INDEPENDENT AUDITOR'S REPORT

The Members Of
Hmt Bearings Limited,
Moulali, Hyderabad.
(CIN: U29130TG1964FLC001023)

REPORT ON THE FINANCIAL STATEMENTS

QualifiedOpinion

We have audited the accompanying financial statements of HMT BEARINGS LIMITED which comprise the balance sheet as at March 31, 2020, the statement of profit and Loss, statement of changes in equity) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements do 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, 2020, of its profit/loss, (position of changes in equity) and the cash flows for the year then ended **subject to the matter stated in the para "Basis for Qualified Opinion".**

Basis for QualifiedOpinion

Our Qualified opinion is based on the following observations:

a. In terms of letter dated 13th January, 2016 received from the Government of India, Ministry of Heavy Industries and Public Enterprises, the Company has not written off the GOI loan. The said non-compliance has resulted in under stating of the Other Equity of the company by Rs. 60,11,39,943/-and over stating of Other Financial Liabilities by Rs. 60,11,39,943/-. However the Company is perusing with DHI to get the confirmation that the GOI loans will be waived of after closure of the Company.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management report and chairman's statement, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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.

As no other information is made available to us, we are unable to express our opinion in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The company ceased to be a going concern and all the assets are stated at realisable values as per the applicable accounting standards for non-going concerns. The Board has approved initiation of necessary action for moving an application to NCLT for voluntary liquidation.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. That Board of Directors are also responsible for overseeing the Company's financial reporting process.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact as described in the *Basis for Qualified Opinion* section above.

Auditor's Responsibilities for the Audit of the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the deviation pointed out in “Basis for Qualified Opinion” section of our report.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

(g) 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 the impact of pending litigations on its financial position in its financial statements – Refer Note on Contingent liabilities to the financial statements;

ii. The Company has no long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

h) As per the Directions issued by the Comptroller and Auditor General of India in terms of Section 143(5) of the Companies Act, 2013, we report that:

1. In our opinion and to the best our information and explanations given to us, the company has a system in place to process all the accounting transactions through IT system.

2. To the best our information and explanations given to us, there are no cases of restructuring of an existing loan or cases of waiver / write off of debts / loans / interest made by a lender to the company due to the company’s inability to repay the loan etc., except the approval given by Government of India, Ministry of Heavy Industries and Public Enterprises for write off of its loan to the Company vide their letter dated 13th January, 2017.

3. To the best our information and explanations given to us, the company is not in receipt of any funds from Central /State agencies for specific schemes during the year.

For Pai & Co
Chartered Accountants

VaradarayaPai
Proprietor
Date: 29.05.2020
M. No. 020693

Place: Bengaluru
Firm reg. No. 002514S

ANNEXURE A

(i) (a) In our opinion, the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) As the Company is under closure, it has stopped its operations and disposed offall the fixed assets. Wehave been informed that the company has carried out physical verification of all fixed assets at the time of disposal and no material discrepancies were noticed during the said verification.

(ii) As the Company is under closure, it has stopped its operations and has disposed off the entire Inventory and holds no stock of goods. We have been informed that the Management has carried out physical verification of inventory at the time of said disposal and no discrepancies were noticed during the said verification, except that stock of scrap materials had no disposable value and written off the same.

(iii) According to the information and explanation given to us, the company has granted unsecured loans of Rs.300 Lakhs during 2016-17 and Rs.800 Lakhs during 2017-18 to related company, M/S. HMT Machine Tools Ltd. Hyderabad and the said loans have been transferred to HMT limited holding company by tripartite agreement during the year with applicable interest.

(iv) As informed to us, the maintenance of cost records has been specified by the Central Government under section 148 of the Companies Act in respect of activities carried on by the Company. The related records have not been produced for our verification.

(v) The Company has not accepted any deposits and hence, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable.

(vi) (a) According to the information and explanation given to us and on the basis of our examination of the books of account and records, the Company is regular in depositing the undisputed statutory dues with the appropriate authorities.

(b) According to the information and explanation given to us, there were no dues of Excise duty, Sales tax Income tax, Customs duty, Wealth tax, Service tax, which have not been deposited as on 31-03-2020.

(vii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans.

(viii) According to the information and explanation given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans. As such, the provisions of clause (3) (ix) of the Order is not applicable to the Company.

