64,171.74		2,27,020.15
			64,171.74

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020

	Fair value measurement using (Rs in Lakhs)			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVTOCI financial investments:</b>				
<b>Unquoted equity shares</b>				
Nigeria Machine Tools Ltd	-			-
<b>Assets for which fair values are disclosed</b>				
<u>Investment properties</u>				
Land*	2,26,593.78			2,26,593.78
<b>Financial Liability</b>				
Interest Free Government of India Loan	64,171.74			64,171.74
		8% Effective Rate of Interest used		

\* **Based on guidance value not restated in the financial statements since Investment property**

A) Nigeria Machine Tools Ltd is a company incorporated outside India, the valuer was unable to retrieve any information from the Company and the company believe it is more appropriate to conclude that the Fair Value of these shares as NIL

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	31-Mar-21	31-Mar-20
<b>36. Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	2,749.25	2,804.51
Discontinued operation	-	22,013.86
<b>Profit attributable to equity holders for basic earnings</b>	<b>2,749.25</b>	<b>24,818.37</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>2,749.25</b>	<b>24,818.37</b>
Weighted average number of Equity shares for basic EPS	<b>35,56,01,640</b>	35,56,01,640
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders	<b>0.77</b>	0.79
ii) Diluted, profit from continuing operations attributable to equity holders	<b>0.77</b>	0.79
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	-	6.19
ii) Diluted, profit from discontinuing operations attributable to equity holders	-	6.19

\* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**37 Discontinued Operations**

As per the CCEA Approval on 27/10/2016 it was decided that the operations of Tractors Division has to be closed. Accordingly, operations of the said division is closed and assests and liabilities have been merged with ABD effective 01-04-2020. It has been planned that the Company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly the Company has classified as Investment Properties (Ref. Note No. 43).

**The results of Tractors Division for the year are presented below:**

(Rs in lakhs)

	Year ended 31-Mar-21	Year ended 31-Mar-20
Revenue		
Revenue from Operations	-	23.81
Other income	-	3,006.04
Expenses		
Material Consumption and changes in inventory	-	726.76
Employee Benefit Expenses	-	6.31
Depreciation	-	185.81
Other Expenses	-	226.52
Finance costs	-	2,545.17
Re-measurement gains (losses) on defined benefit plans	-	-
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>-</b>	<b>(660.72)</b>
Exceptional items	-	25,743.66
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>-</b>	<b>25,082.94</b>
Tax (expenses)/income:	-	-
Related to current pre-tax profit/(loss)	-	3,069.08
Related to measurement to fair value less costs of disposal (deferred tax)	-	-
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>-</b>	<b>22,013.86</b>

**The classification of Non Current Assets of Tractors Division are as follows**

**Assets**

Property, plant and equipment	-	508.58
Investment Property	-	224.51
Non Current Assets Held for Sale	-	-
<b>Total Non Current Assets</b>	<b>-</b>	<b>733.09</b>

**The net cash flows incurred by Tractors Division are, as follows:**

Operating	-	(1,069.17)
Investing	-	211.58
Financing	-	(2,545.17)
<b>Net cash (outflow)/inflow</b>	<b>-</b>	<b>(3,402.76)</b>

**Earnings per share:**

Basic, profit/(loss) for the year from discontinued operation	-	6.19
Diluted, profit/(loss) for the year from discontinued operation	-	6.19

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

38 As per Indian Accounting Standard - 19 "Employee Benefits", the disclosures as defined are given below:

**i) Defined Contribution Plan:**

(Rs. In Lakhs)

Particulars	Year Ended 31-Mar-21	Year Ended 31-Mar-20
Employer's Contribution to Pension Fund	8.73	9.02

**ii) Defined Benefit Plans:**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans. The Company has not obtained the actuarial valuation report from the independent actuary for Provident fund.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	31-Mar-21	31-Mar-20
	%	%
<b>Discount rate:</b>		
Gratuity plan	6.74	6.33
Settlement Allowance	6.74	6.33
<b>Future salary increases:</b>		
Gratuity plan	8.00	8.00
Settlement Allowance	8.00	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%
Attrition Rate				
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	11.29	10.38	11.29	10.38

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 38 Employee Benefits (Contd.):

#### A. Employee Benefit Obligations

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

#### 1) Gratuity

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income						31-Mar-21		
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		Sub-total included in OCI	Contributions by employer
Defined benefit obligation	(994.58)	(19.75)	(53.15)	(72.90)	309.89	2.30	8.22	(124.94)	(114.42)	(872.01)	
Fair value of plan assets	817.43		46.75	46.75	(309.89)	(2.30)			(2.30)	703.99	
<b>Benefit liability (177.15)</b>			<b>(26.15)</b>		<b>-</b>				<b>(116.72)</b>	<b>152.00</b>	<b>(168.02)</b>

(Rs. In lakhs)

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income						31-Mar-20		
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		Sub-total included in OCI	Contributions by employer
Defined benefit obligation	(788.32)	(23.46)	(50.72)	(74.18)	278.55	14.51	(20.38)	(404.76)	(410.63)	(994.58)	
Fair value of plan assets	957.82		69.44	69.44	(278.55)	(14.51)			(14.51)	817.43	
<b>Benefit liability 169.50</b>			<b>(4.74)</b>		<b>-</b>				<b>(425.14)</b>	<b>83.23</b>	<b>(177.15)</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

**2) Settlement Allowance:**

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income										
Defined Benefit cost charged to profit or loss							Sub-total included in OCI					
01-Apr-20	Service cost (43.26)	Net interest expense (5.91)	(2.36)	(8.27)	12.00	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-21
	Defined benefit obligation								(18.28)	(18.28)		(57.81)
	Fair value of plan assets											
	<b>Benefit liability (43.26)</b>			<b>(8.27)</b>	<b>12.00</b>					<b>(18.28)</b>	<b>-</b>	<b>(57.81)</b>

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

		Remeasurement gains/(losses) in other comprehensive income										
Defined Benefit cost charged to profit or loss							Sub-total included in profit or loss					
01-Apr-19	Service cost (37.43)	Net interest expense (4.06)	(2.53)	(6.59)	15.86	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
	Defined benefit obligation								(15.10)	(15.10)		(43.26)
	Fair value of plan assets											
	<b>Benefit liability (37.43)</b>			<b>(6.59)</b>	<b>15.86</b>					<b>(15.10)</b>	<b>-</b>	<b>(43.26)</b>

The Company has not obtained Actuarial valuation for PF trust as per Ind AS - 19.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**38 Employee Benefits (Contd.):**
**B Sensitivity analysis:**

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

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	18.65	20.65	22.11	24.65
Change in rate of salary increase	12.05	11.43	9.77	10.78
Change in withdrawal rates	0.01	0.01	1.23	1.89

**(ii) Settlement Allowance**
(Rs. In lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	2.45	2.98	1.20	1.41
Change in rate of salary increase	2.82	3.32	1.10	1.26
Change in withdrawal rates	2.71	3.28	1.31	1.37

C. The expected contributions for gratuity for the next financial year Rs.168.02 Lakhs and Settlement allowance Nil.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**39 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013**

<b>Sr. No.</b>	<b>Name of Related Party</b>	<b>Relationship</b>
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
	HMT Watches Ltd, Bangalore (HWL)	
	HMT Chinar Watches Ltd, Jammu (CWL)	
	HMT (International) Ltd, Bangalore (HMT(I))	
	HMT Bearings Ltd, Hyderabad (BLH)	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. S Girish Kumar	Key Managerial Persons (KMP)
	Mr. Shashank Priya (w.e.f 01.10.2019)	
	Smt. Sujata Sharma (w.e.f 30.09.2020)	
	Dr. Subhash Chandra Pandey (upto 30.06.2019)	
	Smt. Shashi B Srivastava (upto 31.05.2019)	
	Mr. Pravin Agrawal (upto 01.09.2020)	
	Mr. Amit Varadan (upto 30.09.2020)	
	Dr. Ravindra Singh (upto 01.02.2020)	
	Smt. Neera Tomar (w.e.f 27.03.2019)	
	Mr. Ramji Lal (w.e.f. 05.02.2020)	
	Mr. Vishweshwar Bhat (w.e.f 27.01.2020)	
	Mr. S. Kishor Kumar	
	Ms. Kamna Mehta	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

Transactions during the year with Related Parties:

**a) Loans and Advances given and repayment thereof:**

Name of Related Party	As at	(Rs. In Lakhs)			
		Opening Balance	Loans Given	Repay-ment	Closing Balance
<u>Loans</u> HMT Machine Tools Ltd	Current year	20,556.06	2,300.00		22,864.82
	Previous year	13,747.30	6,800.00		20,556.06

Name of Related Party	As at	(Rs. In Lakhs)					
		Opening Balance	Advance Given (Net)	Advance taken (Net)	Transfers	Closing Balance	
<b>b) Advances (Dr / (Cr))</b> SUDMO HMT Process Engineers (India) Ltd	Current year	5.66	2.92	-	6.16	2.42	
	Previous year	2.41	3.25	-	-	5.66	
HMT Machine Tools Ltd	Current year	4,071.09	1,863.26	-	-	5,934.35	
	Previous year	779.31	3,291.78	-	-	4,071.09	
HMT Watches Ltd	Current year	(866.12)	-	123.67	-	(989.79)	
	Previous year	(1,361.77)	495.65	-	-	(866.12)	
HMT Chinar Watches Ltd	Current year	(555.60)	-	-	(555.60)	-	
	Previous year	(19.49)	-	536.11	-	(555.60)	
HMT Bearings Ltd	Current year	(1,668.29)	-	200.00	-	(1,868.29)	
	Previous year	(2,351.16)	682.87	-	-	(1,668.29)	
HMT (International) Ltd	Current year	61.00	55.41	-	-	116.41	
	Previous year	12.93	48.07	-	-	61.00	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4  
The Company has not given any guarantee/security to the related parties.

d) Name of the Transacting Related Party		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
Revenue from Operations	Current year	54.34	-	-	-	-	54.34
	Previous year	48.52	-	-	-	-	48.52
Other Income:	Current year	1640.73	20.31	-	-	-	1,661.04
	Previous year	1345.47	27.17	-	-	-	1,372.64
Dividends	Current year	-	-	609.28	18.00	-	627.28
	Previous year	-	-	-	14.40	-	14.40
Purchases	Current year	-	16.06	-	-	-	16.06
	Previous year	-	35.48	-	-	-	35.48
General Expenses: (recovery of expenses) Interest	Current year	(11.86)	(5.39)	-	(58.90)	-	(76.15)
	Previous year	(59.33)	(5.87)	-	(75.72)	-	(140.92)
		-	-	-	-	-	-

(Rs. In Lakhs)

(Rs. In Lakhs)

**e) Transactions with Key Managerial Persons:**
**Remuneration paid to KMP**

- S.Girish Kumar
- Shashi Bala Srivastava (upto 31.05.2019)
- S.Kishor Kumar
- Kamna Mehta

**Directors sitting fees**

- Dr. Ravindra Singh (upto 01.02.2020)
- Neera Tomar (27.03.2019)
- Vishweshwar Bhatt (27.01.2020)
- Ramji Lal (w.e.f 05.02.2020)

	Current Year	Previous Year
	<b>45.06</b>	44.68
	-	6.12
	<b>12.41</b>	11.68
	<b>8.24</b>	7.39
	<b>65.71</b>	<b>69.87</b>
	-	0.41
	<b>0.50</b>	0.55
	<b>0.38</b>	-
	<b>0.50</b>	0.11
	<b>1.38</b>	<b>1.07</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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**40 SEGMENT REPORTING:**

As per Ind AS - 108 "Operating Segment", segment information has been provided under the notes to consolidated financial statements.

During the year Food Processing Division has made a sale of Rs.1,200.12 Lakhs to two customers which exceed 10% of the revenue in each case.

41 Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared the financial statements on the basis of going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

42 The Investment in Gujrat State Machine Tools Corporation being an Associate Company, has been fully provided in books of Accounts as the Net Worth of the Company is completely eroded based on the latest information available with HMT Limited. Hence the fair value is shown as Nil.

