INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
HMT WATCHES LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of HMT Watches Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion paragraph below and based on our audit and in view of non-compliance to various accounting standards, inadequacies in internal control system, absence of confirmation and reconciliation of balances in parties accounts, confirmationand other issues as discussed in the below paras, combined with non-availability of data to assess their impact on the financial statements and undetected misstatement, if any, contained therein, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

a) Going Concern Concept:

i) The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.

ii) The accumulated losses of the company as at the close of 31st March 2021 amounted to Rs.2,68,981.92 lakhs against which the paid up capital of the company is Rs.649.01lakhs and the losses has totally eroded the net worth of the company.

iii) The company has been incurring continues losses for the past many years.

iv) The total liabilities of the company as at the close of 31st March 2021 is Rs. 2,72,319.19 lakhs (Previous year Rs. 2,72,461.47/-lakhs) against which the Fixed and current assets book values are only Rs. 3,986.27 lakhs (Previous year Rs.3,858.66lakhs).

v) The contingent liabilities disclosed in the financial statements are Rs. 622.41 lakhs (Previous year Rs. 578.39/-lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

vi) Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.

B) The Company has not complied the disclosure for the following as per IND AS:-

i. IND AS 8: - The Company has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or, where the errors relates to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.

ii. IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.

iii. IND AS 109:- The Company has not recognized the interest free refundable security deposit at discounted value and Fair Value of recognition of financial assets and liabilities.

c) No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.

d) The company has not made provision for liability towards the interest payable under micro- small and medium enterprises development act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company if not ascertainable. In the absence of confirmation from vendors and non availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.

e) The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances and periodical verification of fixed assets.

f) GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.

g) No provision towards gratuity amounting to Rs. 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.

h) As stated in note no. 2.23, no provision is made for liabilities aggregating Rs. 213.89 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by Rs. 213.89 lakhs and corresponding understatement of current liabilities to that extent.

i) In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties as at the 31st March 2021.

j) As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted /written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakh during the year 2016-17.

However, as per the minutes of 79th meeting of board of directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016.

Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs. 2,69,378.75 lakh and overstated the negative balance of Other Equity (Note 2.10) by Rs. 2,69,378.75 lakh.

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

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

Key Audit Matters

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

Sl. No.	Key Audit Matter	Auditor's Response
1	Going concern assumption:- Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company. For notes on the going concern assumption and financing requirements, see the going concern on page 1 of Audit Report.
2.	Evaluation of uncertain tax matters: The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2.23 and 2.24 to the Financial Statements.	We have Obtained details of tax assessments and demands for the year ended March 31, 2021 from management. The company has not made any provisions for the disputed demands and inview oflack of information and uncertainties in estimating the tax provision and the possible outcome of the disputes, we are unable to concur with the management's position on these uncertainties.
3.	Examination of employee benefit expenses: Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibaghand has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947.	We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement.

Other Matters

i) Note No.2.8(b) – regarding inclusion of immovable properties in Non-current assets held for sale, vested under the Scheme of Arrangement approved by Government of India and non-carrying of the mutation of title deeds in the revenue records to that effect. Hence, the title to the immovable properties could not be verified.

ii) Note No. 2.8(c) – regarding possession of gifted land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land encroached upon and the matter taken up with the Government of

Karnataka to shift the un authorized occupants. Though the Company is in possession of lands at various units, it has not obtained up-to date encumbrance certificates from the concerned authorities to ascertain the extent of encroachment/ title verification.

iii) Note No. 2.24 to 2.26 regarding pendency of sales tax assessments, suits filed by employees and non ascertainment of liabilities on sale of land, respectively, not provided for in the accounts.

iv) Note No 2.12 – regarding loan from Government of India (GOI). We have not been provided confirmation from department of Heavy Industries.

v) Note No. 2.32 – regarding non refund of Rs.100 Lakhs to GOI out of Rs. 200 Lakhs – Plan Assistance received during March 2007 for meeting capital expenditure and accounting of FD in favour of Holding Company.

vi) We are unable to comment on the compliance of section 186 and 188 of Company Act 2013 in respect of advance given and transaction with related party entered during the year as necessary document for compliance of said section is not provided for our verification.

vii) Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.

viii) The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.

ix) Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the non current asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.

x) Thereisnosystemofobtainingperiodicalconfirmation of balances relating to trade receivables,trade payables, loans and advances,current liabilities and provisions and in many cases the balances are subject to reconciliation. The effect of the same on current assets and current liabilities and on the net loss for the year is not ascertainable. Reconciliation has not been done for many years. We are unable to obtain direct balance confirmation from parties in the absence of details of parties made available to us.

xi) The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.

xii) In Watch Marketing Division, Retention Deposit, EMD and Security Deposits and other old outstanding liabilities shown under other current liabilities continue to be carried forward even though all the showrooms were closed. Complete party wise details of such deposits are not available and no steps have been taken to ascertain the details and review/reconciliation of such deposits.

xiii) Company has not disclosed contingent liability if any relating to sale of land to Canara bank and subsequent claim by third party vide miscellaneous petition no. 621/622 pending adjudication.

xiv) One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.

xv) During the year the company has made one time payment to Prasar Bharathi for services received in earlier years amounting to Rs 22.94 lakhs, which was long pending. For which Prasar Bharathi had levied Rs 72.94 Lakhs interest/penalty for delayed payment, for which the company has asked to waive off the interest/penalty and it is pending for approval. The company has not made any provision for interest/penalty as at 31.03.2021.

