HMT BEARINGS LIMITED

CONTENTS

BOARD OF DIRECTORS

Shri S. Girish Kumar	Chairman
Smt Shashi B. Srivastava	Managing Director
Shri V. P. Singh	Director (upto 12-11-2018)
Mohd. Zakir Hussain	Director (from 13-11-2018)

STATUTORY AUDITORS

V. Tharanath & Co.
Chartered Accountants
Bengaluru

REGISTERED OFFICE

HMT Bearings Limited
Moula Ali
Hyderabad 500 040. (AP) INDIA.

PERFORMANCE HIGHLIGHTS

(Rs. in Lakhs)

	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
OPERATING STATISTICS										
Sales *	3	259	266	1182	1657	1633	1254	1612	1170	684
Other Income & Prior period Adj.	114	226	289	461	162	97	83	38	19	20
- Provisions withdrawn		0	0	0	0	106	301	396	244	20
Stock Adjustments	4	469	104	311	62	115	215	53	61	-149
Materials			127	632	1172	1182	855	1102	786	347
Employee Costs	33	27	178	270	408	398	374	425	559	714
- Employee Salaries & Allow.		0	0	0	0	327	304	425	510	682
- Provision for Gratuity, EL SL		0	0	0	0	71	70		49	32
VRS Benefit		0	0						1065	
Depreciation		0	0	16	16	15	29	47	48	47
Other Expenses - Operational	57	80	130	153	181	110	124	139	131	123
- Provisions/Write off		0	0	0	0	233	61	50	83	75
Excise Duty	0	28	45	150	182	202	180	182	137	63
Cash Profit/Loss(-) with out ELSA & Gr Provisions		0	0	0	0	24	89	-145	-314	-660
Earnings before interest & Tax	23	-119	-29	111	-202	-189	230	154	-1315	-872
Interest	0	0	0	1601	1409	1076	1166	817	540	
Earnings / (Loss) before Tax		-119	-29	111	-1803	-1598	-846	-1012	-2132	-1531
Exceptional Items	10512	19	336	1003	0		639			
Provision of Taxes / Reserves / Dividend / Deferred tax	2612									
Profit/Loss carried out to Balance Sheet	7923	-138	-365	-892	-1803	-1598	-207	-1012	-2132	-1531
Net Earnings	7923	-138	-365	-892	-1803	-1598	-207	-1022	-2132	-1531
Net Earnings without considering VRS benefit paid	7923	-119	-29	111	-1803	-1598	-207	-1022	-1067	-1531
O C I	11	7	24	-19						
Net Earnings		-127	-358	-868	-1822					
Prior year dep adj										
Cum. Earnings	-8210	-16133	-16006	-15648	-14780	-13061	-11463	-11256	-10244	-8112
FINANCIAL POSITION										
Net Fixed Assets		0	0	0	100	124	132	162	209	257
Current Assets #	4212	1828	1986	3508	2987	2841	2528	1828	1431	1470
Current Liabilities & Provision #	347	94	103	924	621	5926	4300	6074	5569	2033
Working Capital #	3865	1734	1883	2584	2366	-3085	-1772	-4246	-4137	-563
Capital Employed #	3865	1734	1883	2584	2466	-2961	-1640	-4084	-3928	-306
Investments	0	54	43	43	43	41	201	201	201	201
Non Current Assets	0	0	0	0	0	74	80	32	32	
Miscellaneous Expenses										
Long Term Borrowings & Provisions #	8303	14162	14162	14503	13518	6444	6334	3634	2779	4237
Net Worth	-4439	-12362	-12235	-11877	-18551	-9290	-7692	-7485	-6474	-4342
Net Worth with DRE	-4439	-12362	-12235	-11877	-18551	-9290	-7692	-7485	-6474	-4342
OTHER STATISTICS										
Capital Expenditure							0	0	0	0
Internal Resources Generated	7923	-138	-365	-876	-1787	-1583	-817	-965	-2084	-1484
Working Capital turnover Ratio	1288	6.69	7.08	2.19	1.43	-1.89	-1.41	-2.63	-3.54	-1.21
Current Ratio	12	19.45	19.28	3.8	4.81	0.48	0.59	0.3	0.26	0.72
Return on Capital (%)										
Number of Employees -Regular	0	0	0	3	55	62	65	74	89	224
- Contract	0	0	0	3	69	69	68	123	108	
TOTAL					131	133	197	197	224	
Per Capita Sales						12.47	9.43	8.18	5.94	3.05

* Sales includes Sales of Scrap & Boughtout items.

** Capital Employed = Net Fixed Assets + Capital WIP + Working Capital + DRE.

DIRECTORS' REPORT

The Members

HMT Bearing Limited, Hyderabad

Your Directors are pleased to present the 54th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2019, Report of the Statutory Auditors and the Comments thereon as well as the Review of Accounts by the Comptroller and Auditor General of India.

OPERATIONS

Company discontinues the operations with effect from 13-1-2016 as per the DHI letter dated 13-1-2016

OPERATING RESULTS

The Profitability of the Company for the current year and previous year are as under :-

Rs. in Lakhs

Particulars	**2018-19**	2017-18
PBIT before EOI	23.86	-119.52
EOI (Incl Sale of land)	10511.80	18.66
PBT	**10535.66**	**-138.18**
Income tax	**2611.92**	**0.00**
OCI	**0**	**10.80**
Profit after tax	**7923.74**	**-127.38**

DIVIDEND

In view of the closure of the operation of the Company and cumulative losses incurred, your Directors are not in a position to recommend any Dividend for the year 2018-19.

SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs. 3770.91 Lakhs as on 31-03-2019.

NET WORTH

The net worth of the Company as on 31-3-2019 is Rs. (4439.17) Lakhs.

FIXED DEPOSITS

The Company did not accept any fixed deposits during the year, and as such there was no outstanding Fixed Deposits at the beginning/end of the year.