43 Pursuant to the Board resolution of the Company dated 29.07.2020 Tractor business of the Company was closed as on 31st March 2020 and all the assets and liabilities lying in the books of Tractor division as at the end of 31st March 2020 has been merged with the books of Auxiliary Business Division (ABD) of the Company w.e.f 1st April 2020. The financials for the year 2020-21 have been prepared accordingly.

44 HMT Chinar Watches Ltd, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019 under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited.

**45 Impact on uncertainties relating to the global health pandemic from COVID-19**

The Company has considered the possible effects that may result from the Covid-19 pandemic on receivables, inventories, revenues including leases, Property Plant and Equipment, Going concern and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on the analysis of such information and the nature of current business operations carried by the company, it is of the view that the impact is temporary and does not have material impact on financial statements as at 31st March 2021 and hence has not made any provision in the books of account.

46 Balances under Trade "Receivables", 'Loans & Advances', 'Trade payables' and Other Current Liabilities' are subject to confirmation , although confirmation has been sought in most of the cases.

47 The Company has deffered tax asset in the form of brought forward business losses, In the absence of resonable certainty of future business profits, the Company has not recognised deferred tax asset.

48 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

***CONSOLIDATED  
FINANCIAL  
STATEMENTS***

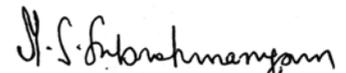
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 12 July 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of HMT Limited for the year ended 31 March 2021 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of HMT Limited and subsidiaries listed in Annexure-I but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure-II for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

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



**(M.S. Subrahmanyam)  
Director General of Commercial Audit  
Hyderabad**

**Place: Hyderabad  
Date: 09 September 2021**

## Annexure - I

### Subsidiaries

1. HMT Machine Tools Limited (Certification in progress)

## Annexure - II

### Subsidiaries

1. HMT (International) Limited
2. HMT Bearings Limited
3. HMT Watches Limited
4. HMT Chinar Watches Limited
5. Gujarat State Machine Tools Limited

## INDEPENDENT AUDITOR'S REPORT

### To the Members of HMT Limited

### Report on Audit of the Consolidated Ind AS Financial Statements

#### Qualified Opinion:

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

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

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

#### Basis of Qualified Opinion:

##### I. The Group as a whole:

1. The Company has not disclosed the following items on the face of the Balance sheet as required in Schedule III of Companies Act, 2013:

- i) Total outstanding dues of Micro and small enterprises and

- ii) Current tax Asset/Liability.

#### Indian Accounting Standards

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

##### II. HMT Ltd.

#### Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.
  2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd. in which company has invested. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
- #### Indian Accounting Standards
3. Employer and Employee contribution towards Provident Fund is transferred and invested in Provident fund Trust which is a defined benefit plan. The company has not obtained Actuarial Valuation Report as per Ind-AS 19 and has not accounted for actuarial gain or loss.

4. The company for Impairment on Trade receivables as per Ind-As 109 apply expected credit loss (ECL) model for measurement and recognition of

impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its consequent impact, if any, on the standalone Ind AS financial statements

**Auxiliary Business Division, Bengaluru**

Indian Accounting Standards

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

**Food Processing Machinery Unit, Aurangabad:**

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

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

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its

consequential impact if any on the standalone Ind AS financial statements cannot be quantified.

2. **Depreciation:** We draw attention towards Note No. 2(g) of the Significant Accounting Policy, depreciating the Property, Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of purchase which is not in line with the requirements of Schedule-II of the Companies Act, 2013.

**3. Interest on MSME liabilities and its disclosure requirements:**

- a. We draw attention towards the non-provision of interest payable to MSME creditors as per Section 16 of Micro Small and Medium Enterprises Development Act 2006 and the impact on financial statements cannot be reported due to lack of information.
- b. We draw attention to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.

**MBX, Bangalore:**

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

Indian Accounting Standards

7. **Compliance of IND AS – 2 Inventory valuation:** We draw your attention towards Note No. 2(j) of the Significant accounting policies of the company, which is not in line with Ind AS-2 Inventory valuation

as per Para 23. The inventory valuation adopted by the Company for Specific Projects undertaken by the Company is on the same lines of weighted average method of raw material than the Specific identification of their individual cost as defined in IND AS-2 for adoption of valuation of inventories of specific projects. However, the impact on the financial statements is not ascertainable due to lack of information to report.

8. **Compliance of IND AS 36 – Impairment of Assets:** We draw attention towards Note No. 2(p) of the Significant Accounting Policy about Ind AS -36 Impairment of Assets in relation to the Assessment of Potential Impairment loss of assets. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted during the year, it is noted that the company has assets with disposable value continuing in its block of assets. The Company is yet to take Management approval for disposal of said assets as per the company's procedures and the quantum of impairment value is not available to report.
9. **Compliance of IND AS 40 – Investment Property:** We draw attention towards Para 75 of Ind AS-40 "Investment Property" regarding the disclosure requirements which are not complied by the Company.

#### **MTH, Hyderabad**

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

unit has not complied with Ind AS-16 "Property, Plant and Equipment" as per the requirement.

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

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

#### **IV. HMT Watches Limited ("HWL")**

##### **1. Status Going Concern:**

- a. The Board of Directors in its 72<sup>nd</sup> board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
- b. The accumulated losses of the company as at the close of 31st March 2021 amounted to Rs.2,68,981.92 lakhs against which the paid up capital of the company is Rs.649.01lakhs and the losses has totally eroded the net worth of the company.
- c. The company has been incurring continues losses for the past many years.
- d. The total liabilities of the company as at the close of 31st March 2021 is Rs. 2,72,319.19

lakhs(Previous year Rs. 2,72,461.47/-lakhs) against which the Fixed and current assets book values are only Rs. 3,986.27 lakhs (Previous year Rs.3,858.66lakhs).

- e. The contingent liabilities disclosed in the financial statements are Rs. 622.41 lakhs (Previous year Rs. 578.39/-lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.
  - f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.
2. Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.
  3. The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
  4. One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.
  5. No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.
  6. The company has not neither identified nor made provision for liability towards the interest payable under micro - small and medium enterprises development Act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company is not ascertainable in the absence of confirmation from vendors and non availability of adequate information with the units.
  7. The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances and periodical verification of fixed assets.
  8. GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.
  9. As stated in note no. 2.23, no provision is made for liabilities aggregating Rs. 213.89 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by Rs. 213.89 lakhs and corresponding understatement of current liabilities to that extent.
  10. In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties

as at the 31st March 2021.

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

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

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

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

#### Indian Accounting Standards

13. IND AS 8: - The Company has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or, where the errors relates to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.
14. IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.
15. IND AS 109:- The Company has not recognized the interest free refundable security deposit at discounted value and fair value of recognition of financial assets and liabilities.

16. No provision towards gratuity amounting to Rs. 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent.

#### **V. HMT Bearings Limited (“HBL”):**

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

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

**Material Uncertainty Related to Going Concern:**

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

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the

Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

<b>II. HMT Watches Ltd.</b>	
<b>1) Going concern assumption:-</b>	
Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	<p>We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company.</p> <p>For notes on the going concern assumption and financing requirements, see Qualification No.1 on going concern in our Audit Report</p>
<b>2) Evaluation of uncertain tax matters:</b>	
<p>The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.23 and 2.24 to the Financial Statements of the HMT Watches Limited.</p>	<p>We have Obtained details of tax assessments and demands for the year ended March 31, 2021 from management. The company has not made any provisions for the disputed demands and 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.</p>
<b>3) Examination of employee benefit expenses:</b>	
Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibagh and has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947.	<p>We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement.</p>
<b>III. HMT Bearings Ltd.</b>	
<b>Going Concern</b>	<p>The company ceased to be a going concern and all the assets are stated at realisable value as per the accounting standards applicable to not a going concern. The board has approved initiation of necessary action for voluntary liquidation.</p>

## Emphasis of Matter Paragraph

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

We draw your attention to Note No.51 of Consolidated Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2021 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The

Group is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on the Consolidated Ind AS Financial Statements as at 31.03.2021. Our opinion in this matter is not modified.

### II. HMT Machine Tools Ltd:

- Going Concern:** We draw your attention towards the losses incurred by all the divisions of the Company except for the Kalamassery Unit which is resulting in erosion of the networth of the Company ie., the continuous increase of accumulated losses over the capital infusion reported every year. We

observed that, the Company is in the process of merger with HMT Limited, its holding Company and the proposal is pending with Government of India. Accordingly, the Standalone Financial Statements are prepared on the "Going Concern" basis.

#### MTK, Kalamassery Unit:

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

4. The Unit filed Civil Revision Petition against the proceedings of the Taluk Land Board on the legality of the ceiling proceedings initiated under the Kerala Land Reforms Act, 1963 before the Honorable High Court of Kerala at Ernakulam. The Honorable High Court vide Order No CRP No. 1026 of 2002 dated 03.12.2014 set aside the order of the Taluk Land Board directing HMT to surrender 251 Acres and 40 cents of land held in excess of the ceiling area.

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

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

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

### **Other Information [“Information Other than the Financial Statements and Auditor’s Report Thereon”]**

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

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

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

### **Management’s Responsibility for Consolidated Ind AS Financial Statements:**

The Holding Company’s management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application

of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

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

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

### **Auditor’s Responsibilities for the Audit of the Consolidated Ind AS Financial Statements:**

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

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

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

the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the 35 entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

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

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

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

**Other Matters:****I. Group as a whole:**

1. We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs. 55,282.40 lakhs as at March 31, 2021 and total revenues of Rs. 20,271.87 lakhs (including amount included in discontinued operations) for the year ended on that date as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of sub sections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.
2. The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2021, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
3. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs. 0.03/- lakhs has been considered for preparation of these Consolidated Ind AS financial statements.
4. The audited financial statements of the subsidiaries HMT Chinar Watches Ltd and HMT Bearings Limited which are under winding up have been prepared upto 06<sup>th</sup> August, 2020 and 16<sup>th</sup> December, 2020 respectively and same has been considered for Consolidation.

**II. HMT Ltd– Standalone financial statements**

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

**III. HMT Machine Tools Limited**

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

#### IV. HMT Watches Limited

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

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

#### Report on Other Legal & Regulatory Requirements:

1. As required by the section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements.
  - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept so far as it appears from our examination of those books.
  - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with books of account

- d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. the holding company and its subsidiaries which are Government companies, in terms of Notification reference No.G.S.R 463(E) dated 05<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable.

In case of SUDHMO, a Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2021, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05<sup>th</sup> June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.

Further in the case of SUDHMO, a Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.

- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Consolidated Ind AS financial statements disclose the pending litigations which would impact the financial position in note 33 of the Consolidated Ind AS financial statements.
- ii) The Group did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures.

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

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 21207783AAAAFA5106  
Place: Bengaluru  
Date: July 12, 2021

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

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

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

### **Management’s Responsibility for Internal Financial Controls:**

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

### **Auditors’ Responsibility:**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters

paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS financial Statements..

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

A company's internal financial controls with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements to future periods are subject to the risk that internal financial controls with reference to Consolidated Ind AS financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION:**

#### **I. Qualified Opinion of HMT Ltd.:**

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

#### **Company as a Whole:**

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

#### **In respect of Food Processing Machinery Unit, Aurangabad**

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

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

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

consumption, inventory and expense account balances.

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

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

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

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

According to the information and explanation given to us and based on our audit and audit by the other auditors, in respect of one division HMT-Hyderabad, the following material weaknesses is identified in the company relating to inadequate internal financial control systems over financial reporting as at March 31<sup>st</sup> 2021 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **1. In respect of the Company**

- i) Non-reconciliation and non-conformation of the trade receivables, trade payables balances, deposits and advances.
- ii) Delay in payment and filing of statutory dues and returns.

- iii) Non-reconciliation of GST Input with GSTR-2A and Turnover as GST Returns with the Turnover as reported in the Audited Statements of Account.
- iv) Non-reconciliation of TDS Form 26AS as periodical intervals.
- v) Non-compliance of IND AS-2, IND AS-36, IND AS-40
- vi) Non-compliance of Schedule II of the Act with respect to computation of depreciation.
- vii) Non-compliance of Schedule III of the Act with respect to the disclosure of MSME liabilities.

