

## HMT LIMITED

### CONTENTS

Board of Directors .....	2
Performance Highlights .....	3
Directors' Report .....	4
Management Discussions and Analysis .....	13
Annexure to the Director Report .....	24
Secretarial Audit Report .....	35
Certificate on Corporate Governance .....	43
CEO & CFO Certificate .....	44
Independent Auditor's Report .....	45
Comments of C & AG .....	58
Significant Accounting Policies .....	59
Balance Sheet .....	68
Profit & Loss Account .....	70
Cash Flow Statement .....	73
Notes Forming Part of Statement of Accounts .....	75
Consolidated Financial Statement .....	109

**BOARD OF DIRECTORS\***

Shri. S. Girish Kumar

Chairman &amp; Managing Director

Shri. Pravin Agarwal

Director (w.e.f. 15-03-2019)

Shri. Ravindra Singh

Independent Director

Smt. Neera Tomar

Independent Director (w.e.f. 27-03-2019)

\*As on 12-08-2019

**CHIEF FINANCIAL OFFICER**

Miss Kamna Mehta (w.e.f. 12-02-2019)

**COMPANY SECRETARY**

Shri. Kishor Kumar S

**CHIEF VIGILANCE OFFICER**

Dr. Mamta Kochar

**STATUTORY AUDITOR****M/s. B. K. RAMADHYANI & Co LLP**

Chartered Accountants

4B, Chitrapur Bhavan,

68, 8th Main, Malleshwaram

Bengaluru - 560 055

**SECRETARIAL AUDITOR****S. VISWANATHAN**

Practicing Company Secretary

Susheel Chandra Apts.

17th A Cross, 10th A Main,

Malleshwaram (W), Bengaluru - 560 055

**BANKERS**

UCO Bank

Punjab National Bank

**REGISTERED OFFICE**

"HMT BHAVAN"

59, Bellary Road, Bengaluru - 560 032

**CORPORATE IDENTITY NUMBER**

L29230KA1953GOI000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

Karvy Fintech Pvt. Ltd.

Karvy Selenium Tower B, Plot No. 31 &amp; 32

Gachibowli, Financial District,

Nanakramguda, Serilingampally,

Hyderabad - 500 032

**PERFORMANCE HIGHLIGHTS**

(₹ in lakhs)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>OPERATING STATISTICS</b>										
Sales	1960	1480	1043	726	6155	7971	10095	16112	20086	19164
Other Income *	3731	1730	1634	10448	3239	30518	4756	4658	5475	1078
Materials	1137	818	267	246	3805	6319	5365	12118	13746	12083
Employee Costs	1003	1194	1026	1106	10334	9030	7070	7499	8371	6762
Other Costs	1065	894	5042	470	2293	11754	4090	2906	3140	3252
Depreciation	25	25	32	27	367	340	355	440	387	392
Earnings before Interest	2595	578	(3728)	9348	-8174	12016	(4135)	735	(16)	(3323)
Interest	29	212	288	297	1836	1434	10403	8955	7908	1968
Earnings/(Loss) before Tax	2566	366	(4016)	9051	(10010)	10582	(14538)	(8220)	(7924)	(5291)
Taxation (net off withdrawal/refunds)	-	-	(1861)	-	-	1861	-	-	-	-
Discontinued Operations (Tractors)	(841)	(1083)	(21794)	(10765)						
Net Earnings	1725	(717)	(23949)	(1714)	(10010)	8721	(14538)	(8220)	(7924)	(5291)
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	1616	1723	1956	2229	2481	2831	3159	3507	3868	4028
Current Assets	32000	18983	18832	9345	64225	67742	68604	70619	65557	72668
Current Liabilities & Provisions	23981	11878	20950	35387	27723	21881	26928	25701	24309	21437
Working Capital	8019	7105	(2117)	(26041)	36502	45861	41676	44918	41248	51231
Capital Employed	9635	8828	(161)	(23812)	38983	48692	44835	48425	45116	55259
Investments	71978	72042	72029	76425	76425	76390	76556	76556	76556	76556
Borrowings	66206	67155	57948	15094	13846	11246	82349	71401	59871	62091
Preference Share Capital (PSC)	3686	3686	3686	3686	66000					
Net Worth	11721	10029	10234	33833	35562	113838	39043	53581	61800	69724
<b>OTHER STATISTICS</b>										
Capital Expenditure	124	10	13	65	8	12	7	81	227	327
Internal Resources Generated	1752	(692)	(25778)	(1687)	(9643)	10922	(14183)	(7780)	(7537)	(4899)
Working Capital Turnover Ratio	0.24	-	-	-	0.17	0.17	0.24	0.36	0.49	0.37
Current Ratio	1.33	1.60	0.90	0.26	2.32	3.10	2.55	2.75	2.70	3.39
Return on Capital(%)	28.11	13.34	-	-	(18.65)	25.70	(8.87)	1.57	(0.03)	(5.99)
Employees (Nos)	101	103	118	128	1421	1434	1442	1699	1904	2088
Per Capita Sales	19.41	14.37	8.84	5.67	4.33	5.56	7.00	9.48	10.55	9.18

\* Includes Extra Ordinary &amp; Exceptional Items

Note: Figures are as per IND AS and Networth excludes PSC from FY 2014-15

## DIRECTORS' REPORT

To  
The Members,  
HMT Limited  
Bangalore

Dear Members,

The Board of Directors has pleasure in presenting the 66<sup>th</sup> Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2018-19 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	2018-19	2017-18
Gross Revenue from Continuing Operations	1960	1480
Other Income	2858.68	1729.79
Total Income	4819.03	3209.62
Profit Before Depreciation and Finance Costs	1748	603
Depreciation	25	25
Gross Profit/(Loss)	1723	578
Finance Cost	29	212
Net profit before Exceptional Items and PPA	1694	366
Add : Exceptional Items	872	-
Less : Prior Period Adjustments	-	-
Net Profit before Tax	2566	366
Provision for Tax	-	-
Net Profit After Tax	2566	366
Profit/Loss from discontinued operations	(841)	(1083)
Net Profit/(Loss) for the year	1725	(717)
Other Comprehensive Income	(32)	512
Total Comprehensive Income	1693	(205)

### BUSINESS SCENARIO:

As per the provisional estimates of national income released by Central Statistics Office on 31st May 2019, the growth rate of Gross Domestic Product (GDP) at constant (2011-12) prices for the year 2018-19 is estimated at 6.8 per cent, as compared to the growth of 7.2 per cent in 2017-18.

The growth in Gross Value Added (GVA) at constant basic prices for the year 2018-19 is estimated at 6.6 per cent, as compared to 6.9 per cent in 2017-18. At the sectoral level, the growth in the 'agriculture, forestry and fishing', 'mining & quarrying', 'manufacturing' and 'trade, hotels, transport, communication and services related to broadcasting' is estimated to be 2.9 percent, 1.3 percent, 6.9 percent and 6.9 percent respectively in 2018-19.

The cumulative growth of Index of Industrial Production (IIP) with base 2011-12 for the period April '18 - March '19 over the corresponding period of the previous year stands at 3.6 percent. The Eight Core Industries comprise 40.27 per cent of the weightage of items included in the Index of Industrial Production (IIP). During 2018-19, the production in eight core industries grew by 4.3 per cent, as compared to the growth of 4.2 per cent in corresponding period of previous year.

The manufacturing sector's growth during 2018-19 was 3.5 per cent, as compared to growth of 4.6 per cent during 2017-18.

India's merchandise export achieved its lifetime high at US\$ 331.02 Billion during fiscal 2018-19. Secondly, it was the first time when overseas shipment of goods crossed \$300 billion mark for two consecutive fiscals and merchandise export growth was back to double digit in the concluding month of fiscal 2018-19 after crippling for the last five months. During March 2019, exports went up to US\$ 32.55 Billion from US\$ 29.32 Billion in the same month in the previous year, registering 11.02 percent growth. In rupee terms, growth was higher at 18.63 percent during the month.

### OPERATING RESULTS:

Company's main business portfolio included product range of Food Processing Machines. The Company recorded a Production of Rs.17.01 Crore (128 Nos of Food Processing Machines) as against Rs. 12.05 Crore (121 Nos of Food Processing Machines), in the previous year, and Sales of Rs. 16.36 Crore (91 Nos of Food Processing Machines) compared to Rs. 11.32 Crore (107 Nos of Food Processing Machines) in the previous year.

Rs. In Cr.

Year	2018-19		2017-18	
	Nos.	Value	Nos.	Value
<b>Production</b>	128	17.01	121	12.05
<b>Sales</b>	91	16.36	107	11.32

The total turnover of the Company for the year 2018-19 stands at Rs.19.60 Crore as against Rs.14.77 Crore (excluding Excise Duty) during 2017-18. The Profit Before Tax during the year 2018-19 is Rs.25.66 Crore as against Rs.3.67 Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs.255.84 Crore. Revenue from the operations reported as Rs. 262.77 Crore for the year 2018-19 against Rs. 202.41 Crore of previous year. HMT Group has registered profit of Rs. 143.82 Crore against loss of Rs.142.13 Crore during the previous year mainly due to long term capital gain on account of sale of land of HMT Watches Ltd and HMT Bearings Ltd., The Land sale proceeds of closure subsidiaries has been transferred to Government of India as per the Cabinet Approval after deduction of taxes.

#### **FUTURE OUTLOOK:**

##### **Food Processing Machinery**

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

The contribution of the food processing sector to Gross Value Added (GVA), employment and investments is significant. It is estimated that the gross value of plant and machinery deployed in food processing sector, by the year 2024-25 will be Rs. 3,50,000 Crore approximately.

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

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

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

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

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

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

The continued investment by the government in public infrastructure is helping the economy to grow. It is expected that India's economy may improve and strengthen the Government of India's aim of manufacturing sector contributing to around 25% of the country's GDP.

For this, the industry needs to tap into various opportunities and forge partnerships with overseas companies for technology reforms, which can pay rich dividends. This would also enable the manufacturing sector to explore possibilities of substituting import machinery with indigenous ones and meet the strategic needs of various industries. The reduction in corporate tax for entities with turnover of upto Rs. 250 Cr to 25% is a positive step towards development of MSME sector and enhancing their production capacities. India has a significant number of MSMEs and this move is expected to foster their development.

As per Gardner's 'World Machine Tool Output Survey 2018', India is ranked 8th in Consumption and 10th in Production in the global list of world machine tool consuming and producing countries. The country is set to become a key player in the global machine tools industry and is likely to see substantial high end machine tools manufacturing.

Machine tool production for FY 2018-19 is estimated to be around Rs. 9,000 crores and consumption is estimated to be around Rs. 17,000 crores. Production is estimated to grow by around 25% and consumption may also grow by 20% during the period.

The Indian machine tools sector offers several opportunities for investment. Given the current gap between demand and supply, there is a clear need for adding capacities in this sector. The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments such as automobiles and consumer durable, Aerospace etc.

Domestic consumption is also expected to increase due to revival in rural demand after normal monsoon and agricultural impetus. Demand for machine tools accrues from the manufacturers of primary goods and intermediate goods. The primary user industries include the automotive sector, capital goods sector and consumer durables sector. Prominent users of machine tools in the intermediate goods sector include the auto components, the ball and roller bearings and electronic components and their demand for machine tools are projected to remain high. The automotive sector is also steadily picking up which is expected to give fillip to MSMEs in the country. The development of MSME's is also one of the principle objectives of the Government. In view of the thrust given by government for Make in India program, an increase in the order flow in mining & metals and railway sector is expected during 2019-20 in comparison with the previous year. Sectors like defence and industrial intermediates recorded a good growth in turnover during 2018-19. This growth in various sectors presents a positive outlook for improving the company's business during 2019-20.

#### **DIVIDEND & PROVISIONS**

As your Company still has accumulated losses & keeping in view requirement of funds for operations, the Directors are not in a position to recommend any dividend to the shareholders.

#### **SHARE CAPITAL**

The Authorized Share Capital of the Company is Rs. 2100 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 there under

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

The Company has adopted a policy on prevention, prohibition and redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. During the Financial year 2018-19, 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)**

Every Company having Networth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or a net profit of Rs. 5 Crore or more during the immediately preceding financial year shall constitute the CSR Committee of the Board. The Company does not meet any of these criteria during immediately preceding financial year. Hence, CSR Committee has not been constituted during FY2018-19.

#### **ENTERPRISE RISK MANAGEMENT**

In order to have a better reporting system on various risk faced by the Company and to assess such risk for taking appropriate action in a timely manner, the Company has in place Guidelines on Risk Management. In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated "Risk Management Policy" on 19.06.2018 and the policy is placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com).

**PARTICULAR OF EMPLOYEES**

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

**SUBSIDIARY COMPANIES****HMT Machine Tools Limited**

The Subsidiary achieved Sales of Rs.217.41 Crore during the year 2018-19 against Rs. 168.83 Crore in the previous year and Production attained is of Rs. 238.83 Crore as against Rs. 163.15 Crore, in the previous year. Net loss reported is Rs. 63.83 Crore during the year 2018-19 against reported loss of Rs 129.25 in previous year.

CHANDRAYAAN-2: HMT Machine Tools Ltd., the Subsidiary of HMT Limited has associated with the recent successful launch of Chandrayaan by ISRO project through supply of products and services to meet the exacting standards of ISRO. HMT's connection with the project included the twin associations as detailed below:

The Solid Rocket Motors of Chandrayaan-2 launch vehicle were machined on the 3-Axis CNC Vertical Facing Mill Machine supplied by HMT's Hyderabad Unit while HMT's Kochi Unit was associated in assembly of GSLV Vehicle Control System Components at ISRO's GOCO Centre. HMT Machine Tools Limited, Hyderabad Unit has designed, developed, manufactured and assembled the 3-Axis CNC Vertical Facing Mill for supply to ISRO's Satish Dhawan Space Centre, Sriharikota (SDSC SHAR) for machining of solid rocket motors. The machine is with state-of-the-art technology with various sub-systems, remote CNC controlled system to machine extremely hazardous solid propellant and high speed machining for motor insulation. All parameters of the machine were validated during the pre-dispatch inspection thus confirming the entity's strength to build such high-end machines. Apart from this, HMT's Kalamassery Unit has assembled the GSLV Vehicle Control System Components in their manufacturing plant, ISRO's GOCO Centre which was used in Chandrayaan-2

**HMT (International) Limited**

The Subsidiary achieved a turnover of Rs. 57.07 Crore during the year 2018-19 as against Rs. 24.95 Crore recorded in the previous year 2017-18. New Order procurement during

the year is Rs. 122.54 Crore. Continuing the trend of achieving profits, Subsidiary reported Profit Before Tax (PBT) of Rs. 2.02 Crore against Rs. 0.01 Crore reported in previous year. The Subsidiary has maintained its consistent dividend payment record and has recommended a dividend of 20% on its Paid-up equity share capital for the year 2018-19.

**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. 121.28 Crore and by HMT Bearings Limited is Rs. 79.23 Crore after considering income from sale of land Rs.165.06 Crore and Rs.105.12 Crore respectively. HMT Chinar Watches Limited has incurred a net loss of Rs. 0.82 Lakhs.

The shareholders of HMT Chinar Watches Limited (i.e. HMT Limited) in the Extra Ordinary General Meeting held on March 25, 2019 have approved the Voluntary Liquidation of the Company and appointed Mr. Akhilesh Kumar Gupta, Insolvency Professional as liquidator and the same has also been approved by the creditors in the meeting held on March 25, 2019.

The voluntary liquidation proceedings in respect of HMT Chinar Watches Limited commenced from the date of shareholders' approval i.e. March 25, 2019.

**ASSOCIATE /JOINT VENTURE COMPANY****SUDMO-HMT Process Engineers (India) Limited**

This Joint Venture Company could not transact any business during the year under review. For the financial year 2018-19, this Company incurred Net Loss of Rs 1.50 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.

### **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 Ministry Corporate Affairs portal ("MCA"), Stock Exchanges, 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.

### **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 2018-19, 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 & also available at 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 2018-19.

The employee strength of the Company as on March 31, 2019, stood at 101 Nos comprising of various categories of employees in manufacturing plants and other offices in technical and other professional areas.

The number of employees on the rolls of the Company as on March 31, 2019 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	16
Scheduled Tribes	03
Other Backward Classes	18
Ex-Servicemen	01
Persons with Disabilities	03
Women employees	18
Minorities	06

### **INDUSTRIAL RELATIONS**

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

### **IMPLEMENTATION OF OFFICIAL LANGUAGE**

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

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of September. Various competitions in Hindi such as Hindi Story narration, Hindi News Paper Reading, Hindi Quiz, Hindi Conversation, Hindi Antakshari, etc., were organized and participants were awarded prizes. A workshop was organised during the above period. The Hindi Magazines/



Newspapers are being procured to propagate the usage of Hindi among employees. The concerned Officers of the Company regularly take part in the meetings of the Town Official Language Implementation Committee.

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

### VIGILANCE ACTIVITIES

Chief Vigilance Officer (CVO) appointed by the Government of India heads the Corporate Vigilance Department of the Company. Presently, CVO, Engineering Projects India Limited (EPIL) has been assigned with the additional charge of CVO HMT Limited.

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/Dy.CVO/Unit VOs were recorded and depending upon the seriousness of the deviations, Further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection, in the quarterly Vigilance workshop and advice the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated and all the concerned officers should comply with CVC and Company Purchase Manual guidelines.

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

1. The Quarterly Vigilance/Annual report is switched over to online method from manual copy as per the direction from CVC.
2. Publishing details regarding all purchase orders/ contracts concluded during the month of and above the threshold value (presently Rs 5.00lakhs). This is generally followed by all manufacturing Units.
3. HMT Limited has registered under GEM and the procurements are being made on periodic basis based on the requirements.
4. The Management has been asked to implement the e-procurement & Integrity Pact as per GOI Guidelines.
5. In many of the units/subsidiary, e payment mode to suppliers is adopted and compliances level is 40 to 85%.
6. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees.
7. Vigilance Awareness Week 2018 with the theme **"Eradicate Corruption-Build a New India"** was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.
8. Number of inspections including surprise inspections carried out by Unit Vigilance Officers and number of Annual property returns scrutinized between April 2018 to March 2019 is tabulated below:-

Inspection	Total carried out between April 2018-March 2019 (by Unit Vigilance Officers)
Periodic Inspection of purchase files	1238
Surprise Inspection	258
Scrutiny of Annual Property Returns	577

**CORPORATE GOVERNANCE**

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, a Report on the Corporate Governance is annexed as part of this Report along with the Compliance Certificate from the Auditor & Certificate regarding disclosures pertaining to disqualification of Directors pursuant to SEBI(LODR) Amendment Regulations, 2018-Schedule V (C) (10) (i) from Company Secretary in Practice. A Report on Management Discussion and Analysis is also appended to this Report separately. Further, 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, 2019, is also appended.

The Register of Members and Share Transfer Records both in respect of the shares held in physical and depository form are maintained by Karvy Fintech Private Limited, the Registrars & Share Transfer Agents of the Company.

**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 annexed to this Report.

**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 31.03.2019, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended on that date;

- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;
- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;
- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ✓ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

**EXTRACT OF ANNUAL RETURN**

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

**AUDITORS**

M/s. B. K. Ramadhyani & Co., LLP were appointed as Statutory Auditors of the Company for the year 2018-19 by the Comptroller & Auditor General of India. Two firms of Chartered Accountants were also appointed as Branch Auditors for the other Units/Divisions of the Company.

Replies to the observations by the Statutory Auditors in their Report are given by way of an addendum to this Report.

### **SECRETARIAL AUDIT REPORT**

In terms of Section 204 of the Companies Act 2013 and Rules made thereunder Mr. S. Viswanathan, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditors is enclosed as Annexure to this report along with replies. The report is self-explanatory and do not call for any further comments.

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

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

Shri. Pravin Agrawal, Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises was appointed as Part time Official Director on the Board of HMT Limited with effect from 15th March, 2019 in place of Shri. Vishvajit Sahay, Director, Joint Secretary, Department of Heavy Industries.

Smt. Neera Tomar was appointed as Non-official Independent Director on the Board of HMT Limited for a period of three years with effect from 27.03.2019.

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

Shri. Pravin Agrawal & Smt. Neera Tomar are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

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

Shri. Bhaskara Gowdar, Assistant General Manager – Corporate Finance of the Company was designated as Chief Financial Officer of the Company with effect from 29.08.2017

was retired on superannuation on 31.07.2018. The Company appointed Shri CA. Hitesh Goyal, Deputy Manager (Finance) as Chief Financial Officer of the Company with effect from 01.07.2018 in place of Shri. Bhaskara Gowdar. Subsequently, Shri CA. Hitesh Goyal relieved from the services of the Company on 06.11.2018 on his resignation.

Ms. Kamna Mehta, Officer (Accounts) of the Company was designated as the Chief Financial Officer (CFO) of the Company with effect from 12th February, 2019

Shri. S Girish Kumar, Chairman and Managing Director, Smt. Shashi B Srivastava, Director Finance, Ms. Kamna Mehta, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under the Section 2 (51) of the Companies Act, 2013 as on 31.03.2019.

Subsequent to the financial year, Smt. Shashi B. Srivastava, IDAS (1989), Director (Finance), was repatriated to parent cadre/ relieved from HMT Limited on 31.5.2019 (AN) and Dr. Subhash Chandra Pandey, SSFA ceased to be Government Nominee Director w.e.f. 30.06.2019.

### **DECLARATION FROM INDEPENDENT DIRECTOR**

As per section 149(7) of the Companies Act, 2013, the Company has received declaration from Shri. Ravindra Singh & Smt. Neera Tomar, Independent Directors of the Company.

### **INTERNAL FINANCIAL CONTROLS**

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

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

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31st March 2019 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 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 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

### **ACKNOWLEDGEMENTS**

Your Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs,

Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary Companies, Suppliers, Reserve Bank of India, the Consortium of Banks lead by UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

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

For and on behalf of the Board of Directors

**(S.Girish Kumar)**

Chairman & Managing Director

Place: Bangalore

Date: 12-08-2019

## MANAGEMENT DISCUSSIONS AND DEVELOPMENT

### General Economic Environment/Opportunities:

Indian food processing industry is one of the largest and ranks 5th in terms of production, consumption and export. This sector serves as a dynamic link between the agriculture and industrial segments of the economy. It is necessary to strengthen this link to improve the value of agricultural produce; make sure remunerative prices to farmers and create favourable demand for Indian agricultural products in the global market. There is easy availability of raw materials, changing lifestyles and relaxation in policies that has given a substantial momentum to the food processing industry's development. Food processing industry has been accorded high priority by Government of India (GoI) and NABARD. It is one of the focus sectors in the "Make in India" initiative.

Government of India facilitates the investment in the food processing sector through a number of incentives announced from time to time. The major incentives are:

- i. Income tax relief under sections 80 IB, 35 AD and 10 AA of Income Tax Act, 1961.
- ii. Exemption of Goods and Services Tax for 45 categories of food products and a lower rate of 5% for 49 categories of food products.
- iii. GST for food processing machinery ranges from 5% (machines for cleaning, sorting or grading etc other than farm type machinery and parts thereof), 12% (dairy machinery, milking machines), 18% (machinery for the industrial preparation or manufacture of food or drink, other than machinery for the extraction or preparation of animal or fixed vegetable fats or oils) to 28% (freezers and refrigerating equipment, etc.)

Therefore, the present scenario of the food processing sector offers a huge opportunity for the equipment manufacturing firms to set up a manufacturing base for machinery and equipment. Moreover, the Indian dairy market being the largest and fastest growing markets in the world creates a viable opportunity for supplying equipment for the processing of products across the value chain of the sub-sector.

### Sub Sector Policy Actions by the government (Food Processing Machinery):

- To set up good incubation centres to develop better machinery with the assistance of Agro & Food Processing Equipment & Technology Providers Association of India (AFTPAI).
- To impose Zero Duty on equipments and components vital for making final machinery, especially those which are not manufactured in India.
- To provide training facilities for workforce and institute Scholarship Programs.
- To provide export incentives similar to those provided to processed food products manufacturers from Agricultural and Processed Food Products Export Development Authority (APEDA).

The Ministry of Food Processing Industry (MoFPI) is spearheading the initiatives of Government of India in supporting the food processing sector. The Ministry is making all efforts to encourage investments in the sector. It has approved proposals for joint ventures, foreign collaborations; industrial licenses and 100 per cent export oriented units.

### FINANCIAL PERFORMANCE

The turnover of the Company for the year 2018-19 was Rs. 19.60 Crore with net profit of Rs. 17.25 Crore.

The total borrowing by the Company as on 31.3.2019 was Rs. 641.72 of Government of India Loan.

### Ratio Analysis

	2018-19	2017-18
Debtors Turnover	56.85 Days	108.96 days
Inventory Turnover	0.77	0.31
Interest Coverage Ratio	59.14	2.73
Net Profit Margin (%)	87.96%	NIL
Return on Net Worth	14.71%	NIL

Debtor Turnover Ratio has been reduced as turnover has been increased and debtor has been reduced.

Inventory Turnover Ratio has been increased as turnover has been increased and inventory has been reduced.

Interest Coverage Ratio: EBIT has been increased as earning has been increased and interest expenses has been reduced

Net Profit Margin (%): Net profit increased due to increase in rental income and interest earned and after considering the exceptional item of Rs.8.72 crore from sale of land and Return on Net Worth has also increased due to same reason.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

The Internal Audit Department of the Company along with the external firms appointed for carrying out internal audits of Units

/ Divisions reviews, evaluates and appraises the various systems, procedures / policies laid down by the Company and suggests meaningful and useful improvements.

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

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

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

#### **HUMAN RESOURCES**

As on 31.03.2019, the Company and its Subsidiaries had a total workforce of 1372 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below.

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

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

SI No	Organisation	No. of employees opted for VRS				Total
		2015-16	2016-17	2017-18	2018-19	
1	HMT Limited	-	850	-	-	850
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	321	492	-	-	813
4	HMT Chinar Watches Ltd.	30	-	-	-	30
5	HMT Bearings Ltd.	46	2	-	-	48
6	HMT (International) Ltd.	-	-	-	-	-
	Total	397	1344	-	-	1741

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

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

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

SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.03.2019									
Sl. No.	Units/ Subsidiary	IP AS ON 31-03-2019	Engineer- ing Gra- duates	Diploma Holders	PROFESSIONALS		ITI/NAC	General Graduates	Others
					HR	Finance			
1	HMT Limited	101	13	9	4	5	36	17	17
2	HMT M T L	1246	169	238	14	10	506	58	251
3	HMT W L	-	-	-	-	-	-	-	-
4	HMT C W L	-	-	-	-	-	-	-	-
5	HMT BLH	-	-	-	-	-	-	-	-
6	HMT(I) L	25	12	1	2	4	-	5	1
	<b>TOTAL</b>	<b>1372</b>	<b>194</b>	<b>248</b>	<b>20</b>	<b>19</b>	<b>542</b>	<b>80</b>	<b>269</b>

### PERSONNEL AND INDUSTRIAL RELATIONS

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

### 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.

The Board has identified certain core skills and competences which are required in the context of the business viz. Understanding of business dynamics, industry experience, serving the best interests of all stakeholders,

driving corporate ethics and values, Governance, Regulatory, integrity, strong interpersonal skills, corporate strategy and planning. The Board of Directors has all the required core skills as well as competences.