PRESENT STATUS

The Company has disposed all the Movable assets and immovable assets. The sale of land and building to ISRO is Rs. 105.71 Crore out of this an amount of Rs. 58.58 Crore has been transferred to DHI after considering the taxes.

As per the directions of DHI, the Company has initiated the action for closure of the Company under Section 271-272 of the Companies Act, 2013.

PERSONNEL

No of employee as on 31st March, 2019 is NIL

AUDITOR

M/s. V Tharnath Chartered Accountants, Bangalore were appointed by the C&AG as Statutory Auditors of the Company for the financial year 2018-19.

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

AUDITORS' REPORT

The Statutory Auditors have submitted Independent Auditor's Report along with Addendum to Independent Auditor's Report for the year 2018-19. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

VIGILANCE ACTIVITIES

The Company is in the process of closure. The vigilance awareness are functioning and keeping watch on the overall vigilance activities of the Company.

BOARD MEETINGS

During the year, four Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

IMPLEMENTATION OF OFFICIAL LANGUAGE

Since the Company is under closure & no employees as on 31st March, 2019, the implementation of the Official Language is not applicable to the Company.

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

A. Conservation of Energy

Your Company continues to give high priority to the conservation of energy on an ongoing basis. However, since the Company is under closure & no operations, this is not applicable.

B. Technology Absorption

The Company is under closure hence not applicable.

C. Foreign Exchange Earnings and outgo

There was no foreign exchange outgo towards business expenses during the year under review. There are also no foreign exchange earnings during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- ✓ that in the preparation of the annual financial statements for the year ended 31.03.2019, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ✓ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the year ended on that date;
- ✓ that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- ✓ that the annual financial statements have been prepared on a going concern basis;
- ✓ that proper internal financial controls were in place and are adequate and were operating effectively;
- ✓ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri. S. Girish Kumar, Chairman & Managing Director, HMT Limited continued as Director and Chairman of the Company and Smt. Shashi B Srivastava, continued the additional charge of the post of Managing Director during the Financial Year.

During the Financial Year, Mohd Zakir Hussain, Director, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises was appointed as Part time Official Director on the Board of the Company on 13.11.2018 vice Shri. V.P. Singh Director, Department of Heavy Industry.

Subsequent to the Financial Year, Additional charge of the post of Managing Director was entrusted to Shri Girish Kumar, CMD, HMT Limited w.e.f 1st June, 2019 for a period of six months vice Smt Shashi B Srivastava.

EXTRACT OF ANNUAL RETURN

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

OTHERS

A report on the Corporate Governance is annexed as part of this Report.

During the Financial year 2018-19, the Company has not received any complaints of Sexual Harassment.

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

The details of loans, guarantees or investments under Section 186 are given in the notes to the Financial Statements.

Since the Company is under closure, the provisions relating to Corporate Social Responsibility are not applicable to the Company.

The Company does not have any Subsidiary, Joint Venture or Associate Company.

ACKNOWLEDGEMENTS

The Directors are thankful to HMT Limited, the Holding Company, the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller & Auditor General of India, Principal Director-Commercial Audit, Statutory Auditors, Director General Supplies & Disposals, Director General, Ordnance Factories, various State Governments, Suppliers and Dealers, and valued customers of the Company both in India and abroad for their continued co-operation and patronage.

Directors also sincerely appreciate the contributions made by the employees at all levels in the operations of the Company during the year, despite the difficult situation faced by the Company.

For and on behalf of the Board of Directors,

Place : Bangalore

S. Girish Kumar
Chairman

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Section 133 of the Act read with Rule 3 of the companies (Indian accounting standards) Rules, 2015 and companies (Indian accounting standards) Amendment Rules, 2016.

Your Company hereby submits the report on Corporate Governance. The Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance

Board of Directors

As on March 31, 2019, the Board of Directors comprised of Chairman, Managing Director and one (1) Part-time Official Directors. Currently, the position of part-time Non Official (Independent) Directors are vacant.

The day-to-day Management of the Company is conducted by the Managing Director and under the supervision and control of the Board of Directors.

During the year 2018-19, four Board Meetings were held on 4th June, 2018, 27th September, 2018, 26th November, 2018 and 25th March, 2019

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	General Meeting	Director ship	Committee	
					Membership	Chairmanship
S. Girish Kumar	Chairman	4	Yes	7	1	-
Shashi B Srivastava	MD (I/C)	4	-	3	2	-
V P Singh	NENI	2	-	3	-	-
Mohd Zakir Hussain	NENI	2	-	2	-	-

C: Chairman, MD: Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent, NA: Not Applicable

Remuneration of Directors

An amount of Rs.1,500/- is payable only to independent Directors for attending each meetings of the Board and Committees.

General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Venue
2015-16	28-9-2016	10.30 A M	HMT, BLH. Hyderabad
2016-17	7.10.2017	11.30 A M	— DO —
2017-18	2.09.2018	11.00 A M	— DO —

Annual General Meeting for the current year is scheduled before September 30, 2019 at Hyderabad.

Disclosures

There were no transactions of material nature with its Promoters, the Directors or the Management or their relatives which may have the potential conflict with the interest of the Company at large.

There were no other instances of non-compliance by the Company, penalties, strictures imposed on the Company by statutory authority, or any matter related to any guidelines issued by Government, during the last three years.

