

 **hmt**  
HMT Limited

  
Azadi Ka  
Amrit Mahotsav

**69<sup>th</sup>**  
**ANNUAL REPORT**  
**2021-22**



## **CORPORATE MISSION**

- ❖ To establish ourselves as one of the world's premier companies in the engineering field having strong international competitiveness.
- ❖ To achieve market leadership in India through ensuring customer satisfaction by supplying internationally competitive products and services.
- ❖ To achieve sustained growth in the earnings of the group on behalf of shareholders.

## **CORPORATE OBJECTIVES & GOALS**

- ❖ To encourage the modernization of Indian Industry through the supply of engineering goods and services of world class excellence.
- ❖ To maintain technological leadership through continuous efforts to update product technology and manufacturing methods.
- ❖ To globalize our operations by developing a mix of international markets and businesses.
- ❖ To ensure a satisfactory return on capital employed, to meet the growth needs and the aspirations of our stakeholders.
- ❖ To provide an active, pleasant and productive working environment.

## Chairman's Address

### 69th Annual General Meeting of HMT Limited

#### My Dear Shareholders,

It is my proud privilege and honour to lead the growth initiatives of HMT after taking over the responsibility on 25th August 2022. I take this opportunity to welcome you all on my and Board of Director's behalf. I convey my best wishes to you all and pray for your health and wellbeing. This year also began with challenges related to the onslaught of COVID, however situation turned better towards the fag end. Now we are already witnessing recovery and hope to pick up the momentum and move fast.

The Notice convening AGM, the report of the Directors, Auditors and the Audited Accounts for the year ended 31st March 2022 has already been provided to all the shareholders of the Company and with your permission, I take them as read.

#### Global Outlook

As per IMF's World Economic Outlook April 2022, global growth is projected to slow down from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022 and 2023. However, global manufacturing production increased by 9.4 per cent in 2021, after the pandemic-related drop of 4.2 per cent in 2020. The reports reveal varying trends across industrial sectors. Many of the higher-technology industries have already reached and exceeded their pre-pandemic production levels. However, one exception to this is the manufacturing of motor vehicles. The sector has not been able to return to production levels prior to the pandemic level, partly due to chip shortages.

#### Indian Economy

India is estimated to be the fastest growing economy at 8.2% in 2022 and 6.9% in 2023 as per IMF estimates. The Indian economy has fully recovered to the pre-pandemic real GDP level

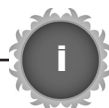
of 2019-20, according to the estimates released on May 31, 2022. Real GDP growth in FY 2021-22 stands at 8.7%, which is 1.5% higher than the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate in the last quarter of FY 21-22 increased to its highest level compared to previous nine quarters. Moreover, capacity utilisation in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy.

Future capital spending of the government in the Indian economy is expected to be supported by factors such as tax buoyancy, streamlined tax system, thorough assessment and rationalisation of the tariff structure and digitisation of tax filing. In the medium term, an increase in capital spending on infrastructure and asset-building projects is set to increase growth multipliers. Furthermore, revival in monsoon and Kharif sowing helped the agriculture sector gain momentum.

India has emerged as the fastest-growing major economy in the world. We have become the fifth largest economy and is expected to be one of the top three economic powers globally over the next 10-15 years, backed by its robust democracy and strong partnerships.

#### Manufacturing and impact on Future of Indian Economy

The Government of India has identified manufacturing as critical to the future of the economy. The Make in India program has been launched by Government of India with a lofty objective to place India on the world map as a manufacturing hub and give global recognition to



the Indian economy. Government aims to create 100 million new jobs in the sector in short term. According to Department for Promotion of Industry and Internal Trade (DPIIT), India received a total foreign direct investment (FDI) inflow of US\$ 58.77 billion in FY 2021-22. Government has announced Productivity linked Incentive schemes for 14 sectors with an outlay of approximately Rs 2,83,000 Crores and the schemes have received tremendous response. The PLI scheme aim to develop capacities in the local supply chain, introduce new downstream operations and incentivize investments into high-tech production. Each PLI scheme is applicable for a four to six-year duration period, depending on the sector. This is expected to give boost to manufacturing sector in India.

In July 2021, the Government of India launched six technology innovation platforms to develop technologies and thereby, boost the manufacturing sector in India to compete globally. I am glad to inform that HMT is a part of one of these platforms, 'SURGE' - launched with assistance from MHI to promote collaboration and sharing of knowledge, expertise and experience amongst Industries, R&Ds, Academia, MSMEs, Start-ups, Professionals, Students etc. along with the policy makers in the Machine Tool Sector.

### Road Ahead

With the renewed focus on Manufacturing, this sector has the potential to reach Rs 7,50,000 Cr by 2025. Government is also outlined a plan in August 2021 to reach its goal of Rs 7500 Crores in manufactured goods exports. With impetus on developing industrial corridors and smart cities, the Government aims to ensure the manufacturing sector takes its premier place again. Your company is also in the process of taking the benefit of this initiatives and expand the business.

### Performance & Business accomplishments

During the year 2021-22, HMT Ltd has generated a total income of Rs 81.74 Crores. However, the

company focussed on getting more turnkey project orders during this period and succeeded procured an order for 30MTPD milk powder making plant order. The Profit Before Tax during 2021-22 is Rs. 38.35 Crore as against Rs. 31.58 Crore in the previous year, a growth of 21.4%.

HMT Group of Companies, which includes HMT Machine Tools Ltd and HMT(International) Ltd, has achieved an aggregate Production of Rs. 126.51 Crore and revenue of Rs. 175.74 Crore from operations during 2021-22.

The growth of dairy industry is fuelling the demand for dairy processing equipment in the sector. The Company is bringing out new products and equipments to capture the emerging demand. The company has also launched AMRUT series of HMT Watches on the occasion of 75th Independence Day, to commemorate "Azadi Ka Amrut Mahotsav". These watches have been well received by the market.

### Initiatives at the Subsidiaries

The Subsidiaries of your Company undertook several initiatives during the year 2021-22.

### Machine Tools Business

HMT Machine Tools Limited achieved Sales of Rs.152.53 Crore and Production of Rs. 117.12 Crore during the period as compared with Rs. 165.82 Crore and Rs. 161.20 Crore respectively during the previous year. The Company' net loss registered at Rs. 145.73 Crore as against Rs.132.79 Crore in the previous year. The Company procured orders valued Rs.88.75 Crore against Rs.115.20 Crore in the previous year. The reduction in production and sales as well as increase in loss was mainly due to the effect of Covid-19. Technology Tie-ups for technology enhancement and product upgradation are on the anvil.

Our Machine Tools Factory Ajmer has indigenously developed a Twin Head CNC Heavy Duty Grinding Machine during the year for Indian Railways for

grinding axels. This machine, grinds both end diameters of axels simultaneously in one cycle thus increasing productivity. This machine is an initiative under the "Atma Nirbhar Bharat" and was developed as an import substitution machine which was earlier imported from Spain. The cost of the machine is half of the imported machine. The company expects to get more orders for this machine.

Our Machine tool Unit at Kalamassery has developed and supplied one surface wheel lathe. This is again an import substitute product and saves 30% cost compared to the existing single supplier. Application of Surface Wheel Lathe is for profiling and re-profiling of both the wheels simultaneously in one cycle thus increasing productivity

### Exports

The other operative subsidiary, HMT (International) Limited has achieved a turnover of Rs. 10.91 Crore as against Rs. 19.83 Crore recorded in the previous year. The Company has recorded a Net Profit before Tax of Rs. 0.28 Crore as against Rs. 1.20 Crore previous year.

The subsidiary has signed order of Rs. 10 Crore. Agreements have been signed for execution of various projects and supplies abroad and completed certain projects abroad. Several machines have already been supplied under these Agreements and it is expected that the project would be completed during the current year. Company is working on many fronts in overseas market to enhance its business.

### Action on directions from Government for Closure of subsidiaries and Tractor Division

As per decision of the Government, the operations of HMT Watches Limited, HMT Chinar Watches Limited, HMT Bearings Limited and HMT Tractor Division have been closed and all the employees have been relieved.

HMT Chinar Watches Ltd was taken up for voluntary

winding up under section 59 of IBC Code. After due procedures, Hon'ble NCLT, Chandigarh has passed the final order for dissolution of the Company on 10th March 2022.

HMT Bearings Limited has been taken up for closure under section 271 and 272 of the Companies Act, 2013. Hon'ble NCLT, Hyderabad has passed the final order for dissolution of the Company on 20th April 2022.

Closure related activities in HMT Watches Limited are under progress, while the Tractor Division has been closed and the plant and township now part of the Auxiliary Business Division (erstwhile Common Services Division) of the Company.

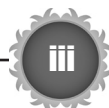
### FUTURE OUTLOOK:

#### Food Processing Machinery

Your company expects good growth in Dairy Processing equipment sector. Growing consumption of dairy products, increasing urbanisation, increasing disposable income, and development of cold chain facilities are the key driver for growth in the dairy processing equipment market. The machines are used to improve the shelf life of dairy goods, fill and package milk before shipping, and reduce carb and fat content.

HMT Food Processing Machinery Unit at Aurangabad has planned modernization of its Plant and Machinery and is also developing and supplying upgraded / new versions of its products like Homogenizers, Continuous Butter Making Machines, Chillers, etc.

The Company is aggressively working on taking turnkey projects for milk processing and milk powder area to enhance its business. As a result, during Sept 2021, the Food Processing Unit, Aurangabad has procured an order valued at Rs 67 Crores for setting up 30 MTPD Milk Powder Making Plant at Indore Dugdha Sangh at Indore. The project has to be completed within 24 Months.



## Machine Tools

The machine tool market depends on Capex Plans and investments of its customers. As the situation is improving, the Company envisages increased revenues, by focusing on sectors and customers for customized hi-tech machines with the inherent capability of in-house R&D, Technology Tie-ups, Joint Working Arrangements, etc.

In view of thrust given by the Government for the Make in India program, Atma Nirbhar Bharath and also PLI schemes, the demand is further expected for machine tools during 2022-23. The pending Orders for Machine Tools is over Rs.218.76 Crore as on 31.07.2022.

As already mentioned, your company has developed Surface wheel lathe for the railways as an import substitute and the company expects a good order for this machine in the years to come. The Twin Head CNC Heavy duty Grinding machine developed by Ajmer Unit is also a commendable product. The company has also supplied a 3 Piece Robo Manipulator to BARC, Mumbai which is being used in nuclear plants. In order to dispose the spent fuel of Nuclear plant, the company has developed a spent fuel chopper.

With these initiatives and product developments, the company felt a need to consolidate the existing products like Radial Drills and Lathes. The company is in the process of ensuring production of sufficient quantity of these machines to expedite the delivery time.

## Export Business

The Company is gearing up to increase its revenues in the coming years by taking up HMT's products and other Engineering Goods to newer destinations and to take up more turnkey projects in under-developed and developing countries. HMT(I)'s orders pending stands at Rs. 23.04 Crore as on 31.07.2022.