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, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements:

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

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

b) In our opinion, subject to our observations mentioned in Basis for Qualified Opinion and Other Matter in above paragraph, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account, subject to our observations mentioned above in Basis for Qualified Opinion and Other Matter in above paragraph.

d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) In our opinion, based on the Notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs, Government of India, the requirements under sub-section (2) of section 164 of the Companies Act, 2013 does not apply to the Company, being a Government Company.

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

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements except for those already mentioned in the above report.

II. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts except for those already mentioned in the above report.

III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For N NYuvaraj & Associates
Chartered Accountants
Firm Reg No: 005137 S

Prithviraj U D)
Partner
M No 214307
UDIN:21214307AAAAAU7836

Place: Bangalore
Date:16.06.2021

ADDENDUM TO THE INDEPENDENT AUDITORS' REPORT Dated 16th June 2021 ON THE FINANCIAL STATEMENTS OF HMT WATCHES LIMITED FOR THE YEAR ENEDED 31ST MARCH 2021

TO THE MEMBERS OF HMT WATCHES LIMITED, BANGALORE

This letter serves as an addendum to and should be read in conjunction with our Independent Auditors' Report dated 16th June 2021 on the financial statements of the Company. This addendum forms part and parcel of our Report.

After Paragraph: "As required by Section 143 (3) of the Act, Based on our Audit we report that: of Independent Auditors' Report dated 16th June 2021, the following Paragraph is inserted:

Sl.No.	Particulars	Remarks
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is in the process of closure of the company. All the accounting transactions during the year were made through IT system. Based on our verification, there are no significant impacts on the integrity of the accounts or towards financial implications for the company.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest, etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No such cases noticed during the year.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for /utilized as per its terms and conditions? List the cases of deviation.	No such cases noticed during the year.

For N N Yuvaraj & Associates
Chartered Accountants
Firm Reg No: 005137

Place: Bangalore
Date: 16.06.2021

(CA Prithviraj U D)
Partner
M No 214307
UDIN:21214307AAAAU7836

The 'ANNEXURE A' referred tothe Our Report of even date to the members of HMT WATCHESLIMITED, BANGALORE on the accounts of the company for the year ended 31st March, 2021.

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

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March 2021. We report that:

i) In respect of its Fixed Assets:

a. The Company has not maintained up to date proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

b. As explained to us, the fixed assets have been not physically verified by the management and in the absence of such physical verification we are unable to comment on discrepancies.

c. We are unable to comment on whether the title deeds of immovable properties are held in the name of the Company as sufficient information and appropriate evidence supporting the same in the units where we have audited are not made available to us and in the absence of the specific comment on the same by the other Auditors in their Report.

ii) In respect of its Inventories:

a) According to information and explanation provided to us, the management has carried out physical verification of inventory.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories.

iii) The company has not granted any loans, secured or unsecured, to any company, firm or other parties listed in the register maintained under section 189 of the Act. Accordingly, clause (iii)(a) and (b) of paragraph 3 of CARO 2016 is not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has not complied with the provisions of Section 185 and 186 of the Act, with respect to the loans made to the holding companies.

v) In our opinion and according to the information and explanations given to us, during the year, the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act or any other relevant provisions of the Companies Act or the rules framed there under or directions issued by RBI. Therefore this clause is not applicable to the Company.

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

vii) In respect of statutory dues:

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

According to the information and explanations given to us, the details of undisputed amounts payable in respect of the aforesaid dues outstanding as at March 31, 2021 for a period of more than six months from the date of becoming payable are given below:-

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

b) According to the information and explanations given to us,there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess which have not been deposited as on March 31, 2021 on account of disputes except the following:-

Name of the Statute	Nature of dues	Amount (Rs. In Lakh)
Sales Tax		23.20
Central Excise Act, 1944	Goods Seized	232.79
Others		9.49
Employees Provident Fund and Misc. Provisions Act, 1952	Interest Under Sec. 7Q of PF Act Penal Interest for damages under Sec. 14B of the PF Act	1348.57
Arbitration	Arbitration cases	70.90

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

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

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

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

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

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

xiv) According to the information and explanations given to us, the company has not made any preferential allotment /private placement of shares or fully or partly convertible debenture during the year under review and therefore this clause is not applicable to the company.

xv) According to the information and explanations provided to us, the company has not entered into any Non-cash transactions with Directors or persons connected with him and therefore this clause is not applicable to the company.

xvi) According to the Information and Explanation given to us, the company is not required to obtained the registration under section 45-IA of the Reserve Bank of India Act, 1934.

For N NYuvaraj& Associates
Chartered Accountants
Firm Reg No: 005137 S

Place: Bangalore
Date: 16.06.2021 **(CA Prithviraj U D)**

Partner
M No 214307
UDIN:21214307AAAAU7836

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

(Referred to in"Report on Other Legal and Regulatory Requirements" paragraph 2 (f) of our report of even date)

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

We were engaged to audit the internal financial controls over financial reporting of **HMT Watches Limited, Bangalore** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N NYuvaraj & Associates
Chartered Accountants
Firm Reg No: 005137 S