Means of Communication

Being a Subsidiary of HMT Limited, Company submits financial results periodically to M/s. HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmtindia.com.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2019

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	U29130TG1964FLC001023
ii.	Registration Date	:	October 21, 1964
iii.	Name of the Company	:	HMT Bearings Limited
iv.	Category/Sub-Category of the Company	:	Company Limited by Shares /Union Government Company
v.	Address of the registered office and contact details	:	HMT BEARINGS LIMITED Moula Ali Hyderabad - 500 040. INDIA. Ph.: 040-2724 2237
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	-NA-

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	Manufacturing of Bearings	-	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidary Joint Venture	% of shares held associate
1	HMT Limited	L29230KA1953GOI000748	Holding	99.36

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

i) Category-wise Share Holding

Cate--gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physcial	Total	% of Total Shares	Demat	Physcial	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual /HUF	-	500	500	-	-	500	5000	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Other - Government Companies	-	37468586	37468586	99.36	-	37468586	37468586	99.36	-
	Sub-Total A(1) :	**-**	**37469086**	**37469086**	**99.36**	**-**	**37469086**	**37469086**	**99.36**	**-**
(2)	**FOREIGN**									
(b)	Bodies Corporate	-	240000	240000	0.64	-	240000	240000	0.64	-
	Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	-	**37709086**	**37709086**	**100.00**	**-**	**37709086**	**37709086**	**100.00**	**-**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2)	**NON-INSTITUTIONS**	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total B=B(1)+B(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (A+B) :		**37709086**	**37709086**	**100.00**	**-**	**37709086**	**37709086**	**100.00**	**-**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	-	**37709086**	**37709086**	**100.00**	**-**	**37709086**	**37709086**	**100.00**	**-**

ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	HMT Limited	37468586	99.36	-	37468586	99.36	-	-

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	-	-	-	-

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

For Each of the Top 10 Shareholders	Shareholding at the beinning of the year		Shareholding at the beinning of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Not Applicable				

v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-NA-		No change	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-

None of the Directors or Key Managerial Personnel is holding any shares in the company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2018				
i) Principal Amount	-	14161.85	-	14161.85
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**14161.85**	**-**	**14161.85**
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	5858.56	-	5858.56
Net Change	**-**	**5858.56**	**-**	**5858.56**
Indebtedness at the end of the financial year 31.03.2019				
i) Principal Amount	-	8303.29	-	8303.29
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**8303.29**	**-**	**8303.29**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director:

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	 - - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, (W.A, EL & P. Bonus)	-
5	Provident Fund	-
6	Gratuity	-
7	Medical Benefits	-
	Total (A)	-
	Ceiling as per the Act	-

B. Remuneration to other Directors:

Independent Directors :

Particulars of Remuneration	*Name of MD/WTD*	*Total Amount*
- Fees for attending board/committee meetings		-
- Commission	-	-
- Others, please specify	-	-
Total (1)	-	-
Other Non-Executive Directors		
Particulars of Remuneration	-	-
Total (2)	-	-
Total (B)=(1+2)	-	-
Total Managerial Remuneration	-	-
Overall Ceiling as per the Act		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
1.	Gross salary(a)Salary as per provisions contained in section 17(1) of the Income -tax Act,1961 (b)Value of perquisites u/s17(2) Income-tax Act,1961	-
	(c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission- as % of profit-others, (W.A, EL & P. Bonus)	-
5.	Provident Fund	-
6.	Gratuity	-
	TOTAL	**-**

VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2017-18

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HMT Bearings Limited,
Moulali, Hyderabad
(CIN: U29130TG1964FLC001023)

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

We have audited the accompanying financial statements of HMT BEARINGS LIMITED which comprise the balance sheet as at March 31, 2019, the statement of profit and Loss, statement of changes in equity) and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company, as at March 31, 2019, of its profit/loss, (position of changes in equity) and the cash flows for the year then ended**.**

Basis for Adverse Opinion

Our adverse opinion is basedon the following observations:

a. Though the Company is under closure as reported in Material Uncertainty Related to Going Concern section, the final accounts have been prepared by the Company on a Going Concern basis which is a major deviation from Ind AS 1.

b. In terms of letter dated 13th January, 2016 received from the Government of India, Ministry of Heavy Industries and Public Enterprises, the Company failed to transfer the entire proceeds of sale of immovable property to GOI and also, in terms of subsequent letter dated 13th January, 2017, failed to write off the GOI loan. The said non-compliance has resulted in under stating of the Other Equity of the company by Rs.83, 03, 29,260/-and over stating of Other Financial Liabilities by Rs.83, 03, 29,260/-.

c. The Company has neither made any provision for expected credit loss nor has obtained confirmation letters from the Sundry Debtors whose balances are outstanding for more than one year and, they have been classified as current assets.The Company is doubt full of recovery of said debts.

d. The balances in the Trade payables accounts were carried forward from previous year and shown under current liabilities. The Company has no records/ confirmation letters relating to the same which can determine whether they are payable or not.

e. The balances in theAdvance accounts were carried forward from previous year and shown undercurrent assets/current liabilities. The Company has no records/confirmation letters relating to the same which can determine whether they are receivable/payable or not.

f. The Company has not disclosed additional information relating to Amounts due to creditors under the MSME CATEGORY.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Material Uncertainty Related to Going Concern

The Government of India, Ministry of Industry and Public Enterprises vide their letter dated 13th January, 2016, approved the closure of the company and directed the Company to complete the same as per the time line indicated in the schedule to the said letter. Accordingly, the Company stopped its business operations and has already disposed off most of its movable assets and all immovable properties. Thusthere exists a material uncertainty of the Company continuing as a going concern.

Other Information

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

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of mostsignificance in our audit of the financial statements of the current period. These matters wereaddressed in the context of our audit of the financial statements as a whole, and in formingour opinion thereon, and we do not provide a separate opinion on these matters. Apart from the matter described in the *Material Uncertainty Related to Going Concern* section, we have determinedno other key audit matters to communicate inour report.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note XX to the financialstatements;

      ii. The Company hasno long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

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

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

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

For V. THARANATH & CO
Chartered Accountants

V. THARANATH
Proprietor, M. No. 020087
Firm reg. No. 004365S

Place: Bengaluru
Date: 08-05-2019

"Annexure - A"

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

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

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

(iii) According to the information and explanation given to us, the company has granted unsecured loans of Rs.300 Lakhs during 2016-17 and Rs.800 Lakhs during 2017-18 to related company, M/S. HMT Machine Tools Ltd. Hyderabad and have not complied with the provisions of Section 189 of the Companies Act, 2013 with regard to maintenance of a register under the said Section.