## Corporate Governance

Your Company strives constantly in adopting and maintaining the highest standards of values and principles. The Company is complying with Government Guidelines on Corporate Governance framed by Department of Public Enterprises for CPSEs. Your Company will continue to strive for a consistent growth rate to match the expectations of its stakeholders. While your Company is committed to accelerate growth, it will persevere to achieve best standards of Corporate Governance and Ethical Business Practices with emphasis on transparency, accountability and professionalism in working, with the aim of enhancing long term economic value to all stakeholders and society at large.

## Acknowledgement

I take this opportunity to express my sincere gratitude for the immense support and guidance received by your Company from the Hon'ble Minister for Heavy Industries, Hon'ble Minister of State for Heavy Industries, the Secretary (Heavy Industries), Special Secretary & Financial Adviser, the Joint Secretary and other Officers in the Ministry of Heavy Industries as well as Ministry of External Affairs. I am also grateful to the officers in the Ministry of Finance, the Comptroller & Auditor General of India and the Statutory Auditors etc., for all their support for smooth operations of the Company. I sincerely thank the State Governments concerned, Joint Venture Partners, Suppliers, Banks and Financial Institutions for their valuable assistance and support. The valued customers of the Company both in India and abroad deserve special mention for their continued patronage.

I would also like to express my sincere gratitude and appreciation to my esteemed colleagues on the Board and to all **HMTians**, for unswerving commitment, confidence, and continued support for maintaining cordial relations during the extremely challenging year.

I express my thanks to all our esteemed customers in India and abroad for their continual support and patronage and assure them of our commitment to meet their expectations.

I also thank all the other stakeholders for their valuable support, cooperation and for reposing continued confidence in the Company's performance. I am confident that with dedicated and committed resource of employees and valuable support of our esteemed shareholders, your Company will deliver its

responsibilities and enhance value to its stakeholders.

I thank you all for the continued faith in HMT and its management. As we move ahead and celebrate India's 76th year of Independence, I greet you and your family members and wish you all the best!

**(Pankaj Gupta)**

Chairman & Managing Director

(Addl. Charge)

Bengaluru

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**This does not purport to be a record of the proceedings of the 69th Annual General Meeting of the Company.**

## HMT LIMITED

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**BOARD OF DIRECTORS (As on 02.09.2022)**

Shri. Pankaj Gupta	Chairman & Managing Director (Addl. Charge) (w.e.f. 25.08.2022)
Shri. Shashank Priya	Director
Shri. Vijay Mittal	Director (w.e.f. 25.03.2022)
Shri. Vishweshwar Bhat	Independent Director
Shri. Ramji Lal	Independent Director

**CHIEF VIGILANCE OFFICER**

Ms. Kalyani Sethuraman (Addl. Charge) (w.e.f. 04.10.2021)

**CHIEF FINANCIAL OFFICER**

Ms. Kamna Mehta

**COMPANY SECRETARY**

Shri Kishor Kumar S

**STATUTORY AUDITOR**

M/s. S.S.B & Associates  
Chartered Accountants  
No.27, Service Road, Between 2nd & 3rd Cross  
Pampamahakavi Road, Shankarapuram  
Bengaluru - 560 004

**SECRETARIAL AUDITOR**

S. Kedarnath & Associates  
Practicing Company Secretary  
85, Ojus Apts, # 4, Ground Floor  
4th Main, 13th Cross, Malleshwaram  
Bengaluru - 560 003

**BANKERS**

UCO Bank

**REGISTERED OFFICE**

"HMT BHAVAN"  
59, Bellary Road  
Bengaluru - 560 032

**CORPORATE IDENTIFICATION NUMBER**

L29230KA1953GOI000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

KFin Technologies Ltd  
(Previously KFin Technologies Pvt Ltd)  
Selenium Tower B, Plot No 31 & 32  
Financial District  
Nanakramguda, Serilingampally Mandal  
Hyderabad - 500 032, Telangana

**HMT LIMITED**  
**PERFORMANCE HIGHLIGHTS (Values in Rs. Lakhs)**

	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
<b>OPERATING STATISTICS</b>										
Sales	<b>1258</b>	2346	2613	1960	1480	1043	726	6155	7971	10095
Other Income *	<b>6916</b>	6510	4331	3731	1730	1634	10448	3239	30518	4756
Materials	<b>473</b>	1439	1738	1137	818	267	246	3805	6319	5365
Employee Costs	<b>1012</b>	1101	1375	1003	1194	1026	1106	10334	9030	7070
Other Costs	<b>1730</b>	1422	1010	1065	894	5042	470	2293	11754	4090
Depreciation	<b>195</b>	202	27	25	25	32	27	367	340	355
Earnings before Interest	<b>4685</b>	4888	2806	2595	578	(3728)	9348	(8174)	12016	(4135)
Interest	<b>850</b>	1730	2	29	212	288	297	1836	1434	10403
Earnings/(Loss) before Tax	<b>3835</b>	3158	2804	2566	366	(4016)	9051	(10010)	10582	(14538)
Taxation (net off withdrawal/ refunds)	<b>(1)</b>	409	-	-	-	(1861)	-	-	1861	-
Discontinued Operations (Tractors)	-	-	22014	(841)	(1083)	(21794)	(10765)	-	-	-
Net Earnings	<b>3836</b>	2749	24818	1725	(717)	(23949)	(1714)	(10010)	8721	(14538)
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	<b>1117</b>	1251	1393	1616	1723	1956	2229	2481	2831	3159
Current Assets	<b>48648</b>	44239	41552	32000	18983	18832	9345	64225	67742	68604
Current Liabilities & Provisions	<b>11244</b>	10896	10966	23981	11878	20950	35387	27723	21881	26928
Working Capital	<b>37404</b>	33343	30586	8019	7105	(2117)	(26041)	36502	45861	41676
Capital Employed	<b>38521</b>	34594	31979	9635	8828	(161)	(23812)	38983	48692	44835
Investments	<b>71978</b>	71978	71978	71978	72042	72029	76425	76425	76390	76556
Borrowings	<b>64172</b>	64172	64172	66206	67155	57948	15094	13846	11246	82349
Preference Share Capital (PSC)	<b>3686</b>	3686	3686	3686	3686	3686	3686	66000	-	-
Net Worth	<b>42666</b>	38714	36099	11721	10029	10234	33833	35562	113838	39043
<b>OTHER STATISTICS</b>										
Capital Expenditure	<b>61</b>	61	2	124	10	13	65	8	12	7
Internal Resources Generated	<b>4030</b>	3360	24845	1752	(692)	(25778)	(1687)	(9643)	10922	(14183)
Working Capital Turnover Ratio	<b>0.03</b>	0.07	0.09	0.24	-	-	-	0.17	0.17	0.24
Current Ratio	<b>4.33</b>	4.06	3.79	1.33	1.60	0.90	0.26	2.32	3.10	2.55
Return on Capital (%)	<b>12.82</b>	14.68	13.49	28.11	13.34	-	-	(18.65)	25.70	(8.87)
Employees (Nos)	<b>66</b>	81	91	101	103	118	128	1421	1434	1442
Per Capita Sales	<b>19.06</b>	28.96	28.71	19.41	14.37	8.84	5.67	4.33	5.56	7.00

\* Includes Extra Ordinary & Exceptional Items

Note: Figures are as per IND AS from FY 2014-15, Networth includes PSC in FY2013-14

## DIRECTORS' REPORT

To  
The Members  
HMT Limited  
Bengaluru

Dear Members,

The Board of Directors has pleasure in presenting the 69th Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2021-22 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

### Financial Highlights/Performance of the Company (Standalone)

Rs. in Crore

Particulars	2021-22	2020-21
Gross Revenue from Continuing Operations	<b>12.58</b>	23.46
Other Income	<b>69.16</b>	65.10
Total Income	<b>81.74</b>	88.56
Profit Before Depreciation and Finance Costs	<b>48.80</b>	50.90
Depreciation	<b>1.95</b>	2.02
Gross Profit/(Loss)	<b>46.85</b>	48.88
Finance Cost	<b>8.50</b>	17.30
Net profit before exceptional Items	<b>38.35</b>	31.58
Add: Exceptional Items	-	-
Net Profit before Tax	<b>38.35</b>	31.58
Provision for Tax	<b>(0.01)</b>	4.09
Net Profit After Tax	<b>38.36</b>	27.49
Profit/Loss from discontinued operations	-	-
Net Profit/(Loss) for the year	<b>38.36</b>	27.49
Other Comprehensive Income	<b>1.17</b>	(1.35)
Total Comprehensive Income	<b>39.53</b>	26.14

### OPERATING RESULTS

Company's main business portfolios included product range of Food Processing Machines. The Food Processing Unit recorded a Production of Rs.

6.53 Crore as against Rs. 15.39 Crore in the previous year, and Sales of Rs. 6.82 Crore compared to Rs. 18.91 Crore in the previous year. Auxiliary Business Division, Bangalore has registered a Production (Assembly of Watches) of Rs.2.86 Crore during the FY 2021-22 & registered Sales of Rs.5.76 Crore during the year 2021-22 against Rs.4.55 Crore during the previous year, this includes the Sale of Watches and tractor spare parts.

The total turnover of the Company for the year 2021-22 stands at Rs.12.58 Crore as against Rs.23.46 Crore during 2020-21. The Profit Before Tax during the year 2021-22 is Rs. 38.35 Crore as against Rs.31.58 Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs. 126.51 Crore. Revenue from the operations reported as Rs. 175.74 Crore for the year 2021-22 against Rs. 203.52 Crore of previous year. HMT Group has reported a profit of Rs. 534.09 Crore in the current year against a Loss of Rs. 110.03 Crore during the previous year. The increase in profit during the year is mainly on account of waiver of Gol liabilities to the extent of Rs. 657.14 Crore consequent to dissolution of HMT Chinar Watches Ltd and HMT Bearings Ltd vide orders issued by Hon'ble National Company Law Tribunal (NCLT).

### FUTURE OUTLOOK

#### Dairy Processing Equipment Market

The Dairy Processing equipment segment from agriculture and allied sector also witnessed downturn during the Covid 19 pandemic. According, a report by NDDB, the average milk collection during pandemic times increased by 7%, but sales reduced by 2.6% due to restrictions on travelling and distribution thus resulting in cash crunch.

In response the industry clients postponed investments or value addition to the Dairy Processing units. Turnkey projects were postponed during this period. According to an estimate the industry had registered a moderate 2% growth during 21-22 after registering a compression of 10% during the previous year.

In order to mitigate the effect of COVID 19 impact in Dairy Industry, during June 2021, Government of India approved implementation of a Livestock Sector Package consisting of several activities by revising and realigning various components of the existing schemes in order to have focused development of animal husbandry and dairying across the country for next 5 years starting from 2021-22 with the outlay of Rs.9800 crore over a duration of 5 years for leveraging total investment of Rs. 54,618 crore for 5 years. The Impact of these schemes will be also felt in Dairy Machinery Industry.

India continues to be the largest producer of milk in world. Several measures have been initiated by the Government to increase the productivity of livestock, which has resulted in increasing milk production significantly. Milk production during 2019-20 and 2020-21 is 198.44 million tonnes and 209.96 million tonnes respectively showing an annual growth of 5.81%. The per capita availability of milk is around 427 grams/day in 2020-21.

