

HMT (INTERNATIONAL) LIMITED

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BOARD OF DIRECTORS

Shri. S. Girish Kumar	Managing Director
Dr. Srikar K Reddy	Director
Shri. Amith Varadan	Director
Shri. Sathyanarayanan Sethumadhavan	Independent Director
Shri. S. Velpandiyan	Independent Director

(As on 15.09.2020)

STATUTORY AUDITORS

M/s. G P S V & Co.	Chartered Accountants
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BANKERS

Bank of Maharashtra
UCO Bank
Axis Bank

REGISTERED OFFICE

“HMT BHAVAN”
59, Bellary Road
Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

(Rs in Million)

	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
OPERATING STATISTICS											
Sales	671.49	570.74	249.45	239.76	339.07	334.01	250.76	340.88	324.03	278.86	307.96
Other Income	2.65	2.39	5.32	8.12	4.33	14.97	34.52	74.15	46.41	32.78	11.85
Stock accretion	-	-	-	-	(0.35)	(1.25)	1.42	(3.98)	2.39	(5.21)	5.21
Interest Income	24.43	18.30	19.41	22.53	23.65	27.71	24.78	29.45	26.79	18.33	21.90
	698.57	591.43	274.18	270.41	366.70	375.44	311.48	440.50	399.62	324.76	346.92
Purchases	556.14	469.72	208.61	174.62	230.54	224.95	179.62	235.87	209.55	175.74	190.71
Employees Costs	28.12	31.04	27.89	38.49	55.60	64.81	77.27	45.62	48.67	35.19	31.77
Other Operating Costs	74.16	68.99	36.11	53.34	70.16	67.64	47.86	88.60	121.95	108.82	82.69
Depreciation	1.40	1.48	1.46	1.38	1.35	1.46	1.78	1.86	1.86	1.77	1.75
	659.82	571.24	274.07	267.83	357.65	358.86	306.53	371.95	382.03	321.52	306.92
Gross Profit	38.75	20.19	0.11	2.58	9.05	16.58	4.95	68.55	17.59	3.24	40.00
Interest			-	-	-	-	-	0.04	0.20	0.10	0.40
Net Profit Before Taxes (after prior period)	38.75	20.19	0.11	2.58	9.05	16.58	4.95	68.51	17.39	3.14	39.60
Taxes & Deferred Tax	11.64	5.09	(1.25)	1.94	3.22	11.39	3.92	23.65	3.91	1.07	12.99
Profit After Taxes	27.11	15.10	1.36	0.64	5.83	5.19	1.03	44.87	13.48	2.07	26.61
FINANCIAL POSITION											
Current Assets	771.83	767.90	417.79	488.92	425.24	473.91	385.77	467.08	488.79	381.93	392.03
Current Liabilities & Provision	449.94	472.27	132.56	207.06	143.40	201.43	118.36	201.80	258.61	165.03	175.88
Net Working Capital	321.90	295.63	285.23	281.86	281.84	272.48	267.41	265.27	230.18	216.90	216.15
Net Fixed Assets	45.77	47.15	48.53	49.99	50.83	52.14	54.89	56.63	48.39	49.67	49.76
Capital Employed	367.66	342.78	333.76	331.85	332.67	324.62	322.30	321.90	278.57	266.57	265.91
Deferred Tax Liability	4.38	4.91	7.77	8.57	7.51	12.14	11.92	11.70	11.55	11.35	11.09
Net Worth	363.28	337.87	325.99	323.28	325.16	312.48	310.38	310.20	267.02	255.22	254.82
DATA ON EQUITY CAPITAL											
Share Capital	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Reserves	328.96	315.56	317.43	315.43	306.52	304.52	302.87	302.88	259.79	248.00	247.49
Retained Earnings	27.12	15.11	1.36	0.64	3.82	0.76	0.31	0.12	0.03	0.02	0.13
Dividend - Normal	1.80	1.44	-	-	1.44	1.44	0.72	1.44	1.44	1.44	1.44
- Special	-	-	-	-	-	-	-	-	-	-	-
Dividend(%) - Normal	25	20	-	-	20	20	10	20	20	20	20
- Special	-	-	-	-	-	-	-	-	-	-	-
OTHER STATISTICS											
Cash Flow	28.51	16.58	2.82	2.02	7.18	6.65	2.81	46.73	15.34	3.84	28.36
Turnover / Working Capital Ratio	2.09	1.93	0.87	0.85	1.20	1.23	0.94	1.29	1.41	1.29	1.42
Return on Capital (%)	10.54	5.89	0.03	0.78	2.72	5.11	1.54	21.30	6.31	1.22	15.04
Number of Employees	22	25	27	28	33	40	52	59	60	59	61
Per Capita Sales	30.52	22.83	9.24	8.56	10.27	8.35	4.82	5.78	5.40	4.73	5.05

*Figures are re-grouped where ever required.

To

**The Members,
HMT (INTERNATIONAL) LIMITED
BANGALORE**

The Board of Directors have pleasure in presenting the 46th Annual Report on the business and operations of your Company and Annual Financial Statements of the Company for the financial year 2019-20 along with Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached to this Report.

**1. Financial summary or highlights/
Performance of the Company**

[Rs. Lakh]

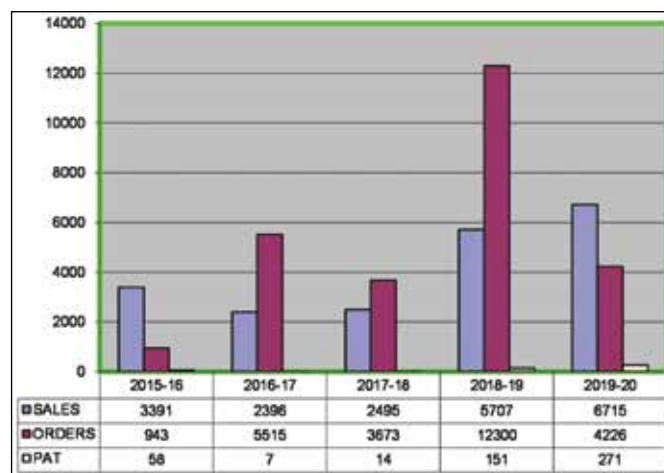
Particulars	2019-20	2018-19
Gross Income from Operations	6715	5707
Cost of Sales	6076	5144
Gross Profit	639	563
Provision for Depreciation	14	15
Net Profit Before Tax	389	202
Provision for Tax	118	51
Net Profit After Tax	271	151
Balance available for appropriation	271	151
Proposed Dividend on Equity Shares	18	14
Tax on proposed Dividend	-	3
Transfer to Other Equity - OCI*	-	32
Surplus carried to Balance Sheet	271	119