No details of terms and conditions of the said loan are provided to us and hence we are unable to comment on:

a. whether the said terms and conditions are prejudicial to the interest of the Company or not,

b. whether the terms of repayment have been complied with or not and

c. whether any amount is overdue.

(iv) According to the information and explanation given to us, the company has granted total unsecured loans of Rs.1,100 Lakhs (as detailed above) to related company, M/S. HMT Machine Tools Ltd., Hyderabad and we are unable to express our opinion in respect of compliance with the provisions of section 185 in the absence of any information regarding terms and conditions of the said loans. However, in our opinion and according to information furnished, the company has complied with the provisions of section 186 of the Companies Act, 2013.

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

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

(vii) (a) According to the information and explanation given to us and on the basis of our examination of the books of account and records, the Company is not regular in depositing the undisputed statutory dues with the appropriate authorities.the following are the tax dues which are outstanding for more than six months:

VAT (June 2014 to June 2017)	Rs.31,131
Arrears of CST (Feb 2015)	46,133
Arrears of CST (April 2013 to March 2014)	50279
Total	**1,27,548**

(b) According to the information and explanation given to us, there were no dues of Excise duty, Sales tax Income tax, Customs duty, Wealth tax, Service tax, which have not been deposited as on 31-03-2019, except the following :

GST (January 2019)	Rs.1,56,244
TCS(Aug & Sept. 2018)	21,211
TDS	10,465
Total	**1,87,920**

(viii) According to the information and explanation given to us, the Company defaulted in repayment of loans granted by the Government of India, for details of the same, refer to our Main Audit Report.

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

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

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

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

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

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

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

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

For V. THARANATH & CO
Chartered Accountants

V. THARANATH
Proprietor, M. No. 020087
Firm reg. No. 004365S

Place: Bengaluru
Date: 08-05-2019

"Annexure - B"

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

a. In view of lack of sufficient appropriate audit evidence of establishment of a frame work for internal financial control over financial reporting, we are unable to express our opinion, regarding adequacy of internal financial controls over financial reporting and whether or not such internal financial controls were operating effectively as at 31st March, 2019.

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

For V. THARANATH & CO
Chartered Accountants

V. THARANATH
Proprietor, M. No. 020087
Firm reg. No. 004365S

Place: Bengaluru
Date: 08-05-2019

ADDENDUM TO DIRECTOR'S REPORT FOR THE YEAR 2018-19 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT BEARINGS LIMITED FOR THE YEAR ENDED 31ST MARCH 2019

Ref.	STATUTORY AUDITORS' OBSERVATIONS	COMPANY'S REPLY
	Our adverse opinion is based on the following observations:	
a.	Though the company is under closure as reported in material uncertainty related to going concern section, the accounts have been prepared on a going concern basis deviating from Ind AS 1.	The Company received approval from DHI vide letter dated 13-1-2016. The company relieved all the employees on VRS and disposed the movable and immovable assets of the company .The Company also received the approval from DHI for winding up. The company has to settle the Debtor, creditors and legal cases. It is therefore the company drawn the accounts as going concern.
b.	In terms of letter dated January 13, 2016 received from the Government of India, Ministry of Heavy Industries and public Enterprises, the company failed to transfer the entire proceeds of sale of immovable property to the Government of India, and also in terms of subsequent letter dated 13th January, 2017, failed to write off the GOI loan. The said non-compliance has resulted in under stating of the other Equity of the company by Rs.8,303.29 lakhs and over stating of Other Financial Liabilities by Rs.8,303.29 lakhs.	As per the CCEA approval the GOI Loans will be written off in the Books only on the closure of the Company.
c.	HBL has neither made any provision for expected credit loss nor has obtained confirmation of balances from trade receivables whose balances are outstanding for more than one year and they have been classified as current assets. HBL is doubtful of recovery of the said debts.	The Company is in the process of winding up and is forming a Committee for One Time Settlement of Creditors and recovery of Debtors and the balance if any payable/ receivable will be reconciled before Voluntary Winding up of Company.
d.	Trade payables and certain advance accounts of HBL were carried forward from previous year and shown under current liabilities/ assets. HBL has no records/ confirmation letters for the same to determine whether they are payable/ receivable or not.	The company is in the process of settling all creditors after determining the amounts during 2019-20. The company is in the process of winding up. By ascertaining the amounts of advances, it will be settled during 2019-20.
e.	HBL has not disclosed information as required by Micro, Small and Medium Enterprises Development Act, 2006.	The creditors are not submitted the data regarding the registration of MSME
	Effect on all the above is not ascertainable on the Financial Statement of the Group.	

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

The preparation of financial statements of HMT Bearings Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing an opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 08 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Bearings Limited for the year ended on 31 March 2019 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 143(6)(b) 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 &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 26 July 2019

Significant Accounting Policies:

i) Basis of preparation:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The standalone financial statements of the Company are prepared and presented in accordance with Ind AS and in accordance with the accounting standards notified under the section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

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

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

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

b) Property, Plant & Equipment

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

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

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

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

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

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

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

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

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

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

The carrying amount of an item of PPE is de-recognised:

(a) on disposal; or

(b) where no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of PPE shall be included in statement of profit or loss when the item is derecognised.