#### II BOARD OF DIRECTORS

As on March 31, 2019, the Board of Directors comprised of Chairman & Managing Director, Director (Finance), two Part-time non official Independent Director and Two part-time Official Directors. Currently the position of 3 part-time Non Official (Independent) Directors is vacant.

Further, as President is the appointing authority for Directors, Government has been requested to appoint Independent Directors to comply with Listing requirements.

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 2018-19, Five (5) Board Meetings were held on May 14, June 19, August 09, November 09 in the calendar year 2018 and February 12 in the calendar year 2019.

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	AGM/ EGM	Directorship	Committee	
					Membership	Chairmanship
S.Girish Kumar (DIN : 03385073)	C & MD	5	Yes	7	-	-
Subhash Chandra Pandey (DIN : 01613073)	NENI	4	-	9	5	2
Vishvajit Sahay (DIN : 06840620)	NENI	4	-	4	-	-
Pravin Agrawal (DIN : 05277383)	NENI	0*	-	5	-	-
Ravindra Singh (DIN : 00475462)	NEI	4	Yes	-	-	-
Shashi B. Srivastava (DIN : 07582574)	DFN/ENI	5	Yes	3	-	-
Neera Tomar (DIN : 08401336)	NEI	0*	-	-	-	-

\* Not Applicable

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

No Directors is holding equity shares in the Company as on 31.03.2019

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

Name of Director	Name of other Entities where Directorship is held	Category of Directorship
S.Girish Kumar	HMT Machine Tools Limited	NENI
	HMT Watches Limited	NENI
	HMT Chinar Watches Limited	NENI
	HMT (International) Limited	NENI
	HMT Bearings Limited	NENI
	Sudmo-HMT Process Engineers (India) Limited	NENI
	Hindustan Photo Films MFG Co Limited	NENI
Subhash Chandra Pandey	BHEL Ltd	NENI
	National Textile Corporation Ltd	NENI
	India International Convention & Exhibition Centre Ltd	NENI
	MMTC Ltd	NENI
	Invest India	NENI
	India Trade Promotion Organisation	NENI
	National Jute Manufactures Corporation Ltd	NENI
	National Jute Board	NENI
	State Trading Corporation	NENI
	Vishvajit Sahay	HMT Machine Tools Limited
HMT (International) Limited		NENI
Engineering Projects India Limited		NENI
Heavy Engineering Corporation Private Limited		NENI
Pravin Agrawal	Tide Water Oil Co. Ltd	NENI
	HMT Machine Tools Limited	NENI
	HMT (International) Limited	NENI
	Heavy Engineering Corporation Ltd	NENI
	Electrical Construction Company Ltd	NENI
Shashi B. Srivastava	Tungabhadra Steel Product Ltd	NENI
	HMT Chinar Watches Limited	NENI
	HMT Bearings Limited	NENI

NENI: Non Executive & Non Independent

*Note: Shri. Ravindra Singh & Smt. Neera Tomar Directors of the Company were not holding the position of Director in any other Entities during the Financial Year 2018-19.*



### **Familiarisation & Training Programmes for Directors**

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

Shri. Ravindra Singh, Independent Director has attended the “Orientation Programme on Capacity Building of newly appointed non-official Directors of CPSEs” held on 18th and 19th February, 2019 at Guwahati, Assam and details are placed on the Company’s website [www.hmtindia.com](http://www.hmtindia.com).

### **Brief Resume of Directors proposed for appointment & re-appointment as per SEBI (LODR) Regulation, 2015**

Shri. Pravin Agrawal & Smt. Neera Tomar are proposed for appointment as Directors in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Shri. S. Girish Kumar, Chairman & Managing Director will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board recommends the appointment/re-appointment of said Directors.

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

## **III COMMITTEES OF THE BOARD**

### **A. AUDIT COMMITTEE**

As on 31.03.2019, the Audit Committee consist of three Directors i.e. Shri. Ravindra Singh, Independent Director, Shri Pravin Agrawal, Director and Smt. Neera Tomar, Independent Director in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Audit Committee is an Independent Director. Director (Finance) will be the permanent invitee in the meeting. Company Secretary shall be the Convener to the Committee.

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

The Audit Committee 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 2018-19, Five (5) Audit Committee Meetings were held on June 12, June 19, August 09, November 09 in the calendar year 2018 and February 12 in the calendar year 2019.

### **DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2018-19**

Name of the Member	Category	No of Meetings attended
Shri. Ravindra Singh	NEI	5
Shri. Vishvajit Sahay <sup>1</sup>	NENI	4
Smt. Shashi B. Srivastava <sup>2</sup>	DFN/ENI	5
Shri. Pravin Agrawal <sup>3</sup>	NENI	0*
Smt. Neera Tomar <sup>4</sup>	NEI	0*

<sup>1</sup> Ceased to be Member w.e.f. 15.03.2019. <sup>2</sup> Ceased to be Member w.e.f. 29.03.2019.

<sup>3</sup> Appointed as Member w.e.f. 29.03.2019. <sup>4</sup> Appointed as Member w.e.f. 29.03.2019.

\*Not applicable

### **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 of the Company shall constitute the Nomination & Remuneration Committee comprising of atleast three Directors. All the Directors of the Committee shall be non-executive Directors and atleast fifty percent of the Directors shall be Independent Directors. The chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee

Since there was one Independent Director up to 26.03.2019 & does not fulfill the criteria, no Nomination and Remuneration Committee was constituted during the FY2018-19.

Subsequent to the financial year, the Board constituted the Nomination and Remuneration Committee on 28.05.2019 as detailed below

Name	Status
1. Shri. Ravindra Singh	Chairman
2. Shri. Pravin Agrawal	Member
3. Smt. Neera Tomar	Member
4. Shri. S. Girish Kumar	Member

### Remuneration to Directors

The details of remuneration of whole time Directors are given below

Particulars of Remuneration	Amount in Rs.	
	Shri S. Girish Kumar	Smt. Shashi B. Srivastava on deputation
Gross salary	28,29,484	34,20,742
Value of perquisites/ Commission/ Stock Option	NIL	NIL
<b>Total</b>	<b>*28,29,484</b>	<b>**34,20,742</b>

\*Salary includes gratuity contribution/EL encashment/pension contribution paid

\*\*Salary includes gratuity contribution/EL encashment/pension contribution paid to parent cadre

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

Details of sitting fees paid to the Independent Director during the year 2018-19 are given below

(Amount in Rs.)

Name	Sitting Fees paid/payable for Board & Committee Meetings
Sri Ravindra Singh	41000

### C. SHAREHOLDER COMMITTEE:

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

The Share Transfer 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. One (1) meeting was held during the year 2018-19.

#### (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" on June 08, 2017. The Committee consist of three Members i.e. Shri. Ravindra Singh, Independent Director, Shri. S. Girish Kumar, C & MD and Smt. Shashi B. Srivastava, Director Finance. Chairman of the Committee is an Independent Director. Company Secretary is the Convener to the Committee.

During the FY 2018-19, Two Meetings were held on 12th June, 2018 & 12th February, 2019.

#### DETAILS OF ATTENDANCE OF MEMBER AT THE STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING HELD DURING 2018-19

Name of the Member	Category	No of Meetings attended
Shri. Ravindra Singh	NEI	2
Shri. S Girish Kumar	C & MD	1
Smt. Shashi B. Srivastava	DFN/ENI	2

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

During the year ended March 31, 2019, there were only 15 Complaints 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

#### IV GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2015-2016	19.12.2016	11.00 a.m	Registered Office at No.59, Bellary Road, Bangalore-32.
2016-2017	13.12.2017	10.30 a.m	
2017-2018	28.09.2018	10.30 a.m	

During the last three years the following Special Resolutions were passed :

##### During 2015-16

- Reduction of paid-up share capital of the Company from Rs.1204.09 Crores (existing capital divided into 120,40,91,640 equity shares of Rs. 10/- each fully paid up) to Rs. 355.60 Crores (proposed capital divided into 35,56,01,640 equity shares of Rs. 10/- each fully paid up) and that such reduction be effected by writing

off accumulated losses of Rs. 848.49 Crores standing as at 31.03.2016 pursuant to the Letter No. I-0501/8/2015-PE-X dated 04<sup>th</sup> November, 2016 issued by Department of Heavy Industries.

Following Special resolutions was passed in previous year through postal ballot

- Closure/winding up of the subsidiary companies viz., HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited pursuant to the Government Order No/ I-0501/6/2014-PE-X dated 13<sup>th</sup> January, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry.
- Closure of Operation of the Tractor Division of the Company located at Pinjore, Mohali and Hyderabad pursuant to Letter No. 1-0501/8/2016-PE.X dated November 4,2016 issued by the Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry conveying the approval of Cabinet dated 27.10.2016.

The Company had appointed Shri. D. Venkateswarlu, Practicing Company Secretary as scrutinizer for conducting the Postal Ballot process, in relation to the aforesaid proposals, in a fair and transparent manner. Accordingly, the Postal Ballot was conducted by the Scrutinizer and the report was submitted to the Chairman and the results of the Postal Ballot were subsequently declared by the Chairman as stated below and the resolutions, accordingly, were passed with requisite majority.

Details of voting pattern/results

Special Resolutions	Voted in favour of the resolution	Voted against the resolution	Invalid vote
Special Resolution for Closure/winding up of Subsidiary Companies	70 members (1128083453 No. of votes (99.999% )	18 members  (1081 No. of votes 0.0001% )	8 members (6381 No. of votes)
Closure of Operation of the Tractor Division of the Company located at Pinjore, Mohali and Hyderabad	69 members (1128082399 No of votes 99.9998%)	19 members  (2135 No of votes 0.0002%)	8 members (6381 No of votes)

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.
- 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 28 to the Standalone Financial Statements and Note 28 to the Consolidated Financial Statements.

**VI Reconciliation of Share Capital Audit**

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

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

share capital in the records of Ministry Corporate Affairs portal ("MCA"), Stock Exchanges, 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 2018-19 has been obtained and was placed before the Board.

**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** 30th September, 2019  
10.30 A.M at "HMT Bhavan"  
No.59, Bellary Road  
Bangalore - 560 032

No dividends have been declared

**ii) Financial Calendar**

Financial Year April 01, 2018 to  
March 31, 2019

- iii) **Book Closure** 23rd September, 2019 to  
30th September, 2019  
(both days inclusive)

- iv) **The Equity Shares of the Company listed with**
1. Bombay Stock Exchange Limited, Mumbai
  2. National Stock Exchanges of India Ltd., Mumbai

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

**v) Stock Code No.**

Bombay Stock Exchange 500191  
Ltd., Mumbai  
National Stock Exchange HMT  
of India Limited, Mumbai

ISIN No. INE 262A01018 IN

**Company :HMT LTD. 500191**  
**Period: Apr 2018 to March 2019**

BSE			Market Index (Close)
Month	High Price	Low Price	S&P BSE Sensex
Apr-18	33.5	28	35160.36
May-18	30.15	25.65	35322.38
Jun-18	28.45	23.35	35423.48
Jul-18	25.75	22.1	37606.58
Aug-18	25.8	20.5	38645.07
Sep-18	23.1	19.55	36227.14
Oct-18	20.8	17.5	34442.05
Nov-18	24.7	18.55	36194.30
Dec-18	21.5	18.6	36068.33
Jan-19	21.35	15.5	36256.69
Feb-19	18.8	15.8	35867.44
Mar-19	23.95	18	38672.91

Registrars & Share Transfer Agents

M/s. Karvy Fintech Private Limited.  
"Karvy Selenium Tower B",  
Plot No. 31 & 32,  
Gachibowli, Financial District, Nanakramgude, Serilingampally, Hyderabad, Telangana - 500 032.

**vi) Share Transfer System**

The Share Transfer 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.

**vii) 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.

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

**Company :HMT LTD.**

**Period: Apr 2018 to March 2019**

NSE			Market Index (Close)
Month	High Price	Low Price	NSE Nifty
Apr-18	33.7	27.6	10739.35
May-18	30.2	25.2	10736.15
Jun-18	28.45	23.65	10714.30
Jul-18	25.5	22	11356.50
Aug-18	25.75	20.15	11680.50
Sep-18	23.3	19.8	10930.45
Oct-18	20.95	17	10386.60
Nov-18	24.75	18.5	10876.75
Dec-18	22	18.95	10862.55
Jan-19	21.3	16.15	10830.95
Feb-19	18.6	15.95	10792.50
Mar-19	23.65	17.75	11623.90

**ix) Distribution of Shareholding\*:**

The shareholding distribution of Equity shares as of 31.03.2019 is given below :

**Distribution of Shareholding as on 31/03/2019 ( AMOUNT WISE )**

Category (Amount)	No. of Holders	% to Holders	Amount (Rs)	% to Equity
1 - 5000	16673	88.05	21583340.00	0.18
5001 - 10000	1217	6.43	10235100.00	0.09
10001 - 20000	535	2.83	8215830.00	0.07
20001 - 30000	177	0.93	4589860.00	0.04
30001 - 40000	93	0.49	3368710.00	0.03
40001 - 50000	68	0.36	3235500.00	0.03
50001 - 100000	97	0.51	7156520.00	0.06
100001 & Above	76	0.40	11982531540.00	99.52
<b>TOTAL:</b>	<b>18936</b>	<b>100.00</b>	<b>12040916400.00</b>	<b>100.00</b>

**Distribution of Shareholding as on 31/03/2019 (SHARES WISE )**

Category (Shares)	No. of Holders	% to Holders	No. of Shares	% To Equity
1 - 5000	18763	99.09	5122834	0.43
5001 - 10000	97	0.51	715652	0.06
10001 - 20000	36	0.19	502112	0.04
20001 - 30000	18	0.10	455211	0.04
30001 - 40000	4	0.02	144002	0.01
40001 - 50000	3	0.02	137881	0.01
50001 - 100000	8	0.04	552023	0.05
100001 and above	7	0.04	1196461925	99.37
<b>TOTAL:</b>	<b>18936</b>	<b>100.00</b>	<b>1204091640</b>	<b>100.00</b>

**Shareholding Pattern As On 31/03/2019 (Total)**

Description	No. of Cases	Total Shares	% Equity
CLEARING MEMBERS	17	18401	0.00
FOREIGN PORTFOLIO - CORP	1	5265	0.00
H U F	456	460037	0.04
INDIAN MUTUAL FUNDS	10	18900	0.00
INSURANCE COMPANIES	1	100	0.00
BODIES CORPORATES	277	68639143	5.70
MUTUAL FUNDS	1	100	0.00
NBFC	3	4050	0.00
NON RESIDENT INDIANS	78	31063	0.00
NON RESIDENT INDIAN NON REPATRIABLE	52	17182	0.00
PROMOTERS	2	1128056626	93.69
RESIDENT INDIVIDUALS	18037	6840763	0.57
TRUSTS	1	10	0.00
<b>Total:</b>	<b>18936</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 Ministry Corporate Affairs portal ("MCA"), Stock Exchanges, 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.

**xi) Dematerialisation of Shares:**

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. As on 31st March 2019, the Company's Shares representing 760221791 equity shares were held in dematerialized form and the balance 443869849 shares were in the physical form.

There are no outstanding GDRs/ADRs/Warranty or any convertible instrument.

**xii) Plant Locations**

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

**Food Processing Machinery Division**

H-2, MIDC, Chikalthana I.A.

Post Box No. 720, Aurangabad - 431 210

**xiii) Address for correspondence:**

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

For and on behalf of the Board of Directors

Place : Bangalore  
Date : 12-08-2019

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

## Annexure to the Directors Report

### 1. Conservation of Energy:

Energy Conservation Measures implemented:

- LED Lamps have been installed in offices.
- Two shift working has been introduced in the Machine Shop to conserve electricity.
- All HMT Units are planning for roof top solar installation at its Units on a RESCO Model in partnership with REIL.

### 2. Technology absorption:

- Based on the collaboration agreement Technology transferred to Food Processing Machinery Division, various products have been manufactured over the years.

### 3. Segment wise / Product wise performance of Food Processing Unit:

- SS Centrifugal Pumps: Well accepted 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.

### 4. Performance Highlights for the year 2018-19

#### Operations:

- CNC Vertical machining centre and CNC Lathe has been added to manufacturing facility.
- Sales increased from Rs. 11.32 Crore of previous year to Rs. 16.36 Crore during current year. i.e., an increase of 45%

#### Research & Development:

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

- Development of Can Washer Capacity 600 Cans/hr
- Development of Butter making Machine with capacity of 2,000 kg/hour



**ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2018-19 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
<p><b>Food Processing Machinery Division, Aurangabad</b></p> <p>As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were not updated because of which respective stocks were valued at Nil. These were later manually updated based on the Purchase Orders available. Owing to the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method followed by the Company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS standalone financial instruments.</p>	<p>The inventory valued by method adopted Weighted Average Cost. There is some 20-30 item of store (consumable) valued nil due to system error/ software drawback. It will corrected as earliest said stock has valued as per Purchase cost from PO. Hence there may not be material impact with the valuation of inventories.</p>
<p><b>Tractor Business Group, Pinjore (including Hyderabad Assembly Project &amp; Mohali unit)</b></p> <p>Lease rental income from leased out portions of land, apartments, school etc. lying within the premises of HMT Limited, Pinjore, has not been accounted as "Other Income" in the books of HMT Limited (Tractor Division), since, financial year 2017-18. During financial year 2016-17, a sum of Rs.143.90 lakhs depicted as rental income. In our opinion such income during financial year 2017 – 18 and 2018-19 should have been accounted in its books and suitable expenses relating to Estate Operation should have been accounted. However, management has informed us that these transactions have been accounted by HMT Machine Tools Limited. We are unable to ascertain the impact on these Ind AS financial statements due to absence of the information. To this extent the revenue is understated.</p>	<p>Immediately after the closure of operation of Tractor Business Group, Pinjore it was decided by Corporate Head Office to hand over the rental income from HMT Estate to HMT Machine Tools Limited, Pinjore. Correspondingly all expenses of estate were also shifted to HMT Machine Tools Limited, Pinjore.</p>
<p><b>Corporate Head Office, Bangalore</b></p> <p>1) The Company contributes provident fund to its employees to a provident fund trust, which is a defined benefit plan. As per Ind AS – 19, the Company as a whole has not obtained the actuarial valuation report and accounted for employer's contribution.</p>	<p>1) 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,</p>

<p>2) Attention is invited to note 45 regarding confirmation and reconciliation of balance with whom it has transactions.</p>	<p>combinations of two or more Subsidiary Companies PF accounts are being maintained by single PF Trust.</p> <p>Further, HMT Watch Factory, Ranibagh PF Trust had been taken over by the Office of The Regional Provident Fund Commissioner's w.e.f. 01.09.2010.</p> <p>For implementing Indian Accounting Standard bifurcation of income &amp; expenditure, assets &amp; liabilities of PF Trust is required and since in the PF trust Account, income &amp; expenditure statement and balance sheets are common for the employees of different Companies / Units managed by it, as such, it is very difficult to bifurcate the same. However, all our efforts are being made to compile the required information for the purpose of actuarial valuation.</p> <p>2) Confirmation and Reconciliation of balances are obtained in all major parties . Disclosures has been made in the Note no.45.</p>
<p><b>Common Services Division, Bangalore</b></p> <p>Attention is invited to note 22 in respect of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same..</p>	<p>Reconciliation of GST on sales and input tax credit availed will be carried out duing 2019-20.</p>

For and on behalf of the Board of Directors

Place : Bangalore

Date :

**(S.Girish Kumar)**

Chairman & Managing Director

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**  
As on the financial year ended on 31.03.2019

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

**I. REGISTRATION AND OTHER DETAILS:**

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

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

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

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	Food Processing Machinery	29251	83
2	Retail sale of watches	52391	17

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

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

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

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

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(e)	Insurance Companies	0	100	100	0.00	0	100	100	0.00	0.00
(f)	Foreign Institutional Investors	5265	0	5265	0.00	5265	0	5265	0.00	0.00
(g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00					
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B (1) :</b>	<b>5365</b>	<b>19000</b>	<b>24365</b>	<b>0.00</b>	<b>5365</b>	<b>19000</b>	<b>24365</b>	<b>0.00</b>	<b>0.00</b>
(2)	NON INSTITUTIONS									
(a)	Bodies Corporate	68838271	800	68839071	5.72	68638343	800	68639143	5.70	-0.02
(b)	Individuals									
(i)	Individual holding nominal share capital upto Rs. 1 lakh	5262116	108649	5370765	0.45	5321521	108549	5430070	0.45	0.00
(ii)	Individual holding nominal share capital in excess of Rs 1 lakh	1724504	0	1724504	0.14	1870730	0	1870730	0.16	0.01
(c)	Others									
	CLEARING MEMBERS	16336	0	16336	0.00	18401	0	18401	0.00	0.00
	NBFC	11460	0	11460	0.00	4050	0	4050	0.00	0.00
	NON RESIDENT INDIANS	31094	0	31094	0.01	31063	0	31063	0.00	0.00
	NRI NON-REPATRIATION	17409	0	17409	0.00	17182	0	17182	0.00	0.00
	TRUSTS	10	0	10	0.00	10	0	10	0.00	0.00
(d)	<b>Qualified Foreign Investor</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	Sub-Total B (2):	<b>75901200</b>	<b>109449</b>	<b>76010649</b>	<b>6.31</b>	<b>75901300</b>	<b>109349</b>	<b>76010649</b>	<b>6.31</b>	<b>0.00</b>
	Total B = B (1)+B(2)	<b>75906565</b>	<b>128449</b>	<b>76035014</b>	<b>6.31</b>	<b>75906665</b>	<b>128349</b>	<b>76035014</b>	<b>6.31</b>	<b>0.00</b>
	Total (A+B) :	760221691	443869949	1204091640	100	760221791	443869849	1204091640	100	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	
(2)	Public	0	0	0	0.00	0	0	0	0.00	
	<b>Grand Total (A+B+C)</b>	<b>760221691</b>	<b>443869949</b>	<b>1204091640</b>	<b>100</b>	<b>760221791</b>	<b>443869849</b>	<b>1204091640</b>	<b>100</b>	<b>0.00</b>

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

## ii) Shareholding of Promoters

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

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1128056626	93.69	1128056626	93.69
	<b>Decrease</b> On 17.11.2018 Registrar of Companies (ROC), Bangalore has registered NCLT order dated 16.10.2018 with respect to 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)	848490000	15.07	279566626	78.62
	At the End of the year	279566626	78.62	279566626	*78.62

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

Sl.No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Share holding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	SPECIAL NATIONAL INVESTMENT FUND	67538614	5.61	31/03/2018			67538614	5.61
				31/03/2019			67538614	5.61
2	MANISH SHAH	291302	0.02	31/03/2018			291302	0.02
				06/04/2018	22191	Purchase	313493	0.03
				25/05/2018	313493	Purchase	626986	0.05
				25/05/2018	-313493	Sale	313493	0.03
				15/06/2018	5401	Purchase	318894	0.03
				03/08/2018	-1000	Sale	317894	0.03
				07/09/2018	-2528	Sale	315366	0.03
				05/10/2018	1873	Purchase	317239	0.03
				05/10/2018	-1873	Sale	315366	0.03
				01/03/2019	7914	Purchase	323280	0.03
				31/03/2019			323280	0.03
3	RAVIRAJ DEVELOPERS LTD	244232	0.02	31/03/2018			244232	0.02
				10/08/2018	-244232	Sale	0	0.00
				23/11/2018	189923	Purchase	189923	0.02
				15/02/2019	19035	Purchase	208958	0.02
				15/03/2019	87006	Purchase	295964	0.02
				31/03/2019			295964	0.02

Sl.No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Share holding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
4	UDAYANKUMAR N KOTHARI	137070	0.01	31/03/2018			137070	0.01
				31/03/2019			137070	0.01
5	DELHI IRON & STEEL CO (P) LTD	112891	0.01	31/03/2018			112891	0.01
				20/04/2018	7000	Purchase	119891	0.01
				27/04/2018	5769	Purchase	125660	0.01
				24/08/2018	-95660	Sale	30000	0.00
				31/08/2018	-30000	Sale	0	0.00
				31/12/2018	1000	Purchase	1000	0.00
				15/03/2019	13681	Purchase	14681	0.00
				22/03/2019	11786	Purchase	26467	0.00
				29/03/2019	500	Purchase	26967	0.00
				31/03/2019			26967	0.00
6	JENA PRASHANT SHAH	100000	0.01	31/03/2018			100000	0.01
				31/03/2019			100000	0.01
7	ATRUN FISCAL PVT LTD	95257	0.01	31/03/2018			95257	0.01
				13/07/2018	-95257	Sale	0	0.00
				21/09/2018	349	Purchase	349	0.00
				11/01/2019	95257	Purchase	95606	0.01
				15/02/2019	14765	Purchase	110371	0.01
31/03/2019			110371	0.01				
8	UMESH CHANDULAL GANDHI	86738	0.01	31/03/2018			86738	0.01
				31/03/2019			86738	0.01
9	DILIPKUMAR LAKHI	78602	0.01	31/03/2018			78602	0.01
				31/03/2019			78602	0.01
10	POORVI R ROONGTA	0	0.00	31/03/2018			0	0.00
				08/02/2019	51449	Purchase	51449	0.00
				15/03/2019	8900	Purchase	60349	0.01
				31/03/2019			60349	0.01

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

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

**V. INDEBTEDNESS**

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

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
<i>Indebtedness at the beginning of the financial year as on 01.04.2018</i>				
i) Principal Amount	-	65144.51	-	65144.51
ii) Interest due but not paid	-	2010.00	-	2010.00
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>67154.51</b>	-	<b>67154.51</b>
Change in Indebtedness during the financial year				
- Addition	-	38.46	-	38.46
- Reduction	-	986.50	-	986.50
<b>Net Change</b>	-	<b>948.04</b>	-	<b>948.04</b>
<i>Indebtedness at the end of the financial year 31.03.2019</i>				
i) Principal Amount	-	64171.74	-	64171.74
ii) Interest due but not paid	-	2034.73	-	2034.73
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>66206.47</b>	-	<b>66206.47</b>



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

S.No.	Particulars of Remuneration	Shri S. Girish Kumar (Chairman & Managing Director)	Smt. Shashi B Srivastava (Director Finance)	Total Amount
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	2829484 - -	3420742 - -	6250226 - -
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of profit - others, specify	-	-	
5	Others - Medical	-	-	
	Total (A)	2829484	3420742	6250226
	Ceiling as per the Act	-	-	

**B. Remuneration to other Directors:**

**Independent Directors :** The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint requisite number of Independent Directors to constitute mandatory committees to comply with listing requirements.

