

## INDEPENDENT AUDITOR'S REPORT

To,  
**THE MEMBERS OF  
HMT (INTERNATIONAL) Limited,**  
**Bangalore**

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

#### Opinion

We have audited the accompanying standalone financial statements of HMT (International) Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Significant Accounting Policies I and Note 1 – Notes Forming Part of the Financial Statements Pertaining to Balance Sheet Point No – 4</p>	<p>As part of our Audit procedures, our procedures included the following</p> <p><b><i>Principal Audit Procedures</i></b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from management.</p> <p>We have involved our internal experts to review the nature of the amounts payable, the sustainability and the likelihood of payment upon final resolution.</p>

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

## Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative

factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company did not have any 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

Place: Bengaluru  
Date: 24-06-2020

**For G P S V & Co.,**  
Chartered Accountants  
FRN - 013175S  
UDIN : 20222219AAAACK2195

**Patil Narahari Laxmanrao**  
Partner  
M No – 222219

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of HMT (International) Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 (International) Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company and its joint operations companies incorporated in India (retain as applicable) 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”) issued by the Institute of Chartered

Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over

financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on internal financial control over financial reporting 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.

**For G P S V & Co.,**

Chartered Accountants

FRN - 013175S

UDIN : 20222219AAAACK2195

**Patil Narahari Laxmanrao**

Partner

M No – 222219

Place: Bengaluru

Date: 24-06-2020

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HMT (International) Limited of even date)**

1.
  - i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - ii. These fixed assets have been physically verified by the management at reasonable intervals as per the assets's verification program having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - iii. The title deeds, comprising all the immovable properties are held in the name of the Company as at the balance sheet date.
2. Physical verification of inventory has been conducted at reasonable interval by the management. No material discrepancies has been noticed on such verification
3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act.
4. According to information and explanations given to us, the Company has not granted any loans, made any investments, extended any guarantees and provided any security to or on behalf of the parties referred in section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public.
6. According to the information and explanation given to us, for the activities carried out by the Company, the Central Government has not prescribed the maintenance of cost records, under Section 148 (1) of the Act.
7. According to information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - c. Details of dues of Income Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Rs.
The Income Tax Act, 1961	Income Tax	ITAT	FY 2008-09	10,05,91,930
The Income Tax Act, 1961	Income Tax	ITAT	FY 2011-12	7,98,79,010
The Income Tax Act, 1961	Income Tax	ITAT	FY 2010-11	70,81,810
The Income Tax Act, 1961	Income Tax	ITAT	FY 2010-11	2,99,50,000
The Income Tax Act, 1961	Income Tax	ITAT	FY 2009-10	1,71,11,420

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officer or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given  
to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based  
on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected to him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For G P S V & Co.,**

Chartered Accountants

FRN - 013175S

UDIN : 20222219AAAACK2195

**Patil Narahari Laxmanrao**

Partner

M No – 222219

Place: Bengaluru  
Date: 24-06-2020

**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 (INTERNATIONAL) LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020**

The preparation of financial statements of HMT (International) Limited, 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 Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is 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 24 June 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 ( International) Limited 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**



01/09/20

**(M. S. Subrahmanyam)  
Director General of Commercial Audit  
Hyderabad**

## SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020

### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis and in accordance with the provisions of Companies Act, 2013.

For all periods up to & including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

#### A. PROPERTY, PLANT AND EQUIPMENT- IND AS 16

Property, Plant and Equipment are stated at cost of acquisition 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.

Assets at Foreign Branch acquired after 31.03.1991 are stated at the applicable rates of exchange on the date of acquisition.

#### B. INVENTORY – IND AS 2

Inventories are valued at lower of cost and net realizable value.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

#### C. FINANCIAL ASSET - TRADE AND OTHER RECEIVABLES – IND AS 32

i) The provision is made for all Trade and Other Receivables considered doubtful of recovery having regard to the following considerations:

a) Time barred debts from the Government / Government Departments / Government companies are generally not treated as doubtful debts.

b) Where debts are disputed in legal proceedings, provision is made if any decision is given against the company even if the same is taken up on appeal to higher authorities / courts.

ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realizable based on a case to case review.

iii) The debts which are partially settled due to the disputes or court settlement or otherwise including from the Govt / Govt Department / Govt Companies are charged off to the Statement of Profit and Loss in the year of settlement.

iv) The extent of provision required to be made in the books of accounts will be decided on a case to case basis based on the age of the debts after careful review of all related aspects covering the dues.

#### D. FOREIGN CURRENCY TRANSACTIONS – IND AS 21

Functional Currency : 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 cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

#### **E. DEPRECIATION – IND AS 16**

Depreciation on Property, Plant and Equipment is provided on straight line basis over the useful life of the various assets as prescribed in Schedule II to the Companies Act, 2013, pro-rata with reference to the date of addition or deletion. As and when Property, Plant and Equipment gets fully depreciated, ₹ 1/- is retained as book value of the Property, Plant and Equipment. Property, Plant and Equipment costing less than ₹ 10,000/- shall be depreciated to Re.1/- in the year of purchase.

Each part of an item (also known as 'Component') of Property, Plant & Equipment (PPE) 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.

#### **F. WARRANTIES – IND AS 37**

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.

#### **G. REVENUE RECOGNITION - IND AS 18**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received

or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### **SALE OF GOODS**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company recognises the Sale of Goods based on:

- 1) Physical delivery of goods to the customer / customer's carrier /common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.
- 2) LR/GR obtained and endorsed in favour of customer (consignee 'self'), in case of FOR destination contracts.

#### **Despatches to dealers/customers in respect of Machines & Tractors.**

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

*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.

#### **Extended Warranty :**

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.

#### H. EMPLOYEES BENEFITS - IND AS 19

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 defined benefit scheme based on actuarial valuation.

Gratuity is provided for under a defined benefit scheme, to cover the eligible employees, liability being determined by actuarial valuation conducted by LIC of India and is remitted to the Approved Trust.

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

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

#### I. TAXES – IND AS 12

**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.

**Deferred tax:** 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.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where deferred tax asset is recognised against unabsorbed depreciation or carry forward of losses under tax laws, it is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### J. EARNINGS PER SHARE - IND AS 33

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period

**Balance Sheet as at 31st March 2020**

(Rs. In Lakhs)

	Note No.	As at 31/03/2020	As at 31/03/2019
<b>ASSETS</b>			
<b>A Non-current assets</b>			
(a) Property, Plant and Equipment	3	<b>457.67</b>	471.52
(b) Other non-current assets	4	<b>42.24</b>	38.60
		<b>499.91</b>	510.12
<b>B Current assets</b>			
(a) Inventories	5	<b>314.61</b>	669.06
(b) Financial assets			
(i) Trade receivables	6	<b>1,578.16</b>	2,599.34
(ii) Cash and cash equivalents	7	<b>5,159.18</b>	3,740.70
(iii) Loans	8	-	-
(iv) Other Financial Assets	9	<b>105.97</b>	111.43
(c) Other current assets	10	<b>518.15</b>	519.83
		<b>7,676.07</b>	7,640.36
<b>C TOTAL ASSETS (A + B)</b>		<b>8,175.98</b>	8,150.48
<b>EQUITY AND LIABILITIES</b>			
<b>A Equity</b>			
(a) Equity share capital	11	<b>72.00</b>	72.00
(b) Other equity	12	<b>3,560.83</b>	3,306.73
<b>Total equity</b>		<b>3,632.83</b>	3,378.73
<b>B Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions			
(i) Provision for Employee benefits	13	<b>134.62</b>	151.76
(b) Deferred tax liabilities (net)		<b>43.80</b>	49.07
<b>Total Non-Current Liabilities</b>		<b>178.42</b>	200.83