Special Tools:

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

c) Borrowing Cost:

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.Borrowing costs directly attributable to acquisition of PPE which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.All other borrowing costs are expensed in the period in which they occur.

d) Investment Property:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.The Company depreciated building component of investment property as per the useful life prescribed in Schedule II of the Act.Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

e) Intangible Assets :

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

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

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

iv) *Research and Development Expenditure:*

Research Phase:

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

Development Phase:

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

f) Depreciation and Amortisation:

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

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

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

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

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

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

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

h) Government Grants:

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

i) Inventories:

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

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

j) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.Based on Ind AS 115, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

The Company collects the applicable taxes 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:

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

1) Physical delivery of goods to the customer/customer's carrier/common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.
2) In case of FOR destination contracts, "when the significant risk and reward of ownership get transferred to the buyer on physical delivery.
3) Despatches to dealers/customers in respect of sale.

ii) Rendering of services:

Revenue from sale of services is recognised by reference to the stage of completion. Stage of completion is measured by services performed to date as a percentage of total services to be performed.

iii) Rental Income:

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

iv) Dividend Income:

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

v) Interest Income:

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

vi) Warranty:

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.With regard to turnkey projects implemented by the company, warranty provision at the rate of 2 percent of the purchase value is provided

vii) Extended Warranties:

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

k) Foreign Currency Translation:

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

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

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

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

l) Retirement & Other Employee Benefits:

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

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

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

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

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

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

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

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

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

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

m) Income taxes:

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

i) *Current taxes:*

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

ii) *Deferred Taxes:*

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

n) Provisions:

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

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

o) Impairment:

i) Financial assets:

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

ii) *Non-financial assets:*

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

p) Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortised cost:

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

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

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

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

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

v) *Financial Liabilities:*

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

vi) *De-recognition of financial instruments:*

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

vii) *Fair value of financial instruments:*

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

Fair value hierarchy:

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

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

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

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

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

iii) Significant accounting judgements, estimations and assumptions:

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

i) Judgements:

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

a Operating lease– Company as lessor

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

b Discontinued Operations :

As per the CCEA Approval on 06/01/2016 it was decided that the operations of the Company will be closed. Thereafter, operations closed in the same Financial Year. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

c Property, plant & equipment :

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

ii) ***Estimates and assumptions***

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

a Deferred Taxes :

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

b Defined Benefit Obligations:

The cost of the defined benefit gratuity plan 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 31ST MARCH 2019

(₹ in lakhs)

	Notes No.	As at 31-03-2019	As at 31-03-2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	-	-
Financial assets			
i. Investments	2.2	-	53.63
Current assets			
Inventories	2.3	-	3.78
Financial assets			
i. Trade receivables	2.4	35.36	58.20
ii. Cash and cash equivalents	2.5	241.65	96.91
iii. Loans	2.6	1,100.00	1,100.00
iv. Other Financial Assets	2.7	1.91	1.14
Other current assets	2.8	2,833.37	562.76
Assets classified as held for sale	2.9	-	5.58
TOTAL ASSETS		**4,212.30**	**1,882.00**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2.10	3,770.91	3,770.91
Other Equity	2.11	(8,210.08)	(16,133.82)
Non-current liabilities			
Financial liabilities			
i. Borrowings			
Provisions			
Employee Benefit obligations	2.12	(6.00)	(5.58)
Current liabilities			
Financial liabilities			
i. Trade payables	2.13	29.43	78.07
ii. Other Financial Libilities	2.14	8,303.29	14,161.85
Provisions			
Employee Benefit obligations	2.12	-	
Other current liabilities	2.15	324.74	10.57
TOTAL LIABILITIES		**4,212.30**	**1,882.00**
See accompanying notes to the financial statements	2.25	-	(0.00)

As per our report of even date attached
For V. Tharanath & Co.,
Chartered Accountants
Firm Regd. No. : 004365S

V. Taranath
Proprietor
Membership No : 020087

Place : Bengaluru
Date : 08-05-2019

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

Shashi B. Srivastava
Director
DIN : 07582574

S. Girish Kumar
Director
DIN : 03385073

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(₹ in lakhs)

	Notes No.	Year Ended 31-03-2019	Year Ended 31-03-2018
Continuing Operations			-
Discontinued Operations			
Revenue from operations	2.16	3.26	259.20
Other income	2.17	113.92	225.76
Total revenue		**117.18**	**484.97**
Expenses			
Cost of material consumend	2.18	-	-
Changes in inventory	2.19	3.78	469.21
Excise Duty		-	28.80
Employee benefit expense	2.20	32.78	26.53
Depreciation and amortisation expense	2.1	-	-
Other expense	2.21	56.76	79.94
Finance Cost	2.22	-	-
Total expenses		**93.32**	**604.48**
Profit/ (loss) before exceptional items and tax		23.86	(119.52)
Exceptional items	2.23	10,511.80	18.66
Profit/ (loss) before tax		10,535.66	(138.18)
Tax expense			
a) Current tax		2,611.92	-
b) Deferred tax		-	-
Profit/ (loss) for the period from discontinuing operations		7,923.74	(138.18)
Profit/ (loss) for the period		7,923.74	(138.18)
Other comprehensive income			
- Items that will not be reclassified to profit or loss			
Net (loss)/gain on FVTOCI equity Securities		-	10.80
Re-measurement gains (losses) on defined benefit plans		-	-
- Items that will be reclassified to profit or loss		-	-
		-	10.80
Total comprehensive income for the period (Profit/ loss + other comprehensive income)		7,923.74	(127.38)
Earnings per equity share (for continuing operations)			
a) Basic		-	-
b) Diluted		-	-

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

(₹ in lakhs)

	Notes No.	As at 31-03-2019	As at 31-03-2018
Earnings per equity share (for discontinued operations)	2.24		
a) Basic		21.01	(0.37)
b) Diluted		21.01	(0.37)
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		21.01	(0.37)
b) Diluted		21.01	(0.37)
See accompanying notes to the financial statements	2.25		

As per our report of even date attached
For V. Tharanath & Co.,
Chartered Accountants
Firm Regd. No. : 004365S

V. Taranath
Proprietor
Membership No : 020087

Place : Bengaluru
Date : 08-05-2019

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

Shashi B. Srivastava
Director
DIN : 07582574

S. Girish Kumar
Director
DIN : 03385073

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. in lakhs)