(ix) During the course of our audit, and according to the information and explanation given to us, we have neither noticed any instance of fraud on or by the Company, nor have been informed of such cases by the Management.

(x) This clause relating to payment of managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act is not applicable to the Company.

(xi) This is not a Nidhi Company and hence this clause is not applicable.

(xii)In the absence of information furnished by the Management in this regard, we are unable to express our opinion whether transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013. However, no separate disclosure of such transactions is required to be made under Ind AS-24 in respect of Government Controlled Companies.

(xiii) According to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit and as such, this clause is not applicable to the Company.

(xiv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xv) In our opinion, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, requiring registration under the said Act is not applicable to the Company.

For Pai& Co
Chartered Accountants

VaradarayaPai
Proprietor
Date: 29.05.2020
M. No. 020693

Place: Bengaluru
Firm reg. No. 002514S

ANNEXURE B

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

We were engaged to audit the internal financial controls over financial reporting of HMT Bearings Limited, Hyderabad as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Branch's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

According to the information and explanation given to us, the Company has not established its internal financial controls over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. Hence, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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 controls over financial reporting and whether or not such internal financial controls were operating effectively as at 31st March, 2020.

b. Though, frame work 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 standalone financial statements of the Company.

For Pai& Co
Chartered Accountants

VaradarayaPai
Proprietor
Date: 29.05.2020
M. No. 020693

Place: Bengaluru
Firm reg. No. 002514S

ADDENDUM TO DIRECTOR'S REPORT FOR THE YEAR 2019-20 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT BEARINGS LIMITED FOR THE YEAR ENDED 31ST MARCH 2020

a)	In terms of letter dated 13th January, 2016 received from the Government of India, Ministry of Heavy Industries and Public Enterprises, the Company has not write off the GOI loan. The said non-compliance has resulted in under stating of the Other Equity of the company by Rs. 60,11,39,943/-and over stating of Other Financial Liabilities by Rs. 60,11,39,943/-. However the Company is perusing with DHI to get the confirmation that the GOI loans will be waived of after closure of the Company.	DHI vide letter dated 13-1-2016 communicated, the decision of CCEA to close the Company by reliving all the employees on VRS, dispose the movable and immovable assets of the Company and waive of the GOI loans in the books of accounts after closure of the Company.	Repetitive

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 BEARINGS LIMITED BANGALORE FOR THE YEAR ENDED 31 MARCH 2020

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

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of HMT Bearings Limited, Bangalore for the year ended 31 March 2020 under Section 143(6)(a) of the Act.

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

Place: Hyderabad

Date: 01 September 2020

M. S. Subrahmanyan
01/09/20

(M. S. Subrahmanyan)
Director General of Commercial Audit
Hyderabad

Significant Accounting Policies:

i) Basis of preparation:

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

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

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

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

b) Property, Plant & Equipment

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

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

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

The cost of an item of PPE shall be recognized 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 derecognized:

(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 derecognized.

Special Tools:

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

c) Leases

The Company as a lessor

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

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

Operating Leases as a Lessor

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

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

The Company as a lessee

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

a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognized as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.

c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

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

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

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

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.

e) Investment Property:

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

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

Investment properties are derecognized 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 recognized in statement profit or loss in the period of de-recognition.

f) Intangible Assets:

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

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

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

iv) *Research and Development Expenditure:*

Research Phase:

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

Development Phase:

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

g) Depreciation and Amortisation:

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

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

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

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

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

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

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

i) Government Grants:

Government Grants are recognized 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 recognized 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 recognized as income in equal amounts over the expected useful life of the related asset.

j) Inventories:

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

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

k) Revenue Recognition:

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

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

i) Sale of goods:

Revenues are recognized 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 recognized by reference to the stage of completion. Stage of completion is measured by services performed to date as a percentage of total services to be performed.

iii) Rental Income:

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

iv) Dividend Income:

Dividend income is recognized 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 amortized cost, is recognized using the effective interest rate method.

vi) Warranty:

Provisions for warranty-related costs are recognized 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 recognized over the period covered by the warranty. Where extended warranties are included in the price of the product and provide protection in excess of that provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

l) Foreign Currency Translation:

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

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

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

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

m) Retirement & Other Employee Benefits:

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

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

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

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

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

Pension is provided for under a defined contribution scheme, contributions are made to the Pension Fund administered by the Government.
The amount of Rs.50,000/- per head received/ receivable from LIC on account of gratuity claims in respect of employees separated under Voluntary Retirement Scheme during the year is accounted as Other Income.