(CA Prithviraj U D)
Partner
M No 214307
UDIN:21214307AAAAAU7836

Place: Bangalore
Date: 16.06.2021

QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES

HMT WATCHES LIMITED FOR THE FY 2020-21

Audit Observations	Management Reply	Frequency of Qualification
Basis for Qualified Opinion **a) Going Concern Concept:**		
i) The Board of Directors in its 72nd board meeting held as on 18.01.2016 has decided to close down the company after getting the approval from cabinet committee of Economic Affairs.	The Company is a subsidiary of HMT Limited and has been carrying on its activities. The Company has been receiving financial support from the Government of India. The financial statements have been prepared as per Ind	Repititive
ii) The accumulated losses of the company as at the close of 31st March 2021 amounted to Rs.2,68,981.92 lakhs against which the paid up capital of the company is Rs.649.01lakhs and the losses has totally eroded the net worth of the company.	DHI conveyed vide letter dated 13-1-2016, the decision of the CCEA to close the Company by sending the all the employees on VRS/VSS. The Company has relieved all the employees on VRS/VSS and retrenchment. The company also disposed all the movable assets of the company at Bangalore and Tumkur.The company is in the process of disposing the movable assets at WFR	Repititive
iii) The company has been incurring continues losses for the past many years.	The company will settle all the liabilities of the company and remove the name of the company From ROC.	Repititive
iv) The total liabilities of the company as at the close of 31st March 2021 is Rs. 2,72,319.19 lakhs(Previous year Rs. 2,72,461.47/-lakhs) against which the Fixed and current assets book values are only Rs. 3,986.27 lakhs (Previous year Rs.3,858.66lakhs).	The company disposed the Immovable assets of the company at TUMKUR. The company is in the process of disposing the immovable assets at Bangalore and Ranibagh	Repititive
v) The contingent liabilities disclosed in the financial statements are Rs. 622.41 lakhs (Previous year Rs. 578.39/-lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.		Repititive

Audit Observations		Management Reply	Frequency of Qualification
vi)	Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.		
b)	The Company has not complied the disclosure for the following as per IND AS:-		
i)	IND AS 8: - The Company has not done the retrospective adjustment of prior period errors and omissions by restating the comparative amounts for prior period presented or, where the errors relates to the period(s) before the earliest prior period presented, restating the opening balance of assets, liabilities and equity for that period.	The Company made the payments for the prior period expenses which arised during the FY and sanction obtained from Board of Directors also during the FY	Repititive
ii)	IND AS 36:- The Company has not identified, measured, quantified and disclosed the impairment of assets and its impact on the current financial statements.	The company is under closure and classified all its PPE under Non-Current Assets held for sale at Book Value, the NRV is more than the Book Value, hence there is no impairment.	Repititive
iii)	IND AS 109:- The Company has not recognized the interest free refundable security deposit at discounted value and Fair Value of recognition of financial assets and liabilities.	The Company is under closure and extinguishing all its liabilities and realizing all assets at the earliest to remove its name from ROC. Therefore security deposit has to be refunded immediately	Repititive
c)	No provision for additional duty redemption fine and penalty of Rs.150.00 lakhs was made in the accounts relating to watch components valued at Rs. 343.30 lakhs taken into custody by the Customs authorities in the earlier years in Watch Factory, Ranibagh.	The case is settled in favor of the Company, hence no provision required.	Repititive

	Audit Observations	Management Reply	Frequency of Qualification
d)	The company has not made provision for liability towards the interest payable under micro-small and medium enterprises development act 2006, if any, in the accounts. The impact of non provision for such interest on the financial results of the company if not ascertainable. In the absence of confirmation from vendors and non availability of adequate information with the units, provision made towards interest and the principal amount disclosed as dues as on balance sheet date, we are unable to comment on the adequacy of provision and the impact on the financial statements.	As per the data / information available with the Company, the Vendors are not MSME Certified/Registered.	Repititive
e)	The company did not follow the established internal controls such as performing account reconciliations, obtaining periodical conformation of balances and periodical verification of fixed assets.	All the trade receivables are pertaining prior to the period of 2005. We have made provision for all the trade receivables. However, it is to be noted that all the parties are under litigation and with the court cases	Repititive
f)	GST liability under reverse charge mechanism has neither been ascertained nor provided for in the accounts. Impact of the same on the Net Loss of the Company is not ascertainable.	The company made all the GST payments and also availed the input credit while making the payment.	Repititive
g)	No provision towards gratuity amounting to Rs. 28 Lakhs during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon’ble High Court of Karnataka to deposit Rs. 28 Lakhs, which is contrary to IND AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.	The company deposited Rs 28.00 lakhs as per the ALC order. The company not recognized the liability and contested in the Hon’ble High Court of Karnataka.	Repititive

	Audit Observations	Management Reply	Frequency of Qualification
h)	As stated in note no. 2.23, no provision is made for liabilities aggregating Rs. 213.89 lakhs in respect of employee related claims relating to lockouts, back wages, incentives, annual bonus etc. This has resulted in understatement of net loss by Rs. 213.89 lakhs and corresponding understatement of current liabilities to that extent.	This case pertains to 1979-80. As all the employees are relieved on VRS after obtaining undertaking of no dues from the Company. The Company will review the status of the cases and corrective action will be taken during 2020-21	Repititive
i)	In pursuant to distress warrant dated 23-12-2011 issued by Bangalore Mahanagara Palike for recovery of Rs. 381.31 lakhs of property tax along with penalty for the period from 01-10-1995 to 2011-12, a total provision of Rs. 665.19 lakhs has not been made towards such taxes and penalties as at the 31st March 2021.	The Company has made one-time settlement with BBMP. Awaiting the final order.	Repititive
j)	As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted / written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakh during the year 2016-17. However, as per the minutes of 79th meeting of board of directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016. Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs. 2,69,378.75 lakh and overstated the negative balance of Other Equity (Note 2.10) by Rs. 2,69,378.75 lakh. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.	DHI communicated the company vide letter dt. 13-1-2016, the GOI loans will written off after closure of the company	Repititive

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

The preparation of financial statements of HMT Watches Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 June 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not conduct the supplementary audit of the financial statements of HMT Watches Limited for the year ended 31 March 2021 under Section 143(6)(a) of the Act.