[*OCI : Other Comprehensive Income – presentation under Ind AS]

2. Brief description of the Company's working during the year / state of Company's affair.

Performance of the Company during the year 2019-20 in terms of turnover at gross levels was Rs.6715 Lakh as against Rs.5707 Lakh achieved during the previous year, i.e. 2018-19. The Order procurement during the year was Rs.4226 Lakh as against Rs.12300 Lakh achieved in the previous year. With the Turnover of Rs. 6715 lakh, your Company was able to generate the Profit After Tax (PAT) at Rs.271 Lakh as against Rs.151 Lakh, thereby continuing the trend of profits.

[Rs. Lakh]



2.1 Product-wise Achievements

2.1.1 Machine Tools

During the year, the Company has supplied various HMT Machines to Kuwait, London, Nigeria, Oman, Australia, etc. The details are furnished below in brief.

- HMT Conventional Lathe, Model: NH26/2000 valued Rs. 29.93 Lakh, were supplied to Kuwait.
- HMT Conventional Lathe, Model: NH32/1500 valued Rs. 20.50 Lakh, was supplied along with other machines valued Rs. 11.97 Lakh, to customer at London and consignee at Nigeria.
- HMT ECONOCNC 26/2000 valued Rs. 54.50 Lakh, was supplied to Nigeria.

- HMT ECONOCNC 32/2000 along with accessories valued Rs. 72.81 Lakh, was supplied to Oman.
- HMT Conventional Lathe, Model: NH32/3000 valued Rs. 40.32 Lakh, were supplied to Australia.

Apart from above new orders for supply of HMT Conventional Lathe, Model: NH32/2000 & HMT Radial Drilling Machine, Model: RD65 for Oman were received.

Marketing Efforts

The Company has planned the following sales promotion / market development initiatives with an intent to increase its market presence:

- To pursue with the manufacturing units of HMT MTL to upgrade the niche products.
- To concentrate more on high value products such as large VTL, Floor Boring machine, 80/100 mm Radial Drilling machine, Oil country Lathes, etc.

2.1.2 Projects & Services

2.1.2.1 Agreements Signed with MEA:

- An agreement was signed with MEA on 29.04.2019 for Supply of 45 nos. Buses and 5 nos. Fire Trucks to Liberia at agreement value of Rs. 2334 lakh.
- An agreement was signed with MEA on 04.03.2020 for Setting up of India-Equatorial Guinea Vocational Training Centre (IEGVTC) in Malabo, Equatorial Guinea at a total cost of Rs. 1729 lakh.

2.1.2.2 Update on Projects under implementation:

- **Setting up of Common Facilities Centre for SMEs, Bangladesh:**
- IDEB, Khulna centre (Tool & Die workshop) was inaugurated jointly by the Honorable Prime Ministers of India & Bangladesh through video conference.

- Erection & Commissioning at IDEB, Sirajganj (Dairy Processing Plant) is under progress, which will be followed by On the Training (OJT).

- **Upgradation & Modernization of ETDC, Dakar, Senegal – Phase I:**

- The project was handed over to Government of Senegal on 25.06.2019. Inauguration was graced by CMD, HMT Ltd, Ambassador of India and Honorable Minister of Vocational Training, Govt. of Senegal.

- **Setting up of Gandhi - Mandela Skills Training Institute, South Africa:**

- Erection & Commissioning activities were successfully completed on 18.02.2020. OJT activities shall start once addendum is signed with MEA.

- **Setting up of Indo-Belize Centre of Engineering, Belize:**

- Erection & Commissioning activities were successfully completed on 13.03.2020. OJT activities shall start once travel restriction due to corona virus is lifted.

- **Supply of 45 Buses and 5 Fire Engines to Liberia:**

- Supply of 45 buses & 5 Fire trucks completed.
- Trial run & training for 45 Buses completed and was handed over to Govt. of Liberia in Feb 2020.
- Trial run & training for 5 Fire trucks will be planned once travel restriction due to corona virus is lifted.

- **Setting up of Indo-Myanmar Industrial Training Centre (IMITC) Monywa, Myanmar:**

- 89% supplies were shipped till May 2020 and balance 11% supplies are planned for shipment by July 2020. Shipments are held up due to unavailability of containers & vessels because of lock down across the country.

- 75% Erection & Commissioning activities (E&C) were completed. Further deputation for E&C will be planned once travel restriction due to corona virus is lifted.
- **Setting up of Indo-Myanmar Industrial Training Centre” (IMITC) Thaton, Myanmar:**
- Project implementation is delayed due to delay in construction of suitable infrastructure by Govt. of Myanmar. Civil infrastructure is expected to be ready by October 2020.
- Procurement of machines / equipment is in progress.
- **Five Years Comprehensive Maintenance Plan to Indo-Myanmar Industrial Training Centre (IMITC), Pakokku, Myanmar:**
- Supply of 4 years spares was successfully completed. Majority of spares for 5th year was dispatched and balance are planned to be shipped by July 2020. With this all project activities will be completed.
- **Five Years Comprehensive Maintenance Plan to Indo-Myanmar Industrial Training Centre (IMITC), Myingyan, Myanmar:**
- Training in India for 1st batch completed.
- Shipment of 1st & 2nd year spares are under progress.
- **Setting up of New Workshops and Laboratories in IMU-Chennai (Semmencherry) and Visakhapatnam (Sabbavaram) Campus:**
- 42% supplies were dispatched till March 2020. Dispatch of balance machines is delayed due to lock down across the country.
- **COVID19 will have a Serious bearing on 2020-21 Performance even though there was no major impact on the Current year results.**

2.2 High-sea Sales

The Company has been in the import segment of business by facilitating imports on behalf of customers

including HMT Group companies. This would give an added thrust to the performance of the Company. During the year, products valued Rs.274 lakh was imported and supplied, as compared to Rs.597 lakh supplied during the previous year.