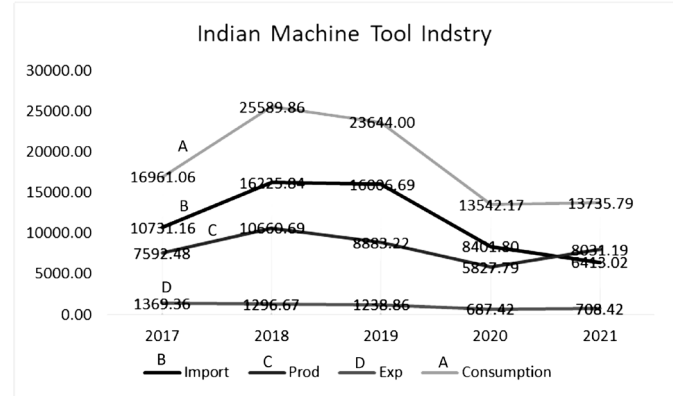
The growth of food processing industry will continue to fuel the demand for equipment for the sector. The global dairy processing equipment market is expected to grow at a CAGR of 5.4% during period (2022-2032). The market value is projected to increase from US\$ 10.2 Billion in 2022 to US\$ 17.2 Billion by 2032. The dairy processing equipment market was valued at US\$ 9.7 Billion in 2021 and is anticipated to exhibit Year-on-Year growth of 5.2% in 2022.

To encourage and promote value added products, the Ministry of Food Processing Division approved the Central Sector Scheme - 'Production Linked Incentive Scheme for Food Processing Industry (PLISFPI)' to support creation of global food manufacturing champions commensurate with India's natural resource endowment and support Indian brands of food products in the international markets with an outlay of Rs.10900 crore.

### Machine Tools Market

Machine Tools are the bedrock of the manufacturing sector of an Economy. HMT Since inception in 1953

focused on "providing mother machines to make machines" to Indian Industry. From that humble beginning, today the Machine Tool industry in India has grown to approximately ₹25,589 Crores before the pandemic struck and now stands at ₹13,736 Crores. The FY 21-22 is a landmark year, as for the first time production at ₹8031.19 Cr was more than the imports at ₹6413.02 Cr.



Globally, the Indian machine tools industry ranks 11th in the production of machine tools and 8th in consumption, with approximately 2% share, according to reports.

Given the importance of the industry, the Government of India has initiated several measures to buoy up the industry, upgrading technology and supporting technological collaborations among others, for the production of high-end machine tools. The machine tools industry has around 1000 units in the production of machine tools, accessories/ attachments, subsystems, and parts. Of these, around 25 in the large scale sector account for about 70 percent of the turnover and the rest are in the MSME sector. Out of the 1000, nearly 50% are part of the supply chain and rest are manufacturers.

The growing prominence of automation across numerous manufacturing processes, to enhance their productivity and meet quality standards, is currently driving the India machine tools market. India is set to become a key player in the global machine tools industry and is expected to see substantial increase in high-end machine tools manufacturing. The auto sector, a major user of

machine tools, is set to grow 3.5 to 4 times from current size of \$74 billion to reach about \$300 billion by 2026. New emerging sectors such as defence and aerospace, consumer durables, and green investment in the auto sector are likely to enhance demand for machine tools.

The Indian machine tools sector offers several opportunities for investment. The current gap between demand and supply can be overcome by adding capacities in this sector. The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments such as automobiles and consumer durables, aerospace etc. Machine tools manufacturers need to develop capabilities to cater to this demand and investments in this area could yield long-term benefits.

The machine tool market in India is expected to grow by USD 1.9 billion, progressing at a CAGR of almost 13% during the forecast period 2022-2027. The outbreak of COVID-19 will have a neutral and inferior impact on the growth of the market. The market witnessed a partial or complete shutdown of operations by companies due to the imposition of lockdowns, which reduced the demand for machine tools in India. However, the market is expected to gain momentum over the forecast period with the rising popularity of Industry 4.0 and the increased adoption of advanced computer-aided manufacturing technologies across industries.

“Make in India” initiative introduced by the Government of India has identified automobiles, auto-components, biotechnology, defence, railways and textiles for development. Machine tool industry will be the key enabler in this journey as automobiles, auto-components, defence, aerospace and railways have been the main users of machine tools. It gives great opportunity for the sector to grow at 20-25 percent annually to increase its market share. Consumption demand is expected to grow at 15.0 percent, and the domestic production meets less than 50.0 percent of the domestic demand whereas the small-scale sector meets the demand of ancillary and other units.

Ministry of Heavy Industries have launched Capital Goods Scheme - Scheme for Enhancement of Competitiveness in Indian Capital Goods Sectors.

### **IMPACT OF COVID-19 ON HMT LIMITED & SUBSIDIARIES**

The Capex expenses have been reduced by the manufacturer. The pre-pandemic consumption of Machines in India stood at Rs.25,589 crores in the FY 2019-20 and the same in FY 20-21 was Rs. 13,542 crores and FY 21-22 is Rs.13,736 crores. Thus, the manufacturing industry is yet to recover from the impact related to COVID-19. The Business volume in HMT Ltd and its subsidiaries are yet to reach pre pandemic levels. The current financial year may see substantial improvement towards pre COVID level.

### **Domestic Demand**

Highly Capital-intensive industry like Machine Tools manufacturing is yet to recover to pre-covid level due to high gestation / product cycle. During 2019, consumption of machine tools industry in India is Rs. 25,589 Crore which came down to Rs. 13542.17 Crore during the 2020 and recovered to Rs. 13735.70 Crore during the year 2021.

### **Issues with Imports**

The machines manufactured by the Company have an imported content of around 40% by value. For items like CNC Controllers and Drives, Spindle Bearings, Linear Motion Guides etc. there are no domestic manufacturers and have to depend on imports. Supply of imported items got delay. Imports got affected due to Covid-19 as well as semi-conductor chip problem got delayed by 4 to 6 months due to their raw material supply issues. Inspection of machinery being done through video conference due to Covid-19, customers are unable to visit the factory for physical inspection and clearance. Commissioning of machine got delayed due to logistic and transportation problems. However, the same been eased by the end of the financial year.

### **International Projects**

HMT (International) has secured orders for international projects some of which are in the final stages. Due to the restrictions on international travel, HMT was not able to depute their personnel for completion. Further, in some cases, customer's representatives are to visit our units for training /pre dispatch inspection which also did not happen due to ban on international travel.

As the situation now improving and international travel restrictions are being removed, now sending the employees for completion of the projects which will add value in the next financial year.

### **SHARE CAPITAL**

The Authorized Equity Share Capital of the Company is Rs.1230 Crore and paid-up Equity Share Capital is Rs. 355.60 Crore (355601640 Equity Shares of Rs.10/- each fully paid up).

### **FIXED DEPOSITS**

The Company has not accepted any deposits from the public and hence there is no violation of Chapter V of Companies Act 2013, and the corresponding rules made thereunder.

### **DIVIDEND**

In view of the operating conditions of the Company, the Board has decided not to propose any dividend to the Shareholders

### **DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

During the Financial year 2021-22, the Company has not received any complaints of Sexual Harassment and no cases are pending.

### **FRAUD REPORTING**

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board level CSR Committee was constituted on 12th August, 2019. The composition of the CSR

Committee is provided in the Corporate Governance Report. The CSR policy is placed on the website of the Company at <https://www.hmtindia.com/policies/>.

The average net profits of the Company during the three immediately preceding financial years is Rs.2051.67 Lakhs, as such, the Company is required to spend at least two per cent of Rs.2051.67 Lakhs, i.e., Rs.41.03 Lakhs on CSR activities during the FY2021-22 as per the provisions of section 135 (5) of the Companies Act, 2013.

The CSR activities undertaken by the Company during the Financial Year 2021-22 is provided as **Annexure-1** in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments.

### **ENTERPRISE RISK MANAGEMENT**

In terms of section 134 (3) (n) of the Companies Act, 2013 & the SEBI (LODR) Regulations 2015, the Company has formulated a 'Risk Management Policy' which is placed on the Company's website: <https://www.hmtindia.com/policies/>.

The Board of Directors of the Company has constituted the Risk Management Committee of the Board on 12.07.2021 in line with the SEBI (LODR) Regulations, 2015. The composition of the Risk Management Committee is provided in the Corporate Governance Report.

### **PARTICULARS OF EMPLOYEES**

No employees of the Company received remuneration in excess of the limits prescribed under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year 2021-22.

### **SUBSIDIARY COMPANIES**

#### **HMT Machine Tools Limited**

The Subsidiary achieved Sales of Rs.152.53 Crore against Rs. 165.82 Crore and attained Production of Rs. 117.12 Crore as against Rs. 161.20 Crore, in the previous year. Net loss reported is Rs. 145.73 Crore during the year 2021-22 against reported loss of Rs. 132.79 Crore in previous year.

### **HMT (International) Limited**

The Subsidiary achieved a turnover of Rs. 10.91 Crore during the year 2021-22 as against Rs.19.83 Crore recorded in the previous year 2020-21. The Subsidiary reported Profit Before Tax (PBT) of Rs. 0.28 Crore against Rs. 1.20 Crore reported in previous year.

### **SUBSIDIARIES UNDER CLOSURE**

As per the CCEA decision during the year 2016, the operations of the subsidiaries namely HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd have been closed.

Revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year Profit after Tax reported by HMT Watches Limited is Rs. 1.05 Crore.

### **DISSOLUTION OF TWO SUBSIDIARY COMPANIES**

HMT Bearings Limited and HMT Chinar Watches Limited have reported profit of Rs.79.26 Crore and Rs.597.03 Crore respectively during the year mainly on account of waiver of GOI liabilities to the extent of Rs. 657.14 Crore consequent to dissolution of these subsidiaries vide orders issued by Hon'ble NCLT.

HMT Chinar Watches Limited, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019, under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Audited Financials as at August 6, 2020 along with the petition was submitted before Hon'ble National Company Law Tribunal, Chandigarh on August 26, 2020 for dissolution of M/s. HMT Chinar Watches Limited in terms of section 59 of the Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulation, 2017 and Hon'ble National Company Law Tribunal (NCLT),

Chandigarh Bench, Chandigarh passed an order for dissolution of HMT Chinar Watches Limited in terms of Section 59(8) of the Insolvency & Bankruptcy Code, 2016 with effect from 10th March, 2022.

HMT Bearings Limited, a Subsidiary has submitted petition under section 271-272 of the Companies Act, 2013 before Hon'ble National Company Law Tribunal, Hyderabad on 19.06.2020 for voluntary winding up of the Company. Hon'ble NCLT, Hyderabad vide its order dated 16.12.2020 allowed petition and passed order for winding up of HMT Bearings Limited and also appointed Shri. Sai Ramesh Kanuparthi, Insolvency Professional (IP), from Hyderabad to act as Company Liquidator for the purpose. Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, Hyderabad passed an order for dissolution of HMT Bearings Limited in terms of Section 302 of the Companies Act, 2013 from the date of order dated 20.04.2022. As per the NCLT order, pending legal cases have been taken over by the Company.