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

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total (Rs.)
1.	Gross salary(a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	564627*	749977	1314604
	(b)Value of perquisites u/s17(2) Income-tax Act,1961	-	-	-
	(c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission- as % of profit-others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>TOTAL</b>	<b>564627</b>	<b>749977</b>	<b>1314604</b>

\*CFOs Salary: Bhaskara Gowdar (upto 30.06.2018) - Rs.258684/-, Hitesh Goyal (1.7.2018 to 6.11.2018) Rs.238619/-, Kamna Mehta (w.e.f.12.02.2019) - Rs.67314/-

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

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

For and on behalf of the Board of Directors

Place : Bangalore  
Date : 12-08-2019

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

**Form No. MR-3****Secretarial Audit Report for the financial year ended 31st March 2019**

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

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

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

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

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

**Auditor's Responsibility :**

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I

hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2019 (Audit Period) generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. H.M.T. Limited for the financial year ended on 31st March 2019 according to the provisions of:

1. The Companies Act, 2013 and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye- laws framed there under;
4. 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 applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009.
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **No instances were observed during the year.**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **No instances were observed during the year.**
- f. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **The Company has appointed a SEBI authorized Category I Registrar and Share Transfer Agent.**
- g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **No buy - back was done during the year.**
6. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
7. Other laws specifically applicable to the Company:
- Contracts Act, 1982
  - Transfer of Property Act, 1882
  - Intellectual Property Laws
  - Trade Marks Act, 1999
  - The Patents Act, 1970
  - Indian Copyright Act, 1957 and Copyright Rules 1957
  - The Design Act, 2000
  - Environment (Protection) Act, 1986
  - Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
  - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  - The Contract Labour (Regulation and Abolition) Act, 1970
  - Payment Of Wages Act, 1936
  - Workmen's Compensation Act, 1923.
  - The Equal Remuneration Act, 1976
  - Employees Liabilities Act, 1938
  - The Employees Provident Fund and Miscellaneous Act, 1952
  - Fatal Accidents Act, 1855
  - The Building and other Construction Workers Act, 1996
  - The RTI Act, 2005
  - Disaster Management Act, 2005
  - Motor Vehicles Act, 1988.
  - The Central Motor Vehicles Rules, 1989.
  - The Karnataka Motor Vehicles Rules, 1989.
  - Legal Metrology Act, 2009.
- I have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards with respect to Board and general meetings issued by The Institute of Company Secretaries of India.
- b. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015]- During the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc mentioned above, subject to the following observations:
- ***The Company did not have the required number of Independent Directors in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements Regulations 2015).***
  - ***The Company has not constituted the Remuneration and Nomination Committee as per Regulation 19 (1)/ 19 (2) of the SEBI (Listing Obligations and Disclosure Requirements Regulations 2015).***

- **The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2017-18, within 60 days from the end of the financial year as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.**
- **The Company has not maintained minimum public shareholding of 25% in accordance with Regulation 38 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 read with Rule 19 (2) and 19 A of the Securities Contract (Regulation) Rules, 1957.**

I further report that:

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Women Director except 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.
- b. Adequate notice was given to all the Directors to schedule the Board Meetings, agenda and

detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- c. Decisions at the Board Meetings, as represented by the management, were taken unanimously.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**S VISWANATHAN**  
Company Secretary  
C P No. 5284 ACS No. 5284

Place: Bengaluru  
Date: 07-06-2019

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

**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, 2019.

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 31.03.2019

Sd/-  
S. Viswanathan  
Practicing Company Secretary  
ACS No: 5284  
CP No: 5284

Place: Bengaluru  
Date: 07.06.2019

**“Annexure A”**

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

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

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

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

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

Place: Bengaluru  
Date: 07-06-2019

**S. VISWANATHAN**  
Company Secretary  
C P No. 5284 ACS No. 5284

**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				
		1	2	3	4	5
1.	Name of the subsidiary	HMT Machine Tools Limited	HMT (International) Ltd.	HMT Watches Limited	HMT Chinar Limited	HMT Bearings Limited
2.	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999	04-09-2000	21-10-1964
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
4.	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
5.	Share capital	27659.91	72.00	649.01	166.01	3770.91
6.	Reserves & surplus(Accumulated Losses)	(158174.88)*	3306.73	(269347.48)	(59081.03)	(8210.08)
7.	Total assets	42984.13	8150.48	6518.94	792.62	4212.30
8.	Total Liabilities	173499.10	4771.75	275217.41	59707.64	8651.46
9.	Investments	-	-	-	-	-
10.	Turnover	21741.03	5707.43	-	-	3.26
11.	Profit before taxation	(6383.42)	201.96	15463.11	(0.82)	10535.66
12.	Provision for taxation	-	50.87	3335.00	-	2611.92
13.	Profit after taxation	(6383.42)	151.09	12128.11	(0.82)	7923.74
14.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
15.	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.36%

\*Includes Capital Reserve of Rs.2270.82 Lakhs

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

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

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

(Rs. in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2018	31.03.2019
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	24-09-1998
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
	Extend 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	20.09
7	Profit / Loss for the year		
	i. Considered in Consolidation		(0.75)
	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



**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2018-19 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1	<p><b><i>The Company did not have the required number of Independent Directors in terms of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements Regulations 2015).</i></b></p>	<p><i>Being Government Company under the administrative control of Ministry of Heavy Industries &amp; Public Enterprises, the nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Department of Heavy Industry Guidelines. The subject matter of nomination / appointment of adequate number of Independent directors are under the purview of the Government of India. As on 31.03.2019, there are Two Non-Official Independent Directors on the Board of HMT Ltd.</i></p> <p><i>The Company has requested the Administrative Ministry to appoint requisite number of Independent Directors to comply with the provisions of Listing requirements.</i></p>
2	<p><b><i>The Company has not constituted the Remuneration and Nomination Committee as per Regulation 19 (1)/ 19 (2) of the SEBI (Listing Obligations and Disclosure Requirements Regulations 2015)</i></b></p>	<p><i>Ministry of Corporate Affairs vide notification dated 05<sup>th</sup> June, 2015, exempted Government Companies from the applicability of sub-section (2), (3) and (4) of section 178 of the Companies Act, 2013, except with regard to the appointment of "senior management" and other employees. For constitution of Nomination and Remuneration Committee, at least fifty percent of the directors shall be independent directors. Since there was one Independent Director up to 26.03.2019 &amp; does not fulfill the criteria, no Nomination and Remuneration Committee was constituted during the FY2018-19.</i></p> <p><i>Subsequent to the financial year, the Board constituted the Nomination and Remuneration Committee on 28.05.2019</i></p>
3	<p><b><i>The Company has not submitted to the Stock Exchanges, Audited Financial Statements for the financial year 2017-18, within 60 days from the end of the financial year as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.</i></b></p>	<p><i>The Stock Exchanges were informed that due to:</i></p> <p><i>1. Closure of Tractor Division of HMT Limited and three subsidiaries i.e. HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd, and most of the employees have been opted VRS and have been relieved on VRS.</i></p>

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
		<p><i>2. Activities connected with operational closure including disposal of all movable assets are in progress.</i></p> <p><i>Hence there was delay in finalization of the accounts of these Subsidiaries and accordingly Audit. Therefore, there was delay in finalization of the consolidated financial statements.</i></p> <p><i>However, Audited Financial Statements for the FY2018-19 were submitted within 60 days as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.</i></p>
4	<p><b>The Company has not maintained minimum public shareholding of 25% in accordance with regulation 38 of SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 read with Rule 19 (2) and 19 A of the Securities Contract (Regulation) Rules, 1957</b></p>	<p><i>Union Cabinet in its meeting held on 27.10.2016 approved the restructuring of Balance sheet of the Company by way of reduction of paid up equity capital to the extent of the accumulated losses of the Tractor Division of the Company amounting to Rs. 848.49 Crores against the Government of India paid up equity shareholding in the Company of Rs. 1204.09 Crores.</i></p> <p><i>NCLT vide its Order dated 16.10.2018 confirmed/ approved reduction in share capital of the Company to Rs.355.60 Crores from Rs.1204.09 Crores. Reduction of 848490000 Equity Share of Rs.10/- each is of President of India as per the Cabinet Approval. Registrar of Companies, Bangalore (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd".</i></p> <p><i>Subsequent to the reduction of share capital, public shareholding increased to 21.38% and for the balance 3.62%, Administrative Ministry has been approached for further direction &amp; for compliance</i></p>

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF HMT LIMITED

- 1) We, B.K Ramadhyani & Co. LLP, 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, 2019, 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, 2019.
- 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 B. K. Ramadhyani & Co. LLP.**

Chartered Accountants

(Firm's Registration No. 002878S/S200021)

Place : Bangalore

Date : August 12, 2019

**C R Deepak, Partner**

(Membership No. 215398)

## 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, 2019.

**(S.Girish Kumar)**

Chairman & Managing Director

Place: Bangalore

Date: 12<sup>th</sup> August, 2019

---

## 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 2018-19 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 violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that 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 that:
- (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**

## REVISED INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HMT Limited

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

##### Qualified Opinion:

On completion of audit of accounts of HMT Limited ("the Company") for the year 2018-19, we had rendered our audit report dated May 28, 2019. Subsequent to our report, in light of the observations arising from the audit by the Comptroller & Audit General of India, the said report has been revised. This supersedes our previous independent Audit Report, one observation has been amended in para viii. a. of other matters in respect of Food Processing Machinery division.

We have audited the standalone Ind AS financial statements of HMT Limited ("the Company") which comprise of balance sheet as at March 31, 2019, the statement of profit & loss, statement of changes in equity, the cashflow statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis of Qualified Opinion section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit, changes in equity and its cash flows for the year ended on that date.

##### Basis of our Qualified Opinion:

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

As per information and explanation given to us with regards to the valuation of inventory as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were not updated because of which respective stocks were valued at Nil. These were later manually updated

based on the Purchase Orders available. Owing to the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method followed by the Company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS standalone financial instruments.

#### 2. Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit):

Lease rental income from leased out portions of land, apartments, school etc. lying within the premises of HMT Limited, Pinjore, has not been accounted as "Other Income" in the books of HMT Limited (Tractor Division), since, financial year 2017-18. During financial year 2016-17, a sum of Rs.143.90 lakhs depicted as rental income. In our opinion such income during financial year 2017-18 and 2018-19 should have been accounted in its books and suitable expenses relating to Estate Operation should have been accounted. However, management has informed us that these transactions have been accounted by HMT Machine Tools Limited. We are unable to ascertain the impact on these Ind AS financial statements due to absence of the information. To this extent the revenue is understated.

#### 3. Common Services Division, Bangalore:

Attention is invited to note 46 in respect of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same.

#### 4. Corporate Head Office & Company as a Whole:

- a. The Company contributes provident fund to its employees to a provident fund trust, which is a defined benefit plan. As per Ind AS – 19, the Company as a whole has not obtained the actuarial valuation report and accounted for employer's contribution.
- b. Attention is invited to note 45 regarding confirmation and reconciliation of balance with whom it has transactions.

The effect 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 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 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.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements for the financial year ended March

31, 2019. These matters were addressed in the context of our audit of the 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 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 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 Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Adoption of Ind AS 115 - Revenue from Contract with Customers as described in note 2 i. and note 17 of the financial statements:</b>	
<p>The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018.</p> <p>Application of Ind AS 115, including selection of transition method involves significant judgment in determining when ‘control’ of the goods or services underlying the performance obligation is transferred to the customer and the transition method to be applied.</p> <p>As the revenue recognition, due to the significance of the balance to the financial statements as a whole, we regard this as a key audit matter.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- We have read the accounting policy for revenue recognition and assessed compliance of the policy in terms of principles enunciated under Ind AS 115.</li> <li>- We obtained and understood the revenue recognition process including determination of point of transfer of control and completion of performance obligation.</li> <li>- We performed test of details, on a sample basis, and examined the underlying customer contracts.</li> <li>- We examined the disclosures made by management in compliance with the requirements of Ind AS 115.</li> </ul> <p><b>Conclusion:</b></p> <p>Our procedures did not identify any material exceptions.</p>

**Material Uncertainty Related to Going Concern:**

Attention of the members is invited to Note 43 of the standalone financial statements regarding reasons for preparing these standalone Ind AS financial statements of the Company on going concern basis, notwithstanding the fact that the net-worth of the Company is substantially

eroded. 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 also relied on the representation of the Company in this respect. Our opinion is not modified in this respect.

**Other Information [“Information Other than the 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 board report but does not include the financial statements and our auditor’s report thereon. The board report is expected to be made available to us after the date of auditor’s report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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 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 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 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 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 financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other Matters:**

- i) We did not audit the financial statements/information of 2 units i.e. Tractor Business Group, Pinjore and Food Processing Machinery Unit, Aurangabad included in these standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 6,816.37 lakhs as at March 31, 2019 and total revenues of Rs. 6,022.898 lakhs (including amount included in discontinued operations of Rs.4,318.94 lakhs) for the year ended on that date. The financial statements/ information of these branches has been audited by the branch auditors i.e. S P Babuta & Associates, Chartered Accountants, Chandigarh and CA AG & Associates, Chartered Accountants, Aurangabad respectively whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these units, are based solely on the report of such branch auditors.
- ii) The financial statements of Lamp Division have been merged with CHO Accounts and our report insofar as it relates to the amounts included in respect of this Division is based solely on the Closing Balances of Last Year's Financial statements of CHO accounts except payment of Rs.73.67 lakhs towards due to Greater Hyderabad Municipal Corporation.

- iii) 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, 2018.
- iv) The Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in the charge Index of charges registered with Registrar of Companies of its Index Number 80046855.
- v) The Company has made a provision for non-moving inventories amounting to Rs.443.23 lakhs based on the certificate furnished by the management and relied upon by the auditors of the respective units.

**vii) The Branch Auditors of Tractor Business Group, Pinjore ("the Unit") have reported the following other matters:**

- a) As per the Company's accounting policy, Inventories are valued at lower of cost or net realisable value. The cost of material is ascertained by adopting "Weighted Average Method", till the operations of the Unit continued its operations. The Unit has closed its operations in year 2016 – 17 and were meant for sale as spares and not for manufacturing. During the year, substantial portion of inventories were disposed off at prices lower than its realisable value.

The Unit during the year had outsourced valuation of inventories to an independent valuer and based on his report we have considered the realisable value as under:

Store Inventory	- 60% of book value.
Tractor spare parts inventory	- 60% of book value.
Work in progress	- 60% of book value.
Finished tractors	- 23% of book value.

- b) Balance in current maturities of VRS Loan from of India amounting to Rs.12,831.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management. Out of the above amount, an amount of Rs.23,705.20 lakhs has been shown as continuous defaults of Government of India Loans.



- c) During an earlier year the Unit has discontinued its operations and is in the process of making settlement for all its receivables and payables. The Company need to carry out proper review of following balances and take necessary action:

Particulars	Amount (₹ In lakhs)	Remarks
Amount due to PWD	22.18	Due for more than 10 years
Claim recoverable from Motokov Ltd	0.11	Outstanding since 1989 – 90
Customs Duty Deposit	0.22	Old balance
Bombay Port Trust	0.01	Old balance

viii) **The Branch Auditors of Food Processing Machinery Division, Aurangabad (“the Unit”) have reported the following other matters:**

- Inventories of the unit has been valued by the Company and auditors have relied based on the certificate furnished by the unit amounting to Rs.460.14 lakhs and provision for non-moving inventory amounting to Rs. 89.90 Lakhs.
- Disclosure in respect of contingent liabilities has been furnished based on the information and representations received from the management.

ix) **In respect of Common Services Division, Bangalore (“the Unit”)**

During the previous year the Unit had purchased certain watches and its components from its subsidiary HMT Watches Limited based on the value determined by the independent valuer. During the year the Company has determined estimated realisable value which is lower than cost and reported as inventories of watches in its financial statements which has been relied upon by auditors.

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

- 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.

- As required by the section 143(3) of the Act, we report that:

- 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.
- Except for the possible effects of the matters described in the Basis for Qualified opinion paragraph, in our opinion, 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.
- The Balance Sheet, the statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in the Equity dealt with by this Report are in agreement with the books of account.
- The Company has not obtained the actuarial valuation report in respect of Provident Fund Trusts, accordingly, in our opinion, the aforesaid Ind AS standalone financial statements don’t comply with the Indian Accounting Standards specified under section 133 of the Act.
- The Company being a Government Company, provisions of 164 (2) of the Act is not applicable with respect to appointment of directors.
- 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**”.
- With respect to other matters to be included in the Auditor’s report in accordance with requirement of Section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its

director's during the year is in accordance with the provisions of Section 197 of the Act.

- 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 30 of the Ind AS standalone 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 B.K.RAMADHYANI & CO LLP**  
**Chartered Accountants**  
**Firm Registration No. 002878S/S200021**

**(CA C R Deepak)**  
**Partner**  
**Membership No. 215398**

**Place: Bangalore**

**Date: August 19, 2019**

**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.**

1.
  - 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 of explanation given to us by the Company, physical verification if carried out once in 3 years. However, during the year none of the units have carried out such verification. Accordingly, we are unable to comment on the same.
  - c) According to the information and explanation given to us by the Company, read with foot note c of note 3A, foot note iii) of note 3B and foot notes to note 3C of the Ind AS standalone financial statements, title deed of all immovable properties are held in the name of the Company.
2. The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, it has been reported by the Food Processing Machinery unit auditor that documentary evidences to support the same were not available for their verification. In respect of Tractor division, Pinjore it has been reported by branch auditor that physical inventory has not been carried out for last 2 financial years. Accordingly, we are unable to comment on the same.
3. 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 from year 2017- 18 onwards is outstanding as at the end of the year.
4. 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.
5. The Company has not accepted any deposits as applicable under the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other provisions of the Act and rules framed under. Accordingly, the provisions of clause 3(v) of the said Order are not applicable.
6. In our opinion and according to information and explanations furnished to us, the Central Government has prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 148 of the Act to Tractor division. In the opinion of the unit auditor, the tractor division was covered by cost audit upto 2013 -14.
  - a) According to the records of the Company, the Company is generally not regular in depositing undisputed statutory dues including Income Tax, service tax, duty of customs, duty of excise, value added tax, cess, GST and any other statutory dues to the appropriate authorities.
  - b) The following undisputed amounts payable in respect of value added tax, cess and any other statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.

**In respect of Corporate Head Office:**

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which Amount related to	Due Date	Date of Payment
1.	Greater Hyderabad Municipal Corporation	Property tax	185.44	For the year 2016 – 17, 2017 - 18 and first half of 2018 - 19		
2.	Sales Tax of various states	Sales tax recovery of Lamps Division	62.93	Previous Years		

- c) 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 income tax, service tax, customs duty or excise duty or value added tax or goods & service tax as at March 31, 2019.

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Amount paid under protest (INR)	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

8. Based on the information and explanations given to us, the Company had borrowed from Dena Bank and has defaulted in repayment of interest of Rs.2,034.73 lakhs. The Company has also defaulted in repayment of Government of India Loan amounting to Rs.23,705.20 Lakhs. However, it has not borrowed any amount from financial institution or issued the debentures.
9. In our opinion based on the information and explanation given to us, the Company, it has not raised any moneys by way of initial public offer or further public offer (including debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the said Order are not applicable.
10. 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. Accordingly, the provisions of clause 3(x) of the said Order are not applicable.
11. According to the information and explanation given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
12. The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable.
13. 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 Ind AS financial statements as required by the applicable Indian accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the said Order are not applicable.
15. As represented to us by the management and according to the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the said Order are not applicable.
16. According to the information and explanation given, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

**For B.K.RAMADHYANI & CO LLP**  
**Chartered Accountants**  
**Firm Registration No. 002878S/S200021**

**(CA C R Deepak)**  
**Partner**  
**Membership No. 215398**

**Place: Bangalore**  
**Date: August 19, 2019**

**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, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on “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 financial statements, whether due to fraud or error.

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

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

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

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

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

#### **Disclaimer Opinion:**

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

The Company did not have an appropriate internal control system for inventory with regard to inventory valuation, as the process of mutual updating the purchase rates in the inventory software are not adequately getting updated in the system. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

The Physical verification of assets was carried out for the FY 2015-16, however we could not find a reconciliation of such verification with the fixed assets register, thus an effective internal financial control may be evolved to ensure that there should not be any mismatch between the fixed asset register and physical assets 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.

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

The Company did not have appropriate internal controls for reconciliations and confirmations of Earnest Money Deposits, Security Deposits and other Deposits which could potentially result in a material weakness, in financial reporting process of current assets and current liabilities.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company as at and for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

***In respect of Tractor Division, Pinjore:***

In our opinion, the Company, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

***In respect of Corporate Head Office, Bangalore and Common Services Division, Bangalore:***

The system of internal financial controls over financial reporting with respect of Common services division and Corporate Head Office, Bangalore were not made available to us to enable us to determine if the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at March 31, 2019.

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

**For B.K.RAMADHYANI & CO LLP  
Chartered Accountants  
Firm Registration No. 002878S/S200021**

**(CA C R Deepak)  
Partner  
Membership No. 215398**

**Place: Bangalore  
Date: August 19, 2019**



**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 YEAR 2018 – 2019 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA (“C&AG”) UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013**

<b>Sl. No.</b>	<b>Directions</b>	<b>Audit Observations</b>
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, all the accounting vouchers are manually prepared and entered into IT systems. All the vouchers are authorised by the appropriate authorities. In our opinion this doesn't have any financial implication.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviations.	Based on the information and explanation furnished to us by the Company has received an amount of Rs.13.74 Lakhs from Department of Heave industry 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 Industry states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government.

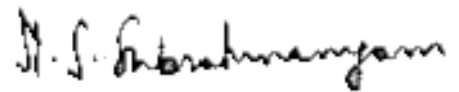
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of HMT Limited, Bangalore for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on 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 19 August 2019 which supersedes their earlier Audit Report dated 28 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Limited, Bangalore for the year ended 31 March 2019 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 revisions made in 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 &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad  
Date: 27 August 2019**

## **STANDALONE SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2019**

### **1. Background:**

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

The standalone financial statements were authorised for issue in accordance with resolution of the directors dated May 28, 2019.

### **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.

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

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

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

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

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

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

The carrying amount of an item of PPE is 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) 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.

**d) Investment Property:**

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

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

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

**e) Intangible Assets:**

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

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

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

iv) *Research and Development Expenditure:*

*Research Phase:*

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

*Development Phase:*

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing

of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method.

**f) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**h) Government Grants:**

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

**i) Inventories:**

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

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

**j) Revenue Recognition:**

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

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.

**k) Foreign Currency Translation:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **m) Income taxes:**

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

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

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

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

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

#### **n) Provisions:**

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

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

#### **o) Impairment:**

##### *i) Financial assets:*

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

credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ii) *Non-financial assets:*

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

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

**p) Financial Instruments:**

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

i) *Cash & cash equivalents:*

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

ii) *Financial assets at amortised cost:*

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

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

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

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

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



v) *Financial Liabilities:*

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

vi) *De-recognition of financial instruments:*

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

vii) *Fair value of financial instruments:*

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

Fair value hierarchy:

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

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

For assets and liabilities that are recognized in the financial statements on a recurring

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

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

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

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

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

**i) Judgements:**

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

a. Operating lease— Company as lessor

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

b Discontinued Operations

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

c Property, plant & equipment

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

*ii) Estimates and assumptions*

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

a Deferred Taxes

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

b Defined Benefit Obligations:

The cost of the defined benefit gratuity plan, provident fund and Settlement Allowance and the present value of the gratuity obligation are

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

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

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

c Other Long-Term Employee Benefits

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

d Fair value measurement of financial instruments

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

\* \* \* \* \*

***STANDALONE  
FINANCIAL  
STATEMENTS***

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1,354.63	1,436.50
Investment Property	3B	249.68	274.07
Financial assets			
Investments	4	71,977.91	72,042.26
Other Assets	10	169.50	48.21
		<b>73,751.72</b>	<b>73,801.04</b>
<b>Current assets</b>			
Inventories	5	1,328.45	1,966.84
Financial assets			
Trade Receivables	6	305.19	441.14
Cash and cash equivalents	7	14,606.78	14,366.89
Loans	8	13,747.30	163.54
Other Financial Assets	9	271.25	191.08
Other Assets	10	1,572.57	1,805.60
		<b>31,831.54</b>	<b>18,935.09</b>
<b>Non Current Assets Held for Sale</b>	3C	11.50	11.50
		<b>11.50</b>	<b>11.50</b>
<b>TOTAL ASSETS</b>		<b>1,05,594.76</b>	<b>92,747.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	11	35,560.16	1,20,409.16
Other equity	12	(23,838.76)	(1,10,380.23)
<b>Total equity</b>		<b>11,721.40</b>	<b>10,028.93</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	13	22,510.89	32,035.86
Non-current financial liability	14	5,110.31	8,416.95
Provisions			
Provision for Employee Benefits	15	198.13	264.87
		<b>27,819.33</b>	<b>40,717.68</b>

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	-	-
Trade payables	16	310.29	333.95
Other financial liabilities	17	42,271.27	30,387.70
Other Current Liabilities	18	23,282.63	10,979.28
Provisions			
Provision for Employee Benefits	15	150.44	246.68
Others	19	39.40	53.41
Current Tax Liabilities (Net)			-
		<b>66,054.03</b>	<b>42,001.02</b>
<b>Total liabilities</b>		<b>93,873.36</b>	<b>82,718.70</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,05,594.76</b>	<b>92,747.63</b>

**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashi B. Srivatsava**

Director, Finance

DIN 07582574

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<b>CONTINUING OPERATIONS</b>			
Sale of goods		1,931.52	1,441.46
Rendering of services		28.83	38.37
<b>Revenue from operations</b>	20	<b>1,960.35</b>	<b>1,479.83</b>
<b>Other income</b>	21	<b>2,858.68</b>	1,729.79
<b>Total Income</b>		<b>4,819.03</b>	<b>3,209.62</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	22	1,055.40	413.85
Purchase of Stock In Trade	22A	81.90	404.47
Changes in inventories of finished goods, work-in-progress and traded goods	23	(134.12)	(303.95)
Excise duty on goods sold during the year		-	2.98
Changes in Excise Duty on Fin. Goods	24	-	0.91
Employee benefits expense	25	1,002.57	1,194.14
Depreciation and amortization expense	26	25.48	25.12
Finance costs	27	29.13	211.58
Other expenses	28	1,065.04	893.98
<b>Total expense</b>		<b>3,125.40</b>	<b>2,843.08</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>1,693.63</b>	<b>366.54</b>
Exceptional items	29	872.25	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>2,565.88</b>	<b>366.54</b>
(1) Current tax			-
(2) Deferred tax			-
(3) Adjustment of tax relating to earlier periods		-	-
<b>Profit/(loss) for the year from continuing operations</b>		<b>2,565.88</b>	<b>366.54</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		(841.47)	(1,082.94)
Tax Income/ (expense) of discontinued operations			-
<b>Profit/(loss) from discontinued operations</b>		<b>(841.47)</b>	<b>(1,082.94)</b>
<b>Profit/(loss) for the year</b>		<b>1,724.41</b>	<b>(716.40)</b>

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<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		16.33	498.80
Revaluation of land and buildings			
Net (loss)/gain on FVTOCI equity Securities		-48.27	12.96
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-31.94	511.76
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		1,692.47	(204.64)
Earnings per share for continuing operations <span style="float: right;">37</span>			
i) Basic, profit from continuing operations attributable to equity holders of the parent		0.72	0.10
ii) Diluted, profit from continuing operations attributable to equity holders of the parent		0.72	0.10
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders of the parent <span style="float: right;">38</span>		(0.24)	(0.30)
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent		(0.24)	(0.30)
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders of the parent		0.48	(0.20)
ii) Diluted, profit for the year attributable to equity holders of the parent		0.48	(0.20)