2.3 Strategies

The Company will focus on high value orders for machine tools in the target markets, Middle East, African countries, etc. and continue to make aggressive marketing efforts. Besides, the Company will continue to follow different marketing strategies to improve the Order book position for which various product-wise strategies have been drawn up.

Another strategy being adopted by the Company is to pursue for Non-MEA (non-Government sponsored) Projects and also pursue for more share of the MEA projects by identifying new project opportunities in countries like Bangladesh, Belize, Equatorial Guinea, Eritrea, Liberia, Indonesia, Jamaica, Mongolia, Myanmar, Nepal, Palestine, Senegal, Sri Lanka, Sudan, South Sudan, Tajikistan, Turkmenistan, Zimbabwe, etc.

2.4 Marketing efforts

The Company has planned the following sales promotion/ market development initiatives with an intent to increase its market presence:

- To pursue with the manufacturing Units of HMT MTL to upgrade the niche products.
- Pursue with MEA for more share in the grant-in-aid projects.
- Focus on high value machine tools in the target markets.
- Enter into tie-ups with machine tool manufacturers in India for exports.
- Pursue Non-MEA Projects.
- Identify fresh project opportunities in Bangladesh, Belize, Equatorial Guinea, Eritrea, Liberia, Indonesia, Jamaica, Mongolia, Myanmar, Nepal,

Palestine, Senegal, Sri Lanka, Sudan, South Sudan, Tajikistan, Turkmenistan, Zimbabwe, etc.

- Participating in all global tenders of African & Asian countries like Ethiopia, Zimbabwe, Bhutan, etc.
- Tie-up with other Industrial Houses and Agencies to widen the basket for taking up of new projects and build on the expertise gained in the implementation of Vocational Training Center (VTC) projects.

2.5 Performance details

	[Rs. Lakh]	
Particulars	2019-20	2018-19
Sales Turnover		
HMT Products & Technical Services	250	307
Agency & Others	41	69
Projects & Services	6150	4734
High-sea sales	274	597
Total	6715	5707

3. Dividend

Considering the level of profitability achieved during the year, the Board of Directors have recommended for payment of dividend at the rate of 25% (Rs.2.5/- per equity share), on the paid up equity share capital of Rs. 72 Lakhs, subject to tax for FY 2019-20.

4 Reserves

An amount of Rs.271 lakh has been carried to Balance Sheet.

5. Share Capital

The Authorised Share Capital of the Company is Rs.800 Lakh and the Paid up capital is Rs.72 Lakh

6. 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.

7. Particulars of Employees

The total number of employees as on March 31, 2020 stood at 22 (including 1 Schedule Caste and 1 Schedule Tribe) . There were no employees of the Company who received remuneration in excess of the limited prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules , 2014.

8. Meetings

During the year four Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

9. Auditors

M/s GPSV & Co., Chartered Accountants, Bangalore were appointed by the C&AG as Statutory Auditors of the Company for the financial year 2019-20.

10. Auditors' Report

The Statutory Auditors have submitted the Independent Auditor's Report for the year 2019-20. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

11. Internal Audit & Controls

The Company has engaged M/s Manohar & Venkata, Chartered Accountants, as Internal Auditors for the Company for the Financial Year 2019-20. During the year the Company continued to implement their suggestions and recommendations for improvement of systems.

12. Implementation of Official Language

Your Company continued to pursue its efforts in the implementation of the Official Language Policy of the Government. Towards this end, cash awards have been given to employees on passing various Hindi examinations.

13. Secretarial Audit Report

The report of the Secretarial Auditor is enclosed as Annexure to this report. The report is self-explanatory and do not call for any further comments

14. Conservation of energy, technology absorption.

Particulars with respect to 'conservation of energy and technology absorption' are not furnished since the Company is not engaged in any manufacturing activity.

15. Foreign Exchange Earnings and Outgo

The details of foreign exchange earned and the outgo thereof is detailed below :

Rs. Lakh			
S. No.	Particulars	2019-20	2018-19
1.	Foreign Exchange earned		
	FOB value of Exports	259	235
	Technical Services	1260	552
	TOTAL	1519	787
2.	Outgo of Foreign Exchange		
	Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	171	41

16. Human Resources

The Company aims at continuous up-gradation of skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customer base of your Company. Your Company has undertaken a number of training initiatives during the year covering Junior and Middle-level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility and to promote creativity and innovation. Employees were also deputed for external training programmes.

17. Vigilance Activities

The Company has adopted a pro-active approach to bring vigilance awareness among employees, vendors and customers. A Vigilance Cell is functioning in the Company to keep a watchful eye from the vigilance angle on the overall activities of the Company. System improvement and intensive examination of high value contracts and purchases continued to be the thrust areas for the Vigilance Administration during the year. Important procedures were reviewed and wherever required further simplification has been undertaken for faster and transparent decision-making. Guidelines of the Central Vigilance Commission (CVC) are being complied with / followed by the Company.

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

During the Financial year 2019-20, the Company has not received any complaints of Sexual Harassment and no cases are pending.

19. Enterprise Risk Management

In order to have a better reporting system on various risk faced by the Company and to assess such risk for taking appropriate action in a timely manner, the Company has in place Guidelines on Risk Management.

20. Whistle Blower Policy

The Company has in place a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns.

21. Fraud Reporting

There was no incident of fraud reported during the year under review.

22. 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 31.03.2020, 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.