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

M. S. Subrahmanyam

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

Place: Hyderabad
Date: 19 July 2021

1. Significant Accounting Policies:

i) Basis of preparation:

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

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

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

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

b) Property, Plant & Equipment

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

(a) on disposal; or

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

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

Special Tools:

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

c) Leases

The Company as a lessor

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

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

Operating Leases as a Lessor

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

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

The Company as a lessee

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

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

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

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

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

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

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

d) Borrowing Cost:

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

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

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

e) Investment Property:

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

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

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

f) Intangible Assets:

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

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

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

iv) Research and Development Expenditure:

Research Phase:

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

Development Phase:

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

g) Depreciation and Amortisation:

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

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

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

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

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

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

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

i) Government Grants:

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

j) Inventories:

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

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

Provision for Non-moving and slow moving inventories is made considering the redundancy and best estimates of Management of net realisable value of such inventories. However, inventories unmoved for more than five years, provision is made based on further review of the redundancy of various categories of inventories.

k) Revenue Recognition:

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

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

i) Sale of goods and services:

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

ii) Rental Income:

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

iii) Dividend Income:

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

i*v) Inte*rest Income:

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

*v) War*ranty:

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 v*i) Ext*ended Warranties:

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

l) Foreign Currency Translation:

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

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

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

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

m) Retirement & Other Employee Benefits:

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

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

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

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

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

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

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

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

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

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

n) Income taxes:

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

i) Current taxes:

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

ii) Deferred Taxes:

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

o) Provisions:

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

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

p) Impairment:

i) Financial assets:

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

ii) Non-financial assets:

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

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

q) Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortised cost:

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

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

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

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

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

v) Financial Liabilities:

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

vi) De-recognition of financial instruments:

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

vii) Fair value of financial instruments:

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

Fair value hierarchy:

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

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

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

viii) Investment in subsidiaries, joint ventures and associates:

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

iii) Significant accounting judgements, estimations and assumptions:

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

i) Judgements:

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

a Operating lease– Company as lessor:

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

b Discontinued Operations:

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

c Property, plant & equipment:

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

ii) Estimates and assumptions:

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

a Deferred Taxes

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

b Defined Benefit Obligations:

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

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

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

c Other Long-Term Employee Benefits:

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

d Fair value measurement of financial instruments:

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

BALANCE SHEET AS AT 31.03.2021

(Rs. In Lakhs)

Particulars	NOTE NO	Year ended 31-Mar-21	Year Ended 31-Mar-20
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2.2	**-**	-
Current Assets			
a) Inventories	2.3	**-**	-
b) Financial Assets			
i. Trade Receivables	2.4	**-**	-
ii. Cash and Cash Equivalents	2.5	**2,171.82**	2,205.67
iii. Other Financial Assets	2.6	**156.10**	69.67
c) Other Current Assets	2.7	**1,362.29**	1,287.26
Non Current Assets Held for Sale	2.8	**296.06**	296.06
TOTAL ASSETS		**3,986.27**	3,858.66
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.9	**649.01**	649.01
Other Equity	2.10	**(2,68,981.92)**	(2,69,251.83)
Non-current liabilities			
a) Financial liabilities			
b) Provisions			
i. Employee Benefit obligations		**-**	-
c) Other non- current liabilities			
Current liabilities			
a) Financial liabilities			
i. Borrowings		**-**	-
ii. Trade and other payables	2.11	**213.03**	244.68
iii. Other financial liabilities	2.12	**2,69,378.75**	2,69,378.75
b) Provisions			
i. Employee Benefit obligations		**-**	-
ii. Others	2.13	**-**	-
c) Other current liabilities	2.14	**2,727.41**	2,838.04
TOTAL LIABILITIES		**3,986.27**	**3,858.66**
Summary of Significant Accounting Policies	2.1		
See accompanying notes to the financial statements	2.2 To 2.39		

As per our report of even date attached
FOR N N YUVARAJ & ASSOCIATES
Chartered Accountants
FRN : 005137 S

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

U D Prithviraj	**S Girish Kumar**	**Parveen Gupta**	**Ramakant Singh**
Partner	Chairman	Director	Director
M.No.214307	DIN: 03385073	DIN 08152959	DIN 08360278

Place : Bangalore
Date :

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

(Rs. In Lakhs

Particulars	NOTE NO	Year ended 31-03-2021	Year ended 31-03-2020
Continuing Operations		-	-
Discontinued Operations			
Revenue from operations	2.15	-	35.48
Other income	2.16	**148.29**	99.44
Total revenue		**148.29**	**134.92**
Expenses			
Cost of material consumed	2.17	**201.45**	221.13
Changes in inventory of work-in progress, stock-in- trade and finished goods.	2.18	**368.56**	406.40
Employee benefit expense	2.19	-	21.20
Other expense	2.20	**177.86**	322.23
Finance Cost	2.21	**26.26**	20.95
Total expenses		**774.13**	**991.91**
Profit/ (loss) before exceptional items and tax		**(625.84)**	(856.99)
Exceptional items	2.22	**895.75**	1,041.77
		-	-
Profit/ (loss) before tax		**269.91**	**184.78**
Tax expense			
a) Current tax		-	-
b) Deferred tax		-	-
c) Income Tax for earlier year		-	89.13
Profit/ (loss) for the period from discontinued operations		**269.91**	95.65
Profit/ (loss) for the period		**269.91**	**95.65**