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

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

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

n) Income taxes:

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

i) Current taxes:

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

ii) Deferred Taxes:

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

o) Provisions:

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

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

p) Impairment:

i) Financial assets:

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

ii) Non-financial assets:

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

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

q)Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortized 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 recognized 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 peed 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 recognized to the extent that it is probable that future profits will be available against which the deductible temporary difference can be utilized. 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 recognized in Other Comprehensive Income.

d Fair value measurement of financial instruments:

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

BALANCE SHEET AS AT 31.03.2020

		(Rs.in lakhs)	(Rs.in lakhs)
PARTICULARS	**NOTE NO**	**31-03-2020**	**31-03-2019**
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	-	-
Financial assets			
i. Investments	2.2	-	-
Current assets			
Inventories	2.3	-	-
Financial assets			
i. Trade receivables	2.4	-	35.36
ii. Cash and cash equivalents	2.5	220.16	241.65
iii. Loans	2.6	-	1,100.00
iv. Other Financial Assets	2.7	7.79	1.91
Other current assets	2.8	1,668.36	2,833.37
Assets classified as held for sale	2.9	-	-
TOTAL ASSETS		**1,896.31**	**4,212.29**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.10	3,770.91	3,770.91
Other Equity	2.11	(7,917.73)	(8,210.08)
Non-current liabilities			
Financial liabilities			
i. Borrowings			
Provisions			
Employee Benefit obligations	2.12	(6.47)	(6.00)
Current liabilities			
Financial liabilities			
i. Trade payables	2.13	26.19	29.43
ii. Other Financial Liabilities	2.14	6,011.40	8,303.29
Provisions			
Employee Benefit obligations			324.74
Other current liabilities	2.15	12.01	324.74
TOTAL LIABILITIES		**1,896.31**	**4,212.29**
See accompanying notes to the financial statements	2.25	0.00	0.00

As per our report of even date attached
For Pai & Co.
Chartered Accountants
Firm Regd. No.: 002514S

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

Varadaraya Pai
Proprietor
Membership No.: 020693

Ritu Pande
Director
DIN: 07286839

Girish Kumar Sadasivan
Director
DIN: 03385073

Place : Bangalore
Date : 29-5-2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020

PARTICULARS	NOTE NO	(Rs.in lakhs) 31-03-2020	(Rs.in lakhs) 31-03-2019
Continuing Operations			
Discontinued Operations			
Revenue from operations	2.16	-	3.26
Other income	2.17	82.06	113.92
Total revenue		**82.06**	**117.18**
Expenses			
Cost of material consumend	2.18	-	-
Changes in inventory	2.19	-	3.78
Excise Duty		-	-
Emloyee benefit expense (contract employees)	2.20	4.91	32.78
Depreciation and amortisation expense	2.1	-	-
Other expense	2.21	116.91	56.76
Finance Cost	2.22	-	-
Total expenses		**121.82**	**93.32**
Profit/ (loss) before exceptional items and tax		(39.76)	23.86
Exceptional items	2.23		10,511.80
Profit/ (loss) before tax		(39.76)	10,535.66
Tax expense			
a) Current tax (Excess Provision Written Back)		(332.11)	2,611.92
b) Deferred tax		-	-
Profit/ (loss) for the period from discontinuing operations		292.35	7,923.74
Profit/ (loss) for the period		292.35	7,923.74
Other comprehensive income			
-Items that will not be reclassified to profit or loss			
Net (loss)/gain on FVTOCI equity Securities			-
Re-measurement gains (losses) on defined benefit plans			-
-Items that will be reclassified to profit or loss			-
Total comprehensive income for the period		**292.35**	**7,923.74**
(Profit/ loss + other comprehensive income)			
Earnings per equity share (for continuing operations)			
a) Basic			-
b) Diluted			-

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020

PARTICULARS	NOTE NO	(Rs.in lakhs) 31-03-2020	(Rs.in lakhs) 31-03-2019
Earnings per equity share (for discontinued operations)	2.24		
a) Basic		0.08	21.01
b) Diluted		0.08	21.01
a) Basic		0.08	21.01
b) Diluted		0.08	21.01
See accompanying notes to the financial statements	2.25		