23. 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

24. Declaration from Independent Director

As per section 149(7) of the Companies Act, 2013, the Company has received declaration from Shri. Sathyanarayanan Sethumadhavan, and Shri. S. Velpandiyan, Independent Directors of the Company.

25. Events Subsequent to the Date of Financial Statements

There are no Material changes and commitments affecting the financial position of the company which have occurred between 31st March 2020 and date of signing of this Report.

26. Related Party Transactions

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

All Related Party Transactions entered during the year were in Ordinary Course of the Business and at Arm's Length basis. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013, in Form AOC- 2 is not applicable.

27. Particulars of Loans, Guarantees & Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements

28. Subsidiary, Associates/Joint Venture Companies

The Company is wholly owned (100%) subsidiary of HMT Limited. Further, the Company does not have any Subsidiary, Joint Venture or Associate Company.

29. Acknowledgements

The Directors are thankful to HMT Limited, the Holding company and its Subsidiaries, various Ministries of the Government of India, especially the Ministry of Heavy Industries & Public Enterprises, Ministry of Commerce, Ministry of External Affairs and Comptroller & Auditor General of India, Principal Director, Commercial Audit, Statutory Auditors, Internal Auditors, Reserve Bank of India, the Company's Bankers, Agents and the valued Customers for their continued support and confidence in the Company.

The staff of the Company displayed a high level of commitment and dedication to the pursuit of business growth. The participative and professional work culture has consistently remained a source of strength for the Company. The Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the operations of the Company during the year.

For and on behalf of the Board of Directors

S. Girish Kumar
Chairman

Place: Bangalore
Date : 24-06-2020

MANAGEMENT DISCUSSION & ANALYSIS

A. EXPORT SECTOR & STRATEGIES

The country's overall exports during the 2019-20 has exhibited a positive growth of 17.6 percent over the same period last year. Out of this, the engineering sector has registered a growth of 26.04 percent. India's economy is picking up and growth prospects looking bright consequent to the implementation of policies such as the nationwide goods and services tax. India is one of the world's fastest-growing economies accounting for about 15 percent of global growth. To sustain export growth, the industry requires a synergy that promotes manufacturing competitiveness and facilitates the production of goods of global quality standards at prices that are competitive.

The Indian engineering sector is of strategic importance for the growth of the country, being closely associated with the manufacturing and infrastructure sectors of the economy. In other words, growth of the engineering sector drives the growth of core sectors of Indian economy.

It is estimated that the opportunities to unleash the country's exports potential and achieve a three-fold increase in engineering exports by 2025. This target is achievable considering the increased trade flow of engineering products and provides India an opportunity to attain leadership across various product categories. The technology intensity of India's engineering export portfolio has not changed significantly over the decade, and India still exports low and medium-technology intensive engineering goods. The share of high-tech goods is slightly more than six percent of the overall engineering export basket. Historically, labour cost arbitrage has been the competitive advantage for India and this has resulted in limited exports in the high-end segment. However, technology trends across product categories and emergence of digital technologies in manufacturing are expected to significantly change the engineering exports landscape. The scale of operations

and production volumes are significantly lower than that of China, the main competitor in the engineering export segment.

The major markets for Indian engineering products have been the Middle East and West Asia, Africa and Latin American nations. The Company's major thrust areas are the implementation of projects overseas on turnkey basis like Technical Training Centers, Vocational Training Centers, Information Technology Centers and export of products. All the projects have been implemented on turnkey basis without cost and time overrun that involved supply of machines and equipment, installation & commissioning, training in India in the reputed established institutions and on-the-job training at project site by HMT(I) experts besides technical assistance in management.

The Company has requisite experience and capabilities in the following areas, which are offered to developing and under-developed countries under MEA assisted programmes.

1. Entrepreneur & Technical Development Centre
2. Vocational Training Centers
3. Information Technology Centers
4. Small & Medium Enterprises Development Centre
5. Tool Rooms for Engineering manufacturing establishments
6. Common Facility Centre
7. Workshops/Laboratories for Engineering / Educational Institutions
8. Lamp chains

The company has over the years set up various Tool Rooms, common Facility Centers, Engineering Workshops, Vocational Training Centers, Advanced Training Centers, Entrepreneur Technical Development Centers and IT Training Centers geared

to meet the technical skill and infrastructural needs of the Country and engineering industry complexes. In this area of Technical Training, the Company has carved a niche for itself.

TRADING

HMT(I) offers a wide range of bearings, components, workshop equipment, Pumps & Compressors and Laboratory equipment.

B. STRENGTHS AND CONSTRAINTS STRENGTHS

Products

- Backed up by HMT's strong technological base and formidable resources over the years, the Company is recognized as a reliable source for Machine Tools.
- Wide experience in exports since four decades.
- Marketing network in many countries and exports to over 75 countries
- Products are based on technical know-how acquired from world leaders
- Executed major Agricultural Development Project
- Faster after-sales service and spares supply.

Projects & Services

- Proven experience in a spectrum of engineering fields, covering manufacturing, maintenance and execution of turnkey projects in the international market. The Company offers a comprehensive package of consultancy, technical and engineering services from concept to commissioning on turnkey basis.
- Backed by technical and skilled manpower from the Group Companies of HMT.
- Successfully executed projects in areas not entirely within HMT's domain (Fruit Processing, Dairy, Cashew nut processing, manufacture of Water Meter and Welding Rod).

- Core competence in execution of Training and Tool room Projects
- Technically qualified & experienced team for execution of projects

C. CONSTRAINTS

Products

- Market reach is limited by resources
- Lack of competitive edge vis-à-vis low cost countries (China, Taiwan)
- Free access to international market directly by manufacturers and other traders increases competitive pressures due to technical advancements.
- More response time for enquiries & tenders due to complex purchase procedures.

Projects & Services

- Company's core strengths not known adequately abroad
- Company's network of high level Industrial/ commercial contacts not adequate
- Mainly dependent upon MEA projects
- Lack of aggressive agents in many countries.