### **ASSOCIATE /JOINT VENTURE COMPANY**

#### **SUDMO-HMT Process Engineers (India) Limited**

This Joint Venture Company could not transact any business during the year under review. For the financial year 2021-22, this Company incurred Net Loss of Rs 0.61 Lakhs.

#### **Gujarat State Machine Tools Corporation Ltd (GSMTC)**

This Associate Company between HMT Ltd and GIIC Ltd has been discontinued its operations since long. Now, the Board of Directors of GIIC Ltd has approved for liquidation of GSMTC which will be subject to approval from Government of Gujarat. The Board of Directors of the Company has also approved In-principal for Liquidation of GSMTC subject to the approval of the Administrative Ministry. Matter is under process.

Salient features of the financial statement of subsidiaries/associate companies/joint ventures are provided in Form AOC-1 as **Annexure -2**.

### INDIAN ACCOUNTING STANDARDS

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

### REDUCTION IN SHARE CAPITAL

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

### CONSOLIDATED FINANCIAL STATEMENTS

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2021-22, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

The financial information of each of the subsidiary companies has been furnished as part of the Consolidated Balance Sheet of the Company. Separate audited accounts of the subsidiary Companies will be made available upon request by any member of the Company interested in obtaining the same. The annual accounts and other information of each of the subsidiary companies will be available for inspection by any member at the registered office of the Company & in company's website [www.hmtindia.com](http://www.hmtindia.com).

### HUMAN CAPITAL

Information in accordance with the Companies Act, 2013 read with the Companies (Particulars of Employees), Rules, 1975, as amended, is NIL for the year 2021-22.

The employee strength of the Company (HMT Limited) as on March 31, 2022, stood at 64 Nos. comprising of various categories of employees in manufacturing plants and other offices.

The number of employees on the rolls of the Company as on March 31, 2022, in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	13
Scheduled Tribes	03
Other Backward Classes	12
Ex-Servicemen	0
Persons with Disabilities	01
Women employees	14
Minorities	02

### INDUSTRIAL RELATIONS

The overall Industrial Relations situation in the Company during the year remained cordial.

### IMPLEMENTATION OF OFFICIAL LANGUAGE

Continuous efforts are being made by the Company towards implementation of the Official Language Act, Rules & Policy as per the directives of the Government to enhance the levels of usage of Official language in the Company. The Official



Language Implementation Committee has been constituted in the Units of the Company and its Subsidiaries, including the Corporate Office at Bengaluru to monitor the implementation of the Official Language Act, Rules and Policy in the Company and its Subsidiaries.

In order to propagate the usage of Hindi as the Official Language, "HINDI DIWAS/HINDI WEEK" was observed during the month of September 2021 at all units of the Company. Various competitions in Hindi such as Chitrakatha, Impromptu Speech, Official Language Written Quiz, and Vividha competition were organized during Hindi Week for the employees of HMT Limited and its Subsidiaries working at the Corporate head office and participants were awarded prizes during the Grand Hindi Day celebration in the Company. A workshop was also organized during the above period for Hindi Typing. The Hindi Word of the day is displayed in a prominent place in the Company and Hindi Newspapers are being procured on daily basis to propagate the usage of the official Language among employees. The Officers/ employees of the Company regularly take part in the meetings/ programs, Online webinars and Hindi Month Celebration of the Town Official Language Implementation Committee (TOLIC). The Employees of the Company participated in the Joint Hindi Month Celebrated of TOLIC during August 2021 and also contributed by their Poem, Article in the Deepika Hindi Magazine Published by the TOLIC (Undertaking) Bengaluru. The Company has organized different functions Under TOLIC (Undertaking) Bengaluru like "Chitrakatha Competition" on 11th August 2021 and Webinar on "Hindi Dasha & Disha" on 23rd November 2021 for the employees of TOLIC (Undertaking) Bengaluru during 2021-22 to propagate the official language. Reporting on the progress of Hindi proliferation in the Company is being done periodically on the Rajabhasha Vibhag portal.

Ministry of Heavy Industries, Govt. of India, vide resolution No. F.No. E. 11014/3/2014-Hindi dated 17th March 2022, appointed the Chairman & Managing Director of the Company as Official

member of Hindi Salahkar Samiti of the Ministry of Heavy Industries for a period of 3 years. Shri A.K. Jain, C&MD has attended the 6th meeting of the Hindi Salahkar Samiti held on 15.05.2022 under the Chairmanship of the Hon'ble Minister of Heavy Industries and apprised the Hindi advisory Committee about the Implementation of the official language in the Company.

### **VIGILANCE ACTIVITIES**

The Chief Vigilance Officer appointed by the government of India heads the Corporate Vigilance Department of the company. Ministry of Heavy Industry vide its order No. 5(47)/2010-P.E.X dated 29.09.2021 has assigned the charge of CVO HMT Limited to Ms. Kalyani Sethuraman, IRAS (94), CVO, Hindustan Aeronautics Ltd. (HAL), Bengaluru for a period of Six months from date of assumption of charge or till the appointment of a regular CVO or until further order, whichever is earlier and is further extended w.e.f., 04.04.2022 to 03.04.2023. Ms. Kalyani Sethuraman, IRAS, assumed charge of CVO, HMT Ltd w.e.f., 04.10.2021.

The Corporate Vigilance Department carries out vigilance function in the Holding Company as well as Subsidiary Companies. Vigilance function in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

All the Unit Vigilance Officers send their monthly Vigilance/Inspection Reports and Surprise Inspection reports to CVO. Reports so received are scrutinized at CVO Office for further action. Unit Vigilance Officers also verify Annual Property Returns submitted by the employees of the Unit.

Apart from regular inspections by Unit Vigilance Officers, CVO conducts CTE (Chief Technical Examiner at CVC) type surprise and regular inspections of high value purchase/contracts and systems by visiting various subsidiaries and Units.

Violations of rules and procedures observed during the inspection of files by CVO/DCVO/ Unit VOs were recorded and depending upon

the seriousness of the deviations further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection; in the quarterly Vigilance Workshop and advice the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated.

Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedures and all norms of transparency in tendering process. Some of the systems put in place by the company are:

1. Open tenders and high value limited tenders are uploaded in [www.eprocure.gov.in](http://www.eprocure.gov.in).
2. Publishing details regarding all purchase orders /contracts concluded during the month and above the threshold value (presently Rs 5.00 lakhs). This is generally implemented by all units.
3. Application form for vendor registration along with list of items required by different Units of HMT Limited and Subsidiaries are made available on Company Website so as to enable the interested vendors to download the application form and submit the same to the Unit of their choice.
4. Registered with 'Treds' (Trade Receivables Discounting Systems) for better MSME payment process.
5. Initiative of tech platform to enhance technical expertise and capability through exchange of knowledge, experience for overall techno economic propose.
6. Efforts are being made to adopt E- Procurement process of procurement.
7. Emphasis is made towards adopting E payment mode for release of payment to suppliers and contractors. Necessary direction is issued to achieve compliance level of 80%. Presently in many units the compliance level is more than 40%.
8. Management is being persuaded to adopt integrity Pact. The matter was taken up in the 326th meeting of Board of Directors of HMTL held on 8.6.2017 and the decision of the board

was **"Adoption of Integrity pact in HMT Limited and subsidiary companies and authorized the Chairman and Managing Director of the company to decide the basis for adoption of integrity pact and to do necessary acts and things as may be required for implementation of integrity pact and to inform the Board"**

9. Recommended on Allotment of township quarters to be made online and implementation is in progress.
10. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders.
11. Efforts are made for effective implementation and usage of 'GEM' by Training and Awareness to the departments.
12. Awareness initiatives on Vigilance to fight corruption in the organization have been uncalculated efficiently.
13. Vigilance Awareness Week 2021 with the theme **"Independent India @ 75: Self Reliance with Integrity"** "स्वतंत्रभारत @ 75: सत्यनिष्ठासे आत्मनिर्भरता was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

The number of inspections including surprise inspections carried out by CVC and Unit Vigilance Officers along with the number of property returns scrutinized between April 2021 to March 2022 is tabulated below:-

Inspection	Total carried out between April 2021-March 2022 (by Unit Vigilance Officers)
Periodic Inspection of Purchase Files	1380
Surprise Inspection	248
Scrutiny of Annual Property Returns	612

**MANAGEMENT DISCUSSION AND ANALYSIS**

A Report on Management Discussion & Analysis is appended to this Report separately as **Annexure-3**.

## CORPORATE GOVERNANCE

Pursuant to Regulation 34 of the SEBI (LODR) Regulation, 2015, a Report on the Corporate Governance is appended as **Annexure-4** to this Report along with the Compliance Certificate from the Auditor as **Annexure-5**.

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of Particulars) Rules, 1988 are appended as **Annexure-6**.

## 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 31.03.2022, 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 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.

## ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2022 on its website at <https://www.hmtindia.com/investor-relation/ar/>.

## AUDITORS

M/s. S.S.B & Associates, Chartered Accountant, Bengaluru were appointed as Statutory Auditors of the Company for the year 2021-22 by the Comptroller & Auditor General of India. M/s. Modi & Agrawal, Chartered Accountant, was also appointed as Branch Auditor for the Food Processing Machinery Division, Aurangabad of the Company.

Replies to the observations by the Statutory Auditors in their Report are given by way of an addendum to this Report as **Annexure-7**

## SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act 2013 and rules made thereunder, the Company has appointed M/s. S. Kedarnath & Associates,

Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2021-22. The report of the Secretarial Auditor is appended as **Annexure-8** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Director's report as **Annexure-9**.

### **SECRETARIAL AUDIT REPORT OF UNLISTED MATERIAL SUBSIDIARY**

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Audit Report for the Financial Year 2021-22 of HMT Machine Tools Limited along with reply to observations and HMT (International) Limited, an Unlisted Material Subsidiaries of the Company is appended as **Annexure-10, 10A & 11** to this report.

### **BUSINESS RESPONSIBILITY REPORT**

The Company's Business Responsibility Report for the year 2021-22 is appended as **Annexure-12** to this report.

### **BOARD MEETINGS AND CHANGE IN DIRECTORS /KEY MANAGERIAL PERSONNEL**

During the financial year, Six Board meetings were held and the details are given in Corporate Governance Report.

Shri. Jeetendra Singh, Joint Secretary, Ministry of Heavy Industries was appointed as Part time Official Director on the Board of HMT Limited with effect from 18th June 2021, until further orders vice Smt. Sujata Sharma, Sr. Economic Adviser, Ministry of Heavy Industries.

Shri. S. Girish Kumar ceases to be Chairman & Managing Director of the Company upon attaining the age of superannuation w.e.f. 31.07.2021. Shri. S. Girish Kumar, Chairman & Managing Director of the Company was holding the Additional Charge of the post of Director (Finance), HMT Limited upto 31.07.2021.

Shri A.K. Jain, Executive Director, M/s. Bharat Heavy Electricals Limited has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f., 01.08.2021 to 31.01.2022 or until further order, whichever is earlier, by the Ministry of Heavy Industries and is further extended upto 24.08.2022.