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

(Rs. In Lakhs

Particulars	NOTE NO	Year ended 31-03-2021	Year ended 31-03-2020
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement Gains/(Loss) on Defined Benefit Obligations		-	-
Items that will be reclassified to profit or loss			
Other Comprehensive Income		-	-
Total comprehensive income for the period		**269.91**	**95.65**
Earnings per equity share (for continuing operations)			
a) Basic		-	-
b) Diluted		-	-
Earnings per equity share (for discontinued operations)			
a) Basic	2.38	**4.16**	1.47
b) Diluted		**4.16**	1.47
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		**4.16**	1.47
b) Diluted		**4.16**	1.47
Summary of Significant Accounting Policies	2.1		
See accompanying notes to the financial statements	2.2 To 2.39		

As per our report of even date attached
FOR N N YUVARAJ & ASSOCIATES
Chartered Accountants
FRN : 005137 S

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

U D Prithviraj
Partner
M.No.214307

S Girish Kumar
Chairman
DIN: 03385073

Parveen Gupta
Director
DIN 08152959

Ramakant Singh
Director
DIN 08360278

Place : Bangalore
Date :

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-21	Year Ended 31-Mar-20
Operating activities		
Profit before tax from continuing operations	**-**	-
Profit/(loss) before tax from discontinued operations	**269.91**	184.78
Profit before tax	**269.91**	**184.78**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	**-**	0.00
Gain/(Loss) on disposal of property, plant and equipment	**(300.90)**	(409.15)
Finance income	**(143.05)**	(97.33)
Finance Cost	**26.26**	20.95
Working capital adjustments:		
Movements in provisions, gratuity	**0.00**	(778.03)
Increase in trade and other receivables and prepayments	**(161.46)**	538.05
Decrease in inventories	**0.00**	85.13
Increase in trade and other payables	**(142.30)**	(1,066.31)
	(451.54)	(1,521.92)
Income tax paid	**0.00**	(129.13)
Net cash flows from operating activities	**(451.54)**	**(1,651.05)**
Investing activities		
Proceeds from sale of property, plant and equipment	**300.90**	414.29
Interest received	**143.05**	97.33
Net cash flows used in investing activities	**443.96**	**511.62**
Financing activities		
Proceeds from Loan/(Repayment of Loan)	**0.00**	2,439.00
Interest paid	**(26.26)**	(20.95)
Net cash flows from/(used in) financing activities	**(26.26)**	**2,418.05**
Net increase in cash and cash equivalents	**(33.85)**	1,278.62
Cash and cash equivalents at the beginning of the year	**2,205.67**	927.04
Cash and cash equivalents at year end	**2,171.82**	**2,205.67**

Note: 1) The above Cash flow statement has been prepared under the indirect method as set out in Ind AS 7
2) The Cash and Cash equivalents has been considered as per Note No.2.5

As per our report of even date attached
FOR N N YUVARAJ & ASSOCIATES
Chartered Accountants
FRN : 005137 S

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

U D Prithviraj	**S Girish Kumar**	**Parveen Gupta**	**Ramakant Singh**
Partner	Chairman	Director	Director
M.No.214307	DIN: 03385073	DIN 08152959	DIN 08360278

Place : Bangalore
Date :

Notes on finanacial Statements for the year ended

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

(Rs. In Lakhs)

Balance at the beginning of the reporting period 1st April 2019	Changes in equity share capital during the year 2019-20	Balance at the end of the reporting period 31st March 2020	Changes in equity share capital during the year 2020-21	Balance at the end of the reporting period 31st March 2021
6,49,01,000	Nil	6,49,01,000	Nil	6,49,01,000

B. Other Equity

Particulars	Reserves and Surplus					Other Comprehensive Income		
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Discontinued operations	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
Balance as of 1st April 2019	-	-	-	-	(2,75,923.61)	-	6,576.13	(2,69,347.48)
Changes in accounting policy or prior period errors								-
Restated balance as of 1st April 2019	-	-	-	-	(2,75,923.61)	-	6,576.13	(2,69,347.48)
Discontinued operations					95.65			95.65
Remeasurement of the net defined benefit liability/asset, net of tax effect					-			-
Total Comprehensive Income for the year								-
At 31 March 20	**-**	**-**	**-**	**-**	**(2,75,827.96)**	**-**	**6,576.13**	**(2,69,251.83)**

Particulars	Reserves and Surplus				Other Comprehensive Income			Total equity attributable to equity holders of the company
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Discontinued operations	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
Balance as of 1st April 2020	-	-	-	-	(2,75,827.96)	-	6,576.13	(2,69,251.83)
Changes in accounting policy or prior period errors								-
Restated balance as of 1st April 2020	-	-	-	-	(2,75,827.96)	-	6,576.13	(2,69,251.83)
Discontinued operations					269.91	-	-	269.91
Remeasurement of the net defined benefit liability/asset, net of tax effect					-	-	-	-
Total Comprehensive Income for the year								-
At 31 March 2021	**-**	**-**	**-**	**-**	**(2,75,558.05)**	**-**	**6,576.13**	**(2,68,981.92)**
Money received against share warrants	**NIL**							

As per our report of even date attached
FOR N N YUVARAJ & ASSOCIATES
Chartered Accountants
FRN : 005137 S