### **2. In respect of HMT, Hyderabad Unit:**

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

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

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

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

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

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

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

1. In view of lack of sufficient appropriate audit evidence of establishment of a frame work for internal financial control over financial

reporting, we are unable to express our opinion, regarding adequacy of internal financial control over financial reporting and whether or not such internal financial controls were operating effectively as at 16<sup>th</sup> December, 2020.

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

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

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

**Other Matters:**

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

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

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 21207783AAAAFA5106

Place: Bengaluru  
Date: July 12, 2021

## Consolidated Significant Accounting Policies for the year ended March 31, 2021

### 1. Background:

HMT Limited (“the Company”) is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company’s shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Tractors, Food Processing Machineries etc.

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Basis of Consolidation:

The consolidated financial statements of HMT Limited (“Parent Company”), subsidiary companies, associates and joint venture (collectively referred as “the Group”) used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2021. The financial statement of the associate company has not received by the parent company and the network

of the said associate is completely eroded. Accordingly, losses have been consolidated to the extent of the value of the investments.

#### iii) Principles of consolidation and equity accounting:

- a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- c) Eliminate the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary
- d) Non Controlling Interest’s share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Non Controlling Interest’s share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.
- f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating

unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

#### iv) **Summary of Significant Accounting Policies:**

##### a) **Use of estimates:**

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

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

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

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

Special Tools:

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

##### c) **Leases**

###### **The Company as a lessor**

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

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

###### *Operating Leases as a Lessor*

- a) Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals

are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

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

### **The Company as a lessee**

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

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

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

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

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

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

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

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

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

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

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

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal

proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

**f) Intangible Assets:**

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

**Research Phase:**

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

**Development Phase:**

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

ten years using straight line method.

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

Raw materials, stores and Spares, Tools and Instruments, Scrap, 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.

Provision for slow moving inventories are made considering the redundancy. However, provision for non moving inventories are made when the same are unmoved for more than five years and they are not useful for any other alternative purpose for general or specific orders.

**k) Revenue Recognition:**

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

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

**i) Sale of goods:**

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

**ii) Rendering of services:**

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

**iii) Rental Income:**

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

**iv) Dividend Income:**

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

**v) Interest Income:**

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

**vi) Warranty:**

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

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

**vii) Extended Warranties:**

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

**l) Foreign Currency Translation:**

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

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

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

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

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

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

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

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

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

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

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

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

In respect of employees who are separated other than under Voluntary Retirement Scheme, the

Gratuity paid in excess of Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the yearend for Gratuity, ELE and SA is restated as per the actuarial valuation done at the year-end

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

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

**n) Income taxes:**

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

**i) Current taxes:**

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

**ii) Deferred Taxes:**

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

**o) Provisions:**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits

will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized in the statement of Profit and loss.

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

**p) Impairment:**

**i) Financial assets:**

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

**ii) Non-financial assets:**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable

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

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

#### **q) Financial Instruments:**

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

##### **i) Cash & cash equivalents:**

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

banks which are unrestricted for withdrawal and usage.

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

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

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

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

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

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

##### **v) Financial Liabilities:**

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

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

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

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

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

Fair value hierarchy:

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

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

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

measurement as a whole) at the end of each reporting period.

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

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

**i) Judgements:**

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

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

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

**b) Discontinued Operations:**

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

*c) Property, plant & equipment:*

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

**ii) Estimates and assumptions:**

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

**a) Deferred Taxes**

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

**b) Defined Benefit Obligations:**

The cost of the defined benefit gratuity plan, provident fund and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved

in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

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

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

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

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

- vi) The Consolidation of Financial Statement (CFS) present the consolidated accounts of HMT Limited with its following subsidiaries and associates:

Name of the Company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous Year
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT Bearings Limited	Subsidiary	India	99.36%	99.36%
HMT Chinar Watches Limited – under voluntary winding up w.e.f March 25, 2019	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corporation Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Limited	Joint Venture	India	50%	50%

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021**

(Rs. in lakhs)

	Notes	As at 31-Mar-21	As at 31-Mar-20
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3A	4,595.29	5,095.96
Capital work in progress	3A	578.11	655.04
Investment Property	3B	231.10	277.09
Intangible assets	3C	1,124.90	1,265.51
<b>Financial Assets</b>			
Investments	4	19.86	19.89
Other Financial Assets	8	1,650.83	403.83
		<b>8,200.09</b>	<b>7,717.32</b>
<b>Current assets</b>			
Inventories	5	17,210.68	18,896.85
<b>Financial Assets</b>			
Trade Receivables	6	16,852.40	15,076.50
Cash and Bank Balances	7	19,061.21	20,466.00
Other Financial Assets	8	709.19	427.39
Other Assets	9	5,960.10	9,702.04
		<b>59,793.58</b>	<b>64,568.78</b>
<b>Non Current Assets Held for Sale</b>	3D	296.16	296.16
		<b>296.16</b>	<b>296.16</b>
<b>TOTAL ASSETS</b>		<b>68,289.83</b>	<b>72,582.26</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	35,560.16	35,560.16
Other equity	11	(5,06,934.59)	(4,95,931.60)
<b>Equity attributable to equity holders of the parent</b>		<b>(4,71,374.43)</b>	<b>(4,60,371.44)</b>
Non-controlling interests		(26.49)	(26.44)
<b>Total equity</b>		<b>(4,71,400.92)</b>	<b>(4,60,397.88)</b>

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021**

(Rs. in lakhs)

	Notes	As at 31-Mar-21	As at 31-Mar-20
<b>Non-current Liabilities</b>			
Financial liabilities			
Borrowings	12	1,791.53	12,223.92
Non Current Financial Liability	13	844.01	2,565.68
Other Current Liabilities	17	174.80	-
Provisions			
Provision for Employee Benefits	14	4,094.29	5,072.86
Deferred tax liability (net)		46.27	43.80
		<b>6,950.90</b>	<b>19,906.26</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	12	3,588.12	2,402.50
Trade payables	15	10,264.71	11,380.78
Other financial Liabilities	16	4,69,689.11	4,51,337.12
Other Current Liabilities	17	44,060.11	41,898.04
Provisions			
Provision for Employee Benefits	14	4,936.00	5,834.31
Others	18	201.80	221.13
		<b>5,32,739.85</b>	<b>5,13,073.88</b>
<b>Total liabilities</b>		<b>5,39,690.75</b>	<b>5,32,980.14</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,289.83</b>	<b>72,582.26</b>

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

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**Girish Kumar**

 Chairman and Managing Director  
 DIN 03385073

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN: 21207783AAAAFA5106  
 Place : Bangalore  
 Date : July 12, 2021

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021**

(Rs. in lakhs)

	Notes	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	19	20,388.85	26,030.14
Other income	20	5,558.30	4,761.47
<b>Total Income</b>		<b>25,947.15</b>	<b>30,791.61</b>
<b>EXPENSES</b>			
Cost of Materials consumed	21	8,812.30	10,371.83
Purchase of Stock In Trade	22	1,097.26	4,883.21
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	1,671.05	(2,980.37)
Employee benefits expense	24	9,795.20	11,934.54
Depreciation and amortization expense	25	971.03	953.89
Finance costs	26	8,393.33	6,537.54
Other expenses	27	6,111.92	5,960.01
Less: Jobs Done for Internal Use	28	(108.85)	(276.95)
<b>Total expense</b>		<b>36,743.24</b>	<b>37,383.70</b>
<b>Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations</b>		<b>(10,796.09)</b>	<b>(6,592.09)</b>
Share of profit/(loss) of an associate and a joint venture	30	(0.03)	(0.20)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>(10,796.12)</b>	<b>(6,592.29)</b>
Exceptional items	29	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>(10,796.12)</b>	<b>(6,592.29)</b>
(1) Current tax		443.60	131.00
(2) Deferred tax		0.42	(5.28)
(3) Adjustment of tax relating to earlier periods		(12.10)	(9.34)
	31	431.92	116.38
<b>Profit for the year from continuing operations</b>		<b>(11,228.04)</b>	<b>(6,708.67)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations	32	259.21	25,128.67
Tax Income/ (expense) of discontinued operations		(6.25)	(2,830.74)
<b>Profit/(loss) from discontinued operations</b>		<b>252.96</b>	<b>22,297.93</b>
<b>Profit/(loss) for the year</b>		<b>(10,975.08)</b>	<b>15,589.26</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		(25.90)	(858.67)
Income tax effect		(2.06)	0.06
Revaluation of land and buildings		-	-
Net (loss)/gain on FVTOCI equity Securities		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(27.96)</b>	<b>(858.61)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(11,003.04)</b>	<b>14,730.65</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021**

(Rs. in lakhs)

	Notes	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders		<b>(10,975.03)</b>	15,587.40
Non-controlling interests		<b>(0.05)</b>	1.86
<b>Other Comprehensive Income</b>			
<b>Attributable to:</b>			
Equity holders		<b>(27.96)</b>	(858.61)
Non-controlling interests		-	-
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders		<b>(11,002.99)</b>	14,728.79
Non-controlling interests		<b>(0.05)</b>	1.86
Earnings per share for continuing operations	43		
i) Basic, profit from continuing operations attributable to equity holders		<b>(3.16)</b>	(1.89)
ii) Diluted, profit from continuing operations attributable to equity holders		<b>(3.16)</b>	(1.89)
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders		<b>0.07</b>	6.27
ii) Diluted, profit from discontinued operations attributable to equity holders		<b>0.07</b>	6.27
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders		<b>(3.09)</b>	4.38
ii) Diluted, profit for the year attributable to equity holders		<b>(3.09)</b>	4.38
<b>Significant Accounting Policies and Notes forming part of Accounts</b>			

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**Girish Kumar**

 Chairman and Managing Director  
 DIN 03385073

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN: 21207783AAAAFA5106  
 Place : Bangalore  
 Date : July 12, 2021

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	(10,796.12)	(6,592.29)
Profit/(loss) before tax from discontinued operations	259.21	25,128.67
<b>Profit before tax</b>	<b>(10,536.91)</b>	<b>18,536.38</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	806.80	974.70
Depreciation of investment properties	23.62	24.39
Amortisation of Intangible Assets	140.61	140.61
Gain on disposal of property, plant and equipment	(957.95)	(26,852.62)
Loss on disposal of property, plant and equipment	-	5.22
Provision withdrawn	-	(848.88)
Finance income (including fair value change in financial instruments)	(2,706.16)	(1,196.59)
Finance costs (including fair value change in financial instruments)	8,393.52	9,086.95
Share of (profit)/ loss of an associate and a joint venture	0.03	0.20
<b>Working capital adjustments:</b>		
Movements in provisions	(1,755.51)	(2,178.38)
Increase in trade and other receivables and prepayments	(328.14)	(2,672.88)
Decrease in inventories	2,215.39	(1,354.69)
Increase in trade and other payables	1,220.80	(16,916.91)
	<b>(3,483.90)</b>	<b>(23,252.50)</b>
Income tax (paid)/reversed	(112.06)	(3,656.24)
<b>Net cash flows from operating activities</b>	<b>(3,595.96)</b>	<b>(26,908.74)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	957.98	26,872.07
Purchase of property, plant and equipment	(206.87)	(1,044.75)
Deposits with Banks	(3,345.74)	(8,295.96)
Interest received	728.36	1,303.61
<b>Net cash flows used in investing activities</b>	<b>(1,866.27)</b>	<b>18,834.97</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>Financing activities</b>		
Interest Paid	(473.92)	(4,223.91)
Proceeds from borrowings (net) & Government Grants	1,185.62	692.18
Dividend Distribution Tax Paid	-	(2.96)
<b>Net cash flows from/(used in) financing activities</b>	<b>711.70</b>	<b>(3,534.69)</b>
Net increase in cash and cash equivalents	(4,750.53)	(11,608.46)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	12,170.04	23,778.50
<b>Cash and cash equivalents at year end</b>	<b>7,419.51</b>	<b>12,170.04</b>

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

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

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

As per our Report of even date attached

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

**For S S B & Associates**

Chartered Accountants

F.R.N : 010372S

**Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashank Priya**

Director

DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN: 21207783AAAAFA5106

Place : Bangalore

Date : July 12, 2021

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

### A. Equity Share Capital

Equity shares of INR 1 each issued, subscribed and fully paid

At 1 April 2019

Changes in equity share capital during the year

At 31 March 2020

Changes in equity share capital during the year

At 31 March 2021

No. of Shares	Rs. In lakhs
35,56,01,640	35,560.16
35,56,01,640	35,560.16
35,56,01,640	35,560.16