**Balance Sheet as at 31st March 2020**

(Rs. In Lakhs)

	Note No.	As at 31/03/2020	As at 31/03/2019
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	14	2,605.46	2,150.19
Other Current Liabilities	15	1,573.79	2,333.81
(b) Provisions			
(i) Provision for Employee benefits	13	54.48	19.92
(c) Current Tax Liabilities (net)		131.00	67.00
<b>Total Current Liabilities</b>		<b>4,364.73</b>	4,570.92
<b>Total liabilities</b>		<b>4,543.15</b>	4,771.75
<b>C TOTAL EQUITY AND LIABILITIES (A + B)</b>		<b>8,175.98</b>	8,150.48
<b>Notes forming part of Financial Statements</b>	1		
<b>Significant Accounting Policies</b>	2		

For and on behalf of the Board

**As per our report of even date**  
**For GPSV & Co.,**  
**Chartered Accountants (FRN 013175 S)**

**S. GIRISH KUMAR**  
 Chairman & Managing Director  
 DIN NO : 03385073

**S. VELPANDIYAN**  
 Independent Director  
 DIN NO : 08700752

**PATIL NARAHARI LAXMAN RAO**  
**Partner** (M.No.222219)  
 UDIN NO : 20222219AAAACK2195

Place : Bangalore  
 Date : 24.06.2020

**JAYANTHI VENKATESH**  
 ASST GENERAL MANAGER (FINANCE)

**Statement of Profit and Loss for the year ended 31st March 2020**

(Rs. In Lakhs)

	Note No.	31/03/2020	31/03/2019
<b>CONTINUING OPERATIONS</b>			
(a) Revenue from operations	16	<b>6,714.93</b>	5,707.43
(b) Other income	17	<b>270.78</b>	206.85
<b>Total Income</b>		<b>6,985.71</b>	5,914.28
<b>EXPENSES</b>			
(a) Cost of Goods Traded, Service and Works	18.a	<b>5,721.00</b>	5,796.85
(b) (Increase)/decrease in inventories of finished goods and stock in trade	18.b	<b>354.45</b>	-652.58
(c) Employees' benefits expense	19	<b>281.22</b>	310.43
(d) Depreciation and amortization expense	20	<b>13.95</b>	14.76
(e) Finance Cost	21	<b>0.21</b>	6.52
(f) Other expenses	22	<b>227.31</b>	236.34
<b>Total expense</b>		<b>6,598.14</b>	5,712.32
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>387.57</b>	201.96
Share of (profit)/loss of an associate and a joint venture		-	-
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>387.57</b>	201.96
Exceptional items		-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>387.57</b>	201.96
(1) Current tax		<b>131.00</b>	67.00
(2) Adjustment of tax relating to earlier periods		<b>-9.34</b>	
(3) Deferred tax		<b>-5.28</b>	-16.13
<b>Income tax expense</b>		<b>116.38</b>	50.87
<b>Profit for the year from continuing operations</b>		<b>271.19</b>	151.09
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations</b>		-	-
<b>Profit/(loss) for the year</b>		<b>271.19</b>	151.09
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement of the net defined benefit liability/asset		-	-
Equity instruments through other comprehensive income		-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-

**Statement of Profit and Loss for the year ended 31st March 2020**

(Rs. In Lakhs)

	Note No.	31/03/2020	31/03/2019
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans	22	0.21	-44.66
Income Tax effect		0.06	12.42
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>0.27</b>	<b>-32.24</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>271.46</b>	<b>118.85</b>
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>271.19</b>	151.09
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		<b>0.21</b>	-44.66
<b>Earnings per share for continuing operations</b>			
Basic, profit from continuing operations attributable to equity holders of the parent		<b>37.67</b>	20.98
Diluted, profit from continuing operations attributable to equity holders of the parent		<b>37.67</b>	20.98
<b>Earnings per share for discontinued operations</b>			
Basic, profit from discontinued operations attributable to equity holders of the parent		-	-
Diluted, profit from discontinued operations attributable to equity holders of the parent		-	-
<b>Earnings per share from continuing and discontinued operations</b>			
Basic, profit for the year attributable to equity holders of the parent		<b>37.67</b>	20.98
Diluted, profit for the year attributable to equity holders of the parent		<b>37.67</b>	20.98
<b>Notes forming part of Financial Statements</b>	1		
<b>Significant Accounting Policies</b>	2		

For and on behalf of the Board

**As per our report of even date  
For GPSV & Co.,  
Chartered Accountants (FRN 013175 S)**
**S. GIRISH KUMAR**  
Chairman & Managing Director  
DIN NO : 03385073

**S. VELPANDIYAN**  
Independent Director  
DIN NO : 08700752

**PATIL NARAHARI LAXMAN RAO**  
Partner (M.No.222219)  
UDIN NO : 20222219AAAACK2195

 Place : Bangalore  
Date : 24.06.2020

**JAYANTHI VENKATESH**  
ASST GENERAL MANAGER (FINANCE)

**Statement of Cash Flows for the year ended 31 March 2020**

	(Rs. In Lakhs)	
	31-Mar-20 INR Lacs	31-Mar-19 INR Lacs
<b>Operating activities</b>		
Profit before tax from continuing operations	387.57	201.96
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>387.57</b>	<b>201.96</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation of property, plant and equipment	13.95	14.76
Finance Income (Interest)	-244.29	-182.98
<i>Working capital adjustments:</i>		
(Increase)/Decrease in Trade Receivables and other receivables	1,028.31	-1,706.35
(Increase)/Decrease in Inventories	354.45	-652.58
Increase/(Decrease) in Trade and other payables	-304.78	3,302.08
Increase/(Decrease) in Net Employee Defined Benefit Liabilities	17.42	-16.47
	<b>1,252.63</b>	<b>960.47</b>
Income tax paid	-57.65	-0.21
<b>Net cash flows from operating activities</b>	<b>1,194.98</b>	<b>960.26</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment		-0.99
Other Current Assets	-3.64	59.05
Interest received	244.29	182.98
<b>Net cash flows used in investing activities</b>	<b>240.65</b>	<b>241.04</b>
<b>Financing activities</b>		
Dividend paid	-17.36	-
Interest paid	0.21	-
<b>Net cash flows from/(used in) financing activities</b>	<b>-17.15</b>	<b>-</b>
Net increase in cash and cash equivalents	1,418.48	1,201.30
Cash and cash equivalents at the beginning of the year	3,740.70	2,539.40
<b>Cash and cash equivalents at year end</b>	<b>5,159.18</b>	<b>3,740.70</b>