U D Prithviraj
Partner
M.No.214307

Place : Bangalore
Date :

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

S Girish Kumar
Chairman
DIN: 03385073

Parveen Gupta
Director
DIN 08152959

Ramakant Singh
Director
DIN 08360278

Notes on financial statements

2.2 PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

Particulars	Land - Freehold	Land- Leasehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Special Tools	Total
Gross Block								
At 1 April 2019	-	8.84	-	-	-	-	-	**8.84**
Additions								**-**
Disposals		(8.84)						**(8.84)**
Assets Held for Sale	-		-	-	-	-	-	**-**
At 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions								**-**
Disposals		-						**-**
At 31 March 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated Depreciation								
At 1 April 2019	-	3.70	-	-	-	-	-	**3.70**
Depreciation/Amortisation charge for the year		-						**-**
Disposals		(3.70)						**(3.70)**
Assets Held for Sale	-		-	-	-	-		**-**
At 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation/Amortisation charge for the year		-				-	-	**-**
Disposals		-						**-**
Assets Held for Sale	-		-	-	-	-		**-**
At 31 March 2021	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Net book value								
	-	**-**	**-**	**-**	**-**	**-**		
At 31 March 2021	**-**	**-**	**-**	**-**	**-**	**-**		**-**
At 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**		**-**

Net book value	**31-03-2021 Amount**	**31-03-2020 Amount**	
Plant Property and Equipment	-	-	-

2.2(a) The Company was in posession of 92.30 acres of Land at WFR. (Purchased land 33.655 acres, acquired 11.967 acres, Govt Land 13.36 acres and lease hold land of 33.32 acres). However during financial year 2019-20 the lease hold land of 33.32 acrees at Ranibagh was surrendered to the State Govt of Uttarakhand & the balance free hold land of 44.05 acres at Ranibagh shown under Non-curent assets held for sale vide note no.2.8

Notes on financial statements

	Particulars	31-3-2021 INR Lacs	31-3-2020 INR Lacs
2.3	**INVENTORIES**		
	(At Cost or NRV whichever is lower)		
	Raw Materials	**-**	10.66
	MIT		-
	Stores and Spares	**-**	190.79
	Scrap	**-**	10.33
	Finished Goods	**-**	222.45
	Work-in-progress	**-**	135.78
	Total	**-**	**570.01**
	Less: Provisions	**-**	(570.01)
	Total	**-**	**-**
2.4	**TRADE RECEIVABLES**		
	Trade receivable others	**-**	-
	Total	**-**	**-**
	TRADE RECEIVABLES		
	Secured Considered good		
	Unsecured, considered good	**-**	-
	Doubtful	**3,863.98**	3,863.98
	Less Allowance for doubtful Debts	**(3,863.98)**	(3,863.98)
	Total	**-**	**-**
	Trade Receivable for a period > 6 Month	**-**	-
	Trade Receivable for a period < 6 Month	**-**	-
2.5	**CASH AND CASH EQUIVALENTS**		
	Balances with scheduled banks		
	- Current Account	**99.20**	132.95
	Deposit with scheduled banks	**2072.62**	2,072.72
	Cash on hand		-
	Total	**2,171.82**	**2,205.67**
2.6	**OTHER FINANCIAL ASSETS**		
	Interest Accrued on Bank deposit	**156.10**	69.67
	Total	**156.10**	**69.67**
2.7	**OTHER CURRENT ASSETS**		
	Dues from Related Parties		
	Machine Tools Ltd	**-**	107.83
	HMT Ltd	**1,026.52**	866.12
	HMT (I) Ltd	**-**	0.25
	Secured		
	- Considered Good	**23.80**	23.80

Notes on financial statements

Particulars	31-3-2021 INR Lacs	31-3-2020 INR Lacs
(Unsecured considered good)		
- Considered Good		-
- Claims recoverable	**229.19**	229.19
(Unsecured considered Doubtful)		
- Capital Advances	**5.70**	10.98
- Other Advance	**0.26**	0.26
Less: Provision for doubtful advances	**(5.96)**	(11.24)
- Claims recoverable	**7.74**	7.74
Less : Provision for Doubtful Claims	**(7.74)**	(7.74)
Deposits with various authorities	**25.56**	10.30
Balance with Revenue Authorities	**57.21**	49.77
Total	**1,362.29**	**1,287.26**
2.8 Non Current Assets Held for Sale		
Land - Freehold	24.04	24.04
Buildings	272.02	272.02
Total	**296.06**	**296.06**
***Reclassification**		

2.8(a) The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off to meet the closure liabilities. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.

2.8(b) Non Current Assets Held for Sale includes immovable properties vested under the Scheme of Arrangement approved by Govt. of India. However, the mutation of title deeds are yet to be carried out in the revenue records to that effect.

2.8(c) The Company is in the possession of gift land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the un-authorised occupants.

2.8(d) During 2003-04 based on a MOU entered in to between HMT Ltd. and the Company, certain lands were sold and the profit on sale of such lands amounting to Rs.1421 lakhs were accounted in HMT Ltd. books. Equivalent value of the land is yet to be identified and transferred to the Company.

2.8(e) The Company is in possession of land at Ranibhag admeasuring 44.05 acres (purchase 33.655 acres and acquired 11.967 acres).