As per our report of even date attached
For Pai & Co.
Chartered Accountants
Firm Regd. No.: 002514S

Varadaraya Pai
Proprietor
Membership No.: 020693

Place : Bangalore
Date : 29-5-2020

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

Ritu Pande
Director
DIN: 07286839

Girish Kumar Sadasivan
Director
DIN: 03385073

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Operating activities		
Profit before tax from continuing operations	(39.77)	23.86
Profit/(loss) before tax from discontinued operations	-	10,511.80
Profit before tax	**(39.77)**	**10,535.66**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment		-
Loss/(Gain) on disposal of property, plant and equipment	-	(10,519.19)
Finance income		(108.57)
Gratuity Provision		
Working capital adjustments:		
Movements in provisions, gratuity		
Increase in trade and other receivables and prepayments	2,294.49	(2,248.55)
Decrease (Increase) in inventories	-	3.78
Increase (Decrease) in trade and other payables	(2,608.32)	(5,593.44)
	(353.60)	**(7,930.31)**
Income tax paid/reversed	332.11	(2,611.92)
Net cash flows from operating activities	**(21.49)**	**(10,542.22)**
Investing activities		
Proceeds from sale of property, plant and equipment - net of cost of sale		10,578.40
Interest received	-	108.57
Net cash flows used in investing activities	**-**	**10,686.96**
Financing activities		-
Net cash flows from/(used in) financing activities		**0.00**
Net increase in cash and cash equivalents	(21.49)	144.74
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	241.65	96.91
Cash and cash equivalents at year end	**220.16**	**241.65**

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.2.5

As per our report of even date attached
For Pai & Co.
Chartered Accountants
Firm Regd. No.: 002514S

Varadaraya Pai
Proprietor
Membership No.: 020693

Place : Bangalore
Date : 29-5-2020

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

Ritu Pande
Director
DIN: 07286839

Girish Kumar Sadasivan
Director
DIN: 03385073

NOTES ON FINANCIAL STATEMENTS

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
2.2	**INVESTMENTS**		
	Investments In Equity Instruments		
	Investments at fair value through OCI (FVTOCI)		
	1,34,000 (previous year 1,34,000) Equity shares of `10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	0.00	0.00
	Total FVTOCI investments	**0.00**	**0.00**
	Current		
	Non Current		-
	Aggregate amount of unquoted investments		-
2.3	**INVENTORIES**		
	Raw Materials	-	-
	Stores and spares	-	-
	Loose Tools	-	-
	Finished goods	-	-
	Work-in-progress	-	-
	Others - Stock of Scrap	-	-
	Less: Provision for Slow/Non-moving Inventories		
	Total	**-**	**-**
2.4	**TRADE RECEIVABLES**		
	Secured Considered good		
	Unsecured, considered good	-	1.25
	Doubtful	35.36	34.12
		35.36	**35.36**
	Less: Provision for doubtful Debts	35.36	-
	Total	**-**	**35.36**
	TRADE RECEIVABLES		
	Trade Receivables		
	outstanding greater than 6 months	35.36	34.12
	outstanding less than 6 months	-	1.25
	Total	**35.36**	**35.36**

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
2.5	**CASH AND CASH EQUIVALENTS**		
	Balances with banks		
	- Current Account	0.00	43.80
	Deposit with banks		
	- Guarantees with banks	0.00	30.36
	- Fixed Deposits	220.16	167.50
	FD Margin Money on LCs		
	Total	220.16	241.65
	Cash in hand	-	-
	Less provisions Guarantee with Banks	0.00	
	Total	**220.16**	**241.65**
2.6	**LOANS**		
	Loan to fellow subsidiaries		
	HMT Machine Tools Ltd	-	1,100.00
	Total	**-**	**1,100.00**
2.7	**OTHER FINANCIAL ASSETS**		
	Interest Accrued and Due on Deposits	7.79	1.91
	Total	**7.79**	**1.91**
2.8	**OTHER ASSETS**		
	Current		
	Advances to subsidiary Companies		
	HMT Ltd.	1666.03	2,351.16
	HMT Machine Tools Ltd		435.77
	HMT Limited (Aurangabad)	2.25	-
	HMT Watches Limited		-
		1,668.29	**2,786.92**
	Advances Other than Capital Advances		
	Advances recoverable in cash or kind	-	
	Advance to suppliers	10.50	10.50
	Other Advances	0.06	-
	Less: Provision for doubtful advances	-	
		10.56	**10.50**