Shri. A.K. Jain has also been entrusted with the additional charge of the post of Director (Finance), HMT Limited w.e.f. 13.09.2021 to 31.01.2022 or until further order, whichever is earlier, by the Ministry of Heavy Industries and is further extended upto 24.08.2022.

Smt. Neera Tomar ceased to be Independent Director in view of completion of term of three years on close of business hours on 17th February, 2022.

Shri. Vijay Mittal, Joint Secretary, Ministry of Heavy Industries was appointed as Part time Official Director on the Board of HMT Limited with effect from 25th March 2022, until further orders vice Shri. Jeetendra Singh, Joint Secretary, Ministry of Heavy Industries.

Except as stated above, there are no other changes to the composition of Board of Directors of the Company during the financial year.

Subsequent to the financial year, Shri. A.K. Jain ceases to be Chairman & Managing Director of the Company on completion of term on 24.08.2022. Shri. A.K. Jain, Chairman & Managing Director of the Company was holding the Additional Charge of the post of Director (Finance), HMT Limited upto 24.08.2022.

Ministry of Heavy Industries vide its order No.1-05/14/2019-P.E.10/CPSE I dated 24th August, 2022 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. Pankaj Gupta, Executive Director, Bharat Heavy Electricals Limited, Electronic Division, Bengaluru for a period w.e.f. 25.08.2022 to 24.11.2023, or till the joining of a regular incumbent, or until further order, whichever is earlier.

Shri. Pankaj Gupta (DIN: 09716028) is proposed for appointment as Director in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting for which a notice has been received from the Member.

Shri. Shashank Priya, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his re-appointment.

Shri. A.K. Jain, Chairman and Managing Director (Additional Charge), Ms. Kamna Mehta, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2022.

#### **DECLARATION FROM INDEPENDENT DIRECTOR & REGISTRATION IN THE DATA BANK MAINTAINED BY IICA**

As per section 149(7) of the Companies Act, 2013, During the FY2021-22, the Company has received declaration from Smt. Neera Tomar, Shri. R. Vishweshwar Bhat & Shri. Ramji Lal, Independent Directors of the Company. Independent Directors of the Company have registered themselves with Independent Directors data bank in compliance with Companies (Creation and Maintenance of database of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended vide Notification No. GSR.774(E), dated 18.12.2020, since all the Independent Directors of the Company have served as Directors for a period of less than three (3) years on the Board of Listed Company as on the date of inclusion of

their names in the database, they are required to undertake online proficiency self-assessment test. All the Independent Directors have informed the Company that they will undertake the online assessment test before due date.

#### **CODE OF CONDUCT**

A declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2022 is appended to this report as **Annexure-13**.

#### **INTERNAL FINANCIAL CONTROLS**

With reference to financial statements, the Company has in place adequate internal financial controls. A detailed note with respect to Internal Financial controls is given in the Management Discussion and Analysis Report.

#### **EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, Hyderabad passed an order for dissolution of HMT Bearings Limited, Subsidiary of HMT Limited in terms of Section 302 of the Companies Act, 2013 from the date of order dated 20.04.2022. Based on the Balance Sheet submitted by the Liquidator on 03.03.2022, the financials have been considered in the Consolidated Financial Statements as on 31.03.2022 and the balances become Nil on that date.

Except above, there are no Material changes and commitments affecting the financial position of the company which have occurred between 31st March 2022 and date of signing of this Report.

#### **RELATED PARTY TRANSACTIONS**

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

All Related Party Transactions entered into 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 into 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.

### **PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS**

The Board of Directors have not approved any Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 during the FY 2021-22. Details of Loans covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

There are no instances of one-time settlement during the financial year 2021-22.

### **STATUS ON COMPLIANCE WITH THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

There are no applications made or any proceeding pending against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2021-22.

**Dividend Distribution Policy is available at link <https://www.hmtindia.com/policies/>**

### **OTHER DISCLOSURES**

The Register of Members and Share Transfer records both in respect of the shares held in physical and depository form are maintained by M/s. KFin Technologies Ltd, the Registrars & Share Transfer Agents of the Company.

No significant and material orders have been passed by any Regulator(s) or Court(s) or Tribunal(s) impacting the going concern status and Company's operations in future.

As on 31st March 2022, no amount is required to be transferred to Investor Education and Protection Fund (IEPF).

### **ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge and are thankful to the various Departments and Ministries in the Government of India, particularly the Ministry of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary Companies, Suppliers, Reserve Bank of India, UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

Your Directors' would also like to take this opportunity to express their appreciation for the hard work and sincere contributions and commitment of all the HMT employees and look forward to their continued services in pursuit of building a world class HMT.

For and on behalf of the Board of Directors

**(Pankaj Gupta)**

Chairman & Managing Director  
(Addl. Charge)

Place: Bengaluru  
Date: 06-09-2022

## ANNUAL REPORT ON CSR ACTIVITIES

### 1. Brief Outline on CSR Policy of the Company:

**CSR Vision:** To contribute the sustainable development and inclusive growth while taking care of People, Planet and organizational goals/growth.

**CSR Mission**

- a) To become socially responsible corporate entity committed to improving the quality of life of the society at large.
- b) To create and develop facilities for the communities we engage with.
- c) To balance economic, environmental and welfare development objectives through collective and unified effort of all stakeholders.

**Objective:** The policy is framed with the objective(s) stated herein below:

- a) To provide framework for carrying out the CSR projects or programs or activities including the modalities of execution and transparent monitoring mechanism for its implementation undertaken by the Company which is within the scope of the Companies Act 2013 and the rules made therein; the DPE Guidelines, as amended from time to time;
- b) To create awareness on CSR practices across all the levels in the Company, operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders.
- c) Through its CSR Initiatives, generate community goodwill and help reinforce a positive & socially responsible image for HMT.

### Main Features of the Policy

- a) This policy broadly covers all relevant clause(s)/ sections of the Companies Act, 2013, the Companies Amendment Rules, 2014 and the DPE Guidelines.
- b) This Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of the Company.
- c) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- d) The CSR and Sustainability budget expenditure shall be fixed in accordance with the provisions of the Act, Rules and the Guidelines.
- e) The Company will endeavor at all times to build and develop the skills of its CSR team and enhance level of CSR awareness within the organization.
- f) Execution of CSR projects can be taken up generally by in-house teams or through suitable partnerships with State Governments, PSUs, NGOs, Private Companies. As far as possible, HMT's manpower should be committed only for monitoring and supervision.
- g) To assist and take up CSR activities forward, the Corporate CSR Committee & Unit CSR Committee (on need basis) has been constituted.

**2. Composition of CSR Committee :**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri. S. Girish Kumar <sup>1</sup>	Chairman / Chairman & Managing Director	1	1
2	Shri. A.K. Jain <sup>2</sup>	Chairman / Chairman & Managing Director (Addl. Charge)	2	2
3	Smt. Neera Tomar <sup>3</sup>	Member / Independent Director	3	3
4	Shri. Vishweshwar Bhat <sup>4</sup>	Member / Independent Director	-	-
5	Ramji Lal	Member / Independent Director	3	3

1. Ceased to be Member w.e.f. 01.08.2021

2. Appointed as Member w.e.f. 12.08.2021

3. Ceased to be Member w.e.f. 18.02.2022

4. Appointed as Member w.e.f. 18.02.2022

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

**Committee Composition:** <https://www.hmtindia.com/investor-relation/share-holder-information/>

**CSR Policy:** <https://www.hmtindia.com/policies/>

**CSR Projects:** <https://www.hmtindia.com/investor-relation/share-holder-information/>

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable.**

Not applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
	-	NIL	NIL



6. Average net profit of the company as per section 135(5): Rs.20,51,26,527/-
7. (a) Two percent of average net profit of the company as per section 135(5): Rs.41,02,531/-  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Rs.9,70,000/-  
 (c) Amount required to be set off for the financial year, if any: NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c): Rs.50,72,531/-
8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year (In Rs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NIL	Rs.41,03,000/-	28.04.2022	NIL	NIL	-

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration	Amount Allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Un spent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation-Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	Dist.						Name	CSR Reg No.
1	Contribution of Ambulance Vehicle to M/s. K.C. General Hospital, Government Hospital, Malleshwaram, Bangalore	Item No. i (Health-Care)	Yes	Karnataka	Bangalore	26.08.2022	2118565	-	2118565	Yes	-	-

2	100 Nos of HB Testing Machine & 57500 Nos of HB Testing Strip	Item No. i (Health-Care)	No	Karnataka	Yadgir	01.06.2022	1467390	-	1467390	Yes	-	-
3	D-type Oxygen Cylinders (Capacity 47/48 Ltrs) to Govt. Hospital/ Govt. Corporations/ Govt. Institutions	Item No. i (Health-Care)	No	Karnataka	Mandya	30.09.2022	517045	-	517045	Yes	-	-

**(c) Details of CSR amount spent against other than ongoing projects for the financial year: NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	8	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR reg No.
-	-	-	-	-	-	-	-	-	-

**(d) Amount spent in Administrative Overheads: NIL**

**(e) Amount spent on Impact Assessment, if applicable: Not Applicable**

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): NIL**

**(g) Excess amount for set off, if any**

Sl. No.	Particular	Amount (In Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs.41,02,531/-
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (In Rs.)	Amount spent in the reporting Financial Year (In Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1	2020-21	Rs.970000/-	Rs.550000/-	-	-	-	Rs.970000/-

**b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project Completed /On-going
1	-	Setting up of Mini Science Centre at Government School/ Promoting Nutrition and Health Care	2020-21	31.12.2022	Rs.1520000/-	Rs.889900/-	Rs.1439900/-	On going

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**

- (a) **Date of creation or acquisition of the capital asset(s):** NIL
- (b) **Amount of CSR spent for creation or acquisition of capital asset:** NIL
- (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable
- (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)**

Not Applicable

**Pankaj Gupta**

{Chairman & Managing Director (Addl. Charge)}  
&

(Chairman, CSR Committee)

Date: 06-09-2022

**Annexure - 2**
**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**
**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts Rs in Lakhs)

Sl. No.	Particulars	Details				
		01	02	03	04	05
	<b>Name of the subsidiary</b>	<b>HMT Machine Tools Limited</b>	<b>HMT (International) Limited</b>	<b>HMT Watches Limited</b>	<b>HMT Chinar Watches Ltd (Dissolved*)</b>	<b>HMT Bearings Ltd Dissolved**)</b>
1	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999	04-09-2000	21-08-1980
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA
4	Share capital	27659.91	72.00	649.01	-	-
5	Reserves & surplus (Accumulated Losses)	(196133.57)#	3606.37	(268877.28)	-	-
6	Total assets	38932.60	5524.73	4245.30	-	-
7	Total Liabilities	207406.25	1846.36	272473.57	-	-
8	Investments	-	-	-	-	-
9	Turnover	15252.76	1091.24	-	-	-
10	Profit before taxation	(14572.88)	28.33	104.64	-	-
11	Provision for taxation	-	7.08	-	-	-
12	Profit after taxation	(14572.88)	21.25	104.64	-	-
13	Proposed Dividend	NIL	NIL	NIL	NIL	NIL
14	Extent of shareholding (in percentage)	100%	100%	100%	100%	99.36%

1. Names of subsidiaries which are yet to commence operations - NIL

2. Names of subsidiaries which have been liquidated or sold during the year-One

#Includes Capital Reserve of Rs. 2270.82 Lakhs

\*Dissolved vide order dated 10-3-2022 issued by Hon'ble NCLT.