OPPORTUNITIES

Products & Projects

- New opportunities in engineering and services exports have opened up through globalization
- Vast opportunity in Africa, South Africa, Belize, Senegal, Bangladesh, etc. for medium technology and medium priced goods to replace high technology western goods
- Stress on industrialization in developing countries opens up market for export of Machinery and engineering and technical services

THREATS

- Non-competitive prices and delivery slippages pose a threat to keeping customers abroad.
- Cumbersome procedures make decision making a difficult and time consuming process.
- Emergence of China and East European manufacturers with aggressive marketing is a major threat to company's exports.
- Global tendering of projects by MEA.

D Segment wise / Product wise performance

Product wise Performance: The product-wise sales for the year 2019-20 of the Company is asunder -

Sector	Val ₹ Lakh
Machine Tools	291
Projects & Services	
- (a) Products	4912
- (b) Tech Services	1238
High-sea sales	274
Total	6715

E Outlook

Export of Machine Tools, Projects and Services are the major business for the Company. Presently the Company is exporting Machine Tools only to Middle East and African countries. It is necessary for the Company to explore new markets to increase its sales. Sri Lanka, Nepal, Bangladesh, South Africa, Senegal, Belize, Myanmar, etc. continue as key markets for engineering exports. South East Asian market is attractive in terms of export of Machine Tools. This market depends mainly on imports to meet its machine tools equipment demand. Marketing of Machine Tools manufactured by other Indian manufacturers will be considered wherever HMT Machine Tools Limited is not able to meet the technical or commercial requirements. The company would tie-up with export organizations and Companies to widen the basket for marketing project expertise.

F. RISKS AND CONCERNS

- Steep competition in the international market has adversely affected the market for Machine Tools which are extremely price sensitive and the Company's already slender margins are eroded.
- Delays in deliveries and non competitive prices of machine tools
- Non realization of major orders for projects due to non-compliance of commercial terms
- Elaborate purchase procedures delaying the processing of project procurements.
- Tendering by MEA instead of nomination in awarding projects.

G. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company has adequate systems for internal control which are commensurate with its size and nature of its operations. The salient features of internal control system 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 disposition and ensuring that transactions are authorized and recorded.
- Process for formulating and reviewing annual/ aggregate and long term/ strategic business plans have been laid down.
- Detailed Annual budget with monthly break up of targets under various Heads.
- Compliance with Laws and Regulations
- Ten years' Road Map of the Company.

H. FINANCIAL PERFORMANCE

The Turnover of the Company during the year 2019-20 is Rs.6715 Lakh as compared to Rs.5707 Lakh of

the previous year. During the year, the Company has generated a profit (PAT) of Rs. 271 Lakh as against a profit of Rs. 151 Lakh during the previous year.

I. Human Resources

As on March 31, 2020, the Company has a manpower strength of 22 personnel. The standard force of the company is 40 and young professionals in the areas of Technical, Commercial and marketing areas were inducted recently. The Company aims at continuous upgradation of skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customers base of your Company. The Company has undertaken a Number of training initiatives during the year covering Junior and Middle - level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility.

J. CORPORATE SOCIAL RESPONSIBILITY

HMT Group has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community. The Company makes contributions towards maintenance of these services by HMT, the Holding Company.

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 Companies act, 2013, your Company hereby submit 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, 2020, the Board of Directors comprised of Managing Director (I/c), Two part-time Official Directors and Two part-time Non Official (Independent) Director.

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 2019-20, Four (4) Board Meetings were held on April 29, August 24, December 11 in the calendar year 2019 and on February 15 in the calendar year 2020.

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	AGM/ Meeting	Directorship	Committee	
					Membership	Chairmanship
S.Girish Kumar	C&MD	4	Yes	1	-	-
Bhupinder Singh Bhalla	NENI	3	-		-	-
Pravin L Agrawal	NENI	3	-			
Dr. S. Sathyanarayan	NEI	4	-			
S. Velpandiyan	NEI	1				

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

Brief Resume of Directors appointed during the year 2019-20

Shri S.Girish Kumar, the Managing Director of the company, assumed charge of the post of Chairman & Managing Director of HMT Limited on April 21, 2017. Consequently, he has been assigned the additional charge of the post of Managing Director of HMT (International) Limited with effect from April 21, 2017.

Shri Pravin L. Agrawal, Joint Secretary, Department of Heavy Industry, Ministry of Heavy Industries & Public Enterprises, has been appointed as part-time official Director, with effect from 15th March 2019.

Shri Pravin L. Agrawal is an Indian Forest Service Officer (1994 Batch), a common wealth scholar & holds post graduate degree in sustainable development, public policy and management from different global universities. He has varied experience in the field of Public policy and Governance issues. He has been nominated by U.S. Department of State for its prestigious fellowship “International Visitors Leadership programme” on Border Trade issues during 1995.

Shri Bhupinder Singh Bhalla, IAS, is the Joint Secretary in the Department of Commerce, Ministry of Commerce & Industry. He was appointed as the part-time official Director with effect from October 18, 2016.

Dr. S. Sathyanarayan has been appointed as the Non-official Independent Director with effect from 28th March 2019. He is a Vascular Surgeon and Laparoscopy Surgeon. He has served as Chief Medical Officer in Hindu Mission Health Services, Nanganallur, Chennai and as Associate Professor in Surgery in Sri Balaji Medical College, Chrompet.

Shri. S. Velpandiyan has been appointed as the Non-official Independent Director with effect from 27-01-2020. He is a B.Sc graduate. He is president of 80 Puttalam Co.operative Societies in Kanyakumari Dist. Tamil Nadu.

Committees of the Board

The criteria for constitution of Audit and Remuneration Committee is not applicable for the Company.

General Body Meetings

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

Financial year	Date	Time	Venue
2016-2017	31.10.2017	11.30 a.m	Registered Office of the Company
2017-2018	28.08.2018	11.00 a.m	
2018-2019	28.08.2019	12.30 p.m	

Special Resolution, if any

The Annual General Meeting for the current year is scheduled before September 30, 2020 at the Registered Office of the Company.

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 are outstanding Statutory Dues payables by some of the units of the Group Companies which have approached /are approaching the Provident Fund Authorities for settlement in monthly Installments.