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
	Employees Advances		0.04
	Deposits with various authorities	14.27	15.23
	Balance with Government Authorities	9.33	4.46
	Claims Recoverable	16.22	16.22
	Total	**39.83**	**35.95**
	Les Provisions	**50.31**	
	Total	**1,668.36**	**2,833.37**
2.12	**Employee Benefit obligations**		
	Non Current		
	Gratuity	**(6.47)**	**(6.00)**
	Earned Leave Encashment		
	Settlement Allowance		
		(6.47)	**(6.00)**
	Current		
	Gratuity	-	-
	Earned Leave Encashment	-	-
	Settlement Allowance	-	-
	Arrear salaries and bonus	-	-
	Total	**(6.47)**	**(6.00)**
	Borrowings		
2.13	**TRADE AND OTHER PAYABLES**		
	Due to micro and small enterprises	-	-
	Dues to other creditors		
	For Goods Purchased		-
	For Services Received	26.19	29.43
	Total	**26.19**	**29.43**

* The Company has not received information from vendor regarding the status under the MSMED Act, and hence disclosure relating to amounts un-paid as at end of the year together with interest paid/payable under the Act have not been given.

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
2.14	**Other Financial Liabilities**		
	Current maturities of long-term debt	-	
	Interest accrued but not due on borrowings	-	
	Interest accrued and due on borrowings	-	
	Government of India Loan Defaulted	-	
	GOI Liabilities to be written off	6011.40	8,303.29
	Total	**6,011.40**	**8,303.29**
2.15	**Other Current Liabilities**		
	Current		
	Revenue Received in Advance	-	
	Statutory Liability - (incl provision for Income Tax net of advance tax and tds payable)	-	316.34
	Dues to Holding Company & fellow subsidiaries	-	
	- HMT Limited	-	-
	- HMT Machine Tools Limited	-	-
	- HMT (I) Limited	-	0.09
	- HMT Watches Limited	-	3.45
		-	**3.54**
	Others		
	- Deposit from customers	4.86	4.86
	- Statutory Liability (TDS)	0.42	
	- Others	4.99	0.00
	Provision For Expenses	1.74	
		12.01	**4.86**
	Total	**12.01**	**324.74**

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
2.16	**REVENUE FROM OPERATIONS**		
	Sale of Bearings	-	3.26
	Sale of Inventory	-	-
	Total	**-**	**3.26**
2.17	**OTHER INCOME**		
	Interest received on Fixed Deposits	-	-
	Interest on Gratuity Fund	0.47	0.42
	Interest on IT Refund	1.37	-
	Interest on 11 Cr Loan	74.03	107.80
	Interest on term deposits with Banks	6.19	0.77
	MSTC interest received	-	0.07
	Non Operating Income	-	2.62
	Provisions No Longer Required Written Off	-	2.24
	Interest on Loan given		
	Provision Written Back Account	-	-
	Total	**82.06**	**113.92**
2.18	**COST OF MATERIAL CONSUMED**		
	A, Raw material		
	Inventory at the beginning of the year	-	-
	Add: Purchases of Raw material	-	-
	Inventory at the end of the year (RM)	-	-
	Raw Materials consumed	-	-
	B, Stores, Spares and Other Component Consumed	**-**	**-**
	Total	**-**	**-**
2.19	**CHANGES IN INVENTORY**		
	Finished Goods (S)		
	Opening		3.26
	Closing		-
		-	**3.26**
	Work in progress (S)		
	Opening		
	Closing		
	Scrap		