**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**

 Chairman and Managing Director  
DIN 03385073

**Shashi B. Srivatsava**

 Director, Finance  
DIN 07582574

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. in lakhs)

**A. EQUITY SHARE CAPITAL**

<b>Balance as at 1 April 2017</b>	<b>1,20,409.16</b>
Issued during the year	
Redeemed during the year	
<b>Balance as at 31 March 2018</b>	<b>1,20,409.16</b>
Issued during the year	
Reduced during the year - refer note 11 1) ii) of the financial statements	(84,849.00)
<b>Balance as at 31 March 2019</b>	<b>35,560.16</b>

**B. Other Equity**

(Rs. in lakhs)

	Reserves and Surplus			Other Comprehensive Income		Total equity attributable to equity holders of the Company
	Capital Reserve	General Reserve	Retained Earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2017</b>	-	13,453.11	(1,21,845.89)	35.31	(1,818.12)	(1,10,175.59)
Gol Grant (Gol Loan)						0.00
Discontinued operations			(1,082.94)			(1,082.94)
Remeasurement of the net defined benefit liability/asset, net of tax effect					498.80	498.80
Dividends including (DDT)						0.00
Total Comprehensive Income for the year			366.54	12.96		379.50
<b>Balance as at 31st March 18</b>	-	<b>13,453.11</b>	<b>(1,22,562.29)</b>	<b>48.27</b>	<b>(1,319.32)</b>	<b>(1,10,380.23)</b>
Gol Grant (Gol Loan)						0.00
Write off of losses against reduction of Share Capital			84,849.00			84,849.00
Discontinued operations			(841.47)			(841.47)
Remeasurement of the net defined benefit liability/asset, net of tax effect					16.33	16.33
Dividends including (DDT)						0.00
Total Comprehensive Income for the year			2,565.88	(48.27)		2,517.61
<b>Balance as at 31 March 19</b>	-	<b>13,453.11</b>	<b>(35,988.88)</b>	<b>0.00</b>	<b>(1,302.99)</b>	<b>(23,838.76)</b>

As per our Report of even date attached

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

**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashi B. Srivatsava**

Director, Finance

DIN 07582574

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer



**STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	Year ended 31-03-2019	Year ended 31-03-2018
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	2,565.88	366.54
Profit/(loss) before tax from discontinued operations	(841.47)	(1,441.81)
<b>Profit before tax</b>	<b>1,724.41</b>	<b>-1,075.27</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	206.07	218.66
Depreciation of investment properties	24.39	25.51
Loss on sale of investments	8.71	-
Transfer from FVTOCI reserve	(48.27)	
Amortisation of government grant	(3,306.63)	(3,306.63)
Gain on disposal of property, plant and equipment	(908.89)	(3.79)
Loss on disposal of property, plant and equipment		-
Interest Income	(1,617.72)	(796.42)
Finance costs	3,337.59	4,076.11
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	68.26	(1,559.79)
Increase in trade and other receivables and pre-payments	(13,569.09)	821.90
(Increase)/Decrease in inventories	813.59	(108.46)
Increase in trade and other payables	12,293.43	(6,654.14)
	<b>(974.15)</b>	<b>-8,362.32</b>
Income tax (paid)/reversed	(171.10)	(119.29)
<b>Net cash flows from operating activities</b>	<b>(1,145.25)</b>	<b>(8,481.61)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	908.93	3.79
Purchase of property, plant and equipment	(124.24)	(9.79)
Proceeds from sale of investments	55.64	-
Interest received	1,537.55	796.42
<b>Net cash flows used in investing activities</b>	<b>2,377.88</b>	<b>790.42</b>
<b>Financing activities</b>		
Interest Paid	(6.24)	(621.50)
Proceeds from borrowings	0.00	9,790.00
Repayment of borrowings	(986.50)	(732.06)
<b>Net cash flows from/(used in) financing activities</b>	<b>(992.74)</b>	<b>8,436.44</b>

**STANDALONE CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019**

(Rs. in lakhs)

	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Net increase in cash and cash equivalents	<b>239.89</b>	745.25
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	<b>14,366.89</b>	13,621.64
<b>Cash and cash equivalents at year end</b>	<b>14,606.78</b>	<b>14,366.89</b>

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 B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**  
Chairman and Managing Director  
DIN 03385073**Shashi B. Srivatsava**  
Director, Finance  
DIN 07582574**Kishor Kumar Shankar**  
Company Secretary**Kamna Mehta**  
Chief Financial Officer

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 3A. PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

	Land & Land Development	Buil-dings	Plant and Machinery	Furniture Fittings & Office Appliances	Special Transport Tools	Transport Vechicles	Land Lease-hold	Total
<b>As At 1 April 2017</b>	<b>158.19</b>	<b>671.62</b>	<b>10,951.00</b>	<b>474.42</b>	<b>623.55</b>	<b>134.11</b>	<b>17.09</b>	<b>13,029.98</b>
Additions		0.12	6.34	2.89	0.44			9.79
Disposals			(14.96)					(14.96)
<b>As At 31 March 2018</b>	<b>158.19</b>	<b>671.74</b>	<b>10,942.38</b>	<b>477.31</b>	<b>623.99</b>	<b>134.11</b>	<b>17.09</b>	<b>13,024.81</b>
Additions			122.99	1.25				124.24
Disposals			(51.61)	-1.34		(38.47)		(91.42)
Revaluation recognised in OCI								0.00
Transfer to Non Current Assets held for Sale								0.00
<b>As At 31 March 2019</b>	<b>158.19</b>	<b>671.74</b>	<b>11,013.76</b>	<b>477.22</b>	<b>623.99</b>	<b>95.64</b>	<b>17.09</b>	<b>13,057.63</b>
<b>As At 1 April 2017</b>	<b>-</b>	<b>289.64</b>	<b>9,891.24</b>	<b>467.65</b>	<b>592.27</b>	<b>134.11</b>	<b>9.70</b>	<b>11,384.61</b>
Depreciation charge for the year		11.53	188.12	1.65	17.30		0.06	218.66
Disposals/Adjustment			(14.96)					(14.96)
Transferred to Investment Property								0.00
<b>As At 31 March 2018</b>	<b>-</b>	<b>301.17</b>	<b>10,064.40</b>	<b>469.30</b>	<b>609.57</b>	<b>134.11</b>	<b>9.76</b>	<b>11,588.31</b>
Depreciation charge for the year		12.59	181.28	1.52	10.62		0.06	206.07
Disposals/Adjustment			(51.61)	-1.34	0.04	(38.47)		(91.38)
<b>As At 31 March 2019</b>	<b>-</b>	<b>313.76</b>	<b>10,194.07</b>	<b>469.48</b>	<b>620.23</b>	<b>95.64</b>	<b>9.82</b>	<b>11,703.00</b>
<b>Net book value</b>								
As At 31 March 2019	158.19	357.98	819.69	7.74	3.76	-	7.27	1,354.63
As At 31 March 2018	158.19	370.57	877.98	8.01	14.42	-	7.33	1,436.50
	<b>31/3/2019</b>	<b>31/3/2018</b>						
<b>Net book value</b>	<b>Amount</b>	<b>Amount</b>						
Plant Property and Equipment	1,354.63	1,436.50						
Capital work in progress								

#### Additional Information:

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

#### Land:

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

#### Others:

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

**3B. INVESTMENT PROPERTY**

<b>As at 1 April 2017</b>	<b>1,456.33</b>
Additions	-
Less: Non Current Assets Held for Sale	-
<b>As at 31 March 2018</b>	<b>1,456.33</b>
Additions	-
Less: Non Current Assets Held for Sale	-
<b>As at 31 March 2019</b>	<b>1,456.33</b>
<b>Depreciation and impairment</b>	
<b>As at 1 April 2017</b>	<b>1,156.75</b>
Depreciation	25.51
Deduct/adjustment	-
<b>As at 31 March 2018</b>	<b>1,182.26</b>
Depreciation	24.39
Deduct/adjustment	-
<b>As at 31 March 2019</b>	<b>1,206.65</b>
<b>Net Block</b>	
<b>As at 31 March 2019</b>	<b>249.68</b>
<b>As at 31 March 2018</b>	<b>274.07</b>

*Additional Information:*

- i) The Company has classified certain land & building as investment property which is not a owner occupied property.
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2019 is Rs.2,26,599.86 Lakhs (as at March 31, 2018 Rs. 2,26,211.65 Lakhs)
- iii) **Land:**
  - (a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 828.65 acres (includes 446 acres as Assets held for Sale and is reclassified accordingly), 27 acres and 660.75 acres respectively, nominally valued at Rs. 1/- each. The mutation of title of land at Pinjore in the name of the Company is yet to be done.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- (c) In respect of land at Pinjore, Haryana, part consideration of Rs.129.30 Cr has been received by the Company towards acquisition of 446 acres. The Company has agreed and transferred about 4.98 acres of land to Haryana Irrigation Department at their request for construction of Kaushalya Dam and National Highways Authority of India has acquired about 12.80 acres of land for road widening project respectively. The compensation for the same is awaited as the mutation of title of land in Company's name by Haryana Government as per the settlement agreement dated June 12, 2018 is yet to be done.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	31-Mar-19 INR Lacs	31-Mar-18 INR Lacs
<b>Additional Information:</b>		
<b>Information regarding income and expenditure of Investment property</b>		
Rental income derived from investment properties	0.00	0.00
Direct operating expenses (including repairs and maintenance) generating rental income		
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.93)	(7.43)
<b>Profit/(loss) arising from investment properties before depreciation and indirect expenses</b>	<b>(2.93)</b>	<b>(7.43)</b>
Less – Depreciation	24.39	25.51
<b>Profit arising from investment properties before indirect expenses</b>	<b>(27.32)</b>	<b>(32.94)</b>

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

Rs in Lakhs

	As at 31-Mar-19	As at 31-Mar-18
<b>Nature of Asset</b>		
Land	11.50	11.50
<b>Total</b>	<b>11.50</b>	<b>11.50</b>

**Additional Information:**

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore is classified as Assets Held for Sale and the tender process for the mentioned land is completed. The Sale is expected to be completed in FY 2019-20 on receipt of clearance from Forest Department.
- (b) 446 acres of land at Pinjore, Haryana is classified as Assets held for Sale. The transfer of the mentioned land is expected to be completed during the FY 2019-20 on finalisation of survey report .

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<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>		
Nil (31-Mar-18: 1,60,800) Equity shares of Rs. 10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	-	64.35
30,00,000 (31-Mar-18: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	<b>-</b>	<b>64.35</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-18: 1,50,000) Equity shares of Rs. 10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	<b>15.00</b>	15.00
<b>Investments in Associates</b>		
20,84,050 (31-Mar-18: 20,84,050) Equity Shares of Rs. 1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Investment in Subsidiaries</b>		
7,20,000 (31-Mar-18: 7,20,000) Equity Shares {including 6,90,000 (31-Mar-17: 6,90,000) Bonus Shares} of Rs. 10 each fully paid up in HMT (International) Ltd, Bangalore	<b>3.00</b>	3.00
3,74,68,586 (31-Mar-18: 3,74,68,586) Equity Shares of Rs. 10 each fully paid up in HMT Bearings Ltd, Hyderabad	<b>3,746.86</b>	3,746.86
27,65,99,137 (31-Mar-18: 27,65,99,137) Equity Shares of Rs. 10 each fully paid up in HMT Machine Tools Ltd, Bangalore	<b>27,659.91</b>	27,659.91
64,90,100 (31-Mar-18: 64,90,100) Equity Shares of Rs. 10 each fully paid up in HMT Watches Ltd, Bangalore	<b>649.01</b>	649.01
16,60,100 (31-Mar-18: 16,60,100) Equity Shares of Rs. 10 each fully paid up in HMT Chinar Watches Ltd, Jammu *	<b>166.01</b>	166.01
<b>Total Investment in Equity instruments in subsidiaries and Joint Venture</b>	<b>32,239.79</b>	<b>32,239.79</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>Investments in Preference Shares</b>		
<b>Investment in Subsidiaries</b>		
4,43,00,000 (31-Mar-18: 4,43,00,000) 3.5% Redeemable Preference Shares of Rs. 100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	44,300.00	44,300.00
<b>Total Investment in Preference Shares</b>	<b>44,300.00</b>	<b>44,300.00</b>
<b>Total</b>	<b>76,539.79</b>	<b>76,604.14</b>
Less: Allowance for Investments in Subsidiaries		
HMT Chinar Watches Ltd, Jammu	166.01	166.01
HMT Watches Ltd, Bangalore	649.01	649.01
HMT Bearings Ltd, Hyderabad	3,746.86	3,746.86
	<b>4,561.88</b>	<b>4,561.88</b>
<b>Total Investments</b>	<b>71,977.91</b>	<b>72,042.26</b>
<b>Current</b>		
<b>Non Current</b>	71,977.91	72,042.26
Aggregate amount of unquoted investments	76,539.79	76,604.14
Aggregate amount of impairment in value of investments	4,561.88	4,561.88

**Additional Information:**

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

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



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>5. Inventories</b>		
Raw Materials and Components	469.69	746.51
Material and Components in Transit	-	-
Work-in-Progress	471.91	640.36
Finished Goods	184.51	282.71
Stock in Trade	435.04	567.39
Stores and Spares	31.35	43.50
Tools and Instruments	174.28	285.39
Scrap	4.90	19.41
	<b>1,771.68</b>	<b>2,585.27</b>
Less: Provision for Non-moving Inventories	443.23	618.43
	<b>1,328.45</b>	<b>1,966.84</b>
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	305.19	441.14
Doubtful	6,136.68	5,915.60
	<b>6,441.87</b>	<b>6,356.74</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	6,136.68	5,915.60
	<b>305.19</b>	<b>441.14</b>
Trade Receivables exceeding 6months from the date they are due for payment	126.82	359.28
Trade Receivables less than 6 months from the date they are due for payment	178.37	81.86
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		
<b>7. Cash and Cash equivalents</b>		
<i>Balances with banks:</i>		
– On current accounts	189.69	511.39
– On Deposits accounts less than 12 months of maturity	14,409.58	13,855.23
Cash and remittances in transit	7.51	0.27
	<b>14,606.78</b>	<b>14,366.89</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>8. Loans</b>		
<b>Unsecured</b>		
<b>Loans to subsidiaries</b>		
<b>Considered Good</b>		
HMT Machine Tools Ltd	13,747.30	163.54
<b>Total</b>	<b>13,747.30</b>	<b>163.54</b>
<b>9. Other Financial Assets</b>		
<b>Current</b>		
Interest accrued and due	271.25	191.08
	<b>271.25</b>	<b>191.08</b>
<b>10. Other Assets</b>		
<b>Non-Current</b>		
Gratuity Fund (Net)	169.50	48.21
	<b>169.50</b>	<b>48.21</b>
<b>Current</b>		
<b>Advances to subsidiary companies</b>		
HMT Machine Tools Ltd	779.31	731.79
HMT International Ltd	12.93	84.51
	<b>792.24</b>	<b>816.30</b>
<b>Advances other than Capital Advances</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	0.50	0.50
<b>Unsecured</b>		
Considered Good #	365.96	620.37
Considered Doubtful	203.10	136.40
	<b>569.56</b>	<b>757.27</b>
Less: Allowance for Doubtful Advances	203.10	136.40
	<b>366.46</b>	<b>620.87</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As At 31-Mar-19</b>	<b>As At 31-Mar-18</b>
Interest on Trade Receivable	<b>5,924.90</b>	5,940.36
Less: Allowance for interest on Trade Receivable	<b>5,924.90</b>	5,808.56
	<b>-</b>	<b>131.80</b>
Advance payment of tax (net of provision) *	<b>330.50</b>	159.40
Collector of customs	<b>2.00</b>	4.14
Deposits	<b>81.37</b>	73.09
	<b>1,572.57</b>	<b>1,805.60</b>
<b>Total Other Assets</b>	<b>1,742.07</b>	<b>1,853.81</b>

\*primarily consists of TDS Receivables

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-19		As at 31-Mar-18	
	Nos	Amount	Nos	Amount
<b>11 Share Capital</b>				
<b>Authorised Share Capital :</b>				
<i>Equity shares of Rs. 10 each</i>	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
		<u>1,23,000.00</u>		<u>1,23,000.00</u>
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs. 10 each</i>				
At the beginning of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16
Issued during the year				
Reduction during the year	84,84,90,000	84,849.00		
At the end of the year	<u>35,56,01,640</u>	<u>35,560.16</u>	1,20,40,91,640	1,20,409.16

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

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

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

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

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
--	--------------------	--------------------

**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>				
Honourable President of India	27,95,66,626	78.62%	1,12,80,56,626	93.69%
Special National Investment Fund	6,75,38,614	18.99%	6,75,38,614	5.61%

**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	3,18,85,900	-	3,18,85,900	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<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	(1,22,562.29)	(1,21,845.89)
Adjustments:		
Write off of losses against reduction of Share Capital as referred in note 11.1.ii. Of the financial statements	84,849.00	
Amount transferred from Statement of Profit & Loss	1,724.41	(716.40)
	<b>(35,988.88)</b>	<b>(1,22,562.29)</b>
<b>iii) FVTOCI Reserve:</b>		
As per last Balance Sheet	(1,271.05)	(1,782.81)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	16.33	
- On account of derecognition of fair value of Investments	(48.27)	
Transferred from Statement of Profit & Loss		511.76
	<b>(1,302.99)</b>	<b>(1,271.05)</b>
<b>Total</b>	<b>(23,838.76)</b>	<b>(1,10,380.23)</b>
<b>13 Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
<u>Loans from Government of India ("GOI")</u>		
Interest free Loans		
Repayment in 5 equal annual installments from the date of drawal of loan	22,510.89	32,035.86
<b>Total non-current borrowings</b>	<b>22,510.89</b>	<b>32,035.86</b>
<b>Current</b>		
<b>Secured</b>		
Cash Credit	-	-
<b>Unsecured</b>		
Loans from Subsidiaries	-	-
<b>Net current borrowings</b>	<b>-</b>	<b>-</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>Aggregate Secured loans</b>	-	-
<b>Aggregate Unsecured loans</b>	<b>22,510.89</b>	32,035.86
<b>14. Non current financial liability</b>		
Deferred Government Grant	5,110.31	8,416.95
	<b>5,110.31</b>	<b>8,416.95</b>
<b>15. Provision for employee benefits</b>		
<b>Non Current</b>		
Earned Leave Encashment	169.95	228.96
Settlement Allowance	28.18	35.91
	<b>198.13</b>	<b>264.87</b>
<b>Current</b>		
Earned Leave Encashment	71.08	25.31
Settlement Allowance	9.25	3.14
Wage and Salary Revision (1992)	70.11	218.23
	<b>150.44</b>	<b>246.68</b>
<b>Total</b>	<b>348.57</b>	<b>511.55</b>
<b>16. Trade payables</b>		
Dues to Micro, Small & Medium Enterprises	10.67	51.63
Dues to Other than Micro, Small & Medium Enterprises	299.62	282.32
<b>Total</b>	<b>310.29</b>	<b>333.95</b>

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

Particulars	As at 31-Mar-2019	As at 31-Mar-2018
Principal amount due and remaining unpaid	10.67	51.63
Interest due on above and the unpaid interest	3.33	154.22
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	149.88	297.52
Interest accrued and remaining unpaid at the end of the accounting year.	3.33	154.22
* 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-19	As At 31-Mar-18
<b>17. Other Financial Liabilities</b>		
Current maturities of long-term Debts	12,831.60	12,831.60
3.5% preference Share Capital (Defaulted)	3,686.00	3,686.00
Loan from Govt. of India (Defaulted)	23,705.20	10,873.60
Term Loans from Bank (Defaulted)	-	986.50
Interest free loan from Government of India (refer foot note 2 below)	13.74	-
Interest accrued and due on borrowings		
Loans from Bank - Dena Bank	2,034.73	2,010.00
Interest accrued but not due on borrowings		
Government of India Loan		
<b>Total</b>	<b>42,271.27</b>	<b>30,387.70</b>

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

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

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) 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.

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

**18. Other Liabilities**
**Current**

Dues to subsidiary companies

HMT Watches Ltd	1,361.77	645.83
HMT Chinar Watches Ltd	19.49	20.07
HMT Bearings Ltd	2,351.16	165.20
Revenue received in advance	204.16	585.55
Accrued Expenses	983.32	1,222.77
Other liabilities	18,362.73	8,339.86
<b>Total</b>	<b>23,282.63</b>	<b>10,979.28</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

**19 Provisions - others**

	Warranty Claims	Provision for Contingencies	Total
<b>As At 1 April 2017</b>	6.74	204.78	<b>211.52</b>
Arising during the year	12.33		<b>12.33</b>
Utilised	(1.77)	(39.85)	<b>(41.62)</b>
Unused amounts reversed		(128.82)	<b>(128.82)</b>
<b>As At 31 March 2018</b>	<b>17.30</b>	<b>36.11</b>	<b>53.41</b>
Current	17.30	36.11	53.41
<b>As At 1 April 2018</b>	17.30	36.11	53.41
Arising during the year	4.25		4.25
Utilised	(5.14)	(4.04)	(9.18)
Unused amounts reversed	(9.08)		(9.08)
<b>As At 31 March 2019</b>	<b>7.33</b>	<b>32.07</b>	<b>39.40</b>
Current	7.33	32.07	39.40

**20. Revenue from operations**

	31-Mar-19	31-Mar-18
<b>Sale of Products</b>		
Food Processing Machinery	1,522.96	1,002.96
Watches	324.15	345.15
Accessories	84.41	93.35
	<b>1,931.52</b>	<b>1,441.46</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	15.25	24.49
Packing / Forwarding charges	13.58	13.88
	<b>28.83</b>	<b>38.37</b>
<b>Revenue from Operations</b>	<b>1,960.35</b>	<b>1,479.83</b>

**21. Other income**
**A. Other Income**

Recoveries from Staff/Others	184.51	112.97
Royalties from Subsidiaries	16.37	-
Rent Received	1,135.70	777.77
Transfer from FVTOCI reserve	48.27	-
Provisions Withdrawn	3.98	0.91
Other non operating Income	79.67	298.82
<b>Total Other Income</b>	<b>1,468.50</b>	<b>1,190.47</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>B. Interest Income</b>		
Interest income on Bank Deposits	832.58	529.86
Interest received on HC loans from subsidiaries	556.99	8.76
Interest from Dealers/Others	0.61	0.70
	<b>1,390.18</b>	<b>539.32</b>
<b>Total Other Income</b>	<b>2,858.68</b>	<b>1,729.79</b>
<b>22. Cost of Raw Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	120.51	79.72
Add: Purchases	999.87	419.68
	<b>1,120.38</b>	499.40
Less: inventory at the end of the year	103.10	120.51
Cost of raw material and components consumed	<b>1,017.28</b>	378.89
Consumption of Stores, Spares, Tools & Packing Materials	38.12	34.96
Total raw materials and components consumed	<b>1,055.40</b>	<b>413.85</b>
<b>Particulars of Materials Consumed</b>		
Steel	77.56	69.52
Non-ferrous Metals	-	11.91
Ferrous Castings	8.79	11.86
Non-ferrous Castings	0.21	4.10
Forgings	17.24	17.00
Standard parts & components	913.48	264.50
<b>Total</b>	<b>1,017.28</b>	<b>378.89</b>
<b>22A. purchase of Stock in Trade</b>		
Purchases of Watches and Other Spares	81.90	404.47
	<b>81.90</b>	<b>404.47</b>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	63.35	7.28
Less: inventory at the end of the year	170.09	63.35
<b>Changes in Inventory</b>	<b>(106.74)</b>	<b>(56.07)</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	112.31	177.15
Adjustment of Loss due to theft of materials		
Less: inventory at the end of the year	164.88	112.31
<b>Changes in Inventory</b>	<b>(52.57)</b>	64.84

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>Stock in Trade</b>		
Inventory at the beginning of the year	312.72	-
Less: inventory at the end of the year	287.53	312.72
<b>Changes in Inventory</b>	<b>25.19</b>	<b>-312.72</b>
<b>Scrap</b>		
Inventory at the beginning of the year	-	-
Less: inventory at the end of the year	-	-
<b>Changes in Inventory</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(134.12)</b>	<b>(303.95)</b>
<b>24. Changes in Excise Duty on Finished Goods</b>		
Inventory at the beginning of the year	-	0.91
Less: inventory at the end of the year	-	-
	<b>-</b>	<b>0.91</b>
<b>25. Employee benefits expense</b>		
Salaries, Wages and Bonus	821.24	774.16
House Rent Allowance	22.72	23.51
Gratuity	11.56	248.54
Contribution to PF & FPS	72.94	77.32
Deposit Linked Insurance	5.36	8.05
Contribution to ESI	0.38	0.16
Welfare Expenses	68.37	62.40
	<b>1,002.57</b>	<b>1,194.14</b>
<b>26. Depreciation and amortization</b>		
Depreciation of tangible assets	25.48	25.12
	<b>25.48</b>	<b>25.12</b>
<b>27. Finance costs</b>		
<b>Interest Expense</b>		
Cash Credit loans from Banks	-	3.79
Loans from Bank	24.73	147.98
Inter Corporate Loan	-	36.99
Others	2.60	5.88
<b>Other Borrowing Cost</b>		
Finance Charges	-	14.75
Discounting Charges	1.80	2.19
<b>Total finance costs</b>	<b>29.13</b>	<b>211.58</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>28. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	20.93	14.20
Repairs to machinery	1.67	0.34
Provision for Non Moving Inventories	0.38	73.48
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	5.64	7.09
Carriage outwards	15.26	11.40
<b>Establishment Expenses</b>		
Rent	9.47	8.94
Rates and Taxes	113.09	108.45
Insurance	3.27	1.89
Water and Electricity	212.06	193.66
Repairs to building	0.93	-
Printing and Stationery	10.97	12.15
Auditors Remuneration #	2.16	3.24
Provision for Doubtful Debts, Loans and Advances	4.82	6.31
Warranty claims	4.55	8.77
Loss on sale of investments	8.71	-
Loss sustained by PF Trust	-	26.29
Travelling Expenses	34.56	33.38
Other Expenses	696.04	579.69
Less: Recovery of Common Expenses from Subsidiary Companies	(79.47)	(195.30)
	<b>1,065.04</b>	<b>893.98</b>
As auditor	1.90	1.90
For taxation matters	0.12	-
For other services	-	1.00
Reimbursement of expenses	0.14	0.34
	<b>2.16</b>	<b>3.24</b>
<b>29. Exceptional Items</b>		
Income from sale of land	872.25	-
	<b>872.25</b>	<b>-</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>30. 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	115.59
iii) Income Tax	1.87	1.87
b) Non receipt of related Forms against levy of concessional Sales Tax	109.61	181.45
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	6.80	12.65
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	3,863.32	302.60
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
f) The Company had deposited Rs. 16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs. 2.69 Lakhs as debt. However, the deposit was reversed in the books.	13.31	13.31
g) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	86.48	68.87
h) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
i) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
j) An amount of Rs.4.53 lakhs is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. Rs.3.02 lakhs has been deposited by the Company		
k) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,607.63

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>31. Other Disclosures:</b>		
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.		
<b>32. Preference Share Capital:</b>		
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 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.		
<b>33. Inventories:</b>		
(i) In respect of Tractor Division, Pinjore , as per Valuer's Report the NRV has been determined at 60% of book value for Work in progress (Semi Finished Goods), Raw Materials/Components/Stores and Spares/Tools and Instruments etc and at 23% of book value for Stock of finished Tractors. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2019 as compared to cost (Cost or Selling Price which ever is less in respect of Stock of finished Tractors) due to valuation of at NRV is as under:		
Finished goods (stock of Tractors)	48.28	
Work in Progress (Semi Finished Goods)/Tractors Spare Parts	303.03	
Raw Materials / Components/Shop Stores and Tools & Instruments etc.	361.45	
Provision for Obsolescence	236.92	
(ii) In respect of Common Services Division, Bangalore , as per Valuer's Report the NRV has been determined at 87.5% of book value for stock of watches transferred from its subsidiary companies HMT Watches Limited and HMT Chinar Watches Limited. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2019 as compared to cost (Cost or net realisable value which ever is less in respect of Stock of watches and its components) due to valuation of inventories at NRV is as under:		
Stock of watches & components	25.19	
Provision for Obsolescence	0.39	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>34. Advances:</b>		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	-	0.03
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>27.73</b>	126.34
<b>35. Transactions with Key Managerial Personnel</b>		
<i>Compensation of key management personnel of the Company</i>		
i) Short-term employee benefits	<b>59.33</b>	59.96
ii) Post - employment benefits *	<b>11.91</b>	9.60
iii) Other long term benefits	<b>4.41</b>	4.94
<b>Total compensation paid to key management personnel</b>	<b>75.65</b>	74.50

\* The remuneration to the key managerial personnel does not include the provisions made the gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**36A 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 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
<b>Financial assets</b>				
Loans - Fair value through Profit & loss	13,747.30	163.54	13,747.30	163.54
FVTOCI financial investments	-	64.35	-	64.35
<b>Total</b>	<b>13,747.30</b>	<b>227.89</b>	<b>13,747.30</b>	<b>227.89</b>
<b>Financial liabilities</b>				
Fair value through profit & loss	-	-	-	-
Interest Free Government of India Loan	64,171.74	64,158.00	64,171.74	64,158.00
Loan from Subsidiaries	-	-	-	-
<b>Total</b>	<b>64,171.74</b>	<b>64,158.00</b>	<b>64,171.74</b>	<b>64,158.00</b>

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

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

The Company has not discounted the redeemable preference shares as 8% redeemable preference shares have been redeemed and 3.5% preference shares is matured and the Company has defaulted, hence in the opinion of the Company no fair valuation need to be made for the same.