	Reserves and Surplus			Other Comprehensive Income			Total equity attributable to equity holders of the company	Non-controlling interests	Total equity	
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income				Other items of Other Comprehensive Income
<b>Balance as of 1st April 2019</b>	2,270.82	(5,23,235.41)	16,600.97	1.37	-	-	(6,295.18)	(28.30)	(5,10,657.43)	(5,10,685.73)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2019</b>	2,270.82	(5,23,235.41)	16,600.97	1.37	-	-	(6,295.18)	(28.30)	(5,10,657.43)	(5,10,685.73)
Discontinued operations	-	22,296.07	-	-	-	-	-	1.86	22,296.07	22,297.93
Dividend Distribution Tax	-	(2.96)	-	-	-	-	-	-	(2.96)	(2.96)
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(858.61)	-	(858.61)	(858.61)
Total Comprehensive Income for the year	-	(6,708.67)	-	-	-	-	-	-	(6,708.67)	(6,708.67)
<b>Balance as of 1st April 2020</b>	2,270.82	(5,07,650.97)	16,600.97	1.37	-	-	(7,153.79)	(26.44)	(4,95,931.60)	(4,95,958.04)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2020</b>	2,270.82	(5,07,650.97)	16,600.97	1.37	-	-	(7,153.79)	(26.44)	(4,95,931.60)	(4,95,958.04)
Discontinued operations	-	253.01	-	-	-	-	-	(0.05)	253.01	252.96
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(27.96)	-	(27.96)	(27.96)
Total Comprehensive Income for the year	-	(11,228.04)	-	-	-	-	-	-	(11,228.04)	(11,228.04)
<b>At 31 March 2021</b>	2,270.82	(5,18,626.00)	16,600.97	1.37	-	-	(7,181.75)	(26.49)	(5,06,934.59)	(5,06,961.08)

### Significant Accounting Policies and Notes forming part of Accounts

As per our Report of even date attached

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

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

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

**Shashank Priya**  
Director  
DIN 08538400

**K. Balaji**  
Partner  
M.No : 207783  
UDIN : 21207783AAAAFA5106  
Place : Bangalore  
Date : July 12, 2021

**Kishor Kumar Shankar**  
Company Secretary

**Kamna Mehta**  
Chief Financial Officer

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**  
**3A. PROPERTY, PLANT AND EQUIPMENT**

(Rs. in lakhs)

Particulars	Land & Land	Buildings	Plant and	Furniture,	Special	Transport	Land-	Total
	Development		Machinery	Fittings & Office Appliances	Tools	Vehicles	Leasehold	
<b>Gross carrying value</b>								
<b>As at 1 April 2019</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,635.02</b>	<b>1,154.82</b>	<b>1,743.52</b>	<b>135.62</b>	<b>25.93</b>	<b>45,489.10</b>
Additions	-	-	367.01	5.08	118.53	-	-	490.62
Disposals	-	-	(231.48)	(2.18)	-	(30.52)	(8.84)	(273.02)
<b>At 31 March 2020</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,770.55</b>	<b>1,157.72</b>	<b>1,862.05</b>	<b>105.10</b>	<b>17.09</b>	<b>45,706.70</b>
Additions	-	46.30	121.99	5.55	109.96	-	-	283.80
Transferred from Investment property	22.36							22.36
Disposals	-	-	(388.85)	(29.28)	-	(0.13)	-	(418.26)
<b>At 31 March 2021</b>	<b>259.42</b>	<b>3,603.43</b>	<b>38,503.69</b>	<b>1,133.99</b>	<b>1,972.01</b>	<b>104.97</b>	<b>17.09</b>	<b>45,594.60</b>
<b>Accumulated Depreciation</b>								
<b>As at 1 April 2019</b>	-	<b>2,554.91</b>	<b>34,556.14</b>	<b>1,124.90</b>	<b>1,516.48</b>	<b>135.07</b>	<b>13.52</b>	<b>39,901.02</b>
Depreciation charge for the year	-	34.94	820.70	9.02	109.43	0.55	0.06	974.70
Disposals/Adjust	-	-	(228.70)	(2.04)	(0.02)	(30.52)	(3.70)	(264.98)
<b>At 31 March 2020</b>	-	<b>2,589.85</b>	<b>35,148.14</b>	<b>1,131.88</b>	<b>1,625.89</b>	<b>105.10</b>	<b>9.88</b>	<b>40,610.74</b>
Depreciation charge for the year	-	38.22	652.68	6.38	109.18	-	0.34	806.80
Disposals/Adjust	-	-	(388.82)	(29.28)	-	(0.13)	-	(418.23)
<b>At 31 March 2021</b>	-	<b>2,628.07</b>	<b>35,412.00</b>	<b>1,108.98</b>	<b>1,735.07</b>	<b>104.97</b>	<b>10.22</b>	<b>40,999.31</b>
<b>Net carrying value</b>								
<b>At 31 March 2021</b>	<b>259.42</b>	<b>975.36</b>	<b>3,091.69</b>	<b>25.01</b>	<b>236.94</b>	-	<b>6.87</b>	<b>4,595.29</b>
At 31 March 2020	237.06	967.28	3,622.41	25.84	236.16	-	7.21	5,095.96
<b>Net carrying value</b>								
	<b>31-03-21</b>	<b>31-03-20</b>	<b>Amount</b>	<b>Amount</b>				
Property, Plant and Equipment	<b>4,595.29</b>	5,095.96						
Capital work in progress - Opening	<b>655.04</b>	565.82						
Additions	11.59	503.14						
Disposals/Adjust	(88.52)	(413.92)						
Capital work in progress - Closing	<b>578.11</b>	<b>655.04</b>						

Additional Information:

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Land:

- (i) The Company is in possession of land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 166.00 Acres and 198.88 Acres respectively, nominally valued at Rs. 1 each.
- (ii) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- (iii) Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- (iv) HMT-MTL has leased out land admeasuring 2.71 acres to the Kerala Electricity Board and Postal Authorities in Kalamassery. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi Metro Rail Ltd., for which the lease period has been extended up to 31.07.2017 and 31.12.2018 respectively. Further an additional land of 1.6131 Ha. has been leased out up to 31.12.2018 for stackyard and fabrication purpose. Subsequently both 5 Ha and 1.6131 Ha of land has been surrendered back to the Company as on 31.12.2018. The Lease agreement for 2.5 Ha of land has been extended upto 31.05.2019. KMRL paid licence fee and vacated this 2.5 Ha of land on 30.11.2019.
- (v) In the matter relating to 195 acres and 33 guntas land handed over to HMT-Machine Tools Ltd (HMT-MTL) by the Govt. of Andhra Pradesh. HMT-MTL has filed Writ Petition No. 20012 of 2003 on the file of Hon'ble High Court of A.P. against the Govt. of A.P. and others wherein HMT-MTL has sought directions for demarking 195.33 acres of land for handing over the same to HMT-MTL. As per the survey conducted during the year 2004-05 by the Officials of Survey and Settlement Department, Ranga Reddy Dist. in view of Supreme Court directives, it has come to the notice that approx. 39 acres of land is not in the actual possession of HMT-MTL, but HMT-MTL has paid for the entire 195.33 acres of land for the decree holders. Out of the above land, 6000 sq. mts. of land is allotted to APSEB for setting up 33KV Switching Station and 33/11 KV Electrical sub-station. The compensation payable by the APSEB has not yet been determined. GHMC issued a notice vide notice No. 41/86/RW/TPS/GHMC/SC/2007 dated 01.12.2007 to take over 238.86sq. Yds of land for road widening programme undertaken by them out of the 3000 sq. yds available at kavadiguda, Secunderabad without any compensation. HMT-MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.

### Others:

1. Fixed assets have been transferred from the HMT Limited (Holding Company) to HMT Machine Tools Ltd, (Subsidiary) at gross value of Rs.202.10 Crores. Reserve for Depreciation of Rs.151.46 Cr. and net value of Rs.50.64 Cr., as on 1.4.2000 in line with para 10(j) and annexure 12 of the Scheme of arrangement approved by the Department of Company Affairs.
2. Fixed assets include immovable properties, vested under the scheme of arrangement approved by the Government of India. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Ltd. in Revenue records to that effect. Fresh Lease Deed in respect of Lease hold land are pending to be executed.
- 3 In respect of HMT-MTL, Plant & Machinery includes 7 items of PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs .

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**3B. INVESTMENT PROPERTY**

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
<b>Gross carrying value</b>			
<b>Opening balance at 1 April 2019</b>	41.05	1,471.30	1,512.35
Additions	-	-	-
Less: Deductions/adjustments	0.45	0.16	0.61
<b>Closing balance at 31 March 2020</b>	<b>40.60</b>	<b>1,471.14</b>	<b>1,511.74</b>
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	(22.36)	-	(22.36)
<b>Closing balance at 31 March 2021</b>	<b>18.24</b>	<b>1,471.14</b>	<b>1,489.38</b>
<b>Depreciation and impairment</b>			
<b>Opening balance at 1 April 2019</b>	-	1,210.42	1,210.42
Depreciation	-	24.39	24.39
Less: Deductions/adjustments	-	(0.16)	(0.16)
<b>Closing balance at 31 March 2020</b>	-	<b>1,234.65</b>	<b>1,234.65</b>
Depreciation	-	<b>23.62</b>	<b>23.62</b>
Less: Deductions/adjustments	-	<b>0.01</b>	<b>0.01</b>
<b>Closing balance at 31 March 2021</b>	-	<b>1,258.28</b>	<b>1,258.28</b>
<b>Net carrying value</b>			
<b>at 31 March 2021</b>	<b>18.24</b>	<b>212.86</b>	<b>231.10</b>
at 31 March 2020	40.60	236.49	277.09

**Additional Information:**

- i) The Company has classified certain land & building as investment property which is not a owner occupied property
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, the based on the guidance value, the fair value of the investment property as at March 31, 2021 is Rs.2,88,436.99 lakhs (previous year Rs.3,06,868.96 lakhs).

**iii) Land:**

- (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 209.83 acres and 689.17 acres respectively, nominally valued at Rs.1/- each.
- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- (c) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.82,24,000/- is yet to be received. The Company has filed a case against DRO (Haryana Irrigation Department) for not releasing the said compensation towards acquisition of land. Further, the Company has entered into settlement agreement with Haryana Irrigation Department, as per the agreement it has been agreed to release the compensation after withdrawal of case and accordingly the company filed an application for withdrawal of case against Haryana Irrigation Department, which is pending with Honorable High Court of Haryana. The compensation will be received by the company up on completion of formalities.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Additional Information:**

(Rs. in lakhs)

**Information regarding income and expenditure of Investment property**

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Rental income derived from investment properties	334.94	80.19
Direct operating expenses (including repairs and maintenance) generating rental income	(291.61)	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.15)	(2.20)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>41.18</b>	<b>77.99</b>
Less – Depreciation	(23.62)	(24.39)
<b>Profit arising from investment properties before indirect expenses</b>	<b>17.56</b>	<b>53.60</b>

**3C. INTANGIBLE ASSET**

(Rs. in lakhs)

	<b>Intangible assets</b>	<b>Intangible assets under development</b>	<b>Total</b>
<b>Gross carrying value</b>			
<b>Opening balance at 1 April 2019</b>	<b>88.36</b>	<b>941.21</b>	<b>1,029.57</b>
Additions	1,406.12	(941.21)	464.91
<b>Closing balance at 31 March 2020</b>	<b>1,494.48</b>	-	<b>1,494.48</b>
Additions	-	-	-
<b>Closing balance at 31 March 2021</b>	<b>1,494.48</b>	-	<b>1,494.48</b>
<b>Amortisation and impairment</b>			
<b>Opening balance at 1 April 2019</b>	<b>88.36</b>	-	<b>88.36</b>
Amortisation	140.61	-	140.61
<b>Closing balance at 31 March 2020</b>	<b>228.97</b>	-	<b>228.97</b>
Amortisation	140.61	-	140.61
<b>Closing balance at 31 March 2021</b>	<b>369.58</b>	-	<b>369.58</b>
<b>Net carrying value</b>			
<b>at 31 March 2021</b>	<b>1,124.90</b>	-	<b>1,124.90</b>
at 31 March 2020	1,265.51	-	1,265.51
<b>Net carrying value</b>	<b>31-03-2021</b>	<b>31-03-2020</b>	
Intangible assets under development	-	-	
Intangible Assets	<b>1,124.90</b>	1,265.51	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

<b>3D Non Current Assets Held for Sale</b>		(Rs. In lakhs)	
<b>Particulars</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>	
Land and Land Development	<b>24.13</b>	24.13	
Buildings	<b>272.02</b>	272.02	
Plant & Machinery	<b>0.01</b>	0.01	
<b>Total</b>	<b>296.16</b>	<b>296.16</b>	

**Additional Information:**
**HMT Ltd**

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale, and the clearance for sale is expected at any moment from Forest Department, Government of Karnataka.
- (b) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2021 an amount of Rs.5,04,98,700/- (previous year Rs.38,04,98,700/-) is due from HSIIDC.