\*\*Dissolved vide order dated 20.4.2022 issued by Hon'ble NCLT and balances have become 'NIL' as on 31.3.2022.

**Part "B": Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

(Rs in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2021	31.03.2022
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	05-09-1994
3	Shares of Associate held by the company on the year end		
	Nos.	2084050 of Rs. 1/- each	150000 of Rs. 10/- each
	Amount of Investment in Associates / Joint Venture	20.84	15.00
	Extent of Holding %	39.86%	50%
4	Description of how there is significant influence	Investment in the equity to the extent of 39.86% paid up capital	Investment in the equity to the extent of 50% paid up capital
5	Reason why the associate / joint venture is not Consolidated	Accounts of GSMTC are not yet finalized	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	Accounts of GSMTC are not yet finalized	19.56
7	Profit / Loss for the year		
	i. Considered in Consolidation	NIL	(0.31)
	i. Not Considered in Consolidation	Accounts of GSMTC are not yet finalized	N.A

- Names of Associates which are yet to commence operations - NIL
- Names of Associates which have been liquidated during the year - NIL

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### GLOBAL ECONOMIC ENVIRONMENT

The future of Global Dairy Processing Equipment Market looks promising on account of increase in demand for Processed Milk, Fresh Dairy Product etc. There was a moderate impact on the dairy Machinery during the Covid Pandemic, largely forced by the liquidity crunch and restriction on travel etc. Consequently, the larger clients and the dairy cooperatives postponed their investments, resulting in slump in sale during 2020-21. However, along with the recovery in Economy, the Global Dairy Processing Equipment Industry is also expected to grow in the range 4% to 6% during the current financial year and sustain the same for the near future.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The food processing industry is of great significance as it provides linkages between agriculture and industry. Although still at a nascent stage, the sector has been growing at a good pace. The Government of India has initiated several steps in the past few years to accelerate this sector.

Food processing has become an integral part of the food supply chain in the global economy, and India has also seen growth in this sector in the last few years. The sector contributes around 11% of agricultural value-added and 9% of manufacturing value added.

### OUTLOOK:

The Indian Dairy Machinery Industry is 5th largest in the world. In line with the global industry, Indian Industry also had some impact due to Covid Pandemic. The order position for the company shrunk drastically. The company had to increase the focus on order procurement.

### OPPORTUNITIES: Turnkey Projects

Analysis of competitors indicates that more than

50 % of the turnover is from the turnkey projects. Our unit is capable of taking up turnkey projects for setting up of Dairy Plants up to the capacity of 50,000 liters per day.

After achieving a turnover of Rs. 19.29 Crores in FY 20-21 and Rs. 22.23 Crores in FY 19-20 due to the liquidity crunch forced by Covid 19 Pandemic, the turnover took a beating and reduced to Rs.5.8 Crores in FY 21-22. In view of the lack of orders, more efforts were put in soliciting orders for turnkey projects. As a result, the company has received an order for setting up of 30 Metric Ton per Day (MTPD) Powder making plant from Indore Sahakari Dugdh Sangh Maryadit, Indore, Madhya Pradesh. This a turnkey project, which includes supply, installation, commissioning, completion of successful trial runs. The order specifies that the set up should be able to produce Whole Milk Powder (WMP), Skimmed Milk Powder (SMP) and Dairy Whitener.

This is the biggest ever order received by this unit. This is also the first major entry of the unit to Milk Powder segment. This segment of Industry is estimated to be the size of Rs 400 Crores in the country.

### CHALLENGE: High capital investment

Dairy processing manufacturers require high capital investments to install various types of processing equipment. A typical project for 3LLPD requires around Rs.25 Crores for the Machinery, another Rs.27 Crores for Civil work at the Site and another Rs.27 Crores to Rs.30 Crores for fixtures etc. Thus around Rs. 85 Crores to Rs.90 Crores is required. This installation incurs not only high costs but also requires timely maintenance, which acts as a cost addition that affects the operating margins of dairy processors. Moreover, high capital investment affects the product cost steadily and this is not preferred by

dairy product manufacturers. Due to this the margins in Dairy Machinery is very low, ranging from 4%- 5%.

Considering these aspect Government of India has launched many initiatives like setting up Food Processing fund. The Ministry of Food Processing Industries also has a scheme for extending credit facility for individual manufacturing units of Dairy Machinery.

### **CONCERNS: Volatile Input Cost**

Stainless steel is one of the major raw materials for the Dairy Machinery as highly perishable product is being handles. The cost of stainless steel has been very volatile in the market due to various reasons-including pandemic situation. Project works undertaken by the company are fixed priced contracts, which may probably expose it to volatile raw material prices including that of stainless steel. However, company at the time of placing bids, consider the expected volatility in raw material prices to safeguard its margins.

The typical characteristic of the Dairy Machinery industry is that it is cyclically associated with Capital goods sector but its fortunes are closely linked to Dairy Industry. Thus, the debtor collection period is quite long here, in excess of 100 days and also the operating margin, PBITD is less ranging from 4 to 5 %. Thus, any slight volatile change in raw material or any other input cost hits the margin of the company immediately.

### **RISK AND CONCERNS**

Gaps in the supply chain are perhaps the biggest challenge faced by this industry. Preprocessing losses occur due to lack of awareness and a dearth of storage and pack-house facilities close to the production vicinity. The shortage of refrigerated vehicles is reflected through losses occurring at the transport stage. The launch of the Pradhan Mantri Kisan Sampada Yojana is aimed at bridging the infrastructure gap. In fact, 100% foreign direct investment in food processing units has been allowed.

### **SEGMENT WISE/PRODUCT WISE PERFORMANCE**

- ❖ SS Centrifugal Pumps: Well accepted in the market, but due to higher cost business in low.
- ❖ Cream Separators: Very good market for cream separators of capacity 1 kl & 2 kl. But could not sustain in the market for higher capacity separator i. e. 5 kl, 10 kl & 20 kl due to its performance problem.
- ❖ Homogeniser: Homogeniser of capacity 1 kl & 2 kl well accepted in the market but 3 kl & 5kl, homogenizer having less business.
- ❖ Milk Pasteuriser/Chiller: Due to non-availability of CLIP-ON type gaskets, we are out of competition. Even after purchasing PHE plates with CLIP ON type gasket, our prices are very high due to our overheads. Hence business for Milk Pasteurisers/chillers is very low.
- ❖ Continuous Butter Making Machine: We have very good business for this machine, since it is monopoly product. But this machine has also got limitation. This machine is suitable only for white butter to manufacture ghee. Imported continuous butter making machine has got both the options i.e. white butter as well as salted butter.

### **RESEARCH & DEVELOPMENT**

- ❖ This sector has vast scope for development & expand. This unit can be upgraded with Joint Venture.
- ❖ Machineries with latest new technology may improve the quality of existing products.

### **FINANCIAL PERFORMANCE**

The turnover of the Company for the year 2021-22 was Rs 12.58 Crores with net profit of Rs.38.36 Crore.

Sales decreased from Rs18.91 crore of previous year to Rs.6.82 Crore during current year in respect of Food Processing Machinery Division, Aurangabad, which is mainly on account of project sale of Rs.12 Crores during the previous year.



The total borrowing by the Company as on 31.3.2022 was Rs 641.72 Crore of Government of India Loan.

### RATIO ANALYSIS

	2020-21	2021-22
Trade Receivables Turnover	70 days	67 days
Inventory Turnover	159 days	243 days
Interest Coverage Ratio	373.83%	224.08
Net Profit Margin (%)	117.18%	305%
Return on Net Worth	7.10%	8.99%

Trade Receivables Turnover (in days) has decreased due to reduction in trade receivable on account of better collection management.

Inventory Turnover (in days) has increased due to increase in inventory holding which would be utilized next year.

EBIT has increased while there is increase Interest also during the year, hence there is reduction in interest coverage ratio.

Net profit increased during the year on account of reversal of provision on investment and reduction in turnover.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

- ❖ Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- ❖ Well laid down corporate policies for accounting, reporting and Corporate Governance.
- ❖ Safeguarding assets against unauthorized use or losses or disposition, and ensuring that the transactions are authorized, recorded and reported correctly.

- ❖ Process for formulating and reviewing annual and long term business plans have been laid down.
- ❖ Detailed Annual budget giving further break up of monthly targets under various heads.
- ❖ Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- ❖ Compliance with laws and regulations.

The Internal Audit Department of the Company along with the external firms appointed for carrying out internal audits of Units / Divisions reviews, evaluates and appraises the various systems, procedures / policies laid down by the Company and suggests meaningful and useful improvements.

Internal Audit Department coordinates with the Units / Divisions of the company for ensuring coverage of all areas of operations in order to bring a transparency in the whole spectrum of the Company.

The Audit Committee reviews the Audit Report submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up on the implementation of corrective actions.

The Audit Committee also meets the Company's statutory Auditors to ascertain, inter-alia, their views on the adequacy of internal control system in the Company and keeps the Board of Directors informed of its major observations from time to time.

### HUMAN RESOURCES

As on 31.03.2022, the Company and its Subsidiaries had a total workforce of 881 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below.

<b>COMPANY AND SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.03.2022</b>									
<b>SI No</b>	<b>Company and Subsidiary</b>	<b>IP as on 31.03.2022</b>	<b>Engineering Graduates</b>	<b>Diploma Holders</b>	<b>Professionals</b>		<b>ITI/ NAC</b>	<b>General Graduates/ Post Graduates</b>	<b>Others</b>
					<b>HR</b>	<b>Finance</b>			
1	HMT Limited	64	16	1	5	5	19	12	6
2	HMT Machine Tools Ltd	796	162	128	14	12	313	41	126
3	HMT Watches Ltd	-	-	-	-	-	-	-	-
4	HMT Chinar Watches Ltd	-	-	-	-	-	-	-	-
5	HMT Bearings Ltd	-	-	-	-	-	-	-	-
6	HMT (International) Ltd	21	15	1	1	3	0	1	0
	<b>Total</b>	<b>881</b>	<b>193</b>	<b>130</b>	<b>20</b>	<b>20</b>	<b>332</b>	<b>54</b>	<b>132</b>

The Company has taken suitable measures to bring down the Personnel Costs by implementing several austerity measures, rationalization of surplus manpower in the Company.