## NOTES FORMING PART OF BALANCE SHEET

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019, 31 March 2018 are as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019

### 36B Fair value Hirarchy

	Date of valuation	Valuation technique	Fair value measurement using			
			Total INR Lacs	Quoted prices in active markets (Level 1) INR Lacs	Significant ob- servable Inputs (Level 2) INR Lacs	Significant unob- servable Inputs (Level 3) INR Lacs
<b>Assets measured at fair value:</b>						
<b>FVTOCI financial investments:</b>						
<b>Unquoted equity shares</b>						
Nigeria Machine Tools Ltd	-	-	-	-	-	-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-19	NAV	-	-	-	-
<b>Assets for which fair values are disclosed</b>						
<u>Investment properties</u>						
Land*	31-Mar-19		2,26,599.86			2,26,599.86
<b>Financial Liability</b>						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-19	8% Effective Rate of Interest used	64,171.74			64,171.74

## NOTES FORMING PART OF BALANCE SHEET

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018

	Date of valuation	Valuation technique	Fair value measurement using			
			Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
			INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Assets measured at fair value:</b>						
<b>FVTOCI financial investments:</b>						
<b>Unquoted equity shares</b>						
Nigeria Machine Tools Ltd	-		-			
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-18	NAV	64.35			64.35
<b>Assets for which fair values are disclosed</b>						
<u>Investment properties</u>						
Land*	31-Mar-18		2,26,211.65			2,26,211.65
<b>Financial Liability</b>						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-18	8% Effective Rate of Interest used	64,158.00			64,158.00

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

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

**NOTES FORMING PART OF BALANCE SHEET**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>37. Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	2,533.94	878.30
Discontinued operation	(841.47)	(1,082.94)
Total Profit including OCI	<b>1,692.47</b>	<b>(204.64)</b>
Less Other Comprehensive income	(31.94)	511.76
<b>Profit attributable to equity holders for basic earnings</b>	<b>1,724.41</b>	<b>(716.40)</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>1,724.41</b>	<b>(716.40)</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>

# Refer note 11 A ii. Of the Financial statements in respect of reduction in share capital vide NCLT Order dated October 16, 2018.

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>38. Discontinued Operations</b>		
As per the CCEA Approval on 27/10/2016 it was decided that the operations of Tractors Division has to be closed. Accordingly, operations of the said division is closed during the year. It has been planned that the Company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly the Company has classified as Investment Properties.		
<b>The results of Tractors Division for the year are presented below:</b>		
Revenue		
Revenue from Operations	143.13	134.15
Other income	4,175.82	4,814.68
Expenses		
Material Consumption and changes in inventory	931.09	159.37
Employee Benefit Expenses	117.05	(107.57)
Depreciation	204.98	219.05
Other Expenses	598.84	468.79
Finance costs	3,308.46	3,864.53
Re-measurement gains (losses) on defined benefit plans	0.00	(358.87)
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(841.47)</b>	<b>703.53</b>
Exceptional items	0.00	(1,786.47)
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>(841.47)</b>	<b>(1,082.94)</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)		
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>(841.47)</b>	<b>(1,082.94)</b>
<b>The classification of Non Current Assets of Tractors Division are as follows</b>		
	31-Mar-19	31-Mar-18
<b>Assets</b>	<b>INR Lakhs</b>	<b>INR Lakhs</b>
Property, plant and equipment	670.45	851.07
Investment Property	248.92	273.30
Non Current Assets Held for Sale	11.41	11.41
<b>Total Non Current Assets</b>	<b>930.78</b>	<b>1,135.78</b>
<b>The net cash flows incurred by Tractors Division are, as follows:</b>		
Operating	2,360.41	(8,250.29)
Investing	264.18	260.89
Financing	(3,308.46)	5,925.47
<b>Net cash (outflow)/inflow</b>	<b>(683.87)</b>	<b>(2,063.93)</b>
<b>Earnings per share:</b>		
	31-Mar-19	31-Mar-18
Basic, profit/(loss) for the year from discontinued operation	(0.24)	(0.30)
Diluted, profit/(loss) for the year from discontinued operation	(0.24)	(0.30)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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

i) <b>Defined Contribution Plan:</b> Particulars	(Rs. In Lakhs)	
	Year Ended 31 March 2019	Year Ended 31 March 2018
Employer's Contribution to Pension Fund	8.68	14.86

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-19	31-Mar-18
	%	%
<b>Discount rate:</b>		
Gratuity plan	7.25	7.53
Settlement Allowance	7.25	7.53
<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 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Mortality Rate (as % of IALM (2012.14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2006-08) 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	8.30	6.05	8.30	6.05

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 39 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 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-19	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(853.49)	(19.57)	(59.62)	(79.19)	130.11			(0.44)	14.69	14.25		(788.32)
Fair Value of plan assets	901.70		67.62	67.62	(130.11)	0.00				0.00	118.61	957.82
<b>Benefit Liability</b>	<b>48.21</b>			<b>(11.57)</b>	<b>0.00</b>					<b>14.25</b>	<b>118.61</b>	<b>169.50</b>

31 March 2018 changes in the defined benefit obligation and fair value of plan assets

01-Apr-17	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							31-Mar-18	
	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer		
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(853.49)	(203.16)	(108.30)	(311.46)	166.36			(5.60)	826.14	820.54		(853.49)
Fair Value of plan assets	901.70		62.91	62.91	(166.36)	1.22				1.22	163.86	901.70
<b>Benefit Liability</b>	<b>48.21</b>			<b>(248.55)</b>	<b>0.00</b>					<b>821.76</b>	<b>163.86</b>	<b>48.21</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 2 Settlement Allowance :

31 March 2019 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							Contributions by employer	31-Mar-19
	01-Apr-18	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(39.05)	(4.19)	(2.71)	(6.90)	6.44				2.08	2.08		(37.43)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(39.05)</u>			<u>(6.90)</u>	<u>6.44</u>					<u>2.08</u>	<u>0.00</u>	<u>(37.43)</u>

31 March 2018 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							Contributions by employer	31-Mar-18
	01-Apr-17	Service Cost	Net interest expense	Sub-total included in profit / loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(77.82)		(6.58)	(6.58)	9.43			0.04	35.88	35.92		(39.05)
Fair Value of plan assets												
<b>Benefit Liability</b>	<u>(77.82)</u>			<u>(6.58)</u>	<u>9.43</u>					<u>35.92</u>	<u>0.00</u>	<u>(39.05)</u>

The Company has not obtained Acturial valuation for PF trust as per Ind AS - 19.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**39 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 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	31.30	27.92	33.66	30.96
Change in rate of salary increase	6.48	7.61	6.96	7.99
Change in withdrawal rates	3.12	3.91	3.10	3.72

**(ii) Settlement Allowance**

(Rs. in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	1.49	1.41	1.54	1.45
Change in rate of salary increase	0.34	0.37	0.32	0.36
Change in withdrawal rates	0.03	0.02	0.02	0.02

**40** The Company had retrained 150 employees of Tractor Business Group, Pinjore during the previous year. The Company has paid an amount of Rs.1,786.47 lakhs which has been disclosed as under exceptional items in discontinued operations of the previous year.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**41 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013**

Sr. No.	Name of Related Party	Relationship
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
	HMT Watches Ltd, Bangalore (HWL)	
	HMT Chinar Watches Ltd, Jammu (CWL)	
	HMT (International) Ltd, Bangalore (HMT(I))	
	HMT Bearings Ltd, Hyderabad (BLH)	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. S Girish Kumar	Key Managerial Persons (KMP)
	Ms. Shashi B Srivastava	
	Dr. Subhash Chandra Pandey	
	Mr. Vishvajit Sahay (upto 15.03.2019)	
	Mr. Pravin Agrawal (w.e.f. 15.03.2019)	
	Dr. Ravindra Singh	
	Mr. Neera Tomar (w.e.f. 27.03.2019)	
	Mr. S. Kishor Kumar	
	Mr. Bhaskara Gowdar (upto 30.06.2018)	
	Mr. Hitesh Goyal (01.07.2018 to 06.11.2018)	
	Ms. Kamna Mehta (w.e.f. 12.02.2019)	

**Transactions during the year with Related Parties:**
**a) Loans and Advances given and repayment thereof:**

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
<b>Loans</b>						
HMT Machine Tools Ltd	31/03/2019	163.54	13,575.00		8.76	13,747.30
HMT Machine Tools Ltd	31/03/2018	154.78			8.76	163.54
HMT Watches Ltd	31/03/2019	-	-	-	-	-
HMT Watches Ltd	31/03/2018	-	-	-	-	-
HMT Chinar Watches Ltd	31/03/2019	-	-	-	-	-
HMT Chinar Watches Ltd	31/03/2018	-	-	-	-	-
HMT Bearings Ltd	31/03/2019	-	-	-	-	-
HMT Bearings Ltd	31/03/2018	-	-	-	-	-

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	Transfer	Closing Balance
<b>b) Advances (Dr/ (Cr))</b>						
SUDMO HMT Process	31/03/2019	7.06	3.26		7.91	2.41
Engineers (India) Ltd	31/03/2018	4.74	2.32			7.06
HMT Machine Tools Ltd	31/03/2019	731.79	47.52			779.31
HMT Machine Tools Ltd	31/03/2018	622.68	109.11			731.79
HMT Watches Ltd	31/03/2019	-645.83		715.94		-1,361.77
HMT Watches Ltd	31/03/2018	-222.57		423.26		-645.83
HMT Chinar Watches Ltd	31/03/2019	-20.07	0.58			-19.49
HMT Chinar Watches Ltd	31/03/2018	-21.75	1.68			-20.07
HMT Bearings Ltd	31/03/2019	-165.20	165.20			-
HMT Bearings Ltd	31/03/2018	-166.87	1.67			-165.20
HMT (International) Ltd	31/03/2019	84.51		71.58		12.93
HMT (International) Ltd	31/03/2018	-33.85	118.36			84.51

c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4

The Company has not given any guarantee/security to the related parties.

(Rs. in lakhs)

d) Name of the Transacting Related Party		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
<b>Revenue from Operations</b>	2018-19	-	-	-	42.15	-	42.15
	2017-18	20.06	-	-	213.99	-	234.05
<b>Other Income:</b>	2018-19	556.99	-	-	-	-	556.99
	2017-18	8.76	-	-	-	-	8.76
<b>Purchases</b>	2018-19	-	-	-	14.74	-	14.74
	2017-18	-	348.03	-	22.19	-	370.22
<b>General Expenses: (recovery of expenses)</b>	2018-19	(12.37)	(5.62)	-	(61.48)	-	-79.47
	2017-18	(135.53)	(10.05)	-	(49.72)	-	-195.30
<b>Interest</b>	2018-19	-	-	-	-	-	-
	2017-18	-	-	-	36.99	-	36.99

e) Transactions with Key Managerial Persons:

Current Year

Previous Year

**Remuneration paid to KMP**

- S.Girish Kumar	28.30	26.08
- Shashi Bala Srivastava	34.21	30.43
- S.Kishor Kumar	7.50	7.52
- Bhaskara Gowdar (upto 30.06.2018)	2.58	10.47
- Hitesh Goyal (01.07.2018 to 06.11.2018)	2.39	-
- Kamna Mehta (w.e.f. 12.02.2019)	0.67	-
	<b>75.65</b>	<b>74.50</b>

Directors sitting fees paid to Dr. Ravindra Singh

0.41

0.35

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

---

**42 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.1,202.00 Lakhs to one customer which is exceeding 10% of the revenue.

**43** The networth of the Company is substantially 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 the financial statements of the Company on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities. 11721.4

**44** The Company has deferred tax asset in the form of brought forward losses, in the absence of reasonable certainty of future profits the Company has not recognised any deferred tax asset. Further, due to losses no disclosure has been furnished by the Company in respect of income taxes as per Ind AS - 12.

**45** 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.

**46** Common Services Division an unit of the Company is in the process of reconciling GST collected on sale of watches, Input Tax credit availed. The Company has rectified to an extent of balances identified. In the opinion of the management effect on revenue is not material.

**47 Recent Accounting Pronouncements:**

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

**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 2019**

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2019 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 Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 19 August 2019 which supersedes their earlier Audit Report dated 28 May 2019.

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 2019 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 but did not conduct supplementary audit of the financial statements of subsidiary HMT Chinar Watches Limited and associate Gujarat State Machine Tools Limited for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the Statutory Auditors' report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' report under Section 143 (6) (b) read with Section 129(4) of the Act.

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



**(J. S. Karape)**

**Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad  
Date: 03 September 2019**

## **Annexure**

### **Subsidiaries**

- 1. HMT Machine Tools Limited**
- 2. HMT (International) Limited**
- 3. HMT Bearings Limited**
- 4. HMT Watches Limited**

**REVISED INDEPENDENT AUDITOR'S REPORT**

**To the Member of  
HMT Limited**

**Report on Audit of the Consolidated Financial Statements****Qualified Opinion:**

On completion of audit of accounts of HMT Limited ("the Holding Company") for the year 2018-19, we had rendered our audit report dated May 28, 2019. Subsequent to our report, in light of the observations arising from the audit by the Comptroller & Audit General of India, the said report has been revised. This supersedes our previous independent Audit Report, we have modified our comment in para 6(i) (a) and added para 4 c. of the basis of qualified opinion, para ix (a) of Other matters paragraph in respect of Food Processing Machinery division and modification in Annexure - A, in respect of opinion of HMT International Limited.

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 March 31, 2019, the statement of profit & loss, statement of changes in equity, the cashflow 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, of the state of affairs of the Company as at March 31, 2019, profit, changes in equity and its cash flows 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 regards to the valuation of inventory as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost Method. However, in the inventory software for many stock items rates were not updated because of which respective stocks were valued at Nil. These were later manually updated based on the Purchase Orders available. Owing to

the nature of Unit's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method followed by the Company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS Consolidated financial instruments.

**2. Tractor Business Group, Pinjore (including Hyderabad Assembly Project & Mohali unit):**

Lease rental income from leased out portions of land, apartments, school etc. lying within the premises of HMT Limited, Pinjore, has not been accounted as "Other Income" in the books of HMT Limited (Tractor Division), since, financial year 2017-18. During financial year 2016-17, a sum of Rs.143.90 lakhs depicted as rental income. In our opinion such income during financial year 2017 – 18 and 2018-19 should have been accounted in its books and suitable expenses relating to Estate Operation should have been accounted. However, management has informed us that these transactions have been accounted by HMT Machine Tools Limited. We are unable to ascertain the impact on these Ind AS financial statements due to absence of the information. To this extent the revenue is understated.

**3. Common Services Division, Bangalore:**

Attention is invited to note 46 in respect of reconciliation of GST collected on sales, input tax credit availed which is subject to reconciliation. We are unable to express any independent opinion on the same.

**4. Corporate Head Office and the Group as a whole:**

- a) The Company contributes provident fund to its employees to a provident fund trust, which is a defined benefit plan. As per Ind AS-19, the Company as a whole has not obtained the actuarial valuation report and accounted for employer's contribution.
- b) Attention is invited to note 45 regarding confirmation and reconciliation of balance with whom it has transactions.



- c) Government of India (“GOI”), Department of Heavy Industry has directed HMT Watches Limited and HMT Chinar Watches Limited to close the companies and accorded its approval for write-off of GOI Loan amounting Rs. 326642.96 lakhs, which has not been written-off in the books of account. Accordingly, Other Financial Liabilities and negative balance of Other Equity have been overstated.

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

#### **5 HMT Machine Tools Limited (“MTL”):**

- a) MTL has not made provision for liability if any, towards the interest payable to the parties covered under Micro, Small, Medium Enterprises Development Act, 2006.
- b) The accounting policy stated for the recognition of revenue is based on the Ind AS 18. However, with effect from April 1, 2018, Ind AS 18 has been withdrawn and has been replaced with Ind AS 115. The company’s accounting policy recognizing the revenue has not been changed despite the enactment of the new standard. This results in non-compliance to Section 133 of the Act. The impact of such non-compliance on the loss, assets and liabilities is not ascertained.
- c) MTL has not carried out Impairment Test as required by Ind AS 36 even though both internal and external indicators are present due to Technological development and effect on the performance of the asset.

During August 2010, MTL had placed an order with CMC Limited for supply of hardware and implementation of SAP system across all the units of MTL. The scope of work envisaged included supply, installation, commissioning of hardware, SAP licences, customisation of software, training of employees etc. However, it has been informed that the implementation is negligible and due to inordinate delay in implementation, the SAP system has become redundant due to subsequent improvements in technology. MTL has incurred

an amount of Rs.128.89 lakhs towards hardware which is grouped under Capital work in progress and Rs.229.35 lakhs towards development of software which is grouped under Intangible assets under development.

Since the SAP system is not fully customised and put to use due to delay in implementation we are unable to express any independent opinion with regard to impairment of the said asset as per Ind AS – 36.

- d) The unit has not complied from the requirement of Schedule II of Companies Act, 2013 of depreciating the assets over its useful life. The Company follows the policy of depreciating the plant and equipment costing less than Rs.10,000/- to Rs.1/- in the year of purchase. Due to unavailability of required information impact could not be quantified.
- e) Pinjore unit of MBL has booked interest income of Rs.4.47 lakhs on deposit with Uttar Haryana Bijli Vitran Nigam, which was pertaining to PY 2017-18. As per Ind AS-8, it requires retrospective adjustment of prior period errors and omissions by restating the comparative amounts for the prior period presented or where the errors relates to the periods before the earliest period presented, restating the opening balance of assets, liabilities and equity for that period. As the unit has not retrospectively adjusted the prior period error or omission of Rs.4.47 lakhs, it has not complied with the Accounting Standard Ind AS 8.
- f) Hyderabad unit of MBL has booked an expense of Rs.17.08 lakhs in the books of accounts during the current year pertaining to previous accounting periods. As per Ind AS-8, it requires retrospective adjustment of prior period errors and omissions by restating the comparative amounts for the prior period presented or where the errors relate to the periods before the earliest period presented, restating the opening balance of assets, liabilities and equity for that period. As the unit has not retrospectively adjusted the prior period error or omission of Rs.17.08 lakhs, it has not complied with the Accounting Standard Ind AS 8.

**6. HMT Watches Limited (“HWL”)****i) Disagreement on Accounting Policies Inappropriate Disclosure:****a) Going Concern Concept:**

- The Board of Directors of HWL in their 72<sup>nd</sup> board meeting held as on 18.01.2016 had decided to close down the HWL after getting the approval from cabinet committee of Economic Affairs.
- The accumulated losses of HWL as at the March 31, 2019 amounted to Rs.2,69,347.48 lakhs against which the paid up capital of HWL is Rs.649.01 lakhs and the losses has totally eroded the net worth of HWL.
- HWL has been incurring continues operating losses for the past many years.
- The total liabilities of HWL as at March 31, 2019 is Rs.2,75,217.41/- lakhs against which the Fixed and current assets of Rs.6,518.94 lakhs.
- The contingent liabilities disclosed in the financial statements as at March 31, 2018 are Rs.586.66 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.
- Consequent to the decision of closing down HWL, it has sold all its Property Plant & Equipment (“PPE”) other than the immovable properties and PPE of Ranibagh Unit. In respect of immovable property other than Ranibagh Unit, HWL is in the process of transferring the assets.

- b) Certain internal control deficiencies were observed during the course of audit of financial statements. The management does not establish adequate internal controls to ensure that transactions were properly classified, accounted, reviewed and reconciled. The units of HWL did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances, and periodical verification of fixed assets, payment

vouchers duly supported by sanctions and providing management an oversight of the financial management accounting processes.

- c) The Company has not complied with the disclosure of the following Ind AS:

i) As per Ind AS – 8, HWL 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.

ii) As per Ind AS – 36, HWL has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.

iii) As per Ind AS 109, HWL has not recognized interest free refundable security deposits at fair value.

iv) Fair value of recognition of financial assets and liabilities.

- d) The details of PPE with written down value of Rs.1 lakh and above which have been retired from active use and disclosed at lower of book or net realizable value were not made available in respect of watch factory Ranibagh.

- e) Valuation of inventories not being in accordance with the IND AS-2 - Valuation of Inventories due to:

- During the year under review HWL had conducted physical verification of raw materials, work in progress and finished goods of all the divisions other than the Ranibagh Unit. However, we have not been provided any reconciliation statement of stock as per books and physical verification.

- In watch factory Ranibagh the work in progress is valued at cost instead of cost or NRV whichever is lower.

- Individual details of slow/non-moving goods and obsolete inventories were not made

available to us. In Watch Marketing Division and Watch Factory Ranibagh no provision was made towards non-moving/slow moving inventory which is contrary to the Accounting policy of the Group. Accordingly, we are unable to comment on adequacy of such provisions made in the books of accounts.

- 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.

In view of the above we do not express an independent opinion on the correctness of existence and valuation of inventories. Net effect of the same on the financial results is not ascertainable.

- f) As required by Part II, Schedule III of the Act, the statement of profit and loss Account does not disclose item of income or expenditure which exceeds 1 percent of revenue from the operation or Rs.10 lakh whichever is higher.
- g) Finance cost includes interest on delayed payment of statutory dues instead of disclosing the same distinctly.
- h) HWL has not made provision for liability towards the interest payable under Micro, Small and Medium Enterprises Development Act, 2006, if any, in the books of accounts. The impact of non-provision for such interest on the financial statements of HWL and the Group is not ascertainable. In the absence of confirmation from vendors and non-availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.
- i) HWL is in possession of lease hold land admeasuring 33.32 acres at Ranibagh. Lease period of the said land expired in 2014. HWL is still continuing to show the said land under Property, Plant & Equipment ("PPE") and

claiming depreciation resulting in overstatement of PPE and understatement of losses to an extent of Rs.5.14 lakhs.

**ii) Disagreement with the Accounting Issues:**

- a) Other current liabilities include an amount of Rs.926.64 Lakhs relating to advances received against sale of land including buildings. HWL has executed an agreement to sell 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 respective head under PPE though there are no future economic benefits flowing to HWL or to the Group and the possession is already given to the buyer.
- b) There is no system of obtaining periodical confirmation of balances relating to trade receivables, trade payables, loans and advances, current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.
- c) Balances with banks in current account with scheduled banks relating to few of the show rooms amounting to Rs. 31.38 Lakhs and cash on hand amounting to Rs. 1.29 lakhs relating to Watch Marketing Division are disclosed as per books of accounts. We have not been provided the bank confirmation of balance and physical cash certificates. No explanation with regard to the cash balance of show rooms and bank balances were provided to us.
- d) Other current assets include a sum of Rs.21.11 lakhs representing suspense account Dr. (OBS) and Rs.1.98 lakhs representing suspense account debit – OBS Opn (Cr.) relating to watch marketing division. Individual details of such credits/ debits were not ascertainable and are subject to reconciliation.
- e) GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts.