**HMT Machine Tools Ltd**

Few items of Plant and Machinery for which the Company is committed to sell within the end of next Financial Year is classified as Non Current Assets Held for Sale.

**HMT Watches Ltd**

- (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 (other than in Ranibagh Unit where the process is yet to be completed to meet the closure liabilities). The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.
- (b) Fixed Assets have been transferred from the HMT Limited (Holding Company) to HMT Watches Ltd, (Subsidiary) at 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.
- (c) Non Current Assets held for sale include immovable properties, vested under the scheme of arrangement approved by the Government of India. However, the mutation of Title Deeds is yet to be done in the name of HMT Watches Ltd. in Revenue records to that effect.
- (d) During 2003-04 based on the MOU entered into between HMT Limited and HMT Watches Ltd. certain lands were sold and the profit on sale of such lands amounting to Rs.1421 lakhs were accounted in HMT Limited books. Equivalent value of land is yet to be identified and transferred to the HMT Watches Ltd.
- (e) The Company is in possession of gift land located at Bangalore admeasuring 89.74 acres of which 7 acres of land has been encroached upon and the matter has been taken up with the Govt. fo Karnataka to shift the un-authorized occupants.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>Financial assets</b>		
<b>4. Investments</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (31-Mar-20: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Associates and Joint Venture</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (31-Mar-20: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	<b>19.86</b>	19.89
<b>Investments in Associates</b>		
20,84,050 (31-Mar-2020: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Total Investment in Equity instruments in Associate and Joint Venture</b>	<b>19.86</b>	<b>19.89</b>
<b>Total</b>	<b>19.86</b>	<b>19.89</b>
<b>Current</b>	-	-
<b>Non Current</b>	<b>19.86</b>	19.89
Aggregate amount of unquoted investments	<b>19.86</b>	19.89
Aggregate amount of impairment in value of investments	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>5. Inventories</b>		
Raw Materials and Components	2,962.04	2,710.19
Material and Components in Transit	107.90	306.34
Work-in-Progress	5,091.97	6,238.69
Finished Goods #	8,518.44	9,283.93
Stock in Trade	572.80	688.96
Stores and Spares	1,350.21	1,577.44
Tools and Instruments	130.00	131.96
Scrap	216.36	227.60
	<b>18,949.72</b>	<b>21,165.11</b>
Less: Provision for Non-moving Inventories	1,739.04	2,268.26
	<b>17,210.68</b>	<b>18,896.85</b>
# Includes Excise Duty paid/ payable		
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	16,852.40	15,076.50
Doubtful	16,735.41	16,187.77
	<b>33,587.81</b>	<b>31,264.27</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	16,735.41	16,187.77
	<b>16,852.40</b>	<b>15,076.50</b>
Trade Receivables exceeding 6months from the date they are due for payment	7,728.02	5,973.84
Trade Receivables less than 6 months from the date they are due for payment	9,124.38	9,102.66
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		
<b>7. Cash and Cash equivalents</b>		
<i>A. Cash and Cash Equivalents:</i>		
Current accounts	1,656.65	900.29
Deposits with maturity three months or less	932.89	3,627.89
Other Deposits	4,826.25	7,183.66
Cash and Cheques on hand	3.72	458.20
	<b>7,419.51</b>	<b>12,170.04</b>
<i>B. Other banks balances :</i>		
Deposits with maturity more than three months but less than twelve months	11,641.70	8,295.96
	<b>19,061.21</b>	<b>20,466.00</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>8. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	1,588.00	385.00
Interest accrued & due	62.83	18.83
	<b>1,650.83</b>	<b>403.83</b>
<b>Current</b>		
Margin Money with Banks	69.67	-
Interest accrued & due	639.52	427.39
	<b>709.19</b>	<b>427.39</b>
<b>9. Other Assets</b>		
<b>Non-Current</b>		
Capital Advances	1.97	1.97
Less: Allowance for Doubtful Advances	1.97	1.97
	-	-
<b>Current</b>		
<b>Advances and other receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	1.04	1.04
Less: Allowance for Doubtful Advances	0.54	0.54
	<b>0.50</b>	<b>0.50</b>
<b>Unsecured</b>		
Considered Good #	4,862.26	8,306.06
Considered Doubtful	999.46	851.29
	<b>5,862.22</b>	<b>9,157.85</b>
Less: Allowance for Doubtful Advances	999.46	851.29
	<b>4,862.76</b>	<b>8,306.56</b>
Interest on Trade Receivable	5,924.90	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.90	5,924.90
	-	-
Withholding of taxes and other tax receivables*	506.08	831.78
Deposits	591.26	563.70
	<b>5,960.10</b>	<b>9,702.04</b>
<b>Total Other Assets</b>	<b>5,960.10</b>	<b>9,702.04</b>

# Includes Advances to Joint Ventures Rs.2.42 lakhs and Rs.5.66 lakhs (Previous year)

\*primarily consists of TDS Receivables and Deposits with collector of Customs

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**10 Share Capital**

(Rs. In lakhs)

	As at 31-Mar-21		As at 31-Mar-20	
	No	Amount	No	Amount
<b>Authorised Share Capital:</b>				
<i>Equity shares of Rs.10 each</i>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
		<b>1,23,000.00</b>		<b>1,23,000.00</b>
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs.10 each</i>				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16
Issued during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16

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

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

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

**2 Details of shareholders holding more than 5% shares in the Company:**

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	<b>27,95,66,626</b>	<b>78.62%</b>	27,95,66,626	78.62%
Special National Investment Fund	<b>6,75,38,614</b>	<b>18.99%</b>	6,75,38,614	18.99%

**3 Aggregate number of equity shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

	Shares Issued for consideration other than cash	Shares redeemed	Shares Issued for consideration other than cash	Shares redeemed
Equity shares	-	-	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>11 Other Equity:</b>		
<b>i) Capital Reserve:</b>		
As per last Balance Sheet	2,270.82	2,270.82
<b>ii) General Reserve:</b>		
As per last Balance Sheet	16,600.97	16,600.97
Add:		
Transferred from Statement of Profit & Loss	-	-
	<b>16,600.97</b>	<b>16,600.97</b>
<b>iii) Retained Earnings:</b>		
As per last Balance Sheet	(5,07,650.97)	(5,23,235.41)
Adjustments:		
Dividend distribution tax	-	(2.96)
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	(10,975.03)	15,587.40
	<b>(5,18,626.00)</b>	<b>(5,07,650.97)</b>
<b>iv) FVTOCI Reserve:</b>		
As per last Balance Sheet	(7,152.42)	(6,293.81)
Adjustments:		
On implementation of Ind AS		
- Reclassification of of actuarial gain/losses on defined benefit plans	(27.96)	(858.61)
	<b>(7,180.38)</b>	<b>(7,152.42)</b>
<b>Total</b>	<b>(5,06,934.59)</b>	<b>(4,95,931.60)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>12. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
With free of interest		
Repayment in 1 to 5 equal annual installments from the date of drawal of loan	1,791.53	12,223.92
<b>Total non-current borrowings</b>	<b>1,791.53</b>	<b>12,223.92</b>
<b>Current</b>		
<b>Secured</b>		
Cash Credit	2,938.12	2,402.50
Emergency Credit Loan	650.00	-
	<b>3,588.12</b>	<b>2,402.50</b>
<b>Unsecured</b>	-	-
<b>Total Current borrowings</b>	<b>3,588.12</b>	<b>2,402.50</b>
<b>Aggregate Secured loans</b>	<b>3,588.12</b>	<b>2,402.50</b>
<b>Aggregate Unsecured loans</b>	<b>1,791.53</b>	<b>12,223.92</b>
Cash Credits and Emergency Credit Loan as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.		
<b>13. Non Current Financial Liability</b>		
Deferred Government Grant	844.01	2,565.68
	<b>844.01</b>	<b>2,565.68</b>
<b>14. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	2,468.35	3,261.17
Earned Leave Encashment	1,415.65	1,584.31
Settlement Allowance	210.29	227.38
	<b>4,094.29</b>	<b>5,072.86</b>
<b>Current</b>		
Gratuity	1,756.89	2,289.38
Earned Leave Encashment	592.83	661.81
Settlement Allowance	91.12	113.03
Wage and Salary Revision arrears (1992-1995)	2,495.16	2,770.09
	<b>4,936.00</b>	<b>5,834.31</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>15. Trade payables</b>		
Acceptances	250.34	140.27
Dues towards Goods purchased	8,967.82	10,716.61
Dues to Micro, Small & Medium Enterprises	1,046.55	523.90
<b>Total</b>	<b>10,264.71</b>	<b>11,380.78</b>

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

**Particulars**

Principal amount due and remaining unpaid	1,046.55	523.90
Interest due on above and the unpaid interest	41.95	35.51
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	28.81	28.04
Interest accrued and remaining unpaid at the end of the accounting year.	72.54	66.83

**16. Other Financial Liabilities**

Current maturities of long-term Debts	12,154.06	14,118.08
3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00
Loan from Govt. of India (Defaulted)	84,221.21	70,103.13
Govt of India Liabilities (Defaulted)*	3,35,093.36	3,35,093.36
Interest free Loan from Government of India (Defaulted) (refer foot note No.2 below)	13.74	13.74
Interest accrued and due on borrowings		
Loans from Government of India	32,468.44	26,295.60
Interest accrued but not due on borrowings		
Government of India Loan	2,052.30	2,027.21
<b>Total</b>	<b>4,69,689.11</b>	<b>4,51,337.12</b>

**1. 3.5% Preference Share Capital**

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
<p>For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed .</p>		
<p>2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial &amp; Strategic Review of consolidation &amp; restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries</p>		
<p>3.*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 thereon upto 2014-15 has been classified under other financial liabilities.</p>		
<b>17. Other Liabilities</b>		
<b>Non Current</b>		
Grant from Government of India	<b>152.00</b>	-
Grant in Aid	<b>22.80</b>	-
	<b>174.80</b>	-
<b>Current</b>		
Revenue received in advance	<b>6,643.50</b>	6,874.76
Accrued expenses	<b>2,055.71</b>	4,212.49
Other liabilities (Employee related liabilities, OSL for expenses, EMD , Statutory dues etc.,)	<b>35,360.90</b>	30,810.79
<b>Total</b>	<b>44,060.11</b>	<b>41,898.04</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**18. Provisions - others**

(Rs. in lakhs)

	Warranty Claims	Provision for Indirect Taxes and salary revision arrears	Total
<b>At 1 April 2019</b>	79.09	142.20	<b>221.29</b>
Arising during the year	71.70	0.27	<b>71.97</b>
Utilised	(47.98)	(6.26)	<b>(54.24)</b>
Unused amounts reversed	(17.89)	-	<b>(17.89)</b>
<b>At 31 March 2020</b>	<b>84.92</b>	<b>136.21</b>	<b>221.13</b>
Current	84.92	136.21	221.13
<b>At 1 April 2020</b>	84.92	136.21	<b>221.13</b>
Arising during the year	64.37	-	<b>64.37</b>
Utilised	(51.61)	(3.74)	<b>(55.35)</b>
Unused amounts reversed	(28.35)	-	<b>(28.35)</b>
<b>At 31 March 2021</b>	<b>69.33</b>	<b>132.47</b>	<b>201.80</b>
Current	69.33	132.47	201.80