	Year ended 31-03-2019	Year ended 31-03-2018
Operating activities		
Profit before tax from continuing operations	23.86	-
Profit/(loss) before tax from discontinued operations	10,511.80	(138.18)
Profit before tax	**10,535.66**	**(138.18)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	-	-
Loss/(Gain) on disposal of property, plant and equipment	(10,519.19)	-
Finance income	(108.57)	(225.76)
Gratuity Provision		6.55
Working capital adjustments:		
Movements in provisions, gratuity		-
Increase in trade and other receivables and prepayments	(2,248.55)	(905.31)
Decrease (Increase) in inventories	3.78	350.66
Increase (Decrease) in trade and other payables	(5,593.44)	(27.12)
	(7,930.31)	**(939.16)**
Income tax paid/reversed	(2,611.92)	
Net cash flows from operating activities	**(10,542.22)**	**(939.16)**
Investing activities		
Proceeds from sale of property, plant and equipment - net of cost of sale	10,578.40	18.66
Interest received	108.57	225.76
Net cash flows used in investing activities	**10,686.96**	**244.42**
Financing activities	-	-
Net cash flows from/(used in) financing activities	**0.00**	**0.00**
Net increase in cash and cash equivalents	144.74	(694.73)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	96.91	791.64
Cash and cash equivalents at year end	**241.65**	**96.91**

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

As per our report of even date attached
For V. Tharanath & Co.,
Chartered Accountants
Firm Regd. No. : 004365S

V. Taranath
Proprietor
Membership No : 020087

Place : Bengaluru
Date : 08-05-2019

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

Shashi B. Srivastava
Director
DIN : 07582574

S. Girish Kumar
Director
DIN : 03385073

NOTES ON FINANCIAL STATEMENTS

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
2.2	**INVESTMENTS**		
	Investments In Equity Instruments		
	Investments at fair value through OCI (FVTOCI)		
	1,34,000 (previous year 1,34,000) Equity shares of ₹ 10 each fully paid up in Andhra Pradesh Gas Power Corporation Ltd., Hyderabad	53.63	53.63
	Total FVTOCI investments	**53.63**	**53.63**
	Current		
	Non Current	-	53.63
	Aggregate amount of unquoted investments	-	53.63
2.3	**INVENTORIES**		
	Raw Materials	-	-
	Stores and spares	-	-
	Loose Tools	-	-
	Finished goods	-	3.26
	Work-in-progress	-	-
	Others - Stock of Scrap	-	0.52
	Less: Provision for Slow/Non-moving Inventories	-	-
	Total	**-**	**3.78**
2.4	**TRADE RECEIVABLES**		
	Secured Considered good		
	Unsecured, considered good	1.25	58.20
	Doubtful	34.12	
		35.36	**58.20**
	Less: Allowance for doubtful Debts	-	-
	Total	**35.36**	**58.20**
	TRADE RECEIVABLES		
	Trade Receivables		
	outstanding greater than 6 months	34.12	58.20
	outstanding less than 6 months	1.25	-
	Total	**35.36**	**58.20**

NOTES ON FINANCIAL STATEMENTS

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
2.5	**CASH AND CASH EQUIVALENTS**		
	Balances with banks		
	- Current Account	43.80	66.56
	Deposit with banks		
	- Guarantees with banks	30.36	-
	- Fixed Deposits	167.50	30.36
	Cash in hand	-	-
	Total	**241.65**	**96.91**

Current Account includes account under escrow held with Syndicate Bank Rs. 36.94 lakhs (2018: Rs. 35.99 lakhs)

2.6	**LOANS**		
	Loan to fellow subsidiaries		
	HMT Machine Tools Ltd	1,100.00	1,100.00
	Total	**1,100.00**	**1,100.00**

The loan is unsecured and repayable on demand @ rate of interest GPF + 1%.

2.7	**OTHER FINANCIAL ASSETS**		
	Interest Acrued and Due on Deposits	1.91	1.14
	Total	**1.91**	**1.14**
2.8	**OTHER ASSETS**		
	Current		
	Advances to subsidiary Companies		
	HMT Ltd.	2,351.16	165.20
	HMT Machine Tools Ltd	435.77	348.53
	HMT (I) Limited	-	-
	HMT Watches Limited	-	-
		2,786.92	**513.72**
	Advances Other than Capital Advances		
	Advances recoverable in cash or kind		
	Advance to suppliers	10.50	11.20
	Other Advances	-	-
	Less: Provision for doubtful advances		
		10.50	**11.20**

NOTES ON FINANCIAL STATEMENTS

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
	Employees Advances	0.04	0.22
	Deposits with various authorities	15.23	15.23
	Balance with Government Authorities	4.46	6.15
	Prepaid and others	-	-
	Claims Recoverable	16.22	16.23
	Other Assets		
	Total	**2,833.37**	**562.76**
2.9	**Non Current Assets Held for Sale**		
	Land and Land Development	-	3.23
	Buildings	-	2.35
	Plant and Equipment	-	-
	Furniture and Fixtures	-	-
	Vehicles	-	-
	Total	**-**	**5.58**
2.13	**TRADE AND OTHER PAYABLES**		
	Due to micro and small enterprises	-	**-**
	Dues to other creditors		
	For Goods Purchased	-	23.34
	For Services Received	29.43	54.73
	Total	**29.43**	**78.07**

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

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
2.14	**Other Financial Liabilities**		
	Current maturities of long-term debt		
	Interest accrued but not due on borrowings		
	Interest accrued and due on borrowings		
	Government of India Loan Defaulted		
	GOI Liabilities to be written off	8,303.29	14,161.85
	Total	**8,303.29**	**14,161.85**

Term loans for a period of 5 years carrying rate of interest @ 12.5% to 15.5%. Repayment in 5 equal annual installments commencing from date of first anniversary of drawal of loans from 14.12.2003 to 12.10.2015. Particulars of continuous default in repayment of loan and interest- Period of default: since 15-12-2004.