For and on behalf of the Board

**As per our report of even date  
For GPSV & Co.,  
Chartered Accountants (FRN 013175 S)**

**S. GIRISH KUMAR**  
Chairman & Managing Director  
DIN NO : 03385073

**S. VELPANDIYAN**  
Independent Director  
DIN NO : 08700752

**PATIL NARAHARI LAXMAN RAO**  
**Partner** (M.No.222219)  
UDIN NO : 20222219AAAACK2195

Place : Bangalore  
Date : 24.06.2020

**JAYANTHI VENKATESH**  
ASST GENERAL MANAGER (FINANCE)

### Note to Financial Statements for the year ended 31st March 2020



#### 3. Property, Plant and Equipment

	Building	Interior Decoration	Factory Equipments	Furniture, Fixtures, Computers including Software Office Equipments and Measuring Instruments	Vehicles	Total
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Cost or valuation</b>						
At 1 April 2017	676.75	41.61	0.61	104.49	15.67	839.13
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2018	676.75	41.61	0.61	104.49	15.67	839.13
Additions	-	-	-	0.99	-	0.99
Disposals	-	-	-	-	-	-
At 31 March 2019	676.75	41.61	0.61	105.48	15.67	840.12
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2020	676.75	41.61	0.61	105.48	15.67	840.12
<b>Depreciation and impairment</b>						
At 1 April 2017	186.62	41.61	0.56	96.76	13.70	339.60
Depreciation charge for the year	11.27	-	0.01	2.59	0.71	14.58
Disposals	-	-	-	-	-	-
At 31 March 2018	197.89	41.61	0.57	99.35	14.41	354.18
Depreciation charge for the year	11.27	-	0.01	2.76	0.71	14.76
Disposals	-	-	-	-	-	-
At 31 March 2019	209.16	41.61	0.58	102.11	15.12	368.94
Depreciation charge for the year	11.27	-	0.01	2.12	0.55	13.95
Disposals	-	-	-	-	-	-
At 31 March 2020	220.43	41.61	0.59	104.23	15.67	382.89
<b>Net book value</b>						
At 31 March 2020	456.32	-	0.02	1.25	0.00	457.24
At 31 March 2019	467.59	-	0.03	3.36	0.55	471.52

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>4. Other Non Current Assets</b>		
Gratuity	42.24	38.60
<b>Total Other Current Assets</b>	<b>42.24</b>	<b>38.60</b>
<b>5. Inventories</b>		
	-	-
Finished Goods- Machineries not Shipped	314.61	669.06
<b>Finished Goods- Machineries not Shipped</b>	<b>314.61</b>	<b>669.06</b>
<b>6. Trade Receivables</b>		
Trade receivables	1,723.46	2,450.38
Receivables from related parties	-145.30	148.96
<b>Total Trade Receivables</b>	<b>1,578.16</b>	<b>2,599.34</b>
<b>Break-up for security details:</b>		
<b>Trade receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due	517.52	351.42
Outstanding for a period less than six months from the date they are due	1,060.64	2,247.92
<b>Total Trade Receivables</b>	<b>1,578.16</b>	<b>2,599.34</b>

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>7. Cash and Cash equivalents</b>		
<b>Balances with banks:</b>		
In current accounts	48.24	117.35
In Earmarked Accounts	2,454.60	195.61
Fixed Deposits including Lien for Bank Guarantees	2,656.34	3,427.74
<b>Total Cash and Cash equivalents</b>	<b>5,159.18</b>	<b>3,740.70</b>
<b>8. Loans</b>		
<b>Non-current</b>	-	-
<b>Current</b>		
Inter-corporate Loan to HMT Limited	-	-
<b>Total Current Loans</b>	-	-
<b>Total Loans</b>	-	-
<b>9. Other Financial Assets</b>		
<b>Non-current</b>	-	-
<b>Current</b>		
Deposits with Banks exceeding 12 months	-	-
Interest accrued but not due	105.97	111.43
<b>Total Other Current Financial Assets</b>	<b>105.97</b>	<b>111.43</b>
<b>Total Other Financial Assets</b>	<b>105.97</b>	<b>111.43</b>
<b>10. Other Current Assets</b>		
Deposit	10.46	3.61
EMD		-
Claims towards refund of service tax	0.27	0.27
Claims receivables	11.46	8.23
Export Incentives receivables	4.01	5.21
Advances to employees	5.92	4.71
<b>Others</b>		
Advances paid to suppliers / services providers	2.63	8.19
Advance Service Tax	27.46	27.49
GST Receivable	80.15	115.51
Income Tax Refundable	266.23	319.15
TDS (AY 2020-21)	90.46	-
Prepayments	19.10	27.46
<b>Total Other Current Assets</b>	<b>518.15</b>	<b>519.83</b>

**Note to Financial Statements for the year ended 31st March 2020**
**11. Equity Share Capital**
**Authorised share capital**

	<b>Equity Shares</b>	
	<b>No. in Lacs</b>	<b>INR Lacs</b>
<b>At 1 April 2017</b>	<b>80.00</b>	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2018</b>	<b>80.00</b>	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2019</b>	<b>80.00</b>	800.00
Increase/(decrease) during the year	0.00	-
<b>At 31 March 2020</b>	<b>80.00</b>	800.00

**Issued equity capital**
**Equity shares of INR 10 each issued and fully paid**

<b>At 1 April 2017</b>	<b>7.20</b>	72.00
Increase/(decrease) during the year	-	-
<b>At 31 March 2018</b>	<b>7.20</b>	72.00
Increase/(decrease) during the year	-	-
<b>At 31 March 2019</b>	<b>7.20</b>	72.00
Increase/(decrease) during the year	-	-
<b>At 31 March 2020</b>	<b>7.20</b>	72.00

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.

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

<b>Name of the shareholder</b>	<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
	<b>No. in lacs</b>	<b>% holding in the class</b>	<b>No. in lacs</b>	<b>% holding in the class</b>
<b>HMT Limited &amp; its nominee</b>	<b>7.2</b>	<b>100</b>	<b>7.2</b>	<b>100</b>

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

	<b>31/03/2020</b>	<b>31/03/2019</b>
	<b>No. in lacs</b>	<b>No. in lacs</b>
Cash	0.005	0.005
Issued for consideration other than cash	0.295	0.295
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	<b>6.900</b>	6.900
<b>TOTAL</b>	<b>7.200</b>	7.200

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 No. in lacs	31/03/2019 No. in lacs
<b>Statement of Changes in Equity</b>		
<b>A. Equity Share Capital</b>		
<b>Equity shares of INR 10 each issued, subscribed and fully paid</b>		
<b>At 1 April 2017</b>	<b>7.20</b>	<b>72.00</b>
Changes in equity share capital during the year		
<b>At 31 March 2018</b>	<b>7.20</b>	<b>72.00</b>
Changes in equity share capital during the year		
<b>At 31 March 2019</b>	<b>7.20</b>	<b>72.00</b>
Changes in equity share capital during the year		
<b>At 31 March 2020</b>	<b>7.20</b>	<b>72.00</b>