Statistics on the number of employees separated on availing the VR Scheme in HMT and its Subsidiary Companies during the last four years is furnished below:

<b>Sl. No</b>	<b>Organisation</b>	<b>No. of employees opted for VRS</b>				
		<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>Total</b>
1	HMT Limited	-	-	-	-	0
2	HMT Machine Tools Ltd.	-	-	-	-	0
3	HMT Watches Ltd.	-	-	-	-	0
4	HMT Chinar Watches Ltd.	-	-	-	-	0
5	HMT Bearings Ltd.	-	-	-	-	0
6	HMT (International) Ltd.	-	-	-	-	0
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>

**\* 150 Nos. of Workmen of HMT Limited, Tractor division of Pinjore, were retrenched on 24.01.2018.**

Surplus manpower in certain areas has been deployed under re-deployment scheme by providing training and re-training to the employees and posting them at thrust areas to meet the goals of the organization. The Company is trying its best to retain the skilled and professionally qualified personnel to arrest attrition.

#### **PERSONNEL AND INDUSTRIAL RELATIONS**

The Personnel and Industrial Relations situation in the Company during the year remained cordial.



**Annexure- 4**
**REPORT ON CORPORATE GOVERNANCE**
**I COMPANY'S PHILOSOPHY**

In compliance with Regulation 17 of SEBI (LODR) Regulation, 2015 and as per the applicable provisions of the Companies Act, 2013 as amended from time to time, your Directors submit their report on the matters mentioned in the said Regulation and practice followed by the Company.

The Company has a "Code of Conduct for Board Members and Senior Management" i.e., Chairman and Managing Directors, all Directors, Executive Directors and General Managers.

The Company has been following good Corporate Governance practices like striking reasonable balance in the composition of the Board of Directors, setting up of Audit Committee and other Committees, adequate disclosure of information and business to be deliberated by the Board, etc.

**II BOARD OF DIRECTORS**

As on March 31, 2022, the Board of Directors comprised of Chairman & Managing Director, Two Non-Official Independent Directors and Two part-time Official Directors.

Further, as President is the appointing authority for Directors, Government has been requested to appoint Independent Directors to comply with Listing requirements.

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

During the year 2021-22, Six (6) Board Meetings were held on July 12, August 12, September 2, November 10, December 30 in the calendar year 2021 and February 11 in the calendar year 2022.

The composition of Directors and their attendance at the Board Meetings and at General Meetings during the year are:

Name	Category	Meetings held during respective tenure of Directors	Attendance particulars		No. of other Directorships and Committee Member/ Chairmanship held		
			Board Meetings	AGM/ EGM	Directorship	# Committee	
						Member ship	Chairman ship
S. Girish Kumar (DIN: 03385073) (upto 31.07.2021)	C & MD	1	1	-	8	1	-
A.K. Jain (DIN: 09262984) (w.e.f. 01.08.2021)	C & MD	5	5	Yes	5	1	-
Shashank Priya (DIN: 08538400)	NENI	6	6	-	6	4	-
Sujata Sharma (DIN: 08863845) (upto 18.06.2021)	NENI	0	0	-	5	-	-

Jeetendra Singh (DIN: 09207792) (w.e.f. 18.06.2021) (upto 25.03.2022)	NENI	6	5	Yes	6	-	-
Vijay Mittal (DIN: 09548096) (w.e.f. 25.03.2022)	NENI	0	0	-	5	-	-
Neera Tomar (DIN: 08401336) (upto 17.02.2022)	NEI	6	6	Yes	-	-	-
Vishweshwar Bhat (DIN: 07271510)	NEI	6	3	-	1	-	-
Ramji Lal (DIN: 08690278)	NEI	6	6	Yes	-	-	-

C & MD: Chairman & Managing Director, ENI: Executive & Non-Independent, NENI: Non-Executive & Non-Independent, NEI: Non-Executive & Independent

# Pursuant to Regulation 26 of the Listing Regulations, the Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies are considered.

No Director is holding equity shares in the Company as on 31.03.2022. None of the Directors had any relationship inter-se during the year 2021-22.

**Details of Directors holding Directorship in other Listed Entities and the category of their Directorship:**

Name of Director	Name of Other Listed Entity where Directorship is held	Category of Directorship
S. Girish Kumar	Hindustan Photo Films MFG Co Limited	NENI
Shashank Priya	MMTC Ltd	NENI
	State Trading Corporation of India Ltd	NENI
	Bharat Heavy Electricals Ltd	NENI
Sujata Sharma	Hindustan Cables Ltd	NENI
Jeetendra Singh	Bharat Heavy Electricals Limited	NENI
	Andrew Yule & Co Ltd	NENI
	Tide Water Oil Co India Ltd	NENI
Vijay Mittal	Bharat Heavy Electricals Limited	NENI
	Andrew Yule & Co Ltd	NENI

NENI: Non-Executive & Non-Independent

Shri A.K. Jain, Executive Director, M/s. Bharat Heavy Electricals Limited has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f., 01.08.2021 to 31.01.2022 or until further order, whichever is earlier, by the Ministry of Heavy Industries and was further extended upto 24.08.2022.

Shri A.K. Jain has also been entrusted with the additional charge of the post of Director (Finance), HMT Limited w.e.f. 09.08.2021 to 31.01.2022 or until further order, whichever is earlier, by the Ministry of Heavy Industries and was further extended upto 24.08.2022.

### **FAMILIARISATION & TRAINING PROGRAMMES FOR DIRECTORS**

Pursuant to Regulation 25 (7) of the SEBI (LODR) Regulation 2015, the Company has familiarized the Independent Directors about the Company, its operations, divisions, subsidiaries and joint ventures, policies and about their roles and responsibilities in the context of Companies Act, 2013.

During the financial year, Smt. Neera Tomar, Independent Director and Shri. Ramji Lal, Independent Director have attended "One day orientation programme for Directors of CPSEs" held on 22nd September, 2021 through online mode in collaboration with the Institute of Company Secretaries of India (ICSI) organized by Department of Public Enterprises, Ministry of Finance, Government of India.

### **SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD**

HMT Limited being a Government Company, all the Directors on the Board are selected and appointed by the Government of India as per a well laid down process for each category of Directors. The skills/expertise/competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per its own process. At the time of recruitment of the Functional Directors, job description, desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates. As such, the Board of HMT by itself does not identify any such core skills or competence required for the job.

### **BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT AND RE-APPOINTMENT AS PER SEBI (LODR) REGULATION, 2015**

Shri Pankaj Gupta is proposed for appointment as Director in terms of Article 67 of the Article of

Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Shri. Shashank Priya, Director will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board recommends the appointment/re-appointment of said Directors.

In terms of Regulation 36(3) of the Listing Regulations, brief resume of the Directors proposed for appointment and re-appointment is appended to the notice of the AGM.

### **III COMMITTEES OF THE BOARD**

#### **A. AUDIT COMMITTEE**

As on 31.03.2022, the Audit Committee consists of three Directors i.e., Shri. Ramji Lal, Independent Director as Chairman, Shri. Vijay Mittal, Director and Shri. Vishweshwar Bhat, Independent Director as members in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Audit Committee is an Independent Director. Director (Finance) will be the permanent invitee in the meeting. Company Secretary shall be the Convener to the Committee.

In terms of section 177(8) of the Companies Act, 2013, the Board accepted all the recommendations made by the Audit Committee during the year.

The Audit Committee has complied with the terms of reference as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance.

During the year 2021-22, Six (6) Audit Committee Meetings were held on July 12, August 12, September 2, November 10, December 30 in the calendar year 2021 and February 11 in the calendar year 2022.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2021-22**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Smt. Neera Tomar <sup>1</sup>	NEI	6	6
Shri. Ramji Lal	NEI	6	6
Shri. Jeetendra Singh <sup>2</sup>	NENI	-	-
Shri. Vijay Mittal <sup>3</sup>	NENI	-	-
Shri. Vishweshwar Bhat	NEI	6	3

1. Ceased to be Member w.e.f. 18.02.2022

2. Appointed as Member w.e.f.18.02.2022 and Ceased to be Member w.e.f. 25.03.2022

3. Appointed as Member w.e.f. 25.03.2022

**B. NOMINATION & REMUNERATION COMMITTEE**

Being a Government Company, the appointment and fixation of terms and conditions of all Directors (including tenure & remuneration of Functional Directors) are made by the Government of India.

The appointment/ remuneration in respect of KMPs and Senior Management Personnel are governed by the policies covered in HMT's personal manual.

As per SEBI (LODR) Regulation, 2015, the Board of Directors has constituted the Nomination and Remuneration Committee of the Board. As on 31.03.2022, the Nomination and Remuneration Committee consists of Four Directors i.e., Shri. Ramji Lal, Independent Director as Chairman, Shri. Vijay Mittal, Director, Shri A.K. Jain, C&MD and Shri. Vishweshwar Bhat, Independent Director as members in compliance with the provisions of

the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015. Chairman of the Nomination and Remuneration Committee is an Independent Director. Company Secretary shall be the Convener of the Committee.

The Nomination and Remuneration Committee shall comply with the terms of reference as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance.

During the year 2021-22, Two (2) Nomination and Remuneration Committee Meetings were held on July 12 and September 2 in the calendar year 2021.

Details of attendance of member at the Nomination and Remuneration Committee Meeting held during 2021-22

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Ramji Lal	NEI	2	2
Shri. S. Girish Kumar <sup>1</sup>	C & MD	1	1
Shri. Jeetendra Singh <sup>2</sup>	NENI	-	-
Shri. A.K. Jain <sup>3</sup>	C & MD	1	1
Shri. Vijay Mittal <sup>4</sup>	NENI	-	-
Smt. Neera Tomar <sup>5</sup>	NEI	2	2
Shri. Vishweshwar Bhat	NEI	2	1

1. Ceased to be Member w.e.f. 01.08.2021
2. Appointed as Member w.e.f. 18.02.2022 and Ceased to be Member w.e.f. 25.03.2022
3. Appointed as Member w.e.f. 12.08.2021
4. Appointed as Member w.e.f. 25.03.2022
5. Ceased to be Member w.e.f. 18.02.2022

### Remuneration to Directors

The details of remuneration of Whole Time Directors are given below

Amount in Rs.

Particulars of Remuneration	Shri. S. Girish Kumar <sup>1</sup>
Gross Salary	Rs.14,96,410/-
Value of perquisites/ Commission/ Stock Option	Nil
Total	Rs.14,96,410/-

1. Ceased to be Whole Time Director w.e.f. 01.08.2021

No sitting fee is payable to any of the directors except Non-Official (Independent) Directors. An amount of Rs.5000/- per meeting of the Board and Rs.3000/- for each Committee Meetings is paid as sitting fee to the Non-Official (Independent) Director for attending the Board and Committee Meetings as per the policy of the company.

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. Apart from receiving sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2021-22.

### Details of sitting fees paid to the Independent Directors during the year 2021-22 are given below

(Amount in Rs)

Name	Sitting Fees paid/payable for Board & Committee Meetings
Smt. Neera Tomar	75000
Shri. Vishweshwar Bhat	27000
Shri. Ramji Lal	75000

### C. SHAREHOLDER COMMITTEE:

#### i) Share Transfer Sub-Committee

During the FY2021-22, the Share Transfer Sub-Committee comprised of Shri S.Girish Kumar, Chairman and Managing Director upto 30.07.2021 and Shri A.K. Jain, Chairman and Managing Director w.e.f., 01.08.2021 as a single member to look after transfer/ transmission of shares issued by the Company etc. There were no meetings held during the year 2021-22.