2.8(f) Fixed assets have been transferred from the Holding Company to the Subsidiary at the Gross values, Reserve for Depreciation and Net values as on 1.4.2000 in line with Para 10(J) and Annexure 13 of the Scheme of Arrangement approved by the Department of Company Affairs. Depreciation has been charged for the year 2000-2001 and onwards on the original cost of the assets on straight line basis, keeping in view the estimated life of the asset.

Notes on financial statements

NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

2.9 Share Capital

Share capital	**Authorised share capital**	
		Equity Shares
	Number (In Lakhs)	**Amount**
At 1 April 2019	70	700.00
Increase/(decrease) during the year	-	-
At 31 March 2020	**70**	**700.00**
Increase/(decrease) during the year	-	-
At 31 March 2021	**70**	**700.00**

	Issued Capital Equity shares of INR 10 each issued and fully paid	
	Number	**Amount**
At 1 April 2019	**64,90,100**	**649.01**
Increase/(decrease) during the year	**-**	-
At 31 March 2020	**64,90,100**	**649.01**
Increase/(decrease) during the year	-	-
At 31 March 2021	**64,90,100**	**649.01**

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

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

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

Name of the Share Holder	No of Shares	% holding	No of Shares	% holding
HMT Limited				
Equity shares of INR10 each fully paid	64,90,100	100.00%	64,90,100	100.00%

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

Notes on financial statements

Particulars	31-3-2021 INR Lacs	31-3-2020 INR Lacs
2.10 Other Equity		
Retained Earnings	(2,68,981.92)	(2,69,251.83)
Total	**(2,68,981.92)**	**(2,69,251.83)**

Components of other comprehensive income (OCI)

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

During the year ended 31 March 2020

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

During the year ended 31 March 2021

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

2.11 TRADE AND OTHER PAYABLES

Due to micro and small enterprises*	**-**	-
Dues to Trade Payable	**213.03**	244.68
Total	**213.03**	**244.68**

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

2.12 OTHER FINANCIAL LIABILITIES

GOI Liabilities	**2,69,378.75**	2,69,378.75
Total	**2,69,378.75**	**2,69,378.75**

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

Notes on financial statements

	Particulars	31-3-2021 INR Lacs	31-3-2020 INR Lacs
2.13	**PROVISIONS- OTHERS**		
	Income tax provision	-	-
	Closing Balance	**-**	**-**
2.14	**OTHER CURRENT LIABILITIES**		
	Dues to Related Parties		
	HMT Ltd, (Holding Company)	**36.73**	-
	Statutory Liability	**130.02**	113.02
	Advance Received Sale Of Assets (MSTC)	**(5.58)**	81.79
	Advance received against sale of land & Building	**926.64**	926.64
	E M D Received	**0.75**	0.75
	Retention Deposit	**1.47**	1.47
	Security Deposit	**7.30**	7.30
	Gratuity Payable	**17.64**	17.64
	Less: Fund Available in Gratuity Trust	**(569.43)**	(539.75)
	Earned Leave Encashment Payable	**29.35**	29.35
	Pay Revision Payable	**86.96**	86.96
	Settlement Allowance Payable	**7.93**	7.93
	Others	**696.33**	732.78
	Expenses Payable	**12.74**	23.60
	7Q & 14B Interest Payable	**1,348.57**	1,348.57
	Total	**2,727.41**	**2,838.04**
2.15	**REVENUE FROM OPERATIONS**		
	Sale of Watches	-	35.48
	Total	**-**	**35.48**
2.16	**OTHER INCOME**		
	A. Other Income		
	Miscellaneous Income*	5.24	2.11
		5.24	**2.11**
	B. Interest Income		
	Interest received on Fixed Deposits & Others	143.05	97.33
		143.05	**97.33**
	Total	**148.29**	**99.44**

*** Miscellaneous Income includes Income Tax Refund amounting to Rs.2.35lacs & Excess provision written off amounting to Rs.1.53 lacs**

Notes on financial statements

	Particulars	For the year ended 31-03-2021 INR Lacs	For the year ended 31-03-2020 INR Lacs
2.17	**COST OF MATERIAL CONSUMED**		
	A, Raw material and Components		
	Inventory at the beginning of the year	10.66	215.49
	Add: Purchases	-	-
	Inventory at the end of the year		10.66
		10.66	**204.83**
	B, Stores, Spares and Other Component Consumed		
	Opening	190.79	207.09
	Closing		190.79
		190.79	16.30
		201.45	**221.13**
	Total	**201.45**	**221.13**
2.18	**Changes in inventory of work-in progress, stock-in-trade and finished goods.**		
	Finished goods		
	Opening	222.45	340.49
	Closing		222.45
		222.45	118.04
	Work in progress		
	Opening	135.78	424.14
	Closing		135.78
		135.78	288.36
	Inventory of Scrap		
	Opening	10.33	10.33
	Closing		10.33
		10.33	-
	Total	**368.56**	**406.40**
2.19	**EMPLOYEE BENEFIT EXPENSES**		
	Others	-	21.20
	Total	**-**	**21.20**

Notes on financial statements

Particulars	For the year ended 31-03-2021 INR Lacs	For the year ended 31-03-2020 INR Lacs
2.20 OTHER EXPENSES		
Water and Electricity	8.51	48.17
Rates and Taxes*	11.07	41.11
Traveling Expenses & Conveyance Allowance	4.66	20.98
Printing and Stationary Expenses	0.59	0.57
Auditors Remuneration	0.75	1.42
Advertisement & publication	0.24	
Miscellaneous Expenses	1.23	6.99
Legal Expenses & Professional charges	23.13	27.51
Postage and telephone expenses	0.34	0.45
Repair & Maintenance	4.43	1.45
MSTC Service Charges	5.04	12.09
7Q/14B Interest	-	3.66
Security Expenses	64.63	81.57
Casual Labour Charges	42.70	51.42
Share of Holding Company Exp.	5.39	5.87
Other Provision(WFT)	5.14	7.74
Loss On Assets Transferred	-	5.14
Provision For Bad Debt & Capital Advance	-	6.08
Total	**177.86**	**322.23**

* Rate & Taxes includes Rs.7.16 lacs and 0.88 lacs towards VAT payment under Karsamadhan scheme for FY 2006-07 to 2008-09 and Rs. 2.30 lacs towards RPFC.