**Note to Financial Statements for the year ended 31st March 2020**
**12. Other Equity**

	Reserves and Surplus		Other Comprehensive income		
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
<b>Balance as of 1st April 2017</b>	<b>3,065.26</b>	<b>125.42</b>	-	<b>-29.88</b>	<b>3,160.80</b>
Transfer to General reserve	-				-
Remeasurement of the net defined benefit liability/asset, net of tax effect				13.48	13.48
Dividends including (DDT)					-
Profit for the period		13.60			13.60
<b>At 31 March 2018</b>	<b>3,065.26</b>	<b>139.02</b>	-	<b>-16.40</b>	<b>3,187.88</b>
<b>Balance as of 1st April 2018</b>	<b>3,065.26</b>	<b>139.02</b>	-	<b>-16.40</b>	<b>3,187.88</b>
Transfer to General reserve					
Remeasurement of the net defined benefit liability/asset, net of tax effect				-32.24	-32.24
Dividends including (DDT)		-			-
Profit for the period		151.09			151.09
<b>At 31 March 2019</b>	<b>3,065.26</b>	<b>290.11</b>	-	<b>-48.64</b>	<b>3,306.73</b>
<b>Balance as of 1st April 2019</b>	<b>3,065.26</b>	<b>290.11</b>	-	<b>-48.63</b>	<b>3,306.73</b>
Transfer to General reserve					
Remeasurement of the net defined benefit liability/asset, net of tax effect				0.27	0.27
Dividends including (DDT) (2018-2019)		-17.36			-17.36
Profit for the period		271.19			271.19
<b>At 31 March 2020</b>	<b>3,065.26</b>	<b>543.94</b>	-	<b>-48.36</b>	<b>3,560.83</b>

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>13. Provision for Employee Benefits</b>		
<b>Non-Current</b>		
Gratuity	81.98	103.45
Earned Leave Encashment	47.95	43.09
Settlement Allowance	4.70	5.22
<b>Total Non Current</b>	<b>134.62</b>	<b>151.76</b>
<b>Current</b>		
Gratuity	38.84	14.85
Earned Leave Encashment	13.89	4.51
Settlement Allowance	1.75	0.56
<b>Total Current</b>	<b>54.48</b>	<b>19.92</b>
<b>Total Net employee defined benefit liabilities</b>	<b>189.10</b>	<b>171.68</b>
<b>14. Trade payables</b>		
Trade Payables	2,206.07	2,150.19
Micro,small and medium enterprises	399.39	-
<b>Total Trade payables</b>	<b>2,605.46</b>	<b>2,150.19</b>
<b>15. Other Current Liabilities</b>		
Revenue received in advance	870.23	1,818.48
Due to Holding Company	69.53	12.92
Salaries and arrears payable	63.56	69.41
Statutory Dues Payable	-	4.19
Earnest Money Deposits	101.44	101.03
Retention Money from Suppliers	90.43	16.60
Tax Payables	9.42	10.10
Sundry Creditors (TA)	1.54	0.29
Warranty	308.04	225.12
PF Trust Loss payable	46.08	42.31
Others	2.66	2.16
Provision for SIB	1.68	2.00
GST Payable-RCM	-	0.09
TDS GST Payable	9.18	29.11
<b>Total Other Current Liabilities</b>	<b>1,573.79</b>	<b>2,333.81</b>

**NOTE - 1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020**
**PERTAINING TO BALANCE SHEET**
**INR in lakhs**

Sl. No.	Particulars	As at 31.03.2020	As at 31.03.2019
1	The Company is contingently liable for : Guarantees & Counter Guarantees and Letter of Credits issued to various parties by the Company's bankers to the extent not provided for, which is backed by cent percent margin money.	<b>2,454.60</b>	<b>3,327.26</b>
2	Trade Payables : Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company :		
	a Dues remaining unpaid as at the end of the year - Principal (Interest due Nil)	<b>399.39</b>	<b>NIL</b>
	b Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	<b>NIL</b>	<b>NIL</b>
	c Amount of interest due and payable for the period of delay in making the payment (which have been paid but beyond the appointed day during the year but without adding the interest under MSMED Act, 2006.	-	-
	d Amount of interest accrued and remaining unpaid as at the end of the accounting period.	-	-
	e Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises	-	-
3	Short Term Loans and Advances includes Adhoc payments to employees towards Wage/Salary, DA arrears, pertaining to 1992 is pending adjustment & provision to this extent has been made in the accounts	<b>5.93</b>	<b>4.99</b>
4	Income Tax liability under dispute :		
	a) The Income Tax Liability for FY 2008-09 of Rs. 10.05 Crores on account of revision order was in dispute before CIT (Appeals), order came in HMTI's favour. Income Tax Department has filed CIT(A) order with ITAT.		
	b) Income Tax Liability for FY 2010-11 of Rs. 70.81 lacs on account of revision order u/s 263 is in dispute and an appeal has been filed by revenue authorities with ITAT and pending for hearing .		
	c) The Income Tax Liability for FY 2011-12 of Rs. 7.98 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		
	d) The Income Tax Liability for FY 2010-11 of Rs. 2.99 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		
	e) The Income Tax Liability for FY 2009-10 of Rs. 1.71 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).		

Based on very fair grounds, the liability does not arise for all the above financial years. Hence, liability not provided for in the books of account.

- 5 The debts written off in the past, but, action of recovery proceedings is being continued before the Courts.
  - a) M/s. Nawab Cashew Packers, Kerala : Execution of an Arbitration Award of Rs. 69.23 Lakh is pending in various courts at Various Stages
  - b) M/s. Nucor Wires Ltd , Bangalore : Execution of an Arbitration Award of RS. 69.75 /- Lakh is pending in Hon'ble Supreme Court process.
- 6 Provision for Taxation has been made under provisions of the Income Tax Act, 1961.
- 7 Balances under Trade Receivables, Loans & Advances, Trade Payables are subject to confirmation, although confirmation has been sought in most of the cases.
- 8 **Proposed Dividend As per IND AS 10 :**

Dividends proposed or declared after the balance sheet date but before the financial statements have been approved for issue are not recognized as a liability at the balance sheet date. Accordingly, the figures of proposed dividend have been re-stated under the Note - Other Equity in the attached financial statements.

## NOTE - 1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020

### DISCLOSURE REQUIREMENT AS PER IND AS - 24

#### A -RELATED PARTIES

INR in lakhs

Relationship Name of the Transacting Related Party	Associate companies				HMT LIMITED, Holding Company				
	HMT Machine Tools Limited	HMT Watches Ltd	HMT Bearings Limited	Tractors Unit	Common service Division	Food Processing Division	Corporate Office		
Description of the nature of transactions	Purchases and Highseas Sales	Sharing of Common Expenditure	Sharing of Common Expenditure	Inter- corporate Loan *	Maintenance Services	Purchases and Sales	Proposed Dividend	General Services	Inter- Corporate Loan Renewal *
Value of the transactions	273.76	-	-	-	-	9.25	-	75.72	NIL
Other elements of related party transactions necessary for under- standing the Financial Statements	No substantial amounts involved during the year								
Balances Outstanding as at year end	1545.47 ( CR)	0.24 CR)	-	-	0.39 (CR)	9.56 (DR)	-	69.53 (CR)	NIL
Provision for Doubtful	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Disclosure of loans to Body Corporate u/s 186(2) of Companies Act, 2013

**B. HMT Ltd, being the Holding company shall produce consolidated financial statements for public use**

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020**

INR in lakhs

**SEGMENT REPORTING AS PER IND AS 108**

The company is carrying out the business of export of goods & services and setting up projects overseas, wherein the supply of goods & services are integral part of product as well as projects, consequently the primary business of the Company is same during the year. There exists no distinguishable segments to be reported upon.