- f) The details for interest on delayed payment statutory dues were not made available. HWL has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues.
- g) 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 Honorable 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.
- h) In Watch Marketing Division, Retention Deposit, EMD and Security Deposits and other old outstanding liabilities shown under other current liabilities continue to be carried forward and many of the showrooms have been closed. Complete party wise details of such deposits are not available and no steps have been taken to ascertain the details and review/reconciliation of such deposits.
- i) KVAT input credit as per books of Watch Factory, Tumkur is Rs.18.11 Lakhs whereas as per KVAT Form 100 it is NIL. No reconciliation has been carried out by HWL.
- j) HWL has not disclosed contingent liability if any, relating to sale of land to Canara Bank and subsequent claim by third party vide miscellaneous petition no. 621/622 pending adjudication
- k) No provision has been made for liabilities aggregating Rs. 1,588.57 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. 1,588.57 lakhs and corresponding understatement of current liabilities to that extent.
- l) In pursuant to distress warrant dated 23-12-2011 issued by BBMP 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 been made towards such taxes and penalties as at the March 31, 2018.
- m) One of the creditor of HWL 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 HWL.
- Effect on all the above matters is not ascertainable on the financial statements of the Group.
- 7. HMT Bearings Limited (“HBL”): Basis of Adverse Opinion:**
- a) Though the company is under closure as reported in material uncertainty related to going concern section, the accounts have been prepared on a going concern basis deviating from Ind AS 1.
- b) In terms of letter dated January 13, 2016 received from the Government of India, Ministry of Heavy Industries and public Enterprises, the company failed to transfer the entire proceeds of sale of immovable property to the Government of India, and also in terms of subsequent letter dated 13<sup>th</sup> January, 2017, failed to write off the GOI loan. The said non-compliance has resulted in understating of the other Equity of the company by Rs.8,303.29 lakhs and over stating of Other Financial Liabilities by Rs.8,303.29 lakhs.
- c) HBL has neither made any provision for expected credit loss nor has obtained confirmation of balances from trade receivables whose balances are outstanding for more than one year and they have been classified as current assets. HBL is doubtful of recovery of the said debts.
- d) Trade payables and certain advance accounts of HBL were carried forward from previous year and shown under current liabilities/ assets. HBL has no records/ confirmation letters for the same to determine whether they are payable/ receivable or not.
- e) HBL has not disclosed information as required by Micro, Small and Medium Enterprises Development Act, 2006.
- Effect on all the above are not ascertainable

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 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 of the Group:**

Attention of the members is invited to Note 49 of the Consolidated financial statements regarding reasons for preparing these Consolidated Ind AS financial statements of the Group on going concern basis, notwithstanding the fact that the net-worth of the Group is completely eroded. The Group’s total liabilities exceeded total assets by Rs.475,125.57 lakhs. 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 also relied on the representation of the Company in this respect. Our opinion is not modified in this respect.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty related to going concern section, 2e 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 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 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 Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Adoption of Ind AS 115 - Revenue from Contract with Customers as described in note 2 i. and note 19 of the financial statements:</b>	
<p>The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018.</p> <p>Application of Ind AS 115, including selection of transition method involves significant judgment in determining when ‘control’ of the goods or services underlying the performance obligation is transferred to the customer and the transition method to be applied.</p> <p>As the revenue recognition, due to the significance of the balance to the financial statements as a whole, we regard this as a key audit matter.</p>	<p>As part of our audit procedures, our procedures included the following:</p> <ul style="list-style-type: none"> <li>- We have read the accounting policy for revenue recognition and assessed compliance of the policy in terms of principles enunciated under Ind AS 115.</li> <li>- We obtained and understood the revenue recognition process including determination of point of transfer of control and completion of performance obligation.</li> <li>- We performed test of details, on a sample basis, and examined the underlying customer contracts.</li> <li>- We examined the disclosures made by management in compliance with the requirements of Ind AS 115.</li> </ul> <p><b>Conclusion:</b></p> <p>Our procedures did not identify any material exceptions.</p>

**Emphasis of Matter in respect of MTL reported by its auditor:**

- i) The Net Realisable values are not ascertained for inventories therefore all the inventories are valued at weighted average cost. Due to non-availability of NRV, we are unable to express our opinion on the impact of such non-determination of the net realizable value compliance on the loss and value of assets could not be ascertained.
- ii) MTL has executed a Technical Collaboration Agreement with NUM AG, Switzerland, for developing numerical control system for machine tools during 2014. The company has paid initial installment of Euro 4,00,000. Four installments amounting Euro 5,71,429 is due as at March 31, 2018 for which provision has been made in the books of accounts. Though provision has been made in line with the technology agreement, it appears that NUM AG, has not provided cost effectively transfer of technology in entirety including staff training, resulting in lack of competitive and cost effective technology solution to develop, manufacture the product in house for sales.  
  
As informed to us, the Company is communicating with NUMAG to rescind the agreement. In view of the proposed closure of the agreement making provision and accounting expenditure as capital work in progress is not justified.
- iii) Margin money deposit of Rs.43.33 lakhs has been classified as cash and cash equivalents. However, bank confirmation has been produced for Rs.33.29 lakhs. The liquidity and realisability of the balance Rs.10.04 lakhs is not ascertainable in absence of supporting documents.
- iv) Letter of credit charges at Hyderabad Unit of MBL has been included in the cost of Inventories deviating Ind AS 2 – Inventories. The impact of such cost on the loss and the assets of the division could not be ascertained.
- v) Advances include an amount of Rs.28.80 lakhs of brought forward input credit has not been included in Tran – 1 application filed by Hyderabad

unit of MBL. Due to absence of documentary evidence of such receivable in the opinion of the auditor input credit should not be recognised.

- v) During the year the members of HMT Chinar Watches Limited have decided to windup voluntarily with effect from March 25, 2019 and assigned all assets and liabilities to official liquidator. However, in opinion of the Company the control and board still exist as at the end of March 31, 2019. Accordingly, assets and liabilities of the said subsidiary is not derecognised in the books of account.

**Other Information [“Information Other than the 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 board report but does not include the financial statements and our auditor’s report thereon. The board report is expected to be made available to us after the date of auditor’s report.

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

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

**Management’s Responsibility for Consolidated 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 Consolidated 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 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 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 Consolidated Ind AS Financial Statements:**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Other Matters:**

- i) We did not audit the financial statements/information of 2 units of the holding company i.e. Tractor Business Group, Pinjore and Food Processing Machinery Unit, Aurangabad included in these Consolidated Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 6,816.37 lakhs as at March 31, 2019 and total revenues of Rs. 6,022.898 lakhs (including amount included in discontinued operations of Rs.4,318.94 lakhs) for the year ended on that date. The financial statements/ information of these branches has been audited by the branch auditors i.e. S P Babuta & Associates, Chartered Accountants, Chandigarh and CA AG & Associates, Chartered Accountants, Aurangabad respectively whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these units, are based solely on the report of such branch auditors.
- ii) We did not audit the financial statements of 5 subsidiaries whose financial statements reflect total assets of Rs.54,198.97 lakhs as at March 31, 2019, total revenues of Rs.29,950.34 Lakhs (including amount included in discontinued operations) and net cash out flows amounting to Rs. 587.91 lakhs for the year ended on that date as considered in the consolidated Ind AS financial statements. The Financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the consolidated Ind AS financial statements, in so far as

its relates to the amounts and disclosures included in respect of these subsidiaries and Joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint Venture company, is based solely on the report of the other auditors. Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditor.

- iii) The holding company has not received financial statements of Gujarat State Machine Tools Limited for the year ended March 31, 2019, an associate. Based on the latest available financial statements net worth of the said associate has completely eroded. Accordingly, share of loss of the Group was Rs. Nil Lakhs (restricted to the value of the investments) has been considered for preparation of these Ind AS consolidated financial statements. Last available financial statements as received from the said associate has been considered for the purpose of preparation of these Ind AS consolidated financial statements.
- iv) Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs. 0.75 Lakhs has been considered for preparation of these Ind AS consolidated financial statements.

**In respect of holding company & its units:**

- v) The financial statements of Lamp Division have been merged with CHO Accounts and our report insofar as it relates to the amounts included in respect of this Division is based solely on the Closing Balances of Last Year's Financial statements of CHO accounts except payment of Rs.73.67 lakhs towards due to Greater Hyderabad Municipal Corporation.
- vi) The Company has discharged the debt of State Bank of India, but the discharge of loan is not reflected in the charge Index of charges registered with Registrar of Companies of its Index Number 80046855.



vii) The Company has made a provision for non-moving inventories amounting to Rs.443.23 lakhs based on the certificate furnished by the management and relied upon by the auditors of the respective units.

vii) **The Branch Auditors of Tractor Business Group, Pinjore (“the Unit”) have reported the following other matters:**

- a) As per the Company’s accounting policy, Inventories are valued at lower of cost or net realisable value. The cost of material is ascertained by adopting “Weighted Average Method”, till the operations of the Unit continued its operations. The Unit has closed its operations in year 2016 – 17 and were meant for sale as spares and not for manufacturing. During the year, substantial portion of inventories were disposed off at prices lower than its realisable value.

The Unit during the year had outsourced valuation of inventories to an independent valuer and based on his report we have considered the realisable value as under:

Store Inventory	- 60% of book value.
Tractor spare parts inventory	- 60% of book value.
Work in progress	- 60% of book value.
Finished tractors	- 23% of book value.

- b. Balance in current maturities of VRS Loan from of India amounting to Rs.12,831.60 lakhs as reported in note 17 of the financial statements is reported based on the certificate given by the management. Out of the above amount, an amount of Rs.23,705.20 lakhs has been shown as continuous defaults of Government of India Loans.

- c) During an earlier year the Unit has discontinued its operations and is in the process of making settlement for all its receivables and payables. The Company need to carry out proper review of following balances and take necessary action:

Particulars	Amount (₹ In lakhs)	Remarks
Amount due to PWD	22.18	Due for more than 10 years
Claim recoverable from Motokov Ltd	0.11	Outstanding since 1989 – 90
Customs Duty Deposit	0.22	Old balance
Bombay Port Trust	0.01	Old balance

ix) **The Branch Auditors of Food Processing Machinery Division, Aurangabad (“the Unit”) have reported the following other matters:**

- a. Inventories of the unit has been valued by the Company and auditors have relied based on the certificate furnished by the unit amounting to Rs.460.14 lakhs and provision for non-moving inventory amounting to Rs. 89.90 Lakhs.
- b. Disclosure in respect of contingent liabilities has been furnished based on the information and representations received from the management.

x) **In respect of Common Services Division, Bangalore (“the Unit”)**

During the previous year the Unit had purchased certain watches and its components from its subsidiary HMT Watches Limited based on the value determined by the independent valuer. During the year the Company has determined estimated realisable value which is lower than cost and reported as inventories of watches in its financial statements which has been relied upon by auditors.

ix) **In respect of HWL the auditor has reported the following:**

- a. Non-Current assets held for sale includes immovable properties vested under the Scheme of Arrangement approved by Government of India and non-carrying of the mutation of title deeds in the revenue records to that effect. Accordingly, the title of the said properties could not be ensured.
- b. HWL is in the possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7 acres of land encroached upto and the matter taken up with the Government of Karnataka to shift the un authorized occupants. Though HWL is in possession of land at various units, it has not obtained up to date encumbrance certificate from the concerned authorities to ascertain the extent of encroachment / title verification.

**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.
  - b. Except for the possible effects of the matters described in the Basis for Qualified opinion section and other matters section, in our opinion, 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 Consolidated Balance Sheet, Consolidated statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in the Equity dealt with by this Report are in agreement with the books of account.
  - d. Attention is invited to para 1, 4 a., 5 b., e., f., 6 i) c., e., 6 ii) g, 8 a) and c) of the 'Basis of Qualified Opinion' section which are not in compliance of Indian Accounting Standards ("Ind AS"), accordingly, in our opinion, the aforesaid Ind AS Consolidated Financial Statements don't comply with Ind AS specified in section 133 of the Act.
  - e. The Company being a Government Company, provisions of 164 (2) of the Act is not applicable with respect to appointment of directors.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".

- g. With respect to the other matters to be included in the Auditor's report in accordance with requirement of Section 197(16) of the Act, as amended :

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its director's during the year is in accordance with the provisions of Section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014.

In our opinion and to the best of our information and according to the explanations given to us,

- i) The Company has disclosed its pending litigations which would impact its financial position in note 34 of the Ind AS Consolidated financial statements.

- ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.

- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

**For B.K.RAMADHYANI & CO LLP**  
**Chartered Accountants**  
**Firm Registration No. 002878S/S200021**

**(CA C R Deepak)**  
**Partner**  
**Membership No. 215398**

**Place: Bangalore**

**Date: August 19, 2019**

**ANNEXURE-A REFERRED TO IN PARAGRAPH 1 (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 Holding Company”), its subsidiary companies and its Joint Venture, which are companies incorporated in India as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility:**

Our responsibility is to express an opinion on the 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 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 Company’s internal financial controls system over financial reporting.

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to

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

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

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

**Disclaimer of Opinion: (Issued by us on Holding Company)**

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

The Company did not have an appropriate internal control system for inventory with regard to inventory valuation, as the process of mutual updating the purchase rates in the inventory software are not adequately getting updated in the system. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

The Physical verification of assets was carried out for the FY 2015-16, however we could not find a reconciliation of such verification with the fixed assets register, thus an

effective internal financial control may be evolved to ensure that there should not be any mismatch between the fixed asset register and physical assets 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.

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

The Company did not have appropriate internal controls for reconciliations and confirmations of Earnest Money Deposits, Security Deposits and other Deposits which could potentially result in a material weakness, in financial reporting process of current assets and current liabilities.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the company as at and for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the financial statements of the company and we have issued a qualified opinion on the financial statements.

***In respect of Tractor Division, Pinjore:***

In our opinion, the Company, in all material respects, has an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

***In respect of Corporate Head Office, Bangalore and Common Services Division, Bangalore:***

The system of internal financial controls over financial reporting with respect of Tractor Division, Pinjore, Common services division and Corporate Head Office, Bangalore were not made available to us to enable us to determine if the Company has established the adequate internal financial control over financial reporting at the aforesaid divisions and whether such internal financial controls were operating effectively as at March 31, 2019.

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

**Opinion (issued by statutory auditors of HMT Machine Tools 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, 2019, 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.

**Disclaimer of Opinion (issued by statutory auditors of HMT Watches Limited):**

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019.

The system of internal financial controls over financial reporting with regard to the Units of the Company have not been audited by the respective statutory auditors of the Units and we are unable to determine if the Units have established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and disclaimer has affected our opinion on the financial statements of the standalone Company and we have issued a disclaimer opinion on the financial statements.

**Opinion (issued by statutory auditors of HMT Chinar Watches Limited):**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

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

- a. In view of lack of sufficient appropriate audit evidence of establishment of a frame work for internal financial control over financial reporting, we are unable to express our opinion, regarding adequacy of internal

financial control over financial reporting and whether or not such internal financial controls were operating effectively as at March 31, 2019.

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

**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, 2018, 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:**

Our aforesaid reports 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 and 1 joint venture, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

**For B.K.RAMADHYANI & CO LLP  
Chartered Accountants  
Firm Registration No. 002878S/S200021**

**(CA C R Deepak)  
Partner  
Membership No. 215398**

**Place: Bangalore**

**Date: August 19, 2019**

**ANNEXURE – B REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT DIRECTIONS INDICATING THE AREAS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE YEAR 2018 – 2019 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, all the accounting vouchers are manually prepared and entered into IT systems. All the vouchers are authorised by the appropriate authorities. In our opinion this doesn't have any financial implication.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviations.	Based on the information and explanation furnished to us by the Company has received an amount of Rs.13.74 Lakhs from Department of Heave industry 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 Industry 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.

**A. In respect of subsidiaries.**
**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.**

MTL	In the opinion of the subsidiary auditor, MTL does not have system in place to process all the accounting transactions through IT systems. However, the Company has adopted standalone PC/ Local Area Network at each location for accounting using tally or other software.
HMT Bearings Limited	Not furnished
HMT Watches Limited	Not furnished
HMT Chinar Watches Limited	Not furnished
HMT International Limited	Not furnished

**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.**

MTL	There has been old outstanding due to GOI which has not been repaid or being repaid on an ongoing basis for past several years. We have not been provided with details of any write off/ waiver etc and accordingly, unable to comment on financial impact if any.
HMT Bearings Limited	Not furnished
HMT Watches Limited	Not furnished
HMT Chinar Watches Limited	Not furnished
HMT International Limited	Not furnished

**3. Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviations.**

MTL	The Company has availed working capital loan and bridge loan of Rs.348.53 crores from the GOI and has applied the same for the purpose for which it was availed.
HMT Bearings Limited	Not furnished
HMT Watches Limited	Not furnished
HMT Chinar Watches Limited	Not furnished
HMT International Limited	Not furnished



## **CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2019**

### **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 etc. Tractor division has discontinued its operations as per CCEA approval dated October 27, 2016 and disclosed as discontinued operations in the financial statements.

The consolidated financial statements were authorised for issue in accordance with resolution of the directors dated May 28, 2019.

### **2. Significant Accounting Policies:**

#### **i) Basis of preparation:**

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

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

#### **ii) Basis of Consolidation:**

The consolidated financial statements of HMT Limited (“Parent Company”), subsidiary companies, associates and joint venture (collectively referred as “the Group”) used in the preparation of this consolidated financial statements have been drawn

up on the same reporting date as that of the parent company i.e. year ended March 31, 2019. The financial statement of the associate company has not received by the parent company and the networth of the said associate is completely eroded. Accordingly, losses have been consolidated to the extent of the value of the investments.

#### **iii) Principles of consolidation and equity accounting:**

- a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- c) Eliminate the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary
- d) Non Controlling Interest’s share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Non Controlling Interest’s share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.
- f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its Consolidated

Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

**iv) Summary of Significant Accounting Policies:**

**a) Use of estimates:**

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

**b) Property, Plant & Equipment**

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

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

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

Assets taken on Finance Lease are capitalized at fair value / NPV / contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on "Depreciation". If the lease

assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

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

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

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

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

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

The carrying amount of an item of PPE is 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) Borrowing Cost:**

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

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

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

**d) Investment Property:**

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

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

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

**e) Intangible Assets:**

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

a period not exceeding ten years. The amortization commences when the asset is available for use.

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

**iv) Research and Development Expenditure:**

*Research Phase:*

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

*Development Phase:*

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

**f) Depreciation and Amortisation:**

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

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

Special Tools capitalised as PPE is depreciated over the period of five years and items those

costing less than Rs.750 is depreciated in the year of acquisition/manufacture.

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

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

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

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

**h) Government Grants:**

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

**i) Inventories:**

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

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

**j) Revenue Recognition:**

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

*iv) Dividend Income:*

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

v) *Interest Income:*

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

vi) *Warranty:*

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

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

vii) *Extended Warranties:*

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

**k) Foreign Currency Translation:**

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

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are

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

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

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

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

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

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

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

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

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

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

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

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

**m) Income taxes:**

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

*i) Current taxes:*

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

*ii) Deferred Taxes:*

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

**n) Provisions:**

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

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

**o) Impairment:**

*i) Financial assets:*

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The

Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the lifetime 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.

p) **Financial Instruments:**

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

i) *Cash & cash equivalents:*

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

ii) *Financial assets at amortised cost:*

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting

contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

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

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

*v) Financial Liabilities:*

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

*vi) De-recognition of financial instruments:*

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

*vii) Fair value of financial instruments:*

In determining the fair value of its financial instruments, the Company uses following

hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

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

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

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

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

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



**i) Judgements:**

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

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

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

**b Discontinued Operations:**

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

**c Property, plant & equipment:**

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

**ii) Estimates and assumptions:**

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

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

**a Deferred Taxes**

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

**b Defined Benefit Obligations:**

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

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

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

*c Other Long-Term Employee Benefits:*

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

*d Fair value measurement of financial instruments:*

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

vi) The consolidation of financial statement(CFS) present the consolidated accounts of HMT Limited with its following subsidiaries and associates:

Name of the Company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current year	Previous year
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT Bearings Limited	Subsidiary	India	99.36%	99.36%
HMT Chinar Watches Limited	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corp. Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Ltd.	Joint Venture	India	50%	50%

\* \* \* \* \*

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	5,588.08	6,251.42
Capital work in progress	3A	565.82	128.89
Investment Property	3B	301.93	326.75
Intangible assets under development	3C	941.21	965.90
Financial assets			
Investments	4	20.09	138.83
Other Assets	9	248.78	287.31
		<b>7,665.91</b>	<b>8,099.10</b>
<b>Current assets</b>			
Inventories	5	16,846.63	13,013.65
Financial assets			
Trade Receivables	6	16,632.18	10,491.42
Cash and cash equivalents	7	23,778.50	22,950.90
Loans	8	-	0.00
Others Financial assets	8	553.24	526.63
Other Assets	9	6,018.84	6,147.22
		<b>63,829.39</b>	<b>53,129.82</b>
<b>Non Current Assets Held for Sale</b>	3D	307.57	680.36
		<b>307.57</b>	<b>680.36</b>
<b>TOTAL ASSETS</b>		<b>71,802.87</b>	<b>61,909.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	35,560.16	1,20,409.16
Other equity	11	(5,10,657.43)	(6,09,837.64)
<b>Equity attributable to equity holders of the parent</b>		<b>(4,75,097.27)</b>	<b>(4,89,428.48)</b>
Non-controlling interests		(28.30)	(78.84)
<b>Total equity</b>		<b>(4,75,125.57)</b>	<b>(4,89,507.32)</b>

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019**

(Rs. in lakhs)

	Notes	As at 31-03-2019	As at 31-03-2018
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	12	23,144.89	37,324.26
Non Current Financial Liability	13	5,110.31	8,416.95
Provisions			
Provision for Employee Benefits	14	5,457.59	7,711.67
Deferred tax liability (net)		49.07	77.66
		<b>33,761.86</b>	<b>53,530.54</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	12	1,857.44	3,101.04
Trade payables	15	10,013.02	7,279.22
Other financial liabilities	16	4,33,710.24	4,29,518.36
Other Current Liabilities	17	60,182.71	51,176.57
Provisions			
Provision for Employee Benefits	14	6,527.69	6,566.17
Others	18	221.29	244.49
Current Tax Liabilities (Net)		654.19	0.21
		<b>5,13,166.58</b>	<b>4,97,886.06</b>
<b>Total liabilities</b>		<b>5,46,928.44</b>	<b>5,51,416.60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,802.87</b>	<b>61,909.28</b>

As per our Report of even date attached

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

**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

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

**Shashi B. Srivatsava**  
 Director, Finance  
 DIN 07582574

**Kishor Kumar Shankar**  
 Company Secretary

**Kamna Mehta**  
 Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	19	26,277.14	20,241.03
Other income	20	4,525.25	4,812.46
<b>Total Income</b>		<b>30,802.39</b>	<b>25,053.49</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	21	9,362.61	7,018.03
Purchase of Stock In Trade	22	3,015.16	1,502.91
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	23	(3,393.83)	(439.57)
Excise duty on goods sold during the year		-	828.47
Excise duty on changes in inventories of finished goods	24	14.94	425.94
Employee benefits expense	25	12,363.71	14,518.62
Finance costs	27	6,749.32	6,635.87
Depreciation and amortization expense	26	924.25	1,009.66
Other expenses	28	6,217.73	5,534.12
Less: Jobs Done for Internal Use	29	(84.13)	(134.41)
<b>Total expense</b>		<b>35,169.76</b>	<b>36,899.64</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>(4,367.37)</b>	<b>(11,846.15)</b>
Share of profit/(loss) of an associate and a joint venture	31	(0.75)	0.33
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>(4,368.12)</b>	<b>(11,845.82)</b>
Exceptional items	30	872.25	0.00
<b>Profit/(loss) before and tax from continuing operations</b>		<b>(3,495.87)</b>	<b>(11,845.82)</b>
(1) Current tax	32	67.00	0.21
(2) Deferred tax	32	(16.17)	(12.69)
(3) Adjustment of tax relating to earlier periods		-	-
		50.83	(12.48)
<b>Profit for the year from continuing operations</b>		<b>(3,546.70)</b>	<b>(11,833.34)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations	33	25,036.04	(3,287.42)
Tax Income/ (expense) of discontinued operations		(5,946.92)	-
<b>Profit/(loss) from discontinued operations</b>		<b>19,089.12</b>	<b>(3,287.42)</b>
<b>Profit/(loss) for the year</b>		<b>15,542.42</b>	<b>(15,120.76)</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		(1,124.82)	899.76
Income tax effect		12.42	(4.68)
Net (loss)/gain on FVTOCI equity Securities		(48.27)	12.96
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>(1,160.67)</b>	<b>908.04</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2019	Year Ended 31-03-2018
<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>(1,160.67)</b>	<b>908.04</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>14,381.75</b>	<b>(14,212.72)</b>
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		15,491.81	(15,119.88)
Non-controlling interests		50.61	(0.88)
<b>Other Comprehensive Income</b>			
<b>Attributable to:</b>			
Equity holders of the parent		(1,160.60)	
Non-controlling interests		(0.07)	
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		14,331.21	(14,211.91)
Non-controlling interests		50.54	(0.81)
Earnings per share for continuing operations	44		
i) Basic, profit from continuing operations attributable to equity holders of the parent		<b>(1.00)</b>	<b>(3.33)</b>
ii) Diluted, profit from continuing operations attributable to equity holders of the parent		<b>(1.00)</b>	<b>(3.33)</b>
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders of the parent		<b>5.35</b>	<b>(0.92)</b>
ii) Diluted, profit from discontinued operations attributable to equity holders of the parent		<b>5.35</b>	<b>(0.92)</b>
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders of the parent		<b>4.36</b>	<b>(4.25)</b>
ii) Diluted, profit for the year attributable to equity holders of the parent		<b>4.36</b>	<b>(4.25)</b>

**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashi B. Srivatsava**

Director, Finance

DIN 07582574

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. in lakhs)

	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	(3,495.87)	(11,845.82)
Profit/(loss) before tax from discontinued operations	25,036.04	(3,287.42)
<b>Profit before tax</b>	<b>21,540.17</b>	<b>(15,133.24)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	1,104.57	1,189.68
Depreciation of investment properties	24.82	25.94
Amortisation of Intangible Assets	0.00	13.25
Loss on sale of Investments	8.71	
Gain on disposal of property, plant and equipment	(29,062.65)	(336.28)
Loss on disposal of property, plant and equipment	0.00	18.66
Finance income (including fair value change in financial instruments)	(1,135.07)	(912.46)
Finance costs (including fair value change in financial instruments)	10,079.36	6,635.87
Share of (profit)/ loss of an associate and a joint venture	0.75	(0.33)
<b>Working capital adjustments:</b>		
Movements in provisions	(2,862.03)	(1,687.58)
Increase in trade and other receivables and prepayments	(6,219.96)	1,220.65
Decrease in inventories	(3,982.84)	1,358.50
Increase in trade and other payables	11,739.94	(3,042.71)
	<b>1,235.77</b>	<b>(10,650.05)</b>
Income tax (paid)/reversed	(5,542.51)	(119.06)
<b>Net cash flows from operating activities</b>	<b>(4,306.74)</b>	<b>(10,769.11)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	29,439.20	322.81
Purchase of property, plant and equipment	(857.23)	(437.30)
Proceeds from sale of non current investments	61.00	
Interest received	1,108.46	912.46
Receipt of government grants	0.00	0.00
<b>Net cash flows used in investing activities</b>	<b>29,751.43</b>	<b>797.97</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. in lakhs)

	Notes No.	Year Ended 31-03-2019	Year Ended 31-03-2018
<b>Financing activities</b>			
Interest Paid		(4,283.18)	(1,098.77)
Proceeds from borrowings (net) & Government Grants			9,459.72
Repayment of borrowings and government grants		(20,333.91)	
Redemption of preference Share Capital			0.00
Dividend Distribution Tax Paid		0.00	0.00
<b>Net cash flows from/(used in) financing activities</b>		<b>(24,617.09)</b>	<b>8,360.95</b>
Net increase in cash and cash equivalents		827.60	(1,610.19)
Net foreign exchange difference			
Cash and cash equivalents at the beginning of the year		22,950.90	24,561.09
<b>Cash and cash equivalents at year end</b>		<b>23,778.50</b>	<b>22,950.90</b>

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 B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner

M.No. : 215398

Place : New Delhi

Date : 28-05-2019

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashi B. Srivatsava**

Director, Finance

DIN 07582574

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer



**A. Equity Share Capital**

**Equity shares of INR 1 each issued, subscribed and fully paid**

**At 1 April 2017**

Changes in equity share capital during the year

**At 31 March 2018**

Changes in equity share capital during the year

**At 31 March 2019**

	No. of Shares	INR lakhs
<b>At 1 April 2017</b>	<b>1,20,40,91,640</b>	<b>1,20,409.16</b>
<b>At 31 March 2018</b>	<b>1,20,40,91,640</b>	<b>1,20,409.16</b>
Changes in equity share capital during the year	(84,84,90,000)	(84,849.00)
<b>At 31 March 2019</b>	<b>35,56,01,640</b>	<b>35,560.16</b>