2.21 Finance Cost		
Bank charges	0.20	0.33
Other Interest	26.06	20.62
Total	**26.26**	**20.95**
2.22 Exceptional items		
Profit on sale of Plant & Machinery	300.90	414.29
Liabilities no longer required	24.84	85.06
Provision no longer required	570.01	542.41
Total	**895.75**	**1,041.77**

Notes on financial statements

Particulars	For the year ended 31-03-2021	For the year ended 31-03-2020
	INR Lacs	INR Lacs
2.23 CONTINGENT LIABILITIES & COMMITMENTS (to the extent not provided for)		
Contingent Liabilities		
Claims against the company not acknowledged as debt		
a) Tax related claims pending in appeal	**31.03.2021**	**31.03.2020**
- Sales Tax	23.20	23.20
- Excise duty	232.79	232.79
- TDS Defaults (as per TRACES)	-	28.13
- Others	9.49	9.49
b) Other money for which company is contingently liable		
-Employee related claims relating to lockouts, back wages, incentives, annual bonus etc pending adjudication to the extent ascertainable	213.89	213.89
c) The Company has made one time payment to Prasar Bharati amounting to Rs.22.94 lacs towards principal . However wavier of interest /penalty yet to be approved by Director of Prasar Bharati.	72.14	-
d) Others	70.90	70.90
e) The company is having around 106 Legal Cases pending with various Courts. Additional Liability araising out of the above cases if any, is not ascertainable		

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

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

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

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

		31.03.2021	31.03.2020
2.28	**VALUE OF IMPORTS CALCULATED ON CIF BASIS BY THE COMPANY DURING THE FINANCIAL YEAR**		
	Components and Spare Parts	-	-
2.29	**EXPENDITURE IN FOREIGN CURRENCY**		
	Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest and other matters	Nil	Nil
2.30	**EARNINGS IN FOREIGN EXCHANGE**	Nil	Nil

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

2.32 The Government of India (GOI) had released a Plan Assistance of Rs. 2.00 Crores to the Company (HMT Watches Ltd.) during March 2007 through Holding Company (HMT Limited) to meet the Capital Expenditure, in the form of Equity (Rs. 1.00 Crores) & Loan (Rs.1.00 Crores). In view of the non utilization of the funds by the Company within the stipulated period, GOI had instructed the Holding Co. during December 2009 for refund of the total Plan Assistance of Rs. 2.00 Crores. Accordingly, the Holding Company has refunded the Loan amount of Rs. 1.00 Crores to GOI during February 2010. However, with regard to refund of equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. Rs.10 each (Rs.1.00 Crores) in favour of Holding Company during the year 2007-08, the same could not be carried out, as it would amount to reduction in share capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act, 1956 and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same. The amount of Rs.1.00Cr. is kept in FD in favour of Holding Company, the Holding Company is giving a credit of interest for the interest earned year on year basis.

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

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

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

2.36 Segment reporting as per IND AS 108
The Company was carrying on the business of manufacture, sale and servicing of wrist watches. Due to decision of closure of business, entire business has been classified under discontinued operation.

2.37 Related Party Disclosure (IND AS 24)

During year following transaction took place with related parties: **Rs. in Lacs**

Name of the Related Party	***Nature of Transactions***	***Amount***
HMT LTD (ABD, Bangalore)	Sale of Watches components	16.06
HMT LTD (ABD, Bangalore)	Sale of P&M (scrap)	2.87

HMT LTD (ABD, Pinjore)	Sale of P&M (scrap)	7.55
HMT LTD (CHO)	Common Expenses	5.39
HMT LTD (CHO)	Interest Paid	26.07
HMT LTD (CHO)	Interest Received	7.37

2.38 Earnings per share (EPS)

	31-Mar-21 INR Lacs	31-Mar-20 INR Lacs
Profit attributable to equity holders:		
Continuing operations	-	-
Discontinued operation	**269.91**	95.65
Less: Other Comprehensive Income	-	-
Profit attributable to equity holders for basic earnings	**269.91**	**95.65**
Interest on convertible preference shares	-	-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**269.91**	**95.65**
Weighted average number of Equity shares for basic EPS*	**64.90**	64.90
Effect of dilution:	-	-
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution *	**64.90**	**64.90**
Earnings per equity share (for discontinued operations)	**4.16**	**1.47**

* 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.

2.39 Figures in Financial Statement has been regrouped/reclassified wherever necessary to make them meaning ful and comparable.

As per our report of even date attached
FOR N N YUVARAJ & ASSOCIATES
Chartered Accountants
FRN : 005137 S

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

U D Prithviraj
Partner
M.No.214307
Place : Bangalore
Date :

S Girish Kumar	**Parveen Gupta**	**Ramakant Singh**
Chairman	Director	Director
DIN: 03385073	DIN 08152959	DIN 08360278