**DISCLOSURE REQUIREMENT AS PER IND AS - 12****Depreciation**

Deferred Tax Assets / (Liabilities) as at 01.04.2019	-49.07
Charged / (credit) during the year	-5.27
Deferred Tax Assets / (Liabilities) as at 31.03.2020	<u><b>-43.80</b></u>

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>16. Revenue from operations</b>		
Sale of products	542.44	896.13
Technical Services	21.55	73.89
Projects Sales of Products	4,911.57	4,175.04
Projects Services	1,238.19	558.31
Export Assistance	1.19	4.06
<b>Total</b>	<b>6,714.93</b>	<b>5,707.43</b>
<b>17. Other income</b>		
<b>A. Other Non Operating Income</b>		
Provision of No Longer required	25.81	2.56
Tender Fees	0.68	5.31
Bad Debts Written off recovered	-	16.00
Creditors/Debtors written Off	-	-
	<b>26.48</b>	<b>23.87</b>
<b>B. Interest income</b>		
INTEREST ON ADVANCES - GROUP COMPANY'S UNITS	12.32	14.53
Interest on Bank Deposits with Banks	231.97	168.45
Interest on Inter corporate loan	-	
	<b>244.29</b>	<b>182.98</b>
<b>Total Other income</b>	<b>270.78</b>	<b>206.85</b>
<b>18. Cost of Goods Traded, Service and Works</b>		
<b>a. Cost of Goods Traded, Service and Works</b>		
Purchases	5,206.93	5,341.98
Purchases for Service contract	-	7.84
Training	171.53	210.95
Fee for Services Rendered	-	13.90
Freight on export	120.95	109.19
Insurance on exports	3.78	0.83
ECGC Premium	0.07	0.11
Clearing, handling and inspection	67.95	21.62
Overseas Agency Commission to agents	0.97	0.51
Erection & Commissioning charges	4.78	
Warranty Claims	-	10.37
Other expenses (As per below schedule)	144.04	79.55
<b>Cost of Goods Traded, Service and Works</b>	<b>5,721.00</b>	<b>5,796.85</b>

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>Other Expenses</b>		
Printing & stationery	0.16	0.01
Advertisement & Publicity	6.01	20.13
Office Maintenance	-	-
Travelling & Conveyance	117.18	37.43
Delegation & export promotion	0.05	1.73
After Sales Service	-	-
Entertainment Expenses	1.28	0.70
Bank charges	19.34	19.55
<b>Total</b>	<b>144.04</b>	<b>79.55</b>
<b>b. (Increase) / Decrease in Inventories</b>		
Inventory at the beginning of the year	669.06	16.48
Less: inventory at the end of the year	314.61	669.06
	<b>354.45</b>	<b>-652.58</b>
<b>Total</b>	<b>6,075.46</b>	<b>5,144.27</b>
<b>19. Employees' benefits expense</b>		
Salaries, Wages, Bonus and other benefits	196.77	187.23
House Rent Allowance	3.71	4.07
Gratuity Premium	-	-
Contribution to Provident Fund	23.42	23.84
Earned Leave Encashment	20.92	1.94
Settlement Allowance	1.60	1.48
Gratuity cost	13.30	70.19
Sales Incentive Bonus	14.01	8.02
Medical Benefits	4.06	4.57
Township	-	-0.34
Conveyance Reimbursement	0.82	2.62
Deposit Linked Insurance - PF	0.20	-
Staff Welfare Expenses	2.43	6.81
<b>Total</b>	<b>281.22</b>	<b>310.43</b>
<b>20. Depreciation and amortization expense</b>		
Depreciation of tangible assets	13.95	14.76
<b>Total</b>	<b>13.95</b>	<b>14.76</b>

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
<b>21. Finance Cost</b>		
Interest on Loan	0.21	6.52
<b>Total</b>	<b>0.21</b>	<b>6.52</b>
<b>22. Other expenses</b>		
Rent	12.37	9.47
Rates and taxes excluding tax on income	1.24	1.60
Office Maintenance	26.33	23.65
Printing & stationery	3.60	5.07
Recruitment Expenses	0.42	4.05
Royalty	31.52	16.37
Books, periodicals & membership fees	0.46	4.80
Electricity & water	2.02	0.24
Advertisement & Publicity	3.69	0.79
Postage, Telegrams, Courier	3.92	1.82
Communication	2.41	3.71
Audit fee:		
Statutory audit	0.44	0.44
Tax audit	0.20	0.20
Others	-	0.01
Travelling & Conveyance	14.31	28.69
Delegation & export promotion	0.36	1.85
After sales service	-	1.57
Entertainment Expenses	4.04	2.95
Repairs & Maintenance other than building & machinery	1.26	2.04
Insurance	0.03	0.08
Training, seminars & conference	0.38	0.01
Vehicle maintenance	0.87	1.06
Professional and legal charges	0.32	1.07
Bank charges	2.53	11.78
Fees for services rendered	22.66	17.77
Common expenses paid to Holding Co.	75.72	61.48
Corporate Social Responsibility (CSR)	-	0.07
Security Charges	11.31	12.95
Board Meeting Expenses	1.17	1.97
Miscellaneous expenses	0.93	0.60

**Note to Financial Statements for the year ended 31st March 2020**

	31/03/2020 INR Lacs	31/03/2019 INR Lacs
PF Trust Loss	3.77	13.61
Exchange Difference (Net)	-0.97	4.57
<b>Total</b>	<b>227.31</b>	<b>236.34</b>
<b>23. Other Comprehensive Income</b>		
Re-measurement gains/(losses) on defined benefit plans for Earned Leave Encashment	-	-
Gratuity	1.19	-48.11
Settlement Allowance	-0.98	3.45
<b>Total</b>	<b>0.21</b>	<b>-44.65</b>

For and on behalf of the Board

**S. GIRISH KUMAR**

Chairman & Managing Director

DIN NO : 03385073

**S. VELPANDIYAN**

Independent Director

DIN NO : 08700752

**As per our report of even date**

**For GPSV & Co.,**

**Chartered Accountants (FRN 013175 S)**

**PATIL NARAHARI LAXMAN RAO**

**Partner (M.No.222219)**

UDIN NO : 20222219AAAACK2195

**JAYANTHI VENKATESH**

**ASST GENERAL MANAGER (FINANCE)**

Place : Bangalore

Date : 24.06.2020

**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS**
**PERTAINING TO STATEMENT OF PROFIT AND LOSS**
**INR in lakhs**