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>19. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	1,730.60	1,921.83
Watches	405.07	410.60
Spares and Accessories	119.12	186.27
	<b>2,254.79</b>	<b>2,518.70</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	17.89	37.66
Packing / Forwarding charges	19.12	7.56
	<b>37.01</b>	<b>45.22</b>
<b>Total</b>	<b>2,291.80</b>	<b>2,563.92</b>
<b>Machine Tools</b>		
Sale of Products	14,941.96	15,466.82
Accessories	470.99	446.60
	<b>15,412.95</b>	<b>15,913.42</b>
<b>Sale of Services</b>		
Sale of Services	151.61	214.98
Sundry Jobs and Miscellaneous Sales	487.22	818.74
Packing / Forwarding charges	61.79	77.91
	<b>700.62</b>	<b>1,111.63</b>
<b>Total</b>	<b>16,113.57</b>	<b>17,025.05</b>
<b>Exports</b>		
Sales & Commission	215.75	268.68
Technical Services	6.12	21.55
Project Sales & Services	1,761.14	6,149.75
Export Assistance	0.47	1.19
	<b>1,983.48</b>	<b>6,441.17</b>
<b>Revenue from Operations</b>	<b>20,388.85</b>	<b>26,030.14</b>
<b>20. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	929.26	1,183.08
Interest from Dealers/Others	55.23	13.51
	<b>984.49</b>	<b>1,196.59</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>Other Income</b>		
Recoveries from Staff/Others	353.42	311.60
Rent Received	1,531.37	1,452.90
Gains on Sale of Property, Plant and Equipment	78.26	67.19
Provisions Withdrawn	514.50	1,089.70
Amortisation of Govt. Grant	1,721.67	-
Other non operating Income	374.59	643.49
	<b>4,573.81</b>	<b>3,564.88</b>
<b>Total Other Income</b>	<b>5,558.30</b>	<b>4,761.47</b>
<b>21 Cost of Materials Consumed (Refer Note No.48)</b>		
Raw materials and Components		
Inventory at the beginning of the year	2,699.53	2,238.41
Add: Purchases	7,095.35	8,685.27
	<b>9,794.88</b>	10,923.68
Less: inventory at the end of the year	2,958.12	2,581.29
Cost of raw material and components consumed	<b>6,836.76</b>	8,342.39
Consumption of Stores, Spares, Tools & Packing Materials	1,975.54	2,029.44
Total raw materials and components consumed	<b>8,812.30</b>	<b>10,371.83</b>
<b>Particulars of Materials Consumed</b>		
Steel	477.05	686.28
Non-ferrous Metals	0.18	1.68
Ferrous Castings	357.27	550.22
Non-ferrous Castings	107.08	25.69
Forgings	95.60	43.26
Standard parts & components	5,647.19	6,355.26
Others	152.39	680.00
<b>Total</b>	<b>6,836.76</b>	<b>8,342.39</b>
<b>22. Purchase of Stock in Trade</b>		
Purchases of Stock in Trade	1,097.26	4,883.21
	<b>1,097.26</b>	<b>4,883.21</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	9,061.48	5,240.94
Less: inventory at the end of the year	8,518.45	9,051.04
<b>Changes in Inventory</b>	<b>543.03</b>	<b>(3,810.10)</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	6,102.91	6,424.20
Less: inventory at the end of the year	5,091.97	6,053.44
<b>Changes in Inventory</b>	<b>1,010.94</b>	<b>370.76</b>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	688.96	956.59
Less: inventory at the end of the year	572.80	641.40
<b>Changes in Inventory</b>	<b>116.16</b>	<b>315.19</b>
<b>Goods in Transit</b>		
Inventory at the beginning of the year	-	268.93
Less: inventory at the end of the year	-	-
<b>Changes in Inventory</b>	<b>-</b>	<b>268.93</b>
<b>Scrap</b>		
Inventory at the beginning of the year	217.28	89.00
Less: inventory at the end of the year	216.36	214.15
<b>Changes in Inventory</b>	<b>0.92</b>	<b>(125.15)</b>
<b>Total</b>	<b>1,671.05</b>	<b>(2,980.37)</b>

[Refer Note No.48 of notes forming part of Consolidated Financial Statements]

**24. Employee benefits expense**

Salaries, Wages and Bonus	6,870.53	8,284.34
House Rent Allowance	259.80	307.30
Gratuity	706.75	754.83
Contribution to PF & FPS	650.13	753.25
Deposit Linked Insurance	34.80	49.09
Contribution to ESI	5.78	8.86
Welfare Expenses	1,267.41	1,776.87
	<b>9,795.20</b>	<b>11,934.54</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
<b>25. Depreciation and amortization</b>		
Depreciation of tangible assets	806.80	812.85
Depreciation on Investment Properties	23.62	0.43
Amortisation of intangible assets	140.61	140.61
	<b>971.03</b>	<b>953.89</b>
<b>26. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans	6,197.93	6,048.89
Interest Expense (Gol Loans)	1,721.67	-
Cash Credit loans from Banks	449.54	465.77
Others	23.13	20.58
<b>Other Borrowing Cost</b>		
Discounting Charges	1.06	2.30
<b>Total finance costs</b>	<b>8,393.33</b>	<b>6,537.54</b>
<b>27. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	802.73	875.05
Repairs to machinery	43.90	50.82
Provision for Non Moving Inventories	67.29	38.84
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	17.14	24.15
Carriage outwards	51.78	12.28
<b>Establishment Expenses</b>		
Rent	47.75	53.35
Rates and Taxes	665.80	475.32
Insurance	58.96	21.22
Water and Electricity	450.29	376.17
Repairs to building	42.13	33.32
Printing and Stationery	36.46	50.78
Auditors Remuneration #	9.36	9.65
Provision for Doubtful Debts, Loans and Advances	759.43	371.07
Warranty claims	53.88	101.30
Loss on sale of property, Plant and Equipment	-	0.08
Loss sustained by PF Trust	18.49	13.35

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-21	Year Ended 31-Mar-20
Travelling Expenses	65.41	278.85
Corporate Social Responsibility	15.20	-
Grant Expense	22.80	-
Difference in exchange	(11.06)	43.20
Other Expenses	2,894.18	3,131.21
	<b>6,111.92</b>	<b>5,960.01</b>
#As auditor	6.59	6.64
For taxation matters	1.31	1.35
Cost audit fee & expenses	1.46	1.66
	<b>9.36</b>	<b>9.65</b>
<b>Corporate Social Responsibility</b>		
As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:		
Amount required to spend during the year	15.20	-
Amount available from previous year	-	-
	<b>15.20</b>	-
Amount spent during the year (on the project in Education Sector for setting up of " Mini Science Centre" at Yadgir District)	5.50	-
Amount carried forward	<b>9.70</b>	-
<b>28. Jobs Done for Internal Use</b>		
Shop manufactured Special Tools	(108.85)	(276.95)
	<b>(108.85)</b>	<b>(276.95)</b>
<b>29. Exceptional Items</b>		
	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
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**30. Interest in joint venture**

The Company has a 50% interest in SUDMO- HMT Process Engineers (India) Limited, a joint venture involved in marketing of Food Processing Machines. The Company's interest in SUDMO- HMT Process Engineers (India) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind-AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below

Current assets, including cash and cash equivalents	<b>42.26</b>	45.93
Current liabilities, including tax payable	<b>(2.54)</b>	(6.15)
<b>Equity</b>	<b>39.72</b>	39.78
Proportion of the Company's ownership	<b>0.50</b>	0.50
Carrying amount of the investment	<b>19.86</b>	19.89

**Summarised statement of profit and loss of the SUDMO- HMT Process Engineers (India) Limited:**

Revenue	<b>3.03</b>	3.42
Finance cost	-	-
Other expense	<b>(3.09)</b>	(3.82)
<b>Profit before tax</b>	<b>(0.06)</b>	<b>(0.40)</b>
Income tax expense	-	-
<b>Profit for the year (continuing operations)</b>	<b>(0.06)</b>	<b>(0.40)</b>
<b>Total comprehensive income for the year</b>	<b>(0.06)</b>	<b>(0.40)</b>
<b>Company's share of profit for the year</b>	<b>(0.03)</b>	<b>(0.20)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	31-Mar-21	31-Mar-20
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**31. Income Tax**

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

**Continuing Operations**

Statement of profit and loss

Profit or loss section

**Current income tax:**

Current income tax charge	443.60	131.00
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**Deferred tax:**

Relating to origination and reversal of temporary differences	0.42	(5.28)
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**Adjustment of Tax :**

Relating to earlier years	(12.10)	(9.34)
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<b>Income tax expense reported in the statement of profit and loss</b>	<b>431.92</b>	<b>116.38</b>
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OCI section

Deferred tax related to items recognised in OCI during in the year

**Discontinued Operations**

<b>Current income Tax</b>	-	3,069.08
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<b>Adjustment of Tax relating to earlier years</b>	<b>6.25</b>	<b>(238.34)</b>
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	<b>6.25</b>	<b>2,830.74</b>
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**OCI section**

Deferred tax related to items recognised in OCI during in the year

Net loss/(gain) on remeasurements of defined benefit plans	(2.06)	0.06
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<b>Income tax charged to OCI</b>	<b>(2.06)</b>	<b>0.06</b>
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**Additional Information:**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of tax expense has not furnished by the subsidiary companies. Accordingly same has not been furnished.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**32. Discontinued Operations**

As per the CCEA Approval on 27/10/2016 it was decided that the operations of Tractors Division has to be closed. Accordingly, operations of the said division is closed and assests and liabilities have been merged with ABD effective 01-04-2020. It has been planned that the Company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly the Company has classified as Investment Properties (Ref. Note No. 48).

As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches Ltd, HMT Watches Ltd and HMT Bearings Ltd operations were closed. Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105. (Ref. Note No. 49 and 50)

**The results of Discontinued Operations for the year are presented below:** (Rs in lakhs)

	<b>Year ended 31-Mar-21</b>	<b>Year ended 31-Mar-20</b>
<b>Revenue</b>		
Revenue from Operations	-	23.81
Other income	<b>143.40</b>	3,108.84
<b>Expenses</b>		
Material Consumption, purchase of stock and changes in inventory	<b>570.01</b>	1,354.29
Employee Benefit Expenses	<b>2.85</b>	33.38
Depreciation	-	185.81
Other Expenses	<b>190.83</b>	666.52
Finance costs	<b>0.19</b>	2,549.41
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(620.48)</b>	<b>(1,656.76)</b>
Exceptional items	<b>879.69</b>	26,785.43
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>259.21</b>	<b>25,128.67</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	<b>6.25</b>	2,830.74
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>252.96</b>	<b>22,297.93</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs in lakhs)

	31-Mar-21	31-Mar-20
<b>The classification of Non Current Assets of Discontinued Operations are as follows</b>		
<b>Assets</b>		
Property, plant and equipment	-	508.58
Investment Property	-	224.51
Non Current Assets Held for Sale	<b>296.06</b>	296.06
<b>Total Non Current Assets</b>	<b>296.06</b>	<b>1,029.15</b>

**The net cash flows incurred as follows:**

Operating	<b>(106.98)</b>	529.48
Investing	<b>(165.32)</b>	723.20
Financing	<b>(192.27)</b>	(127.12)
<b>Net cash (outflow)/inflow</b>	<b>(464.57)</b>	<b>1,125.56</b>

**Earnings per share:**

Basic, profit/(loss) for the year from discontinued operation	<b>0.07</b>	6.27
Diluted, profit/(loss) for the year from discontinued operation	<b>0.07</b>	6.27

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>33. Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt;</b>		
i) a) Tax related claims pending in appeal		
i) Excise Duty	<b>267.58</b>	267.58
ii) Sales Tax	<b>225.48</b>	225.48
iii) Property Tax	<b>4,026.48</b>	4,055.02
iv) Income Tax	-	2,371.94
v) Others	<b>9.49</b>	9.49
b) Non receipt of related Forms against levy of concessional Sales Tax	<b>64.20</b>	102.70
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	<b>658.43</b>	723.16
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	<b>12,615.69</b>	14,488.09
e) Guarantees & Counter guarantees & LC's issued	<b>2,625.80</b>	2,454.60
f) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	<b>23.89</b>	23.89
ii) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs.2.69 Lakhs as debts	<b>13.31</b>	13.31
iii) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	<b>6.47</b>	6.47
iv) Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	<b>311.77</b>	311.77
v) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	<b>71.30</b>	69.91
vi) An amount of Rs. 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable along with interest @6% p.a. Out of the above decretal amount 50% i.e. Rs.3.01 Lakhs has been deposited by the Company		
vii) Liability if any, relating to sale of land by HMT Watches Ltd to Canara Bank and subsequent by third party vide misc. petition Nol621/622 pending adjudication		
viii) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>475.00</b>	922.53
ix) Tax liability/tax demand, in respect of HMT Chinara Watches Ltd (Subsidiary of HMT Limited ) up on dissolution up to Rs. 775.29 lakhs.	<b>775.29</b>	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs in lakhs)

	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
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**34. Other Disclosures**

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

(b) Other Liabilities includes advances received against sale of land amounting to Rs.926.64 lakhs, represents amount received from M/s Raman Research Institute towards sale of land and building. The cost of the land and building has been included in respective head under Non Current Assets held for sale. Though HMT Watches Ltd has executed an Agreement to Sale and possession of land given to the purchaser, the transaction has not been recognised as sale pending approval from the concerned authorities for the execution of sale deed.