**11. Other Equity**

(Rs. in lakhs)

	Reserves Surplus				Equity component of Financial Liability	Other Comprehensive Income			Non-controlling interests	Total equity
	Capital Reserve	Retained earnings	General Reserve	FVTOCI Reserve		Equity Instruments through other comprehensive income	Other items of other Comprehensive Income	Total equity attributable to equity holders of the company		
	Amount	Amount	Amount	Amount		Amount	Amount	Amount		
<b>Balance as of 1st April 2017</b>	2,270.82	(6,13,018.22)	16,600.97	36.68	-	-	(6,077.86)	(6,00,187.61)	(78.03)	(6,00,265.64)
Changes in accounting policy or prior period errors		4,561.88						4,561.88		4,561.88
Discontinued operations	2,270.82	(6,08,456.34)	16,600.97	36.68	-	-	(6,077.86)	(5,95,625.73)	(78.03)	(5,95,703.76)
Dividend Distribution Tax		(3,286.61)						(3,286.61)	(0.81)	(3,287.42)
Equity component of Financial Liability		-						-		-
Remeasurement of the net defined benefit liability/asset, net of tax effect							895.08	895.08		895.08
Total Comprehensive Income for the year		(11,833.34)		12.96			-	(11,820.38)		(11,820.38)
<b>At 31 March 2018</b>	<b>2,270.82</b>	<b>(6,23,576.29)</b>	<b>16,600.97</b>	<b>49.64</b>	<b>-</b>	<b>-</b>	<b>(5,182.78)</b>	<b>(6,09,837.64)</b>	<b>(78.84)</b>	<b>(6,09,916.48)</b>
Changes in accounting policy or prior period errors		-						-		-
<b>Balance as of 1st April 2018</b>	2,270.82	(6,23,576.29)	16,600.97	49.64	-	-	(5,182.78)	(6,09,837.64)	(78.84)	(6,09,916.48)
Write off of Losses against reduction of Share Capital		84,849.00						84,849.00		84,849.00
Discontinued operations		19,038.58						19,038.58	50.54	19,089.12
Dividend Distribution Tax		-						-		-
Equity component of Financial Liability		-						-		-
Remeasurement of the net defined benefit liability/asset, net of tax effect							(1,112.40)	(1,112.40)		(1,112.40)
Total Comprehensive Income for the year		(3,546.70)		(48.27)				(3,594.97)		(3,594.97)
<b>At 31 March 2019</b>	<b>2,270.82</b>	<b>(5,23,235.41)</b>	<b>16,600.97</b>	<b>1.37</b>	<b>-</b>	<b>-</b>	<b>(6,295.18)</b>	<b>(5,10,657.43)</b>	<b>(28.30)</b>	<b>(5,10,685.73)</b>

**As per our Report of even date attached**

**For B K Ramadhyani & Co., LLP**

F.R.N : 002878S/S200021

Chartered Accountants

**(C R Deepak)**

Partner, M.No. : 215398

Place : New Delhi

Date : 28-05-2019

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

**S. Girish Kumar**

Chairman and Managing Director

DIN 03385073

**Shashi B. Srivatsava**

Director, Finance

DIN 07582574

**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 Development	Buil-dings	Plant and Machinery	Furniture Fittings & Office Appliances	Special Tools	Transport Vechicles	Land Lease-hold	Total
<b>As at 1 April 2017</b>	<b>237.06</b>	<b>3,557.01</b>	<b>41,031.50</b>	<b>1,213.61</b>	<b>1,512.39</b>	<b>174.86</b>	<b>25.93</b>	<b>47,752.36</b>
Additions	-	0.12	43.48	15.27	147.00	-	-	205.87
Transferred to Investment Property	-	-	-	-	-	-	-	-
Disposals	-	-	-1,816.03	-10.29	-	-0.77	-	-1,827.09
Assets Held for Sale	-	-	-396.86	-60.35	-	-	-	-457.21
<b>At 31 March 2018</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,862.09</b>	<b>1,158.24</b>	<b>1,659.39</b>	<b>174.09</b>	<b>25.93</b>	<b>45,673.93</b>
Additions	-	-	358.62	2.24	84.13	-	-	444.99
Transferred to Investment Property	-	-	-	-	-	-	-	-
Disposals	-	-	-585.69	-5.66	-	-38.47	-	-629.82
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,635.02</b>	<b>1,154.82</b>	<b>1,743.52</b>	<b>135.62</b>	<b>25.93</b>	<b>45,489.10</b>
<b>As at 1 April 2017</b>	<b>-</b>	<b>2,468.45</b>	<b>35,435.67</b>	<b>1,177.14</b>	<b>1,245.46</b>	<b>172.87</b>	<b>13.08</b>	<b>40,512.67</b>
Depreciation charge for the year	-	43.29	986.02	10.79	148.69	0.73	0.22	1,189.74
Disposals/Adjust	-	-	-1,811.12	-10.28	-	-0.77	-	-1,822.17
Transferred to Investment Property	-	-	-397.39	-60.34	-	-	-	-457.73
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>-</b>	<b>2,511.74</b>	<b>34,213.18</b>	<b>1,117.31</b>	<b>1,394.15</b>	<b>172.83</b>	<b>13.30</b>	<b>39,422.51</b>
Depreciation charge for the year	-	43.17	924.93	13.25	122.29	0.71	0.22	1,104.57
Disposals/Adjust	-	-	-581.97	-5.66	0.04	-38.47	-	-626.06
Transferred to Investment Property	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>2,554.91</b>	<b>34,556.14</b>	<b>1,124.90</b>	<b>1,516.48</b>	<b>135.07</b>	<b>13.52</b>	<b>39,901.02</b>
<b>Net book value</b>								
At 31 March 2019	237.06	1,002.22	4,078.88	29.92	227.04	0.55	12.41	5,588.08
At 31 March 2018	237.06	1,045.39	4,648.91	40.93	265.24	1.26	12.63	6,251.42
<b>Net book value</b>	<b>31/3/2019 Amount</b>	<b>31/3/2018 Amount</b>						
Plant Property and Equipment	5,588.08	6,251.42						
Capital work in progress	565.82	128.89						

*Additional Information:*

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

**Land:**

- (i) The Company is in possession of Gift land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 348.85 Acres and 227.30 Acres respectively, nominally valued at Rs. 1 each.
- (ii) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- (iii) Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- (iv) HMT-MTL has leased out land admeasuring 2.71 acres to the Kerala Electricity Board and Postal Authorities in Kalamassery. Further, HMT-MTL has leased out land admeasuring 5.00 Ha and 2.50 Ha to M/s Kochi Metro Rail Ltd., for which the lease period has been extended up to 31.07.2017 and 31.12.2018 respectively. Further an additional land of 1.6131 Ha. has been leased out up to 31.12.2018 for stackyard and fabrication purpose. Subsequently both 5 Ha and 1.6131 Ha of land has been surrendered back to the Company as on 31.12.2018. The Lease agreement for 2.5 Ha of land has been extended upto 31.05.2019.
- (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.
- (vi) Praga Tools Division has leased out a land admeasuring 64.62 acres to HMRL (Hyderabad Metro Rail Corporation) for a period of 3 years commencing from 1 September, 2012 to 31 August, 2015 for a temporary casting-cum-stacking yard. Further lease period has been extended upto 31 August, 2017 and then upto 30.09.2018.

**Others:**

- (i) In Tractor Division-Pinjore: A Transport Vehicle with WDV of Rs. 1/- was lost due to theft and is to be written off. Factory Equipment with WDV Rs. 4/-, Office Equipment with WDV of Rs.3/-, Electrical Equipment with WDV Rs.13/-, Furniture and Fixtures with WDV Rs.19/-, Computer & Data Processing Equipment with WDV Rs.6/- were burnt during fire in store and be written off.
- (ii) In respect of HMT-MTL, Plant & Machinery includes 7 items of PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**3B. INVESTMENT PROPERTY**

<b>Opening balance at 1 April 2017</b>	<b>1,512.35</b>
Additions	-
Less: Non Current Assets Held for Sale	-
<b>Closing balance at 31 March 2018</b>	<b>1,512.35</b>
Additions	-
Less: Non Current Assets Held for Sale	-
<b>Closing balance at 31 March 2019</b>	<b>1,512.35</b>
<b>Depreciation and impairment</b>	
<b>Opening balance at 1 April 2017</b>	<b>1,159.66</b>
Depreciation	25.94
Deduct/adjustment	-
<b>Closing balance at 31 March 2018</b>	<b>1,185.60</b>
Depreciation	24.82
Deduct/adjustment	-
<b>Closing balance at 31 March 2019</b>	<b>1,210.42</b>
<b>Net Block</b>	
<b>at 31 March 2019</b>	<b>301.93</b>
at 31 March 2018	326.75

*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, 2019 is Rs.3,06,868.96 lakhs (previous year Rs.3,06,480.75 lakhs).

**iii) Land:**

- (a) The Company is in possession of gift land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 828.65 acres (includes 446 acres as Assets held for Sale and is reclassified accordingly), 27 acres and 660.75 acres respectively, nominally valued at Rs.1/- each. The mutation of title of land at Pinjore in the name of the Company is yet to be done.
- (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.
- (c) In respect of land at Pinjore, Haryana, part consideration of Rs.129.30 Cr has been received by the Company towards acquisition of 446 acres. The Company has agreed and transferred about 4.98 acres of land to Haryana Irrigation Department at their request for construction of Kaushalya Dam and National Highways Authority of India has acquired about 12.80 acres of land for road widening project respectively. The compensation for the same is awaited as the mutation of title of land in Company's name by Haryana Government as per the settlement agreement dated 12th June, 2018 is yet to be done.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**Additional Information:**

Information regarding income and expenditure of Investment property	(Rs. in lakhs)	
	31-Mar-19	31-Mar-18
Rental income derived from investment properties	26.09	375.76
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.93)	(7.43)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>23.16</b>	<b>368.33</b>
Less – Depreciation	(24.82)	(25.94)
<b>Profit arising from investment properties before indirect expenses</b>	<b>(1.66)</b>	<b>342.39</b>

(Rs. in lakhs)

	Intangible assets	Intangible assets under development	Total
<b>3C. INTANGIBLE ASSET</b>			
<b>Opening balance at 1 April 2017</b>	<b>88.36</b>	<b>734.47</b>	<b>822.83</b>
Additions	-	231.43	231.43
<b>Closing balance at 31 March 2018</b>	<b>88.36</b>	<b>965.90</b>	<b>1,054.26</b>
Additions	-	(24.69)	(24.69)
<b>Closing balance at 31 March 2019</b>	<b>88.36</b>	<b>941.21</b>	<b>1,029.57</b>
<b>Amortisation and impairment</b>			
<b>Opening balance at 1 April 2017</b>	<b>75.11</b>	-	<b>75.11</b>
Amortisation	13.25	-	13.25
<b>Closing balance at 31 March 2018</b>	<b>88.36</b>	-	<b>88.36</b>
Amortisation	-	-	-
<b>Closing balance at 31 March 2019</b>	<b>88.36</b>	-	<b>88.36</b>
<b>Net Block</b>			
<b>at 31 March 2019</b>	-	<b>941.21</b>	<b>941.21</b>
at 31 March 2018	-	965.90	965.90
<b>Net book value</b>	<b>31/3/2019</b>	<b>31/3/2018</b>	
Intangible assets under development	941.21	965.90	
Intangible Assets	-	-	

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	31-Mar-2019	31-Mar-2018
<b>3D. Non Current Assets Held for Sale</b>		
Land and Land Development	35.54	381.88
Buildings	271.97	292.63
Plant & Machinery	0.01	5.80
Furniture , Fixture & other appliances.	0.05	0.05
<b>Total</b>	<b>307.57</b>	<b>680.36</b>

**Additional Information :****HMT Ltd**

- (a) 5.80 acres of land held by HMT Ltd, at Bangalore is classified as Assets Held for Sale and the tender process for the mentioned land is completed. The Sale is expected to be completed in FY 2019-20 on receipt of clearance from the Forest Department
- (b) 446 acres of land at Pinjore, Haryana is classified as Assets held for Sale. The transfer of the mentioned land is expected to be completed during the FY 2019-20 on finalisation of survey report.

**HMT Machine Tools Ltd**

Few items of Plant and Machinery for which the Company is committed to sell within the end of next Financial Year is classified as Non Current Assets Held for Sale.

**HMT Watches Ltd**

The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off (other than in Ranibagh Unit where the process is yet to be completed to meet the closure liabilities). The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.

The Company is in possession of gift land located at Bangalore admeasureing 89.74 acres of which 7 acresof land has been encroached upon and the matter has been taken up with the Govt. fo Karnataka to shift the un-authorized occuants.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-03-2019	As At 31-03-2018
<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-18: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
Nil (31-Mar-18: 2,94,800) Equity shares of Rs.10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	-	117.98
<b>Total FVTOCI investments</b>	-	<b>117.98</b>
<b>Investment in Equity Instruments of Associates and Joint Venture</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (31-Mar-18: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	20.09	20.85
<b>Investments in Associates</b>		
20,84,050 (31-Mar-18: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Total Investments</b>	<b>20.09</b>	<b>138.83</b>
<b>Current</b>	-	-
<b>Non Current</b>	20.09	138.83
Aggregate amount of unquoted investments	20.09	138.83
Aggregate amount of impairment in value of investments	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-03-2019	As At 31-03-2018
<b>5. Inventories</b>		
Raw Materials and Components	2,820.49	2,464.54
Material and Components in Transit	1,162.56	180.67
Work-in-Progress	7,155.37	5,946.34
Finished Goods #	5,595.85	4,537.20
Stock in Trade	1,104.10	583.87
Goods in Transit	268.93	410.65
Stores and Spares	1,349.55	1,284.98
Tools and Instruments	249.34	365.58
Scrap	104.23	53.75
	<b>19,810.42</b>	<b>15,827.58</b>
Less: Provision for Non-moving Inventories	2,963.79	2,813.93
	<b>16,846.63</b>	<b>13,013.65</b>
# Includes Excise Duty paid/ payable		
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	16,632.18	10,491.42
Doubtful	15,831.62	15,294.90
	<b>32,463.80</b>	<b>25,786.32</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	15,831.62	15,294.90
	<b>16,632.18</b>	<b>10,491.42</b>
Trade Receivables exceeding 6months from the date they are due for payment	3,852.81	2,719.88
Trade Receivables less than 6 months from the date they are due for payment	12,779.37	7,771.54
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.		
<b>7. Cash and Cash equivalents</b>		
<i>Balances with banks:</i>		
– In current accounts	1,913.90	1,862.32
– In Deposits accounts (with original maturity less than 12 months)	21,841.62	21,083.26
Cash and Cheques on hand	22.98	5.32
	<b>23,778.50</b>	<b>22,950.90</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-03-2019	As At 31-03-2018
<b>8. Other Financial Assets</b>		
Interest accrued & due	553.24	407.34
With Schedule bank in Deposit A/c Margin Money	-	119.29
	<b>553.24</b>	<b>526.63</b>
<b>9. Other Assets</b>		
<b>Non-Current</b>		
Gratuity Fund (Net)	243.08	281.61
Capital Advances	7.67	7.67
Less: Allowance for Doubtful Advances	1.97	1.97
	<b>248.78</b>	<b>287.31</b>
<b>Advances other than Capital Advances</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 #	4,711.73	4,865.22
Considered Doubtful	790.81	1,015.18
	<b>5,503.04</b>	<b>5,880.90</b>
Less: Allowance for Doubtful Advances	790.81	1,015.18
	<b>4,712.23</b>	<b>4,865.72</b>
Interest on Trade Receivable	5,924.90	5,940.36
Less: Allowance for interest on Trade Receivable	5,924.90	5,808.56
	-	<b>131.80</b>
Withholding of taxes and other tax receivables*	782.05	599.47
Deposits	524.56	550.23
	<b>6,018.84</b>	<b>6,147.22</b>
<b>Total Other Assets</b>	<b>6,267.62</b>	<b>6,434.53</b>

\*primarily consists of TDS Receivables and Deposits with collector of Customs

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-19		As at 31-Mar-18	
	Nos	Amount	Nos	Amount
<b>10 Share Capital</b>				
<b>Authorised Share Capital :</b>				
<i>Equity shares of Rs. 10 each</i>	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
		<u>1,23,000.00</u>		<u>1,23,000.00</u>
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs. 10 each</i>				
At the beginning of the year	1,20,40,91,640	1,20,409.16	1,20,40,91,640	1,20,409.16
Issued during the year				
Reduction during the year	84,84,90,000	84,849.00		
At the end of the year	<u>35,56,01,640</u>	<u>35,560.16</u>	1,20,40,91,640	1,20,409.16

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

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

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

ii) Pursuant to the letter No I-0501/8/2015-PE-X dated 04th November, 2016 issued by the Government of India, Ministry of Heavy Industries & Public Enterprises and pursuant to section 66 and other applicable provisions of the Companies Act 2013, if any, the shareholders of the Company in its Annual General Meeting dated 19th December, 2016 has approved for Reduction of share capital of the Company from Rs 1,204.09 Crore equity shares to Rs 355.60 Crore equity shares by passing a special resolution.

In this regard, Petition vide C.P. No 226/BB/2017 was filed by the Company u/s 66 of the Companies Act, 2013 before National Company Law Tribunal (NCLT), Bengaluru Bench, the Hon'ble NCLT Bench have passed and issued an order dated 16th October 2018 for reduction of paid up Equity Share Capital from Rs.1204.09 crore to Rs.355.60 crore and such reduction is effected by way of accumulated losses of Rs.848.49 crores against the Shares held by President of India. Subsequently the Registrar of Companies, Bengaluru issued the Certificate of Registration of Order confirming the reduction of Capital on 17th November 2018.

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	27,95,66,626	78.62%	1,12,80,56,626	93.69%
Special National Investment Fund	6,75,38,614	18.99%	6,75,38,614	5.61%

**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	3,18,85,900	-	3,18,85,900	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<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		
	16,600.97	16,600.97
<b>iii) Retained Earnings:</b>		
As per last Balance Sheet	(6,23,576.29)	(6,08,456.34)
Adjustments:		
Prior period adjustments		
Reclassification of of actuarial gain/losses on defined benefit plans		
Decrease in employee benefits on implementation of Ind AS		
Write off of Losses against reduction of Share Capital as referred in note 10.1.ii of the financial statement	84,849.00	
Transferred to general reserve	-	-
Dividend distribution tax	-	-
Recognition of non controlling interest		
Fair valuation of financial instruments		
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	15,491.88	(15,119.95)
	(5,23,235.41)	(6,23,576.29)
<b>iv) FVTOCI Reserve:</b>		
As per last Balance Sheet	(5,133.14)	(6,041.18)
Adjustments:		
On implementation of Ind AS		-
- Reclassification of of actuarial gain/losses on defined benefit plans	(1,112.40)	
- On account of derecognition of fair value of investments	(48.27)	
Transferred from Statement of Profit & Loss		908.04
	(6,293.81)	(5,133.14)
<b>Total</b>	<b>(5,10,657.43)</b>	<b>(6,09,837.64)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<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	23,144.89	37,324.26
<b>Total non-current borrowings</b>	<b>23,144.89</b>	<b>37,324.26</b>
<b>Current</b>		
<b>Secured</b>		
Cash Credit	1,857.44	3,101.04
<b>Unsecured</b>		
Loans from Subsidiaries	-	-
<b>Net current borrowings</b>	<b>1,857.44</b>	<b>3,101.04</b>
<b>Aggregate Secured loans</b>	1,857.44	3,101.04
<b>Aggregate Unsecured loans</b>	23,144.89	37,324.26
Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.		
<b>13. Deferred Government Grant</b>		
Equity component of Financial Liability	5,110.31	8,416.95
	<b>5,110.31</b>	<b>8,416.95</b>
<b>13A Government Grants</b>		
Opening as at 1st April	-	22.92
Received during the year	-	-
Released to Statement of profit & loss	-	22.92
Closing as at 31st March	-	-
Current	-	-
Non Current		
<b>14. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	3,658.44	5,255.21
Earned Leave Encashment	1,548.41	2,114.14
Settlement Allowance	250.74	342.32
	<b>5,457.59</b>	<b>7,711.67</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
<b>Current</b>		
Gratuity	2,668.13	2,187.25
Earned Leave Encashment	755.05	735.50
Settlement Allowance	129.33	129.96
Wage and Salary Revision arrears	2,975.18	3,513.46
	<b>6,527.69</b>	<b>6,566.17</b>
<b>Total</b>	<b>11,985.28</b>	<b>14,277.84</b>
<b>15. Trade payables</b>		
Acceptances	795.41	70.56
Dues towards Goods purchased	9,107.39	7,036.93
Dues to Micro, Small & Medium Enterprises	110.22	171.73
<b>Total</b>	<b>10,013.02</b>	<b>7,279.22</b>
<b>The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:</b>		
<b>Particulars</b>		
Principal amount due and remaining unpaid	110.21	171.73
Interest due on above and the unpaid interest	30.12	180.11
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	149.95	297.53
Interest accrued and remaining unpaid at the end of the accounting year.	61.93	210.67
<b>16. Other Financial Liabilities</b>		
Current maturities of long-term Debts	17,486.00	17,878.00
3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00
Loan from Govt. of India (Defaulted)	53,269.60	35,391.60
Govt of India Liabilities	3,34,946.25	3,53,063.79
Interest free Loan from Governemnt of Inida (refer foot note No.2 below)	13.74	-
Term Loans from Bank (Defaulted)	-	986.50
Interest accrued and due on borrowings		
Loans from Government of India	20,434.34	14,588.53
Loans from Bank - Dena Bank	2,034.73	2,010.00
Interest accrued but not due on borrowings		
Government of India Loan	1,839.58	1,913.94
<b>Total</b>	<b>4,33,710.24</b>	<b>4,29,518.36</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As At 31-Mar-19	As At 31-Mar-18
--	--------------------	--------------------

**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.

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

**17. Other Liabilities**
**Current**

Revenue received in advance	7,615.46	7,037.17
Accrued expenses	4,842.99	6,154.46
Other liabilities	47,724.26	37,984.94
<b>Total</b>	<b>60,182.71</b>	<b>51,176.57</b>

**18 Provisions - others**

(Rs. in lakhs)

	Warranty Claims	Provision for Contingencies	Total
<b>At 1 April 2017</b>	90.99	314.73	<b>405.72</b>
Arising during the year	59.82	0.54	<b>60.36</b>
Utilised	(37.68)	(40.20)	<b>(77.88)</b>
Unused amounts reversed	(14.89)	(128.82)	<b>(143.71)</b>
<b>At 31 March 2018</b>	<b>98.24</b>	<b>146.25</b>	<b>244.49</b>
Current	98.24	146.25	244.49
<b>At 1 April 2018</b>	98.24	146.25	<b>244.49</b>
Arising during the year	71.15	0.25	<b>71.40</b>
Utilised	(40.51)	(4.30)	<b>(44.81)</b>
Unused amounts reversed	(49.79)	0.00	<b>(49.79)</b>
<b>At 31 March 2019</b>	<b>79.09</b>	<b>142.20</b>	<b>221.29</b>
Current	79.09	142.20	221.29

**Additional Information:**

During an earlier year the Company had made provision towards diminution in value of investments of the subsidiary companies in its standalone financial statements amounting to Rs.4,561.88 Lakhs. In the current year the Company has reversed to retained earnings without restating the financial statements for the earlier year.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>19. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	1,480.81	788.97
Watches	324.15	345.15
Accessories	84.41	93.35
	<b>1,889.37</b>	<b>1,227.47</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	15.26	24.49
Packing / Forwarding charges	13.58	13.88
	<b>28.84</b>	<b>38.37</b>
<b>Total</b>	<b>1,918.21</b>	<b>1,265.84</b>
<b>Machine Tools</b>		
Sale of Products	17,058.27	15,846.94
Accessories	819.50	416.19
	<b>17,877.77</b>	<b>16,263.13</b>
<b>Sale of Services</b>		
Sale of Services	292.57	302.38
Sundry Jobs and Miscellaneous Sales	990.89	565.33
Packing / Forwarding charges	87.87	71.27
	<b>1,371.33</b>	<b>938.98</b>
<b>Total</b>	<b>19,249.10</b>	<b>17,202.11</b>
<b>Exports</b>		
Sales & Commission	298.53	779.37
Technical Services	73.89	105.16
Project Sales & Services	4,733.35	884.45
Export Assistance	4.06	4.10
	<b>5,109.83</b>	<b>1,773.08</b>
<b>Revenue from Operations</b>	<b>26,277.14</b>	<b>20,241.03</b>
<b>20. Other income</b>		
<b>A. Other Income</b>		
Recoveries from Staff/Others	340.22	266.12
Rent Received	1,677.30	1,609.24
Gains on Sale of Property, Plant and Equipment	137.89	336.28
Transfer from FVTOCI Reserve	48.27	-
Provisions Withdrawn	222.90	491.61
mortisation of Govt. Grant	-	22.92
Other non operating Income	903.60	1,197.59
<b>Total Other Income</b>	<b>3,330.18</b>	<b>3,923.76</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>B. Interest Income</b>		
Interest income on Bank Deposits	1,170.34	873.21
Interest from Dealers/Others	24.73	15.49
	<b>1,195.07</b>	<b>888.70</b>
<b>Total Other Income</b>	<b>4,525.25</b>	<b>4,812.46</b>
<b>21. Cost of Raw Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	1,623.05	1,569.86
Add: Purchases	6,810.90	4,022.69
	8,433.95	5,592.55
Less: inventory at the end of the year	2,238.41	1,623.05
Cost of raw material and components consumed	6,195.54	3,969.50
Consumption of Stores, Spares, Tools & Packing Materials	3,167.07	3,048.53
Less: Stock Written Off		
Total raw materials and components consumed	<b>9,362.61</b>	<b>7,018.03</b>
<b>Particulars of Materials Consumed</b>		
Steel	720.70	750.44
Non-ferrous Metals	4.27	12.69
Ferrous Castings	635.29	737.24
Non-ferrous Castings	21.46	25.63
Forgings	68.78	44.02
Standard parts & components	4,532.37	2,292.64
Others	212.67	106.84
<b>Total</b>	<b>6,195.54</b>	<b>3,969.50</b>
<b>22. Purchase of Stock in Trade</b>		
Purchases of Stock in Trade	3,015.16	1,502.91
	<b>3,015.16</b>	<b>1,502.91</b>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	3,975.63	3,570.99
Less: inventory at the end of the year	5,910.00	3,975.63
<b>Changes in Inventory</b>	<b>(1,934.37)</b>	<b>(404.64)</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	4,994.15	4,803.26
Less: inventory at the end of the year	6,424.20	4,994.15
<b>Changes in Inventory</b>	<b>(1,430.05)</b>	<b>(190.89)</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>Stock in Trade</b>		
Inventory at the beginning of the year	312.72	-
Less: inventory at the end of the year	287.53	312.72
<b>Changes in Inventory</b>	<b>25.19</b>	<b>-312.72</b>
<b>Goods in Transit</b>		
Inventory at the beginning of the year	279.84	756.06
Less: inventory at the end of the year	268.93	279.84
<b>Changes in Inventory</b>	<b>10.91</b>	<b>476.22</b>
<b>Scrap</b>		
Inventory at the beginning of the year	23.49	15.95
Less: inventory at the end of the year	89.00	23.49
<b>Changes in Inventory</b>	<b>(65.51)</b>	<b>(7.54)</b>
Less: Inventory written off		
<b>Total</b>	<b>(3,393.83)</b>	<b>(439.57)</b>
<b>24. Changes in Excise Duty on Finished Goods</b>		
Inventory at the beginning of the year	14.94	440.88
Less: inventory at the end of the year	-	14.94
	<b>14.94</b>	<b>425.94</b>
<b>25. Employee benefits expense</b>		
Salaries, Wages and Bonus	8,296.00	8,917.32
House Rent Allowance	372.49	444.32
Gratuity	1,122.97	2,432.36
Contribution to PF & FPS	806.19	903.14
Deposit Linked Insurance	67.03	60.87
Contribution to ESI	18.78	23.72
Welfare Expenses	1,680.25	1,736.89
	<b>12,363.71</b>	<b>14,518.62</b>
<b>26. Depreciation and amortization</b>		
Depreciation of tangible assets	923.82	995.98
Depreciation on Investment Properties	0.43	0.43
Amortisation of intangible assets	-	13.25
	<b>924.25</b>	<b>1,009.66</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>27. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans	5,771.45	5,389.12
Cash Credit loans from Banks	402.93	464.57
Loans from Bank	24.73	147.98
Delay in payment of statutory dues	523.57	604.16
Others	24.84	13.10
<b>Other Borrowing Cost</b>		
Finance Charges	-	14.75
Discounting Charges	1.80	2.19
<b>Total finance costs</b>	<b>6,749.32</b>	<b>6,635.87</b>
<b>28. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	912.92	1,026.21
Excise Duty	-	-136.07
Repairs to machinery	69.90	63.39
Provision for Non Moving Inventories	31.88	161.39
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	49.86	19.87
Carriage outwards	20.61	11.40
<b>Establishment Expenses</b>		
Rent	52.29	45.86
Rates and Taxes	222.55	264.31
Insurance	20.66	25.31
Water and Electricity	428.56	363.36
Repairs to building	37.33	45.49
Printing and Stationery	52.24	41.39
Auditors Remuneration #	9.89	10.06
Loss on sale of investments	8.71	-
Provision for Doubtful Debts, Loans and Advances	404.28	488.01
Warranty claims	70.70	71.56
Loss sustained by PF Trust	13.61	26.29
Travelling Expenses	259.87	249.27
Diference in exchange	(14.39)	48.87
Other Expenses	3,566.26	2,708.15
	<b>6,217.73</b>	<b>5,534.12</b>
#As auditor	6.87	6.61
For taxation matters	1.51	1.12
Cost audit fee & expenses	1.36	0.99
For other services	0.01	1.00
Reimbursement of expenses	0.14	0.34
	<b>9.89</b>	<b>10.06</b>
<b>29. Jobs Done for Internal Use</b>		
Shop manufactured Special Tools	(84.13)	(134.41)
	<b>-84.13</b>	<b>-134.41</b>
<b>30. Exceptional Items</b>		
Profit on Sale of Land	872.25	-
	<b>872.25</b>	<b>-</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**31 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