Sl.No.	Particulars	Year ended 31.03.2020		Year ended 31.03.2019	
1	Revenue from operations includes Project Works including services executed under an agreement with Government of India against which physical exports have been completed up to 31.03.2020	6,149.76		4,873.39	
2	Other expenses include (Traveling and conveyance) Traveling expenses of Directors	13.53		15.69	
3	<b>Additional information as per the requirement of Schedule III of the companies Act, 2013</b>				
	<b>I. Cost of goods sold</b>				
	Imported	10 %	273.76	597.60	
	Indigenous	90%	6,441.17	5,109.83	
	<b>TOTAL</b>	<b>100%</b>	<b>6,714.93</b>	<b>5,707.43</b>	
	<b>II. CIF Value of Imports:</b>				
	Components & Accessories		273.76	597.60	
	<b>III. Earnings in Foreign Exchange</b>				
	a) FOB Value of Exports		258.87	235.33	
	b) Technical / project services		1,259.73	552.03	
	<b>TOTAL</b>		<b>1,518.60</b>	<b>787.36</b>	
	<b>IV Particulars of turnover:</b>	<b>Qty. Nos.</b>	<b>VALUE</b>	<b>Qty. Nos.</b>	<b>VALUE</b>
	Machine tools, spares & accessories	38	268.68	6	896.13
	Project Service & Supplies	184	6,149.76	389	4175.04
	Income from Technical services		21.55		632.20
	Export Incentives		1.19		4.06
	<b>TOTAL</b>		<b>6,441.17</b>	395	5707.43
	Note: The turnover includes Highseas Sales INR.273.76 (Previous year INR. 597.60)				
	<b>V Expenditure in Foreign Currency:</b>				
	Traveling Expenses		58.05		27.26
	Others		93.27		14.14

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

**i) Defined Contribution Plan:** (Rs. In Lakhs)

Particulars	Year Ended 31-Mar-20	Year Ended 31-Mar-19
Employer's Contribution to Pension Fund	-	-

**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 obtained the actuarial valuation report from the independent actuary except Provident Fund.

The principal assumptions used in determining gratuity and post-employment benefits obligations for the company's plan is shown below

	31-Mar-20	31-Mar-19
	%	%
Discount rate:		
Gratuity plan	7.81	7.81
Settlement Allowance	7.81	7.81
Earned Leave Encashment	7.81	7.81
Future salary increases:		
Gratuity plan	7.00	7.00
Settlement Allowance	7.00	7.00
Earned Leave Encashment	7.00	7.00

**Summary of Demographic Assumptions**

	Gratuity Plan		Settlement Allowance		Leave Encashment	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Summary of Demographic Assumptions						
Disability Rate (as % of above mortality rate)	100%	100%	100%	100%	100%	100%
Withdrawal Rate	5%	5%	5%	5%	5%	5%
Attrition Rate	1% to 3%	1% to 3%	1% to 3%	5%	1% to 3%	5%
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	11.15	10.1	11.15	7.58		
Proportion of Leave Availment					1%	5%
Proportion of encashment on separation					95%	95%

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS



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

	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	1-Apr-19	Service cost	Net interest expense & Past Service Cost	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
	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	(118.30)	(8.41)	(8.86)	(17.27)	12.94		1.82	1.82		1.82		(120.82)
Fair value of plan assets	38.60		4.47	4.47	(12.94)	(0.63)				(0.63)	12.73	42.24
Benefit liability	(79.70)		(12.80)	(12.80)	0.00					1.19	12.73	(78.58)

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

	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income								
	1-Apr-18	Service cost	Net interest expense & Past Service Cost	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-19
	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	(129.91)	(5.13)	(8.00)	(13.13)	125.63		(43.44)	(43.44)		(100.90)		(118.30)
Fair value of plan assets	167.51		14.12	14.12	(125.63)	(4.67)				(4.67)	(12.73)	38.60
Benefit liability	37.60		0.99	0.99	0.00					(105.57)	(12.73)	(79.70)

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### B. Earned Leave Encashment

31 March 2020 changes in the long term employee benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income										
	1-Apr-19	31-Mar-20	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from 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	INR Lacs
Defined benefit obligation	(47.60)	(4.38)	(3.66)	(8.04)	6.68	(12.88)	(12.88)	(61.83)					(61.83)
Fair value of plan assets													
Benefit liability	<u>(47.60)</u>			<u>(8.04)</u>	<u>6.68</u>						<u>(12.88)</u>	<u>0.00</u>	<u>(61.83)</u>

31 March 2019 changes in the long term employee benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income										
	1-Apr-18	31-Mar-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer
	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	(72.46)	(5.38)	(4.62)	(10.01)	26.49	8.37	8.37	(47.60)					(47.60)
Fair value of plan assets													
Benefit liability	<u>(72.46)</u>			<u>(10.01)</u>	<u>26.49</u>						<u>8.37</u>	<u>0.00</u>	<u>(47.60)</u>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS



### C. Settlement Allowance

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

1-Apr-19	Defined benefit cost charged to profit or loss						Remeasurement gains/(losses) in other comprehensive income					
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20	
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
(5.78)	(1.18)	(0.41)	(1.60)	1.91			(0.98)	(0.98)			(6.45)	
<b>(5.78)</b>			<b>(1.60)</b>	<b>1.91</b>				<b>(0.98)</b>		<b>0.00</b>	<b>(6.45)</b>	

Defined benefit obligation  
Fair value of plan assets

**Benefit liability**

31 March 2019 changes in the defined benefit obligation and fair value of plan assets

1-Apr-18	Defined benefit cost charged to profit or loss						Remeasurement gains/(losses) in other comprehensive income					
	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-19	
INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	
(11.00)	(1.02)	(0.46)	(1.48)	3.25			3.45	3.45			(5.78)	
<b>(11.00)</b>			<b>(1.48)</b>	<b>3.25</b>				<b>3.45</b>		<b>0.00</b>	<b>(5.78)</b>	

Defined benefit obligation  
Fair value of plan assets

**Benefit liability**

**Note to Financial Statements for the year ended 31st March 2020**
**Earnings per share (EPS)**

	<b>31-Mar-20</b>	<b>31-Mar-19</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
Profit attributable to equity holders:		
Continuing operations	271.19	151.09
Discontinued operation	0.00	0.00
<b>Total Profit including OCI</b>	<b>271.19</b>	<b>151.09</b>
Less Other Comprehensive income	0.00	0.00
<b>Profit attributable to equity holders for basic earnings</b>	<b>271.19</b>	<b>151.09</b>
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>271.19</b>	<b>151.09</b>
Weighted average number of Equity shares for basic EPS*	7,20,000	7,20,000
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>7,20,000</b>	<b>7,20,000</b>

\* 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.