**35. Preference Share Capital**

The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs. 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.

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

Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	<b>5,607.63</b>	5,607.63
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**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs in lakhs)

	<b>As at 31-Mar-21</b>	<b>As at 31-Mar-20</b>
<b>36. Inventories</b>		
In respect of Tractor Division, Pinjore, Work in progress (Semi Finished Goods), Raw Materials/Components/Stores and Spares/Tools and Instruments etc as per valuer's NRV and at 23% of book value for Stock of finished Tractors. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2020 as compared to cost (Cost or Selling Price which ever is less in respect of Stock of finished Tractors) due to valuation of inventories at revised NRV as under:		
Finished goods (stock of Tractors)	-	3.98
Work in Progress (Semi Finished Goods)/Tractors Spare Parts	-	357.51
Raw Materials / Components/Shop Stores and Tools & Instruments etc.	-	365.46
Provision for Obsolescence	-	187.44
<b>37. Trade Receivables include</b>		
Dues towards erection and commissioning for a period exceeding one year	<b>152.61</b>	324.96
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-
<b>38. Advances</b>		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	<b>2.81</b>	2.81
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>1,508.03</b>	1,526.53
	<b>1,510.84</b>	<b>1,529.34</b>
<b>39. Contingent Asset</b>		
Debts written off in the past, but action of recovery proceedings is being continued before the courts	<b>138.98</b>	138.98

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs in lakhs)

	As at 31-Mar-21	As at 31-Mar-20
<b>40. Related Party Transactions &amp; Disclosure u/s 186 of Companies Act 2013</b>		
<b>Name of the Related Party</b>	<b>Relationship</b>	
Mr. S Girish Kumar	Key Managerial Persons (KMP)	
Mr. Shashank Priya (w.e.f 01.10.2019)		
Smt. Sujata Sharma (w.e.f. 30.09.2020)		
Dr. Subhash Chandra Pandey (upto 30.06.2019)		
Smt. Shashi B Srivastava (upto 31.05.2019)		
Mr. Pravin Agrawal (upto 01.09.2020)		
Mr. Amit Varadan (upto 30.09.2020)		
Dr. Ravindra Singh (upto 01.02.2020)		
Smt. Neera Tomar (w.e.f. 27.03.2019)		
Mr. Vishweshwar Bhat (w.e.f 27.01.2020)		
Mr. Ramji Lal (w.e.f 05.02.2020)		
Mr. S. Kishor Kumar		
Ms. Kamna Mehta		
<b>Transactions with Key Managerial Personnel</b>		
<b>Compensation of key management personnel of the Company</b>		
Mr. S. Girish Kumar	45.06	44.68
Ms. Shashi Bala Srivastava (upto 31.05.2019)	-	6.12
Mr. S. Kishor Kumar	12.41	11.68
Ms. Kamna Mehta	8.24	7.39
	<b>65.71</b>	<b>69.87</b>
<b>Directors sitting fees</b>		
Dr. Ravindra Singh (upto 01.02.2020)	-	0.41
Smt. Neera Tomar (w.e.f. 27.03.2019)	0.50	0.55
Mr. Vishweshwar Bhat (w.e.f 27.01.2020)	0.38	-
Mr. Ramji Lal (w.e.f 05.02.2020)	0.50	0.11
	<b>1.38</b>	<b>1.07</b>
<b>Related Party Transactions with Subsidiaries</b>		
Transactions and balance with its own subsidiaries are eliminated in consolidation.		
<b>Related Party Transactions with Joint Venture</b>		
<b>Sudmo HMT Process Engineers (India) Ltd</b>		
<b>Advance (Dr/Cr)</b>		
Opening Balance	5.66	2.41
Advance given (Net)	2.92	3.25
Advance taken (Net)	-	-
Transfers	6.16	-
Closing Balance	<b>2.42</b>	<b>5.66</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**41. Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

(Rs. in lakhs)

	Carrying amount		Fair value	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
<b>Financial assets</b>				
FVTOCI financial investments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	<b>38,440.93</b>	37,255.31	<b>38,440.93</b>	37,255.31
Interest Free Government of India Loan	<b>64,171.74</b>	64,171.74	<b>64,171.74</b>	64,171.74
<b>Total</b>	<b>1,02,612.67</b>	<b>1,01,427.05</b>	<b>1,02,612.67</b>	<b>1,01,427.05</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the government of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied.

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest.

The Company has defaulted in 3.5% redeemable preference shares which has been matured for redemption and hence no fair valuation has been made in the accounts.



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020

Fair value measurement using	(Rs. In lakhs)		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
			Significant unobservable inputs (Level 3)

Date of valuation	Valuation technique
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**Assets measured at fair value:**
**FVTOCI financial investments:**
**Unquoted equity shares**

Nigeria Machine Tools Limited

-

**Assets for which fair values are**
**disclosed**
Investment properties

Land \*

**Financial Liability**

Interest Free Government of India Loan

 31-Mar-20 Circle rate **3,06,862.88**
**3,06,862.88**

 31-Mar-20 8% Effective Rate of Interest used **64,171.74**
**64,171.74**
**\* Based on guidance value**

A) Nigeria Machine Tools Ltd is a company incorporated outside India, the valuer was unable to retrieve any information from the company and the company believe it is more appropriate to conclude that the Fair Value of these shares as NIL

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**43. Earnings per share (EPS)**

(Rs. In lakhs)

	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Profit attributable to equity holders:		
Continuing operations	<b>(11,228.04)</b>	(6,708.67)
Discontinued operations	<b>253.01</b>	22,296.07
<b>Profit attributable to equity holders for basic earnings</b>	<b>(10,975.03)</b>	<b>15,587.40</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>(10,975.03)</b>	<b>15,587.40</b>
Weighted average number of Equity shares for basic EPS	<b>35,56,01,640</b>	35,56,01,640
Effect of dilution:		
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders	<b>(3.16)</b>	(1.89)
ii) Diluted, profit from continuing operations attributable to equity holders	<b>(3.16)</b>	(1.89)
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	<b>0.07</b>	6.27
ii) Diluted, profit from discontinuing operations attributable to equity holders	<b>0.07</b>	6.27

\* There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**44. As per Indian Accounting Standard-19 "Employee Benefits", the disclosures as defined are given below**

**i) Defined Contribution Plan :**

Particulars	(Rs. in Lakhs)	
	Year Ended 31 March 2021	Year Ended 31 March 2020
Employer's Contribution to Pension Fund	<b>149.41</b>	176.13

**ii) Defined Benefit Plans:**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans.

The Company has not obtained the actuarial valuation report from the independent actuary for its Provident Fund trust.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below

	31-Mar-21 %	31-Mar-20 %
Discount rate:		
Gratuity plan	<b>6.74</b>	6.33
Settlement Allowance	<b>6.74</b>	6.33
Future salary increases:		
Gratuity plan	<b>8.00</b>	8.00
Settlement Allowance	<b>8.00</b>	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	<b>100%</b>	100%	<b>100%</b>	100%
Disability Rate (as % of above mortality rate)	<b>0%</b>	0%	<b>0%</b>	0%
Withdrawal Rate	<b>1% to 3%</b>	1% to 3%	<b>1% to 3%</b>	1% to 3%
Attrition Rate				
Normal Retirement Age*				
Average Future Service	<b>12.24</b>	10.48	<b>12.24</b>	10.48

\*Note : Age 60 years in case of HMT Limited and HMT(I) Limited.

Age 58 years in case of HMT Machine Tools Limited. However there are no employees in HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 44 A. Employee Benefit Obligations

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

#### A. Gratuity

(Rs. In lakhs)

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							31-Mar-21	
	01-Apr-20	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
Defined benefit obligation	(8,133.54)	(259.15)	(438.42)	(697.57)	2,003.85	2.30	-	-	(123.46)	125.25	4.09	-	(6,823.17)
Fair value of plan assets	2,576.52	-	165.69	165.69	(2,003.85)	(25.60)	-	-	-	-	(25.60)	1,878.70	2,591.46
Change in Asset Ceiling	6.47	-	-	-	-	-	-	-	-	-	-	-	6.47
<b>Benefit liability</b>	<b>(5,550.55)</b>			<b>(531.88)</b>							<b>(21.51)</b>	<b>1,878.70</b>	<b>(4,225.24)</b>

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income							31-Mar-20	
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
Defined benefit obligation	(8,859.09)	(216.30)	(430.90)	(647.20)	2,260.02	14.51	-	-	(187.04)	(714.74)	(887.27)	-	(8,133.54)
Fair value of plan assets	2,565.12	-	191.92	191.92	(2,260.02)	14.50	-	-	-	-	14.50	2,065.00	2,576.52
Change in Asset Ceiling	210.48	-	0.47	0.47	-	-	-	-	-	-	-	(204.48)	6.47
<b>Benefit liability</b>	<b>(6,083.49)</b>			<b>(454.81)</b>							<b>(872.77)</b>	<b>1,860.52</b>	<b>(5,550.55)</b>

The Company and its subsidiary has different plan assets. Holding Company has funded excess amount. However, there is a liability in respect of subsidiary company which cannot be set off against each other and disclosed separately in financial statements.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**B. Settlement Allowance**

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

(Rs. In lakhs)

	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Sub-total included in OCI	Contributions by employer	31-Mar-21
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments				
Defined benefit obligation	(340.41)	(17.90)	(51.31)	115.30	-	-	(1.46)	(0.67)	(22.86)	(24.99)	0.00	(301.41)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Benefit liability</b>	<b>(340.41)</b>		<b>(51.31)</b>	<b>115.30</b>						<b>(24.99)</b>		<b>(301.41)</b>	

31 March 2020 changes in the defined benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Sub-total included in OCI	Contributions by employer	31-Mar-20
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments				
Defined benefit obligation	(380.08)	(23.04)	(58.27)	119.86	-	-	(8.44)	2.60	(16.08)	(21.92)	-	(340.41)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Benefit liability</b>	<b>(380.08)</b>		<b>(58.27)</b>	<b>119.86</b>						<b>(21.92)</b>		<b>(340.41)</b>	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**44B. Employee Benefits (Contd.):**
**B Sensitivity analysis:**

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

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>204.50</b>	192.22	<b>238.08</b>	215.85
Change in rate of salary increase	<b>137.52</b>	153.50	<b>152.84</b>	171.96
Change in withdrawal rates	<b>5.58</b>	7.12	<b>8.49</b>	11.24

**(ii) Settlement Allowance** (Rs. In lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>12.87</b>	13.12	<b>11.87</b>	10.99
Change in rate of salary increase	<b>11.82</b>	14.04	<b>10.80</b>	12.61
Change in withdrawal rates	<b>12.68</b>	14.13	<b>13.70</b>	12.59

- C. The expected contributions for gratuity for the next financial year will be Rs.3,761.29 lakhs and Settlement allowance NIL.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**45. Segment reporting**  
 Year ended 31 March 2021