NOTES ON FINANCIAL STATEMENTS

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
2.12	**Employee Benefit obligations**		
	Non Current		
	Gratuity	**(6.00)**	(5.58)
	Earned Leave Encashment		
	Settlement Allowance		
		(6.00)	**(5.58)**
	Current		
	Gratuity	-	-
	Earned Leave Encashment	-	-
	Settlement Allowance	-	-
	Arrear salaries and bonus	-	-
		-	**-**
	Total	**(6.00)**	**(5.58)**
2.15	**Other Liabilities**		
	Current		
	Revenue Received in Advance	**-**	-
	Statutory Liability - (incl provision for Income Tax net of advance tax and tds receivable)	**316.34**	**-**
	Dues to Holding Company & fellow subsidiaries		
	- HMT Limited	**-**	-
	- HMT Machine Tools Limited	**-**	-
	- HMT (I) Limited	0.09	0.09
	- HMT Watches Limited	3.45	3.45
		3.54	**3.54**
	Others		-
	- Deposit from customers	4.86	5.25
	- Others	0.00	1.78
		4.86	**7.03**
	Total	**324.74**	**10.57**

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
2.16	**REVENUE FROM OPERATIONS**		
	Sale of Bearings	3.26	153.64
	Sale of Inventory	-	105.56
	Total	**3.26**	**259.20**
2.17	**OTHER INCOME**		
	Interest received on Fixed Deposits	-	12.86
	Interest on Gratuity Fund	0.42	-
	Interest on Inter Corporate Loan	-	78.43
	Interest on 11 Cr Loan	107.80	-
	Interest on term deposits with Banks	0.77	-
	MSTC interest received	0.07	-
	Non Operating Income	2.62	8.79
	Provisions No Longer Required Written Off	2.24	125.69
	Sale of Scrap	-	-
	Total	**113.92**	**225.76**
2.18	**COST OF MATERIAL CONSUMED**		
	A. Raw material		
	Inventory at the beginning of the year	-	-
	Add: Purchases of Raw material	-	-
	Inventory at the end of the year (RM)	-	-
	Raw Materials consumed	-	-
	B. Stores, Spares and Other Component Consumed	-	-
	Total	**-**	**-**
2.19	**CHANGES IN INVENTORY**		
	Finished Goods (S)		
	Opening	3.26	182.87
	Closing	-	3.26
		3.26	**179.61**
	Work in progress (S)		
	Opening	-	4.21
	Closing	-	-
		-	**4.21**

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

(₹ in lakhs)

	For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
Scrap		
Opening	0.52	29.68
Closing	-	0.52
	0.52	**29.16**
Raw material		
Opening	-	119.25
Closing	-	-
	-	**119.25**
Store and Spares & Loose Tools		
Opening	-	136.98
Closing	**-**	**-**
	-	**136.98**
Total [A - B]	**3.78**	**469.21**
2.20 EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages Contract (incl Prior Period Rs. 24.41 lakhs)	32.78	19.93
Gratuity Cost	-	6.55
Provident Fund Contribution and Gratuity	-	-
Staff Welfare Expenses	-	0.05
Total	**32.78**	**26.53**
2.21 OTHER EXPENSES		
Power and fuel	19.17	48.63
Water	-	-
Security exp	7.26	-
Repairs to Machinery	0.14	-
Excise Duty	-	4.95
Insurance	-	0.07
Rates and taxes	5.09	5.47
Travelling inlucing Directors Trv Exp.	3.24	2.79
Rent	-	-
Printing & Stationery	0.89	0.02
Postage, Telephones, Telegrams, Fax & Telex	0.07	0.10
Freight outwards	-	8.77
Legal and professional expenses	3.18	4.45
Selling & Distribution Expenses	-	-

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

(₹ in lakhs)

		For the year ended 31-Mar-2019	For the year ended 31-Mar-2018
	Freight inward	-	0.03
	Payment of Gratuity	-	-
	Office expenses	2.26	0.01
	Impairment Loss	-	-
	Share of Holding Company expenses	-	1.55
	Bank charges	0.02	0.03
	Statutory Audit Fees (including Prior Period expenses of Rs. 0.47 lakhs)	0.50	0.25
	Internal Audit Fees	0.21	0.11
	Tax Audit Fees	0.22	0.11
	Property Tax Paid	8.23	-
	MSTC Commission - Sale of Scrap	4.24	-
	Write off stocks	-	-
	Debtors written off	1.06	-
	Miscellaneous expenses	0.98	2.60
	Round off	-	(0.01)
	Total	**56.76**	**79.94**
2.22	**FINANCE COST**		
	Bank charges	-	-
	Interest on holding company	-	-
	Interest on Government of India loan	-	-
	Total	-	-
2.23	**EXCEPTIONAL ITEMS**		
	Loss on sale of Machinery	-	18.66
	Profit / los of Investment	(7.27)	
	Profit on sale of assets - Land	10,511.93	
	Write of HMT TRP Interest	(164.35)	
	Sale of Scrap	171.49	-
	VRS Compensation	-	-
	Total	**10,511.80**	**18.66**
2.24	**EARNINGS PER SHARE (EPS)**		
	Net Profit after Tax	7,923.74	(138.18)
	Weighted average No of Equity Shares	377.09	377.09
	Basic & Diluted earning per share	21.01	(0.37)
	Face Value per equity Share	10.00	10.00

NOTES FORMING PART OF BALANCE SHEET

Statement of Changes in Equity as on 31st March 2019

2.10 Share capital
Equity Shares

	Authorised share capital	
	Number	**Amount**
At 1 April 2018	**4,50,00,000**	**4,500.00**
Increase/(decrease) during the year	-	-
At 31 March 2019	**4,50,00,000**	**4,500.00**

	Issued Capital Equity Shares of INR 10 each issued and fully paid	
	Number	**Amount**
At 1 April 2018	**3,77,09,086**	**3,770.91**
Increase/(decrease) during the year	-	-
At 31 March 2019	**3,77,09,086**	**3,770.91**