(Rs. in lakhs)

	31 Mar 2019	31 Mar 2018
Current assets, including cash and cash equivalents	43.11	48.86
Current liabilities, including tax payable	(2.93)	(7.17)
<b>Equity</b>	<b>40.18</b>	<b>41.69</b>
Proportion of the Company's ownership	0.50	0.50
Carrying amount of the investment	20.09	20.85

**Summarised Statement of Profit and Loss of the SUDMO-HMT Process Engineers (India) Limited**

(Rs. in lakhs)

	31 Mar 2019	31 Mar 2018
Revenue	3.27	3.31
Finance cost	0.00	0.00
Other expense	(4.77)	(2.44)
<b>Profit before tax</b>	<b>(1.50)</b>	<b>0.87</b>
Income tax expense	0.00	(0.22)
<b>Profit for the year (continuing operations)</b>	<b>(1.50)</b>	<b>0.65</b>
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(1.50)</b>	<b>0.65</b>
<b>Company's share of profit for the year</b>	<b>(0.75)</b>	<b>0.33</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	31 Mar 2019	31 Mar 2018
<b>32 Income Tax</b>		
<b>The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:</b>		
<u>Statement of profit and loss</u>		
Profit or loss section		
<b>Current income tax:</b>		
Current income tax charge	67.00	0.21
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(16.17)	(12.69)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>50.83</b>	<b>(12.48)</b>
OCI section		
Deferred tax related to items recognised in OCI during in the year		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
Net loss/(gain) on remeasurements of defined benefit plans	12.42	(4.68)
<b>Income tax charged to OCI</b>	<b>12.42</b>	<b>(4.68)</b>

**Additional Information:**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of tax expense has not furnished by the subsidiary companies. Accordingly same has note been furnished.

**NOTES FORMING PART OF CONSOLIDATE FINANCIAL STATEMENTS**
**33. Discontinued Operations**

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations of the Holding Company will be closed. Thereafter, operations closed in the same Financial Year. It is planned that the Holding Company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the company and accordingly it is classified as Investment Properties.

As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches Ltd, HMT Watches Ltd and HMT Bearings Ltd operations were closed. Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105.

**The results of Discontinued Operations for the year are presented below:** (Rs. in lakhs)

	<b>Year ended 31-03-2019</b>	<b>Year ended 31-03-2018</b>
Revenue		
Revenue from Operations	143.13	190.13
Other income	4,475.47	5,486.23
<b>Expenses</b>		
Material Consumption, purchase of stock and changes in inventory	934.87	1,081.46
Employee Benefit Expenses	146.97	814.64
Depreciation	205.14	219.21
Other Expenses	3,006.32	962.11
Finance costs	3,330.04	3,951.36
Other Comprehensive Income	(11.73)	(148.53)
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(3,016.47)</b>	<b>(1,500.95)</b>
Exceptional items	28,052.51	(1,786.47)
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>25,036.04</b>	<b>(3,287.42)</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	5,946.92	
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>19,089.12</b>	<b>(3,287.42)</b>
<b>The classification of Non Current Assets of Discontinued Operations are as follows</b>		
	<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Assets</b>		
Property, plant and equipment	675.59	856.37
Investment Property	248.92	273.30
Non Current Assets Held for Sale	307.47	680.25
<b>Total Non Current Assets</b>	<b>1,231.98</b>	<b>1,809.92</b>
<b>The net cash flows incurred as follows:</b>		
Operating	(14,102.32)	(10,939.26)
Investing	27,937.40	630.39
Financing	(15,573.43)	5,838.64
<b>Net cash (outflow)/inflow</b>	<b>(1,738.35)</b>	<b>(4,470.23)</b>
<b>Earnings per share:</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Basic, profit/(loss) for the year from discontinued operation	5.35	(0.92)
Diluted, profit/(loss) for the year from discontinued operation	5.35	(0.92)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-2019	As at 31-Mar-2018
<b>34 Contingent Liabilities</b>		
<b>1) Claims against the company not acknowledged as debt;</b>		
<b>Details</b>		
i) Tax related claims pending in appeal		
i) Excise Duty	294.93	439.68
ii) Sales Tax	225.48	228.90
iii) Customs Duty	-	-
iv) Property Tax	6,706.38	5,959.17
v) Income Tax	2,381.92	1,227.33
vi) Others	9.49	9.49
b) Non receipt of related Forms against levy of concessional Sales Tax	392.30	597.50
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	686.91	628.56
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	11,233.67	7,164.35
Guarantees & Counter guarantees & LC's issued	3,327.26	2,485.19
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	1,398.56
ii) The Company had deposited Rs. 16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs.2.69 Lakhs as debts	13.31	13.31
iii) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	6.47	6.47
iv) Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	311.77	311.77
v) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	86.48	68.87
vi) An amount of Rs. 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decretal amount 50% i.e. Rs.3.01 Lakhs has been deposited by the Company		
vii) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,128.00	757.15
viii) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	5,607.63	5,607.63

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-2019	As at 31-Mar-2018
<b>35. Other Disclosures</b>		
<p>The GOI had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs.100 lakhs) &amp; Loan (Rs.100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. 10/- each (Rs. 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.</p>		
<b>36. Preference Share Capital</b>		
<p>The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs. 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.</p> <p>However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.</p>		
<b>37. Inventories include</b>		
Include usable slow/non moving and surplus stores and materials / work-in-progress / stock-in trade.	681.57	742.17
<p>As per Valuer's Report the NRV has been determined at 60% of book value for Work in progress (Semi Finished Goods), Raw Materials/Components/Stores and Spares/Tools and Instruments etc and at 23% of book value for Stock of finished Tractors. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2019 as compared to cost (Cost or Selling Price which ever is less in respect of Stock of finished Tractors) due to valuation of inventories valuation at NRV as under:</p>		
Finished goods (stock of Tractors)	48.28	-
Work in Progress (Semi Finished Goods)/Tractors Spare Parts	303.03	-
Raw Materials / Components/Shop Stores and Tools & Instruments etc.	361.45	-
Provision for Obsolescence	236.92	-
<p>In respect of Common Services Division, Bangalore, as per Valuer's Report the NRV has been determined at 87.5% of book value for stock of watches transferred from its subsidiary companies HMT Watches Limited and HMT Chinar Watches Limited. Reduction in Value of inventories and provisions for obsolescence as on 31.3.2019 as compared to cost (Cost or net realisable value which ever is less in respect of Stock of watches and its components) due to valuation of inventories at NRV is as under:</p>		
Stock of watches & components	25.19	
Provision for Obsolescence	0.39	
Some of the physical verification certificates in respect of stocks at showrooms / exhibitions / on consignment are awaited.	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-2019	As at 31-Mar-2018
<b>38. Trade Receivables include</b>		
Dues towards erection and commissioning for a period exceeding one year	304.66	210.60
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-
<b>39. Advances</b>		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	2.81	2.85
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	1,614.20	1,743.15
	<b>1,617.01</b>	<b>1,746.00</b>
<b>40. Contigent Asset</b>		
Debts written in the past, but action of recovery proceedings is being continued before the courts	151.98	167.98
<b>41. Related Party Transactions &amp; Disclosure u/s 186 of Companies Act 2013</b>		
<b>Name of the Related Party- Key Managerial Persons (KMP)</b>		
Mr. S Girish Kumar		
Ms. Shashi B Srivastava		
Dr. Subhash Chandra Pandey		
Mr. Vishvajit Sahay (upto 15.03.2019)		
Mr. Pravin Agrawal (w.e.f. 15.03.2019)		
Dr. Ravindra Singh		
Mr. Neera Tomar (w.e.f. 27.03.2019)		
Mr. S. Kishor Kumar		
Mr. Bhaskara Gowdar (upto 30.06.2018)		
Mr. Hitesh Goyal (1.7.2018 to 6.11.2018)		
Ms. Kamna Mehta (w.e.f. 12.02.2019)		
<b>Transactions with Key Managerial Personnel</b>		
Compensation of key management personnel of the Company		
Mr. S Girish Kumar	28.30	26.81
Ms. Shashi B Srivastava	34.21	30.43
Mr. S Kishor Kumar	7.50	7.52
Mr. Bhaskara Gowdar (upto 30.06.2018)	2.58	10.47
Mr. Hitesh Goyal (1.7.2018 to 6.11.2018)	2.39	
Ms. Kamna Mehta (w.e.f. 12.2.2019)	0.67	
	<b>75.65</b>	<b>75.23</b>
Directors Sitting Fees paid to Dr. Ravinder Singh	0.41	0.35



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**42 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 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
<b>Financial assets</b>				
FVTOCI financial investments	-	117.98	-	117.98
<b>Total</b>	<b>-</b>	<b>117.98</b>	<b>-</b>	<b>117.98</b>
<b>Financial liabilities</b>				
Borrowings	23,144.89	37,324.26	23,144.89	37,324.26
Interest Free Government of India Loan	64,171.74	64,158.00	64,171.74	64,158.00
<b>Total</b>	<b>87,316.63</b>	<b>1,01,482.26</b>	<b>87,316.63</b>	<b>1,01,482.26</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the government of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied.

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

The Company has not discounted the redeemable preference shares as 8% redeemable preference shares have been redeemed and 3.5% preference shares is matured and the Company has defaulted, hence in our opinion no fair valuation need to be made for the same.

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2019 and 31 March 2018 is as shown below:

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019

#### 43 Fair value Hirarchy

	Date of valuation	valuation technique	Fair value measurement using			
			Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
			INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Assets measured at fair value:</b>						
<b>FVTOCI financial investments:</b>						
<b>Unquoted equity shares</b>						
Nigeria Machine Tools Ltd			-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-19	NAV	-			-
<b>Assets for which fair values are disclosed</b>						
<u>Investment properties</u>						
Land*	31-Mar-19	Circle rate	3,06,868.96			3,06,868.96
<b>Financial Liability</b>						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-19	8% Effective Rate of Interest used	64,171.74			64,171.74

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018

### 43 Fair value Hirarchy

	Date of valuation	valuation technique	Fair value measurement using			
			Total	Quoted prices in active markets (Level 1)	Significant observable Inputs (Level 2)	Significant unobservable Inputs (Level 3)
			INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Assets measured at fair value:</b>						
<b>FVTOCI financial investments:</b>						
<b>Unquoted equity shares</b>						
Nigeria Machine Tools Ltd			-			-
Andhra Pradesh Gas Power Corporation Ltd	31-Mar-18	NAV	117.98			117.98
<b>Assets for which fair values are disclosed</b>						
<u>Investment properties</u>						
Land*	31-Mar-18	Circle rate	3,06,480.75			3,06,480.75
<b>Financial Liability</b>						
Interest Free Government of India Loan at Pinjore Unit	31-Mar-18	8% Effective Rate of Interest used	64,158.00			64,158.00

\* Based on guidance value

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

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET**

(Rs. in lakhs)

	31 Mar 2019	31 Mar 2018
<b>44. Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	(3,546.70)	(11,833.34)
Discontinued operation	19,038.51	(3,286.54)
<b>Profit attributable to equity holders for basic earnings</b>	<b>16,652.48</b>	<b>(16,027.92)</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>16,652.48</b>	<b>(16,027.92)</b>
Weighted average number of Equity shares for basic EPS*	35,56,01,640	35,56,01,640
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>

# Refer Note 10.1A.ii of the Financial statement in respect of reduction in share capital vide NCLT order dated October 16, 2018

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

**NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET**

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

i) <b>Defined Contribution Plan:</b> Particulars	(Rs. In Lakhs)	
	Year Ended 31 March 2019	Year Ended 31 March 2018
Employer's Contribution to Pension Fund	108.03	269.45

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.

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

	31-Mar-19	31-Mar-18
	%	%
<b>Discount rate:</b>		
Gratuity plan	7.25	7.53
Settlement Allowance	7.25	7.53
<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 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Mortality Rate (as % of IALM (2006-08) (Mod.) 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*				
Average Future Service	8.30	6.05	8.30	6.05

\*Note : Age 60yrs incase of HMT Limited and HMT(I) Limited.

Age 58yrs incase of HMT Machine Tools Limited. However there are no employees in HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Ltd.

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

### 45A Employee Benefit Obligations

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

#### A Gratuity

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								Contributions by employer	31-Mar-19
	Service Cost	Net interest expense	Sub-total included in profit / 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			
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(9,872.50)	(211.59)	(911.19)	(1,122.78)	3,277.76	0.00	0.00	0.00	(96.44)	(1,045.11)	(1,141.55)	0.00	(8,859.07)
Fair Value of plan assets	2,515.86	0.00	188.92	188.92	(2,406.52)	(16.37)	0.00	0.00	0.00	0.00	(16.37)	2,283.23	2,565.12
Change in Asset Ceiling	195.79	0.00	14.69	14.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	210.48
<b>Benefit Liability</b>	<b>(7,160.85)</b>			<b>(919.17)</b>	<b>871.24</b>						<b>(1,157.92)</b>	<b>2,283.23</b>	<b>(6,083.47)</b>

31 March 2018 changes in the defined benefit obligation and fair value of plan assets

01-Apr-17	Gratuity Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								Contributions by employer	31-Mar-18
	Service Cost	Net interest expense	Sub-total included in profit / 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			
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(10,769.56)	(459.42)	(716.97)	(1,176.39)	2,031.51	0.00	0.00	0.00	13.23	28.71	41.94	0.00	(9,872.50)
Fair Value of plan assets	2,916.26	0.00	110.14	110.14	(2,024.22)	(468.43)	0.00	0.00	0.00	0.00	(468.43)	1,982.11	2,515.86
Change in Asset Ceiling	188.81	0.00	14.27	14.27	(7.29)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	195.79
<b>Benefit Liability</b>	<b>(7,664.49)</b>			<b>(1,051.98)</b>	<b>(0.00)</b>						<b>(426.49)</b>	<b>1,982.11</b>	<b>(7,160.85)</b>

The Company and its subsidiary has different plan assets. Holding Company has funded excess amount. However, there is a liability in respect of subsidiary company which cannot be set off against each other and disclosed separately in financial statements.

## NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

### B Settlement Allowance :

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

01-Apr-18	Defined Benefit Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Contributions by employer	31-Mar-19	
	Service Cost	Net interest expense	Sub-total included in profit / 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			
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(472.29)	(38.83)	(27.73)	(66.56)	183.11	0.00	0.00	0.27	(2.69)	(21.91)	(24.33)	0.00	(380.07)
Fair Value of plan assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Benefit Liability</b>	<b>(472.29)</b>			<b>(66.56)</b>	<b>183.11</b>						<b>(24.33)</b>	<b>0.00</b>	<b>(380.07)</b>

31 March 2018 changes in the defined benefit obligation and fair value of plan assets

01-Apr-17	Defined Benefit Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							Contributions by employer	31-Mar-18	
	Service Cost	Net interest expense	Sub-total included in profit / 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			
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(555.54)	(1.12)	(39.70)	(40.82)	115.59	0.00	0.00	(0.55)	0.37	8.67	8.49	0.00	(472.28)
Fair Value of plan assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Benefit Liability</b>	<b>(555.54)</b>			<b>(40.82)</b>	<b>115.59</b>						<b>8.49</b>	<b>0.00</b>	<b>(472.28)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**45B Employee Benefits (Contd.):**
**B Sensitivity analysis:**

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and fully salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumptions by 100 basis points:

**(i) Gratuity**

(Rs. in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	366.08	326.34	451.62	417.69
Change in rate of salary increase	253.66	277.86	336.00	368.63
Change in withdrawal rates	30.54	37.47	34.48	41.99

**(ii) Settlement Allowance**

(Rs. in lakhs)

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	18.61	17.16	23.23	21.26
Change in rate of salary increase	15.01	16.63	18.80	21.23
Change in withdrawal rates	1.02	0.75	3.60	3.23

C. The expected contributions for gratuity for the next financial year will be Rs.3,619.14 lakhs and Settlement allowance NIL.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

#### 47. Segment reporting

(Rs. in lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Year ended 31 March 2019</b>								
<b>Revenue</b>								
External customers	1,594.06	19,249.10	5,109.83	330.79	26,283.78			26,283.78
Inter-segment	42.15	2,491.93	597.60		3,131.68			3,131.68
<b>Total revenue</b>	<b>1,636.21</b>	<b>21,741.03</b>	<b>5,707.43</b>	<b>330.79</b>	<b>29,415.46</b>	<b>0.00</b>	<b>0.00</b>	<b>29,415.46</b>
<b>Income/(Expenses)</b>								
Depreciation and amortisation	5.95	884.01	14.76	19.53	924.25			924.25
Interest Income	20.74	167.64	182.98	1,369.44	1,740.80			1,740.80
Interest Expense	4.06	5,874.39	0.00	204.50	6,082.95			6,082.95
<b>Segment profit</b>	<b>70.61</b>	<b>(6,383.42)</b>	<b>151.09</b>	<b>2,496.32</b>	<b>(3,665.40)</b>		118.70	<b>(3,546.70)</b>
<b>Total assets</b>	<b>1,240.07</b>	<b>40,744.14</b>	<b>9,685.30</b>	<b>26,901.23</b>	<b>78,570.74</b>	<b>2,262.66</b>	<b>(9,030.53)</b>	<b>71,802.87</b>
<b>Total liabilities</b>	<b>709.17</b>	<b>56,467.64</b>	<b>6,190.50</b>	<b>21,899.16</b>	<b>85,266.47</b>	<b>6,166.39</b>	<b>4,55,495.61</b>	<b>5,46,928.47</b>
<b>Other disclosures</b>								
Capital expenditure					-			
<b>Year ended 31 March 2018</b>								
<b>Revenue</b>								
External customers	920.69	17,202.11	1,773.08	345.15	20,241.03			20,241.03
Inter-segment	213.99	506.36	721.43		1,441.78			1,441.78
<b>Total revenue</b>	<b>1,134.68</b>	<b>17,708.47</b>	<b>2,494.51</b>		<b>21,682.81</b>	<b>-</b>		<b>21,682.81</b>
<b>Income/(Expenses)</b>								
Depreciation and amortisation	8.30	969.96	14.58	16.82	1,009.66			1,009.66
Interest Income	4.88	201.82	194.08	534.44	935.22			935.22
Interest Expense	7.08	5,874.39	0.00	204.50	6,085.97			6,085.97
<b>Segment profit</b>	<b>(109.49)</b>	<b>(12,924.99)</b>	<b>13.60</b>	<b>476.03</b>	<b>(12,544.85)</b>		711.51	<b>(11,833.34)</b>
<b>Total assets</b>	<b>1,262.06</b>	<b>30,263.92</b>	<b>4,481.32</b>	<b>10,998.78</b>	<b>47,006.08</b>	<b>12,351.28</b>	<b>2,551.92</b>	<b>61,909.28</b>
<b>Total liabilities</b>	<b>999.71</b>	<b>54,379.42</b>	<b>1,181.18</b>	<b>12,069.24</b>	<b>68,629.55</b>	<b>8,910.45</b>	<b>4,73,876.60</b>	<b>5,51,416.60</b>
<b>Other disclosures</b>								
Capital expenditure								

**Reconciliations to amounts reflected in the financial statements**

<b>Reconciliation of profit</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Segment profit</b>	<b>(3,665.40)</b>	<b>(12,544.85)</b>
Inter-segment income and expenses (elimination)	118.70	711.51
<b>Profit before tax</b>	<b>(3,546.70)</b>	<b>(11,833.34)</b>
<b>Reconciliation of assets</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Segment operating assets</b>	<b>78,570.74</b>	<b>47,006.08</b>
Assets held by Discontinued Operations	2,262.66	12,351.28
Inter-segment (elimination)	(9,030.53)	2,551.92
Loans	0.00	0.00
<b>Total assets</b>	<b>71,802.87</b>	<b>61,909.28</b>
<b>Reconciliation of liabilities</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
<b>Segment operating liabilities</b>	<b>85,266.47</b>	<b>68,629.55</b>
Liabilities of Discontinued Operations	6,166.39	8,910.45
Inter-segment (elimination)	0.00	0.00
Current Tax Liabilities	654.19	0.21
Deferred tax liabilities	49.07	77.66
Borrowings	4,54,792.35	4,73,798.73
<b>Total liabilities</b>	<b>5,46,928.47</b>	<b>5,51,416.60</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.

<b>Revenue from external customers</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
India	3,550.22	4,691.31
Outside India	-	-
<b>Total revenue per consolidated statement of profit or loss</b>	<b>3,550.22</b>	<b>4,691.31</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. 1202.00 Lakhs (Previous Year Rs.NIL)

**Machine Tools**

Revenue from one customer amounted to Rs.2348.22 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2019.

Revenue from one customer amounted to Rs.4,691.31 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2018.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

---

48. 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.
49. 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.
50. **Recent Accounting Pronouncements:**
- Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today’s accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases. The Company intends to adopt these standards from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.
51. 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.
52. 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

### 55 Statutory Group Information

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in total 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
<b>Parent</b>								
HMT Ltd								
Balance as at 31 March, 2019	-2.49%	11,818.82	6.79%	1,055.37	1.74%	-20.21	7.20%	1,035.16
Balance as at 31 March, 2018	-2.20%	10,783.66	8.25%	-1,247.70	112.24%	1,019.16	1.61%	-228.54
<b>Subsidiaries</b>								
1 HMT Machine Tools Ltd								
Balance as at 31 March, 2019	33.34%	-1,58,422.64	-48.83%	-7,589.04	94.47%	-1,096.49	-60.39%	-8,685.53
Balance as at 31 March, 2018	30.59%	-1,49,737.11	80.75%	-12,209.34	42.16%	382.80	83.21%	-11,826.54
2 HMT International Ltd								
Balance as at 31 March, 2019	-1.26%	5,973.99	13.73%	2,134.52	2.78%	-32.24	14.62%	2,102.28
Balance as at 31 March, 2018	-0.79%	3,871.71	-0.09%	12.96	1.48%	13.48	-0.19%	26.44
3 HMT Watches Ltd								
Balance as at 31 March, 2019	56.26%	-2,67,309.82	77.97%	12,118.73	0.00%	-	84.26%	12,118.73
Balance as at 31 March, 2018	57.08%	-2,79,428.55	7.95%	-1,202.66	-57.07%	-518.20	12.11%	-1,720.86
4 HMT Chinar Watches Ltd								
Balance as at 31 March, 2019	12.32%	-58,527.27	-0.01%	-0.82	0.00%	-	-0.01%	-0.82
Balance as at 31 March, 2018	11.96%	-58,526.45	-0.01%	1.46	0.00%	-	-0.01%	1.46
5 HMT Bearings Ltd								
Balance as at 31 March, 2019	1.82%	-8,650.44	50.02%	7,773.80	1.01%	-11.73	53.97%	7,762.07
Balance as at 31 March, 2018	3.35%	-16,412.58	3.14%	-474.93	1.19%	10.80	3.27%	-464.13
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2019	0.01%	-28.30	0.33%	50.61	0.00%	-	0.35%	50.54
Balance as at 31 March, 2018	0.02%	-78.84	0.01%	-0.88	0.00%	-	0.01%	-0.81
<b>Associates (investment as per the equity method)</b>								
Balance as at 31 March, 2019	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2018	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Joint ventures (investment as per the equity method)</b>								
SUDMO-HMT Process Engineers (India) Ltd								
Balance as at 31 March, 2019	0.00%	20.09	0.00%	-0.75	0.00%	-	-0.01%	-0.75
Balance as at 31 March, 2018	0.00%	20.85	0.00%	0.33	0.00%	-	0.00%	0.33
<b>Total</b>								
Balance as at 31 March, 2019	100.00%	-4,75,125.57	100.00%	15,542.42	100.00%	-1,160.67	100.00%	14,381.75
Balance as at 31 March, 2018	100.00%	-4,89,507.32	100.00%	-15,120.76	100.00%	908.04	100.00%	-14,212.72