**I. Revenue**

(Rs. in Lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue	1891.00	16618.81	1983.48	455.14	(559.58)	20,388.85
Interest Income	1.60	124.01	176.26	2,343.67	(1,661.05)	984.49
<b>Total</b>	<b>1,892.60</b>	<b>16,742.82</b>	<b>2,159.74</b>	<b>2,798.81</b>	<b>(2,220.63)</b>	<b>21,373.34</b>
<b>Less:</b>						
Interest expense	1.07	8,303.92	-	1,729.07	(1,640.73)	8,393.33
Depreciation and Amortisation expense	13.31	754.82	13.80	189.10	-	971.03
<b>Segment result</b>	<b>1,878.22</b>	<b>7,684.08</b>	<b>2,145.94</b>	<b>880.64</b>	<b>(579.90)</b>	<b>12,008.98</b>
Add: Unallocable income						4,573.78
Less: Unallocable expenses						27,378.88
Total Profit / Loss before tax						(10,796.12)
Less: Income Tax expense						431.92
<b>Profit/Loss for the Year</b>						<b>(11,228.04)</b>

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	<b>1,123.63</b>	<b>42,897.08</b>	<b>6,046.56</b>	<b>21,521.76</b>	<b>71,589.03</b>	<b>5,838.27</b>	<b>(9,137.47)</b>	<b>68,289.83</b>
<b>Total liabilities</b>	<b>1,238.52</b>	<b>56,753.70</b>	<b>2,283.11</b>	<b>9,658.22</b>	<b>69,933.55</b>	<b>2,935.63</b>	<b>4,66,821.57</b>	<b>5,39,690.75</b>

**Year ended 31 March 2020**
**I. Revenue**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue from Operations	2201.83	17623.18	6714.93	410.61	(920.41)	26,030.14
Interest income	13.35	203.48	244.29	2,107.22	(1,371.75)	1,196.59
<b>Total</b>	<b>2,215.18</b>	<b>17,826.66</b>	<b>6,959.22</b>	<b>2,517.83</b>	<b>(2,292.16)</b>	<b>27,226.73</b>
<b>Less:</b>						
Interest expense	2.38	7,966.81	0.21	-	(1,431.86)	6,537.54
Depreciation and Amortisation expense	13.59	912.97	13.95	13.38	-	953.89
<b>Segment result</b>	<b>2,199.21</b>	<b>8,946.88</b>	<b>6,945.06</b>	<b>2,504.45</b>	<b>(860.30)</b>	<b>19,735.30</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. In lakhs)
Add: Unallocable income	3,564.68
Less: Unallocable expenses	29,892.27
Total Profit / Loss before tax	(6,592.29)
Less: Income Tax expense	116.38
Profit/Loss for the year	(6,708.67)

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	1,054.98	42,968.12	8,148.04	12,997.25	65,168.39	14,898.59	(7,484.72)	72,582.26
<b>Total liabilities</b>	1,190.65	53,339.35	4,471.41	8,596.70	67,598.11	4,293.73	4,61,088.30	5,32,980.14

**Reconciliations to amounts reflected in the financial statements**

	(Rs. In lakhs)	
<b>Reconciliation of Profit/Loss</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Segment result	<b>12,008.98</b>	19,735.30
Add: Unallocable income	<b>4,573.78</b>	3,564.68
Less: Unallocable expenses	<b>27,378.88</b>	29,892.27
<b>Profit / Loss of Continuing Operations before tax</b>	<b>(10,796.12)</b>	<b>(6,592.29)</b>
Add/Less: Profit or Loss from Discontinued Operations	<b>259.21</b>	25,128.67
Total Profit / Loss before tax	<b>(10,536.91)</b>	18,536.38
Less: Tax Expense	<b>(438.17)</b>	(2,947.12)
<b>Profit/Loss for the year</b>	<b>(10,975.08)</b>	<b>15,589.26</b>
<b>Reconciliation of assets</b>		
Segment operating assets	<b>71,589.03</b>	65,168.39
Assets held by Discontinued Operations	<b>5,838.27</b>	14,898.59
Inter-segment (elimination)	<b>(9,137.47)</b>	(7,484.72)
<b>Total assets</b>	<b>68,289.83</b>	<b>72,582.26</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(Rs. In lakhs)	
	31-Mar-21	31-Mar-20
<b>Reconciliation of liabilities</b>		
Segment operating liabilities	69,933.55	67,598.11
Liabilities of Discontinued Operations	2,935.63	4,293.73
Inter-segment (elimination)	(9,137.47)	(7,484.72)
Deferred tax liabilities	46.27	43.80
Borrowings	4,75,912.77	4,68,529.22
<b>Total liabilities</b>	<b>5,39,690.75</b>	<b>5,32,980.14</b>

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported in the 'adjustments and elimination' column.

	(Rs. In lakhs)	
	31-Mar-21	31-Mar-20
<b>Major Customer- Details of Revenue from Single Customer exceeding 10% of total revenue</b>		
India	4,771.27	4,719.46
Outside India	-	-
<b>Total revenue per consolidated statement of profit or loss</b>	<b>4,771.27</b>	<b>4,719.46</b>

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

**Food Processing Unit**

Revenue exceeding 10% from any individual customers:  
During the year Rs. 1200.12 Lakhs (Previous Year Rs.1318.46)

**Machine Tools**

Revenue from one customer amounted to Rs.3571.15 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2021

Revenue from one customer amounted to Rs.3401.00 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2020

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

- 46 The Group has an Investment in Gujrat State Machine Tools Corporation Limited being an Associate Company, the Group had not accounted the same as associate due to non availability of information. Accordingly on implementation of IND AS the company has accounted as per IND AS 28.
- 47 The networth of the Group has been completely eroded. Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 48 Pursuant to the Board resolution of the Company dated 29.07.2020 Tractor business of the Company was closed as on 31st March 2020 and all the assets and liabilities lying in the books of Tractor division as at the end of 31st March 2020 has been merged with the books of Auxiliary Business Division (ABD) of the Company w.e.f. 1st April 2020. The financials for the year 2020-21 have been prepared accordingly.
- 49 HMT Chinar Watches Ltd, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019 under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Audited Financials as at August 6, 2020 along with the petition has been submitted before Hon'ble National Company Law Tribunal, Chandigarh on August 26, 2020 for dissolution of M/s. HMT Chinar Watches Limited in terms of section 59 of the Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulation, 2017 and waiting further directions from Hon'ble NCLT. Accordingly, the financials upto August 6, 2020 have been incorporated in the Consolidated Financial Statements of the Company for the FY2020-21
- 50 HMT Bearings Limited, a subsidiary has submitted petition under section 271-272 of the Companies Act, 2013 before Hon'ble National Company Law Tribunal, Hyderabad on 19.06.2020 for voluntary winding up of the Company. Hon'ble NCLT, Hyderabad vide its order dated 16.12.2020 allowed petition and passed order for winding up of HMT Bearings Ltd and also appointed Shri. Sai Ramesh Kanuparthi, Insolvency Professional (IP), from Hyderabad to act as Company Liquidator for the purpose. HMT Bearings Limited has drawn the books of accounts as at December 16, 2020 duly audited by the Statutory Auditor appointed by C&AG has been handed over to IP. The IP has initiated the winding up proceeding. Accordingly, the financials upto December 16, 2020 have been incorporated in the Consolidated Financial Statements for 2020-21.
- 51 Impact on uncertainties relating to the Global Health Pandemic from COVID-19**
- The Group has considered the possible effects that may result from the Covid-19 pandemic on Receivables, Inventories, Revenues including Leases, Property Plant and Equipment, Going Concern and Investment in Subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Group(Holding Company and its Subsidiaries), as at the date of approval of their respective Standalone Financial Statements has used internal and external sources of information. Eventhough, the units are falling in Containment Zone due to this Covid-19, intermitantly, the Group has been improving its performance steadily. Also the Group is facing travel restriction due to which the erection and commissioning of various projects are getting delayed. Based on the analysis of such information and the nature of current business operations carried by the Group, it is of the view that the impact is temporary and does not have material impact on respective Financial Statements as at 31st March 2021 and hence has not made any provision in the books of account.
- 52 Balances under Trade "Receivables", 'Loans & Advances', 'Trade payables' and Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.
- 53 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**54. Statutory Group Information**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs	As % of consolidated net assets	INR Lacs
HMT Ltd								
<b>Balance as at 31 March, 2021</b>	<b>-7.50%</b>	<b>35,356.32</b>	<b>-1.64%</b>	<b>180.48</b>	<b>482.87%</b>	<b>-135.01</b>	<b>-0.41%</b>	<b>45.47</b>
Balance as at 31 March, 2020	-7.53%	34,683.57	149.40%	23,290.58	51.27%	-440.23	155.12%	22,850.35
<b>Subsidiaries</b>								
HMT Machine Tools Ltd								
<b>Balance as at 31 March, 2021</b>	<b>38.07%</b>	<b>-1,79,453.37</b>	<b>109.97%</b>	<b>-12,069.57</b>	<b>-363.52%</b>	<b>101.64</b>	<b>108.77%</b>	<b>-11,967.93</b>
Balance as at 31 March, 2020	36.38%	-1,67,485.44	-55.45%	-8,644.15	48.76%	-418.65	-61.52%	-9,062.80
HMT International Ltd								
<b>Balance as at 31 March, 2021</b>	<b>-1.54%</b>	<b>7,264.35</b>	<b>-6.02%</b>	<b>661.08</b>	<b>-19.35%</b>	<b>5.41</b>	<b>-6.06%</b>	<b>666.49</b>
Balance as at 31 March, 2020	-1.44%	6,615.86	4.23%	658.96	-0.03%	0.27	4.48%	659.23
HMT Watches Ltd								
<b>Balance as at 31 March, 2021</b>	<b>56.63%</b>	<b>-2,66,966.54</b>	<b>-2.48%</b>	<b>271.77</b>	<b>0.00%</b>	<b>-</b>	<b>-2.47%</b>	<b>271.77</b>
Balance as at 31 March, 2020	58.05%	-2,67,238.31	0.46%	71.51	0.00%	-	0.49%	71.51
HMT Chinar Watches Ltd								
<b>Balance as at 31 March, 2021</b>	<b>12.55%</b>	<b>-59,149.45</b>	<b>0.10%</b>	<b>-11.00</b>	<b>0.00%</b>	<b>-</b>	<b>0.10%</b>	<b>-11.00</b>
Balance as at 31 March, 2020	12.71%	-58,529.17	-0.01%	-1.90	0.00%	-	-0.01%	-1.90
HMT Bearings Ltd								
<b>Balance as at 31 March, 2021</b>	<b>1.79%</b>	<b>-8,445.60</b>	<b>0.07%</b>	<b>-7.76</b>	<b>0.00%</b>	<b>-</b>	<b>0.07%</b>	<b>-7.76</b>
Balance as at 31 March, 2020	1.83%	-8,437.84	1.36%	212.60	0.00%	-	1.44%	212.60
<b>Non-controlling interests in all subsidiaries</b>								
<b>Balance as at 31 March, 2021</b>	<b>0.01%</b>	<b>-26.49</b>	<b>0.00%</b>	<b>-0.05</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-0.05</b>
Balance as at 31 March, 2020	0.01%	-26.44	0.01%	1.86	0.00%	-	0.01%	1.86
<b>Associates (investment as per the equity method)</b>								
<b>Balance as at 31 March, 2021</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>
Balance as at 31 March, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Joint ventures (investment as per the equity method)</b>								
<b>SUDMO-HMT Process Engineers (India) Ltd</b>								
<b>Balance as at 31 March, 2021</b>	<b>0.00%</b>	<b>19.86</b>	<b>0.00%</b>	<b>-0.03</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-0.03</b>
Balance as at 31 March, 2020	0.00%	19.89	0.00%	-0.20	0.00%	-	0.00%	-0.20
<b>Total</b>								
<b>Balance as at 31 March, 2021</b>	<b>100.00%</b>	<b>-4,71,400.92</b>	<b>100.00%</b>	<b>-10,975.08</b>	<b>100.00%</b>	<b>-27.96</b>	<b>100.00%</b>	<b>-11,003.04</b>
Balance as at 31 March, 2020	100.00%	-4,60,397.88	100.00%	15,589.26	100.00%	-858.61	100.00%	14,730.65



 **hmt**  
**HMT Limited**

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