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

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

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

Notes on financial statements for the year ended

Statement of Changes in Equity

A. Equity Share Capital

Balance at the beginning of the reporting period 1st April 2017	Changes in equity share capital during the year 2017-18	Balance at the end of the reporting period 31st March 2018	Changes in equity share capital during the year 2018-19	Balance at the end of the reporting period 31st March 2019
377090860	-	377090860	-	377090860

2.11 Other Equity

Amount Rs. in Lakhs

	Reserves and Surplus			Other Comprehensive Income		
	Capital reserve	Retained earnings	Discontinued operations	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
Balance as of 1st April 2017	-	(14,761.14)	(1,259.11)	0.93	12.87	(16,006.43)
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as of 1st April 2017	-	(14,761.14)	(1,259.11)	0.93	12.87	(16,006.43)
Discontinued operations	-	-	(138.18)	-	-	(138.18)
Remeasurement of the net defined benefit liability/asset, net of tax effect				10.80	-	10.80
Total Comprehensive Income for the year			-	-	-	
At 31 March 2018	**-**	**(14,761.14)**	**(1,397.29)**	**11.73**	**12.87**	**(16,133.82)**
Balance as of 1st April 2018	-	(14,761.14)	(1,397.29)	11.73	12.87	(16,133.82)
Changes in accountingpolicy or prior period errors	-	-	-	-	-	-
Restated balance as of 1st April 2018	-	(14,761.14)	(1,397.29)	11.73	12.87	(16,133.82)
Discontinued operations	-	-	7,923.74	-	-	7,923.74
Remeasurement of the net defined benefit liability/asset, net of tax effect				-	-	-
Total Comprehensive Income for the year			-	-		-
At 31 March 2019	**-**	**(14,761.14)**	**6,526.45**	**11.73**	**12.87**	**(8,210.07)**

NOTES FORMING PART OF BALANCE SHEET

2.24 Earnings per share (EPS)

	31-Mar-19 INR Lacs	31-Mar-18 INR Lacs
Profit attributable to equity holders:		
Continuing operations		
Discontinued operation	7,923.74	(127.38)
Total Profit including OCI	**7,923.74**	**(127.38)**
Less: Other Comprehesive income	0.00	10.80
Profit attributable to equity holders for basic earnings	**7,923.74**	**(138.18)**
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**7,923.74**	**(138.18)**
Weighted average number of Equity shares for basic EPS*	3,77,09,086	3,77,09,086
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**3,77,09,086**	**3,77,09,086**

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

NOTES FORMING PART OF BALANCE SHEET

2.25 Fair Values

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

(Rs. in lakhs)

	Carrying amount		Fair Value	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Financial assets				
Loans	1,100.00	1,100.00	1,100.00	1,100.00
FVTOCI financial investments	-	201.00	-	53.63
Total	**1,100.00**	**1,301.00**	**1,100.00**	**1,153.63**
Financial liabilities				
Other Financial Liabilities	8,303.29	14,161.85	14,161.85	14,161.85
Total	**8,303.29**	**14,161.85**	**14,161.85**	**14,161.85**

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

2.25 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 188 OF THE COMPANIES ACT, 2013

A. Details of Related Parties

Sr. No.	Name of Related Party	Relationship
1	HMT LIMITED	HOLDING COMPANY
2	HMT MACHINE TOOLS LIMITED	FELLOW SUBSIDIARY
3	HMT WATCHES LIMITED	FELLOW SUBSIDIARY
4	HMT (INTERNATIONAL) LIMITED	FELLOW SUBSIDIARY
5	HMT CHINAR WATCHES LIMITED	FELLOW SUBSIDIARY
		KEY MANAGEMENT PERSONNEL

Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof:

(Rs. in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Limited	31/03/2018	-	-	-	-	-
	31/03/2019	-	-	-	-	-
HMT Machine Tools Limited	31/03/2018	300.00	800.00	-	70.58	1,170.58
	31/03/2019	1,170.40	-	-	107.80	1,278.20
HMT Watches Limited	31/03/2018	-	-	-	-	-
	31/03/2019	-	-	-	-	-
HMT (Iinternational) Limited	31/03/2018	-	-	-	-	-
	31/03/2019	-	-	-	-	-

Name of Related Party	As at	Opening Balance	Advance Given	Advance taken	Transfer	Closing Balance
b) **Advances (Dr/ (Cr)**						
HMT Limited	31/03/2018	166.87	-	1.67	-	165.20
	31/03/2019	177.28	10,471.80	-	-8,285.84	2,363.23
HMT Machine Tools Limited	31/03/2018	-5.88	283.83	-	-	277.95
	31/03/2019	278.12	20.29	10.24	-30.61	257.57
HMT Watches Limited	31/03/2018	-3.45	-	-	-	-3.45
	31/03/2019	-3.45	-	-	-	-3.45
HMT (International) Limited	31/03/2018	-0.09	-	-	-	-0.09
	31/03/2019	-0.09	0.97	-	-0.97	-0.09

c) Company doesn't have any investment in related parties i.e. Subsidiaries, associates and Joint Venture.

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

d) Transactions with Key Managerial Persons:

	Current Year	Previous Year
Remuneration paid to Smt. Shashi B. Srivastava	-	-

NOTES FORMING PART OF BALANCE SHEET

CONTIGENT LIABILITES AS AT 31.03.2019

The Court cases are pertaining to the Casuals and ex - employees as follows		
1	Reinstatement of Casuals with back wages	23560/2003,14360/2010 and 21754 , 04540/2017 and others
2	Increase in the Retirement Age from 58 years to 60 years	21091/2009
3	Company filed the case on PF Department requesting the continue PF trust	19499/2010
4	Casuals employees for Payment of Gratuity	4540/2017 and 48/297 / 2017 to 302 and 12 to 13/2018
5	Retired employees for 2017 scales and arrears	83726/2017
6	Telangana State Power Distribution Corporation Limited - Wheeling charges, Transmission and FSA charges - Rs. 17.93 Lakhs	
The company is not in a position to ascertain the financial liability as on 31-3-2019		