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. The Company has not established a whistle Blower Policy for the employees. However, none of the employee has been denied the access up to the senior level management.

Means of Communication

Being a wholly owned Subsidiary, Company submits financial results periodically to HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmti.com.

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2020

[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 : U33309KA1974PLC002707
- ii. Registration Date : 13-12-1974
- iii. Name of the Company : HMT (INTERNATIONAL) LIMITED
- iv. Category / Sub - Category of the Company : Company Limited by Shares / Union Government Company
- v. Address of the registered office and contact details : HMT Bhavan, 59, Bellary Road, Bangalore – 560 032
Ph.: 91- 80-23330333
Fax: 91-80- 23339111
- vi. Whether listed company : No
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any : HMT Bhavan, 59, Bellary Road, Bangalore – 560 032,
Ph.: 91- 80-23330333

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	Export of Goods & Services		100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidiary Joint Venture	% of shares held associate
1	HMT Limited	L29230KA1953PTC000748	Holding	100

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

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physical	Total	% of Total Shares	Demat	Physical	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									
(b)	Central Government/ State Govt.									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Government Companies	0	7,20,000	7,20,000	100	0	7,20,000	7,20,000	100	0
	Sub-Total A (1) :	0	7,20,000	7,20,000	100	0	7,20,000	7,20,000	100	0
(2)	FOREIGN	NIL								
	Sub-Total A (2):	-	-	-	-	-	-	-	-	-
	Total A=A (1) + A(2)	0			100	0			100	0
(B)	PUBLIC SHAREHOLDING	NIL				NIL				
	Sub-Total B (1) :	-	-	-	-	-	-	-	-	-
(2)	NON INSTITUTIONS	NIL				NIL				
	Sub-Total B (2):	-	-	-	-	-	-	-	-	-
	Total B = B (1)+B(2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :									
(C)	Shares held by custodians, against which Depository Receipts have been issued	NIL								
(1)	Promoter and Promoter Group									
(2)	Public									
	Grand Total (A+B+C)	0	7,20,000	7,20,000	100	0	7,20,000	7,20,000	100	0

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	7,20,000	100	NIL	7,20,000	100	NIL	NIL

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	7,20,000	0	7,20,000	0
	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	7,20,000	0	7,20,000	0

i) 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 beginning of the year		Shareholding at the beginning of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Not Applicable				

iv) 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
<i>Indebtedness at the beginning of the financial year as on 01.04.2019</i>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
- Addition	NIL	NIL	NIL	NIL
- Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
<i>Indebtedness at the end of the financial year 31.03.2020</i>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

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

Sl. 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/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	N.A.
2	Stock Option	
3	Sweat Equity	
4	Commission - as % of profit - others, specify	
5	Others Medical	
	Total (A)	
	Ceiling as per the Act	

Independent Directors : The President is the authority for appointment of Directors on the Board of Central PSU's and we have requested the Ministry to appoint Independent Directors to constitute mandatory committees and further to appoint a woman Director to comply with listing requirements and Companies Act 2013

B. Remuneration to other Directors:

<i>Particulars of Remuneration</i>	<i>Name of MD/WTD/ Manager</i>	<i>Total Amount</i>
- Fee for attending board / committee Meetings	N.A	
- Commission		
- Others, please specify		
Total (1)		
Other Non-Executive Directors		
<i>Particulars of Remuneration</i>		
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	
			Total (Rs.)
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, specify....	-	
5.	Others, please specify	-	
	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		

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2020

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

To

The Members**M/s. HMT (International) Limited****(CIN: U33309KA1974GOI002707)****No.59, Bellary Road, Bangalore 560 032**

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

Management's Responsibility for Secretarial Compliances:

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

Auditor's Responsibility:

My responsibility is to express an opinion on the secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and read with the Statutory Auditors' Report on Financial Statements and Compliance of the conditions of Corporate Governance and also the information provided by the Company, its officers, agents and authorized

representatives during the conduct of Secretarial Audit, I hereby report that in my opinion and to the best of my information, knowledge and belief and according to the explanations given to me, the company has, during the audit period covering the financial year ended on 31st March 2020 (Audit Period) generally complied with the applicable statutory provisions hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. HMT (International) Limited for the financial year ended on 31st March 2020 according to the provisions of:

1. The Companies Act, 2013 and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **As reported to us, the said Act is not applicable during the year under review.**
3. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable to the company - **As reported to us, there were no FDI, ODI or ECB transaction in the company during the year under review.**

I have also examined the compliance with the applicable clauses of Secretarial Standards with respect to Board and general meetings of The Institute of Company Secretaries of India;

I report that during the year under review, the company has generally complied with the provisions of the

Act, Rules, Regulations, Guidelines, Standards etc. mentioned above

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

Observations / Non Compliances / Adverse Remarks / Qualifications in respect of Companies Act, 2013 and Rules made there under and Secretarial Standards are as follows:

- **There are delays in certain cases w.r.t. the filing of various e-Forms with the Registrar of Companies, Karnataka.**

I further report that:

- a. The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and

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

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

D VENKATESWARLU

Company Secretary

FCS No. 8554:

C P No. 7773

UDIN: F008554B000372643

Place: Bangalore

Date: 24th June 2020

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

“Annexure - A”

To
The Members
M/s. HMT (International) Limited
(CIN: U33309KA1974GOI002707)
No.59, Bellary Road, Bangalore 560 032

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bangalore
Date: 24th June 2020

D VENKATESWARLU
Company Secretary
FCS No. 8554:
C P No. 7773
UDIN: F008554B000372643

CERTIFICATE ON CORPORATE GOVERNANCE

To
**The Members
of HMT (International) Limited**

We have examined the compliance of conditions of Corporate Governance by HMT (International) Limited, ("the Company"), for the year ended on 31st March 2020, as stipulated in Guidelines on Corporate Governance for Public Sector Enterprises.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

The full complements of Independent Directors as required under Corporate Governance Guidelines have been fulfilled and the Audit Committee was not constituted, since the same is not applicable.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Guidelines.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for G P S V & CO.,
(Chartered Accountants)
(FRN 013175S)
UDIN : 20222219AAAACK2195
PATIL NARAHARI LAXMANRAO
Partner
(M No.222219)

Place: Bangalore
Date : 24/06/2020

DECLARATION BY THE MANAGING DIRECTOR

Sub: Code of Conduct- Declaration under Clause 3.4.2

This is to certify that:

In pursuance of the provision of Clause 3.4.2 of Corporate Governance Guidelines of DPE, a code of conduct for the Board Members and Senior Management Personnel is in place.