**Income Tax**

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

	31-Mar-20 INR Lacs	31-Mar-19 INR Lacs
Statement of profit and loss		
Profit or loss section		
<b>Current income tax:</b>		
Current income tax charge	131.00	67.00
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-5.28	-16.13
<b>Income tax expense reported in the statement of profit or loss</b>	<b>125.72</b>	<b>50.87</b>
OCI section		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	0.06	12.42
<b>Income tax charged to OCI</b>	<b>0.06</b>	<b>12.42</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by tax rate for 31 March 2019 and 31 March 2020</b>		
Accounting profit before tax from continuing operations	387.57	201.96
<b>Accounting profit before income tax</b>	<b>387.57</b>	<b>201.96</b>
At India's statutory income tax rate of 27.82% (31 March 2020: 29.82%)	107.82	56.19
Depreciation	-0.42	-0.19
Defined Benefit Obligations	4.54	19.98
Effect of lower taxes paid through MAT	28.03	14.61
<b>At the effective income tax rate of 74.95% (31 March 2016: 35.62%)</b>	<b>139.97</b>	<b>90.58</b>
Income tax expense reported in the statement of profit and loss	125.72	50.87
	<b>125.72</b>	<b>50.87</b>
<b>Reconciliation of deferred tax liabilities, net</b>		
<b>Opening balance as of 1 April</b>	<b>49.10</b>	<b>77.66</b>
Tax income/(expense) during the period recognised in profit or loss	-5.28	-16.13
Tax income/(expense) during the period recognised in OCI	-0.06	-12.42
<b>Closing balance as at 31 March</b>	<b>43.76</b>	<b>49.10</b>

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.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**Employee Benefits (Contd.):**
**Sensitivity analysis:**

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and fully salary escalation rate. The following table summarises the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the assumptions by 100 basis points:

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	4.43	4.14	3.01	2.80
Change in rate of salary increase	1.24	1.40	2.70	2.88
Change in withdrawal rates	1.00	1.14	0.43	0.52

**(ii) Settlement Allowance**
(Rs. In lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	0.26	0.26	0.23	0.21
Change in rate of salary increase	0.27	0.29	0.05	0.05
Change in withdrawal rates	0.29	0.28	0.00	0.00

(iii) The expected contributions for gratuity for the next financial year will be Rs.38.84 lacs and Settlement allowance will be Rs. Nil.

### Checklist on COVID - 19 Impact for Trading Companies

Sl No	Auditor has to oversee the following points as advised in ICAI Accounting and Auditing Advisory by The Institute of Chartered Accountants of India	Reply
<b>1</b>	Valuation of Inventory	
	a) Whether the Realisable Value of the stock has been reduced due to COVID impact? What is the Market value of the stock as on 31st March 2020	Stock value has not reduced due to Covid impact, the market value of Stock is same as that represented in Financial Statement as of 31.03.2020
	b) As we are not able to verify the physical inventory as on 31st March, we need to take physical count on a date after 31st March 2020 but before the closure of audit. Hence, we will take the inventory on a convenient date and you should reconcile the inventory as per stock register as on 31st March 2020.	As HMT (I) Ltd is a Trading company, the stock would be despatched directly to the customer and only in few cases it will be held by the company. As of 31.03.2020 , no stock is held by the company in its custody
	c) Valuation of perishable and shorter shelf life items to be reassessed. Whether the items of this nature can be sold after 31st March considering COVID-19 restrictions.	There is no such stock as on 31.03.2020 .
<b>2</b>	Impairment Testing	
	a) Whether due to the Covid the company's business is seriously impacted and if so whether it is seriously effecting the fair value of the Fixed assets being less than the book value of the assets determined based on the Estimated Recoverable value of those Fixed Assets.	No , there is no impact in the business due to Covid 19 for the Financial year 2019-20
	b) If the impact on Service activities is temporary or permanent then need to discuss with the company management whether it demands impairment test.	No, there is no impact in the service activities due to Covid 19 for the Financial year 2019-20
<b>3</b>	Accounting for Investment	
	a) Whether there is any requirements of making provisions for decline in the value of investments, which is other than temporary?	No
	b) Current Investments: Impact of COVID-19 in determining the fair value.	Nil
<b>4</b>	Leases	
	a) Whether there is any change in terms of Lease Arrangements? (Anticipated revision will not be taken into account).	No
	b) Whether any compensation is given/declared by the Government to the lessor for providing concession to the lessee ?	No

	c) Whether any lease arrangement has become onerous? That is, whether the costs to be incurred on that Lease rent exceeds the benefits from the lease?	No
	d) Verify documents relating to revised lease terms and concession of lease payments.	Not Applicable
	e) Verify whether revised terms are considered for accounting of leases?	Not Applicable
<b>5</b>	<b>Revenue Recognition</b>	
	Revenue to be recognised only when the significant risks and rewards are transferred to the buyer.	
	a) Whether there are any instances such as goods ready for dispatch & earmarked for customers but not dispatched? In that case revenue recognition is to be postponed.	In such instances , revenue has not be recognised and they are available in closing stock as of 31.03.2020
	b) Whether Revenue recognition has been postponed due to significant uncertainties of collection in view of COVID-19? Entities needs to disclose the circumstances for which Revenue Recognition has been postponed.	No
	c) If such uncertainty of collection exists at the time of sale, revenue recognition is to be postponed. If such uncertainty arises subsequent to sale, provision is to be created.	No
	d) Whether there is any insurance recovery for business interruptions? If yes, details to be provided.	No
<b>6</b>	<b>Provisions, Contingent liabilities and Contingent Assets</b>	
	a) Whether there are any events occurring after the balance sheet date which require adjustments to Assets or Liabilities?	No
	b) Whether there is any significant recognition and measurement uncertainties that might have been created by the outbreak of the COVID -19 in measuring various assets and liabilities?	No
	c) How the management has dealt with the impact of COVID-19 on the financial position and financial performance of the entity? Disclosure is to be made.	As on Balance Sheet date , there has been no major impact due to Covid 19 which would impact the financial position and performance of the company as of 31.03.2020
	d) Whether there are any contracts for which costs such as imposition of penalty due to delay in supply of services, increase in cost of material, labour, etc. will exceed the benefit receivable from that contract? If yes, details of such contracts is to be provided.	No

	e) If, the management is unable to assess whether some of the contracts which are to be executed, have become onerous (Costs>Benefits) due to the inadequacy of information, the same should be disclosed	Even though there is a delay in execution of projects due to Covid 19 , as on date , there would not be any cost over - run.
	f) Whether there are any modifications or terminations of the existing Contracts relating to Employees, Employee share based payments, Derivative contracts, Construction contracts, Revenue contracts and others? If there are any such modifications or terminations, details to be provided to give effect to the events occurring after the Balance Sheet Date.	No
<b>7</b>	<b>Going Concern Assumption</b>	
	In brief, Going concern means the entity's ability to continue its operations in the foreseeable future. Financial statements are normally prepared on the assumption that an entity is a going concern.	
	a) Management of the entity should assess the impact of COVID-19 and the measures taken on its ability to continue as a going concern. Going concern Assessment may involve analysis of the impact of COVID-19 on suppliers and customers, availability of employees, ability to procure working capital requirements, insurance policies that cover the losses etc.,	The company is assessing the impact of Covid 19 on continuous basis and as on date , there is no major impact due to Covid 19 which would have an implication on the going concern assumption .
	b) Whether any events occurring after the balance sheet date indicate the risk that the entity may cease to be going concern?	No such event that would indicate the risk that the entity may cease to be a going concern has not occurred as on Balance Sheet date.
	c) Whether there are any interruptions in the supply and production cycle of the entity due to the COVID- 19 outbreak? If so, does management have a feasible recovery plan?	Not Applicable
	d) Whether the impact of COVID-19 is severe and left the management with no realistic alternative but to liquidate or cease operations?	No
	e) Whether the entity had scaled down its operations because of the impact of COVID-19?	For the Financial year 2020-21, the company has proposed to Downsize its operations/Sales by 15% (i.e. Sales TO target of Rs. 65 cr to 55 cr)