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
	Opening		0.52
	Closing		-
		-	**0.52**
	Raw material		
	Opening		
	Closing		
	Store and Spare & Loose Tools		
	Opening		
	Closing		
	Total [A - B]	**-**	**3.78**
2.20	**EMPLOYEE BENEFIT EXPENSES**		
	Contract Employees Remuneration	4.91	32.78
	Gratuity Cost	-	-
	Provident Fund Contribution and Gratuity	-	-
	Staff Welfare Expenses	-	-
	Total	**4.91**	**32.78**
2.21	**OTHER EXPENSES**		
	Power and fuel	5.99	19.17
	Security exp	1.09	7.26
	Repairs to Machinery	0.02	0.14
	Rates and taxes	0.92	5.09
	Traveling including Directors Trv Exp.	7.72	3.24
	Printing & Stationery	0.60	0.89
	Postage, Telephones, Telegrams, Fax & Telex	0.03	0.07
	Legal and professional expenses	4.16	3.18
	Office expenses		2.26
	Bank charges	0.09	0.02
	Statutory Audit Fees	0.35	0.50
	Internal Audit Fees		0.21
	Tax Audit Fees	0.58	0.22
	Property Tax Paid	-	8.23
	MSTC Commission - Sale of Scrap	-	4.24
	Provision for Doubtful Debts	35.36	1.06

Notes on financial statements

	Particulars	For the period ended 31.03.2020 Amount in Rs (in lakhs)	For the year ended 31.03.2019 Amount in Rs (in lakhs)
	Provision for Margin money	-	-
	Provision for Deposits With Various Authorities	14.27	
	Provision for Claims Recoverable	16.22	
	Provisions for Gov authorities	9.33	
	Provision for Advances MBX	10.50	
	Miscellaneous expenses	9.68	0.98
	Round off	-	-
	Total	**116.91**	**56.76**
2.22	**FINANCE COST**		
	Interest on holding company		
	Interest on Government of India loan		
	Total		-
2.23	**EXCEPTIONAL ITEMS**		
	Loss on sale of Machinery	-	
	Profit / los of Investment	-	(7.27)
	Profit on sale of assets - Land	-	10,511.93
	Write of HMT TRP Interest	-	(164.35)
	Sale of Scrap	-	171.49
	VRS Compensation	-	-
	Total	**-**	**10,511.80**
2.24	**EARNINGS PER SHARE (EPS)**		
	Net Profit after Tax	292.35	7,923.74
	Weighted average No of Equity Shares	3,770.91	377.09
	Basic & Diluted earning per share	0.08	21.01
	Face Value per equity Share	10.00	10.00

NOTES FORMING PART OF BALANCE SHEET

Statement of changes in equity as on 31st March 2020 **(Rs. in lakhs)**

2.10 Share capital

Equity Shares

	Authorized Share Capital	
	Number	**Amount**
At 1 April 2019	4,50,00,000	4,500.00
Increase/(decrease) during the year	-	-
At 31 March 2020	**4,50,00,000**	**4,500.00**

	Issued Capital Equity shares of INR 10 each issued and fully paid	
	Number	**Amount**
At 1 April 2019	**3,77,09,086**	**3,770.91**
Increase/(decrease) during the year	-	-
At 31 March 2020	**3,77,09,086**	**3,770.91**

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

Name of the Share Holder	No of Shares	% holding	No of Shares	% holding
Equity shares of INR*10 each fully paid*	3,74,68,586	99.36%	3,74,68,586	99.36%
HMT Ltd (Holding Company)				

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

Notes on financial statements for the period ended 31 March 2020

Statement of Changes in Equity

A. Equity Share Capital

Rs (in lakhs)

Balance at the beginning of the reporting period 1st April 2019	Changes in equity share capital during the year 2019-20	Balance at the end of the period 31 March 2020	Changes in equity share capital during the year 2019-20	Balance at the end of the reporting period 31st March 2020
37,70,90,860	-	37,70,90,860	-	37,70,90,860

B. Other Equity

2.11 Other Equity

	Reserves and Surplus			**Other Comprehensive Income**		
	Capital reserve	Retained earnings	Discontinued operations	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
Balance as of 1st April 2019	-	(14,761.14)	6,526.45	11.73	12.87	(8,210.07)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as of 1st April 2019	-	(14,761.14)	6,526.45	11.73	12.87	(8,210.07)
Discontinued operations	-	-	292.35	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-	-	-
Total Comprehensive Income for the year			-	-		-
At 31st March 2020	**-**	**(14,761.14)**	**6,818.80**	**11.73**	**12.87**	**(7,917.73)**

As per our report of even date attached
For Pai & Co.
Chartered Accountants
Firm Regd. No.: 002514S