The said Code of Conduct has been uploaded on the website of the Company and has also been circulated to the Board Members and the Senior Management Personnel of the Company; and

All Board Members, and the Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2020

Place: Bangalore
Date: 24-06-2020

(S.Girish Kumar)
Managing Director

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of HMT (International) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate

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

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place: Bengaluru
Date: 24-06-2020

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

Patil Narahari Laxmanrao
Partner
M No – 222219

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of HMT (International) Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company and its joint operations companies incorporated in India (retain as applicable) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered

Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

Limitations of Internal Financial Controls Over Financial Reporting

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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G P S V & Co.,

Chartered Accountants

FRN - 013175S

UDIN : 20222219AAAACK2195

Patil Narahari Laxmanrao

Partner

M No – 222219

Place: Bengaluru

Date: 24-06-2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

For G P S V & Co.,

Chartered Accountants

FRN - 013175S

UDIN : 20222219AAAACK2195

Patil Narahari Laxmanrao

Partner

M No – 222219

Place: Bengaluru
Date: 24-06-2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT (INTERNATIONAL) LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020

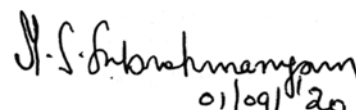
The preparation of financial statements of HMT (International) Limited, for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24 June 2020.

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

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

Place: Hyderabad

Date: 01 September 2020

A handwritten signature in black ink, appearing to read 'M. S. Subrahmanyam', with the date '01/09/20' written below it.

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

NOTE-2 : SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020**BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

A. PROPERTY, PLANT AND EQUIPMENT- IND AS 16

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

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

B. INVENTORY – IND AS 2

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

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

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

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

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

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

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

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

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

D. FOREIGN CURRENCY TRANSACTIONS – IND AS 21

Functional Currency : The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees.

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

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at

historical cost are translated at the exchange rate prevalent at the date of the transaction.

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

E. DEPRECIATION – IND AS 16

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

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

F. WARRANTIES - IND AS 37

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

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

G. REVENUE RECOGNITION - IND AS 18

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

measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

SALE OF GOODS

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

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

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

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

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

Extended Warranty :

When the company sells extended warranty, the revenue from sale of extended warranty is deferred and recognised over the period covered by the warranty. Where extended warranties are included in the price of the product and provide protection in excess of that

provided by normal terms and conditions of sale for the relevant product, the company will separate and account for these two items separately.

H. EMPLOYEES BENEFITS - IND AS 19

Provident fund is provided for, under a defined benefit scheme. The Contributions are made to the Trust administered by the Company.

Leave encashment is provided for under a defined benefit scheme based on actuarial valuation.

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

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

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

I. TAXES – IND AS 12

Current Taxes: Current income tax assets and liabilities are measured at the amount expected to be

recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

J. EARNINGS PER SHARE - IND AS 33

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

Balance Sheet as at 31st March 2020

(Rs. In Lakhs)

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

Balance Sheet as at 31st March 2020

(Rs. In Lakhs)

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

For and on behalf of the Board

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

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

S. VELPANDIYAN
Independent Director
DIN NO : 08700752

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

Place : Bangalore
Date : 24.06.2020

JAYANTHI VENKATESH
ASST GENERAL MANAGER (FINANCE)

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

(Rs. In Lakhs)

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

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

(Rs. In Lakhs)

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

For and on behalf of the Board

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

S. VELPANDIYAN
Independent Director
DIN NO : 08700752

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

 Place : Bangalore
Date : 24.06.2020

JAYANTHI VENKATESH
ASST GENERAL MANAGER (FINANCE)

Statement of Cash Flows for the year ended 31 March 2020

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

For and on behalf of the Board

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

S. VELPANDIYAN
Independent Director
DIN NO : 08700752

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

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

Place : Bangalore
Date : 24.06.2020

JAYANTHI VENKATESH
ASST GENERAL MANAGER (FINANCE)

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



3. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE - 1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020
PERTAINING TO BALANCE SHEET

e) The Income Tax Liability for FY 2009-10 of Rs. 1.71 Crores is in dispute before Income Tax Appellate Tribunal (ITAT).

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

5 The debts written off in the past, but, action of recovery proceedings is being continued before the Courts.

a) M/s. Nawab Cashew Packers, Kerala : Execution of an Arbitration Award of Rs. 69.23 Lakh is pending in various courts at Various Stages

b) M/s. Nucor Wires Ltd , Bangalore : Execution of an Arbitration Award of RS. 69.75 /- Lakh is pending in Hon'ble Supreme Court process.

6 Provision for Taxation has been made under provisions of the Income Tax Act, 1961.

7 Balances under Trade Receivables, Loans & Advances, Trade Payables are subject to confirmation, although confirmation has been sought in most of the cases.