	<p>f) Has management performed a preliminary assessment of the entity's ability to continue as a going concern?</p> <p>Whether auditor has discussed with management the impact of the COVID-19 outbreak, if any, on their assessment?</p>	<p>Yes, The company is assessing the impact of Covid 19 on continuous basis and as on date, there is no major impact due to covid 19 which would have an implication on going concern assumption.</p>
	<p>g) Were there interruptions in the supply and production cycle of the entity due to the COVID- 19 outbreak? If so, does management have a feasible recovery plan? Do these events or conditions cast significant doubt about the entity's ability to continue as a going concern? Are these disruptions expected to continue for a foreseeable future and the action plan of the management to mitigate these risks?</p>	<p>No</p>
	<p>h) Did the auditor note any contradiction in audit evidence provided by the entity (e.g., different assumptions or inputs used for different purposes)?</p>	<p>No</p>
	<p>i) Are there any financial difficulties, resulting in additional credit risks, higher than usual bad debts and potential impairments and write-offs because of the COVID-19 outbreak? Has management considered these situations in their assessment of the entity's ability to continue as a going concern?</p>	<p>No</p>
	<p>j) Are there any potential issues related to debt, including debt covenants, which are applicable to the entity (for example, is the entity in compliance with debt covenants or do debt agreements contain material adverse change clauses or call provisions)? Has management considered these situations in their assessment of the entity's ability to continue as a going concern?</p>	<p>No</p>
	<p>k) Whether the auditor considered the risk of inadequate disclosures in the financial statements related to the COVID-19 outbreak and management's recovery plans?</p>	<p>Yes</p>

<b>8</b>	Income Taxes	
	a) Whether there is any risk that the future profits of the entity will be affected because of COVID-19?	There would be impact in the business on account of Covid 19 which is yet to be assessed by the management ( during II or III quarter of the year )
	b) Whether the entity may incur losses in the near future because of COVID-19?	The entity may incur loss due to Covid - 19
<b>9</b>	Consolidated Financial statements	
	a) Financial statements of parent and subsidiaries used in preparation of the consolidated financial statements are usually drawn upto the same date. It may be noted that in any case, difference between the reporting dates should not be more than six months.	Not applicable
<b>10</b>	Property, Plant and Equipment	
	a) The residual value and the useful life of an asset is to be reviewed considering COVID-19 and if expectations differ from previous estimates, same need to be properly accounted. To be discussed with the management and if there are assets which needs to be reassessed of its life then same need to be carried and effect should be suitably accounted in the books of account.	The same has been considered at the time of preparation of financial statements and there is no impact on residual value and useful life of the assets of the company as on 31.03.2020
<b>11</b>	Borrowing Costs	
	a) Whether there is any suspension in development of asset due to COVID-19 impact? If yes, then the capitalisation of Interest should be suspended.	No
<b>12</b>	Management's Responsibility	
	a) The management's responsibility includes making appropriate adjustments to the financial statements and ensuring necessary disclosures, such as disclosures of subsequent events, risks and uncertainties, and how events and conditions may impact future operating results, cash flows and financial position of the entity.	The management has reviewed subsequent events , risks and uncertainties and impact of these matters on the operating results , cash flows and financial position of the entity , accordingly as on date there are no impact
	b) Other disclosures may include business risk factors and management's discussion and analysis of results, liquidity and capital resources.	Wherever applicable disclosed

	<b>c) Management Representation</b>	
	The Management Representation letter should include the risk analysis from following areas:	
	i) Effect of Operational Disruption	Included
	ii) Reduction in Customer base	Included
	iii) Disruption in Supply chain effect	Included
	iv) Employees opting work from home	Included
	v) Contractual Non-Compliances	Included
	vi) Liquidity & Working Capital	Included
	vii) Effect of COVID-19 on Trade receivables & Loans and Advances and impact analysis.	Included

For GPSV & Co,  
Chartered Accountant,  
FRN : 0131755

**Patil Narahari Laxmanrao,**  
Chartered Accountant  
Partner  
M No : 222219

**Directions under section 143(5) of Companies Act 2013  
Applicable from the year 2019-20 and onwards:**

- I. Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

**The Company has established ERP System for processing all its Accounting transactions. There are no transactions that are accounted outside the ERP System. Hence the Financial implications of the same doesn't arise.**

- II. 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.

**Not Applicable**

- III. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.

**During the financial year 2019-20, the Company have not received any funds from the Central/ Stage agencies, accordingly the above clause is not applicable.**

In addition the auditor is required to comply with any additional Company / Sector specific direction issued under section 143(5) of the Companies Act, 2013 by the Field office entrusted with the supplementary audit of the Company.

**For GPSV & Co.,**  
Chartered Accountants  
FRN – 013175S

**Patil Narahari Laxmanrao**  
Partner  
M No: 222219

Place: Bangalore  
Date: 24-06-2020

**ANNEXURE I**

**Statement of Impact of Audit qualification (for Audit Report with modified opinion)  
submitted Along-with Annual Financial Results – (~~Standalone and Consolidated separately~~)**

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In lacs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income (Rs. in Lakhs)	6985.71	-
	2.	Total Expenditure (Rs. in Lakhs)	6598.14	-
	3.	Net Profit /(Loss) (Rs. in Lakhs)	271.19	-
	4.	Earnings Per Share (in Rs.)	37.67	-
	5.	Total Assets (Rs. in Lakhs)	8175.98	-
	6.	Total Liabilities (Rs. in Lakhs)	4543.15	-
	7.	Net Worth (Rs. in Lakhs)	3632.83	-
	8.	Any other financial item (s) (as felt appropriate by the Management)	-	-
II	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification : NOT APPLICABLE</b>			
	<b>b. Type of Audit Qualification :</b> Qualified Opinion/Disclaimer of Opinion/Adverse Opinion – <b>N.A.</b>			
	<b>c. Frequency of Qualification :</b> Whether appeared first time/repetitive/since how long continuing- <b>N.A.</b>			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views :</b> <b>N.A.</b>			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor: NOT APPLICABLE</b>			
	<b>(i) Management's estimation on the impact of Audit Qualification:</b>			
	<b>(ii) If Management is unable to estimate the impact, reasons for the same :</b>			
	<b>(iii) Auditors Comments on (i) or (ii) above :</b>			
III	<b>Signatories :</b>			
	• <b>CEO/Managing Director</b>			
	• <b>CFO</b>			
	• <b>Audit Committee Chairman</b>			
	• <b>Statutory Auditor</b>			
	<b>Place : Bangalore</b>			
	<b>Date : 24.06.2020</b>			