Varadaraya Pai
Proprietor
Membership No.: 020693

Place : Bangalore
Date : 29-5-2020

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

Ritu Pande
Director
DIN: 07286839

Girish Kumar Sadasivan
Director
DIN: 03385073

BALANCE SHEET AS AT 31.03.2020

2.24 Earnings per share (EPS)

	31-Mar-20 INR Lakhs	31-Mar-19 INR Lakhs
Profit attributable to equity holders:		
Continuing operations		
Discontinued operation	292.34	7,923.74
Total Profit including OCI	**292.34**	**7,923.74**
Less: Other Comprehensive income	0.00	0.00
Profit attributable to equity holders for basic earnings	**292.34**	**7,923.74**
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**292.34**	**7,923.74**
Weighted average number of Equity shares for basic EPS*	3,77,09,086	3,77,09,086
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**3,77,09,086**	**3,77,09,086**

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

BALANCE SHEET AS AT 31.03.2020

2.25 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-20	31-Mar-19	31-Mar-20	31-Mar-19
Financial assets				
Loans		1,100.00		1,100.00
FVTOCI financial investments	-	-		-
Total		**1,100.00**		**1,100.00**
Financial liabilities				
Other Financial Liabilities	6,011.40	8,303.29	6,011.40	8,303.29
Total	**6,011.40**	**8,303.29**	**6,011.40**	**8,303.29**

The Company has assessed that cash and cash equivalents, trade receivables, trade payables, and other current assets 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 approximate their carrying amounts as transaction costs are not levied

2.25 Related Party Transactions & Disclosure U/S 188 of the Companies Act, 2013

A Details of Related Parties

Name of Related Party	Relationship
HMT LIMITED	HOLDING COMPANY
HMT MACHINE TOOLS LIMITED	FELLOW SUBSIDIARY
HMT WATCHES LIMITED	FELLOW SUBSIDIARY
HMT (INTERNATIONAL) LIMITED	FELLOW SUBSIDIARY
HMT CHINAR WATCHES LIMITED	FELLOW SUBSIDIARY
	KEY MANAGEMENT PERSONNEL

B Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof:

Name of Related Party	As at 1-4-2019 to 31-3-2020	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
Hmt Limited	31/03/2019	-	**1,100.00**	-	-	**1,100.00**
	31/03/2020	-	-	-	-	-
Hmt Machine Tools Limited	31/03/2019	1,100.00	-	1,100.00	-	-
	31/03/2020	-	-	-	-	-
Hmt Watches Limited	31/03/2019	-	-	-	-	-
	31/03/2020	-	-	-	-	-
Hmt (International) Limited	31/03/2019	-	-	-	-	-
	31/03/2020	-	-	-	-	-

b) Advances (Dr / (Cr)

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	transfers/ utilization	Closing Balance
Hmt Limited	31/03/2019	2,348.90		1,609.80	2,292.67	**1,666.03**
	31/03/2020					-
Hmt Machine Tools Limited	31/03/2019	-			-	
	31/03/2020	257.57			257.57	
Hmt Watches Limited	31/03/2019	-3.45			3.45	-
	31/03/2020	-				-
Hmt (International) Limited	31/03/2019	-0.09			0.09	-
	31/03/2020	-				-

c) Company doesn't have any investment in related parties i.e. Subsidiaries, associates and Joint Venture. The Company has not given any guarantee/security to the related parties.

d) Transactions with Key Managerial Persons:	Current Year	Previous Year
Remuneration paid to Smt. Shashi B Srivastava	-	-
Remuneration paid to P. Sivarami Reddy	-	-

CONTINGENT LIABILITES AS AT 31.03.2020

(Rs. In Lakhs)

The Court cases are pertaining to the Casuals and ex - employees as follows		
		Ref case
1	Reinstatement of Casuals with back wages	23560/2003 ,14360/2010 and 21754 , 04540/2017and others
2	Increase in the Retirement Age from 58 years to 60 years	21091/2009
3	Company filed the case on PF Department requesting the continue PF trust	19499/2010
4	Casual employees for Payment of Gratuity	4540/2017 and 48/297 / 2017to 302 and 12 to 13/2018
5	Retired employees for 2017 scales and arrears	83726/2017
6	Telangana State Power Distribution Corporation Limited - Wheeling charges, Transmission and FSA charges - Rs. 17.93 Lakhs (total Bill Rs. 25.19 lakhs less deposit Rs. 7.26) case pending with court	
The company is not in a position to ascertain the financial liability as on 31-3-2020		