8 Proposed Dividend As per IND AS 10 :

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

NOTE - 1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020
DISCLOSURE REQUIREMENT AS PER IND AS - 24
A - RELATED PARTIES

INR in lakhs

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

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

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

NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS 31.03.2020

INR in lakhs

SEGMENT REPORTING AS PER IND AS 108

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

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

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

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

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

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

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

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

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

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

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

For and on behalf of the Board

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

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

S. VELPANDIYAN
Independent Director
DIN NO : 08700752

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

Place : Bangalore
Date : 24.06.2020

JAYANTHI VENKATESH
ASST GENERAL MANAGER (FINANCE)

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

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

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

i) Defined Contribution Plan: (Rs. In lakhs)

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

ii) Defined Benefit Plans:

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans. The Company has obtained the actuarial valuation report from the independent actuary except Provident Fund. The principal assumptions used in determining gratuity and post-employment benefits obligations for the company's plan is shown below

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS



Employee Benefit Obligations

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

A. Gratuity

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

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

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

	Gratuity cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income								
	1-Apr-18	Net interest expense & Past Service Cost	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-19
	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs	INR Lacs
Defined benefit obligation	(129.91)	(8.00)	(13.13)	125.63		(43.44)			(57.46)		(118.30)
Fair value of plan assets	167.51	14.12	14.12	(125.63)	(4.67)				(4.67)	(12.73)	38.60
Benefit liability	37.60		0.99	0.00					(105.57)	(12.73)	(79.70)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

B. Earned Leave Encashment

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

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

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

C. Settlement Allowance

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

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

Defined benefit obligation
Fair value of plan assets
Benefit liability

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

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

Defined benefit obligation
Fair value of plan assets
Benefit liability

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

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

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

Income Tax

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

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

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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

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

(i) Gratuity (Rs. In lakhs)

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

(ii) Settlement Allowance
(Rs. In lakhs)

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

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

Checklist on COVID - 19 Impact for Trading Companies

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

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

SI No	Auditor has to oversee the following points as advised in ICAI Accounting and Auditing Advisory by The Institute of Chartered Accountants of India	Reply
	d) Whether there are any contracts for which costs such as imposition of penalty due to delay in supply of services, increase in cost of material, labour, etc. will exceed the benefit receivable from that contract? If yes, details of such contracts is to be provided.	No
	e) If, the management is unable to assess whether some of the contracts which are to be executed, have become onerous (Costs>Benefits) due to the inadequacy of information, the same should be disclosed	Even though there is a delay in execution of projects due to Covid 19 , as on date , there would not be any cost over - run.
	f) Whether there are any modifications or terminations of the existing Contracts relating to Employees, Employee share based payments, Derivative contracts, Construction contracts, Revenue contracts and others? If there are any such modifications or terminations, details to be provided to give effect to the events occurring after the Balance Sheet Date.	No
7	Going Concern Assumption	
	In brief, Going concern means the entity's ability to continue its operations in the foreseeable future. Financial statements are normally prepared on the assumption that an entity is a going concern.	
	a) Management of the entity should assess the impact of COVID-19 and the measures taken on its ability to continue as a going concern. Going concern Assessment may involve analysis of the impact of COVID-19 on suppliers and customers, availability of employees, ability to procure working capital requirements, insurance policies that cover the losses etc.,	The company is assessing the impact of Covid 19 on continuous basis and as on date , there is no major impact due to Covid 19 which would have an implication on the going concern assumption .
	b) Whether any events occurring after the balance sheet date indicate the risk that the entity may cease to be going concern?	No such event that would indicate the risk that the entity may cease to be a going concern has not occurred as on Balance Sheet date.
	c) Whether there are any interruptions in the supply and production cycle of the entity due to the COVID- 19 outbreak? If so, does management have a feasible recovery plan?	Not Applicable
	d) Whether the impact of COVID-19 is severe and left the management with no realistic alternative but to liquidate or cease operations?	No

SI No	Auditor has to oversee the following points as advised in ICAI Accounting and Auditing Advisory by The Institute of Chartered Accountants of India	Reply
	e) Whether the entity had scaled down its operations because of the impact of COVID-19?	For the Financial year 2020-21, the company has proposed to Downsize its operations/Sales by 15% (i.e. Sales TO target of Rs. 65 cr to 55 cr)
	f) Has management performed a preliminary assessment of the entity's ability to continue as a going concern? Whether auditor has discussed with management the impact of the COVID-19 outbreak, if any, on their assessment?	Yes, The company is assessing the impact of Covid 19 on continuous basis and as on date, there is no major impact due to covid 19 which would have an implication on going concern assumption.
	g) Were there interruptions in the supply and production cycle of the entity due to the COVID- 19 outbreak? If so, does management have a feasible recovery plan? Do these events or conditions cast significant doubt about the entity's ability to continue as a going concern? Are these disruptions expected to continue for a foreseeable future and the action plan of the management to mitigate these risks?	No
	h) Did the auditor note any contradiction in audit evidence provided by the entity (e.g., different assumptions or inputs used for different purposes)?	No
	i) Are there any financial difficulties, resulting in additional credit risks, higher than usual bad debts and potential impairments and write-offs because of the COVID-19 outbreak? Has management considered these situations in their assessment of the entity's ability to continue as a going concern?	No
	j) Are there any potential issues related to debt, including debt covenants, which are applicable to the entity (for example, is the entity in compliance with debt covenants or do debt agreements contain material adverse change clauses or call provisions)? Has management considered these situations in their assessment of the entity's ability to continue as a going concern?	No

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

SI No	Auditor has to oversee the following points as advised in ICAI Accounting and Auditing Advisory by The Institute of Chartered Accountants of India	Reply
	b) Other disclosures may include business risk factors and management's discussion and analysis of results, liquidity and capital resources.	Whereever applicable disclosed
	c) Management Representation	
	The Management Representation letter should include the risk analysis from following areas:	
	i) Effect of Operational Disruption	Included
	ii) Reduction in Customer base	Included
	iii) Disruption in Supply chain effect	Included
	iv) Employees opting work from home	Included
	v) Contractual Non-Compliances	Included
	vi) Liquidity & Working Capital	Included
	vii) Effect of COVID-19 on Trade receivables & Loans and Advances and impact analysis.	Included

For GPSV & Co,
Chatered Accountant,
FRN : 0131755

Patil Narahari Laxmanrao,
Chatered Accountant
Partenr
M No : 222219

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

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

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

- II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If Yes, the financial impact may be stated.

Not Applicable

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

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

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

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

Patil Narahari Laxmanrao
Partner
M No: 222219

Place: Bangalore
Date: 24-06-2020

ANNEXURE I

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

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