#### ii) Name & Designation of the Compliance Officer:

Shri Kishor Kumar S  
Company Secretary

#### iii) The Stakeholders Relationship Committee of Board/ Investors Grievance Committee

To comply the provisions of section 178(5) of the Companies Act, 2013 and Regulation 20(1) of the Listing Regulations, the Board of Directors have constituted the "Stakeholders Relationship Committee".

As on 31.03.2022, the Committee consists of three Directors i.e. Shri. Ramji Lal, Independent Director as Chairman, Shri. A.K. Jain, C&MD and Shri. Vishweshwar Bhat, Independent Director as members in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulation, 2015.

Chairman of the Committee is an Independent Director. Company Secretary is the Convener to the Committee.

During the FY 2021-22, Two Meetings were held on July 12th in the calendar year 2021 and February 11th in the calendar year 2022.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE STAKEHOLDERS RELATIONSHIP COMMITTEE MEETING HELD DURING 2021-22**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Ramji Lal	NEI	2	2
Shri. S Girish Kumar <sup>1</sup>	C & MD	1	1
Shri. A.K. Jain <sup>2</sup>	C & MD	1	1
Smt. Neera Tomar	NEI	2	2
Shri Vishweshwar Bhat <sup>3</sup>	NEI	-	-

1. Ceased to be Member w.e.f. 01.08.2021

2. Appointed as Member w.e.f. 12.08.2021

3. Appointed as Member w.e.f. 18.02.2022

The terms of reference would include review and timely redressal of all the grievance of security holders of the Company and carrying out any other function mentioned in the Listing Agreement.

During the financial year 2021-22, 8 Complaints were received from Shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - NIL

**D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board of Directors has constituted the Corporate Social Responsibility Committee (CSR Committee). As on 31.03.2022, CSR Committee consists of Three Directors i.e., Shri. A.K. Jain, C & MD as Chairman of the Committee, Shri. Vishweshwar Bhat, Independent Director, and Shri. Ramji Lal, Independent Director as Members of the Committee. Company Secretary is the Convener of the Committee.

The Committee shall comply with the terms of reference as enumerated under the provisions of the Companies Act, 2013 & DPE Guidelines.

During the year 2021-22, Three (3) CSR Committee Meeting was held on July 12, September 2 and November 10 in the calendar year 2021.

Details of attendance of member at the CSR Committee Meeting held during 2021-22

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. S. Girish Kumar <sup>1</sup>	C & MD	1	1
Shri. A.K. Jain <sup>2</sup>	C & MD	2	2
Smt. Neera Tomar <sup>3</sup>	NEI	3	3
Shri. Vishweshwar Bhat <sup>4</sup>	NEI	-	-
Shri. Ramji Lal	NEI	3	3

1. Ceased to be Member w.e.f. 01.08.2021

2. Appointed as Member w.e.f. 12.08.2021

3. Ceased to be Member w.e.f. 18.02.2022

4. Appointed as Member w.e.f. 18.02.2022

**E. RISK MANAGEMENT COMMITTEE**

The Board of Directors has constituted the Risk Management Committee on 12th July, 2021. As on



31.03.2022, Risk Management Committee consists of Three Members i.e., Shri. Ramji Lal, Independent Director as Chairman of the Committee, Shri. A.K. Jain, C & MD, Shri. M.R.V Raja, General Manager (Operations & Marketing), HMT Limited as Members of the Committee. Company Secretary is the Convener of the Committee.

During the year 2021-22, Two (2) Risk Management Committee Meeting was held on August 12 and November 10 in the calendar year 2021.

**Details of attendance of member at the Risk Management Committee Meeting held during 2021-22**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Ramji Lal	NEI	2	2
Smt. Neera Tomar <sup>1</sup>	NEI	2	2
Shri. A.K. Jain <sup>2</sup>	C & MD	-	-
Shri. M.R.V Raja	GM (O&M)	2	2

1. Ceased to be Member w.e.f. 18.02.2022

2. Appointed as Member w.e.f. 18.02.2022

**INDEPENDENT DIRECTORS' MEETING**

During the FY2021-22, One Independent Directors Meeting was held on 16th February, 2022 and all the Independent Directors participated in the meeting. Independent Directors reviewed the action taken on the minutes of the previous meetings on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.

**IV GENERAL BODY MEETINGS**

a) The details of last three Annual General Meetings held are as under:

Financial year	Date	Time	Venue
2018-2019	30.09.2019	10.30 a.m.	Registered Office, at No. 59, Bellary Road, Bengaluru-560 032.
2019-2020*	20.11.2020	10.30 a.m.	
2020-2021*	29.10.2021	10.30 a.m.	

\*For the FY 2019-20 and 2020-21, Annual General Meeting was held through Video Conferencing. Deemed venue was Registered Office of the Company.

**b) DETAILS OF SPECIAL RESOLUTIONS PASSED IN PREVIOUS THREE AGMS**

Following Special Resolution was passed in the 67th AGM held on 20.11.2020.

“RESOLVED THAT in reconfirmation of the resolution passed at the Extra-Ordinary General Meeting of the Company held on 21st July, 2004, the consent of the Company be and is hereby accorded under the provisions of Section 180(1) (c) and other applicable provisions if any, of the Companies Act, 2013 & Articles of Association of the Company, to the Board of Director of the Company to borrow from time to time any sum or sums of money together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; provided that the total amount of money borrowed by the Company shall not at any time exceed the limit of Rs.1100,00,00,000/- (Rupees One Thousand One hundred Crores only)”

**c) POSTAL BALLOT**

No special resolutions were passed through postal ballot in the previous year. No special resolution is proposed to be conducted through postal ballot.

**V. DISCLOSURES**

- i) There were no transactions of material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.
- ii) We affirm that no personnel are denied to access the audit committee. The personnel are also provided unrestricted access to the senior management in case of any complaints.
- iii) There were some instances of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges. As on 31.03.2022, the Company is not in compliance with the composition of the Board of Directors as per the requirement of SEBI (LODR) Regulation, 2015.
- iv) Policy for determining 'material' subsidiaries & Policy on dealing with related party transactions are placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com).
- v) Details relating to fees paid to the Statutory Auditors are given in Note 30 to the Standalone Financial Statements and Note 30 to the Consolidated Financial Statements.
- vi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: NIL
- vii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: NIL
- viii) Disclosures with respect to demat suspense account/ unclaimed suspense account: NIL
- ix) A Certificate received from Company Secretary in Practice, confirming that none of the Directors on the Board of the Company

have been debarred or disqualified from being appointed or continuing as Directors of Company is attached with this report as

**Annexure - 14**

- x) During the year 2021-22, the Board of Directors has accepted all the recommendations of its Committees which were mandatorily required.
- xi) During the Financial year 2021-22, the Company has not received any complaints of Sexual Harassment and no cases are pending.
- xii) Management reply to observations in Corporate Governance certificate:
  - i) Administrative Ministry has been requested to appoint one women Independent Director on the Board of Directors of the Company and one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements.

**VI RECONCILIATION OF SHARE CAPITAL AUDIT**

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL except for 735920900 equity shares of Rs.10/- each which was allotted to President of India way back in 2014 for which Corporate Action has been already initiated with Stock Exchanges and under process. Out of 735920900 equity shares, Corporate Action for 25,00,000 equity shares has been completed and trading in Stock Exchanges with effect from 01.07.2021.

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/

approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges and Depositories are pending for procedural compliances which have been already taken up in consultation with Registrar and Share Transfer Agent ("RTA"). Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

#### VII. SUBSIDIARY COMPANIES

The Minutes of the Board meetings along with a report on significant developments of the unlisted Subsidiary Companies are periodically placed before the Board of Directors of the Company.

#### VIII. MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express and Hosa Digantha. The above results are also displayed at the Company's website [www.hmtindia.com](http://www.hmtindia.com). Pursuant to the directions of Securities & Exchange Board of India (SEBI), the Company has been submitting documents viz., Shareholding Pattern, Financial Results, Annual Report etc. The company makes no presentations to institutional investors or analysts.

#### IX. CEO AND CFO CERTIFICATION

In terms of the SEBI (LODR) Regulation, 2015, the Certification by the CEO (Chairman & Managing Director) and CFO on the Financial Statements and Internal controls relating to financial reporting for the financial year 2021-22 has been obtained and was placed before the Board. **(Refer Annexure- 15)**

#### X. WHISTLE BLOWER POLICY

The Company has formulated a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report genuine concerns. The policy provides for adequate safeguards against victimization of Director/s or employee/s and also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The policy is placed on the Company's website [www.hmtindia.com](http://www.hmtindia.com)

#### XI. GENERAL SHAREHOLDERS INFORMATION

##### i) Annual General Meeting

Date 30th September, 2022  
Time 10.30 A.M  
Venue The Company is conducting meeting through Video Conference/ Other Audio-Visual Means (VC/ OAVM) pursuant to the MCA Circular dated May 5, 2020 & January 13, 2021, May 5, 2022 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM

No dividends have been declared

##### ii) Financial Calendar

Financial Year April 01, 2021 to March 31, 2022

##### iii) Book Closure

Please refer to the Notice of the AGM

iv) The Equity Shares of the Company are listed with the following stock exchanges

BSE Limited	<b>Stock Code:</b>
Phiroze Jeejeebhoy Towers	500191
25th Floor, Dalal Street,	
Mumbai-400 001	

National Stock Exchange of India Ltd	<b>Stock Code:</b>
"Exchange Plaza"	HMT
Bandra-Kurla Complex	
Bandra (E), Mumbai - 400 051	

(Annual Listing Fees for the year have been paid to the above Stock Exchanges)

v) Corporate Identity Number (CIN) of the Company: L29230KA1953GOI000748

**vi) Registrars & Share Transfer Agents**

M/s. KFin Technologies Ltd  
Selenium Tower B,  
Plot Nos. 31 & 32, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad - 500032, Telangana

**vii) Share Transfer System**

The Share Transfer Sub-Committee meets at regular intervals, so that shares lodged for transfer are registered and dispatched back well within time limit prescribed in this respect under the listing agreements.

**viii) Non-Mandatory Requirements**

Being a Government Company, the appointment and fixation of terms and conditions of appointment of all Directors are made by the Government of India. As the Company's financial results are displayed on the Website of the Company and published in the Newspapers, they are not separately circulated to all the shareholders. The Company is making endeavors to move towards a regime of unqualified financial statements. The Company declares that no personnel have been denied the access to Audit Committee.

**ix)** The details of high/low market price of the shares at the BSE Ltd., (BSE) Mumbai and at National Stock Exchange of India Ltd., (NSE) Mumbai and Market Index are as under:

**BSE - Company: HMT LTD.**

**(STOCK CODE - 500191)**

**Period: April 2021 to March 2022**

BSE			Market Index (Close)
Month	High Price	Low Price	S&P BSE SENSEX
Apr-21	32.05	25.65	48782.36
May-21	31.05	25.5	51937.44
Jun-21	33.25	29.1	52482.71
Jul-21	39.35	30.75	52586.84
Aug-21	35	26.25	57552.39
Sep-21	29.25	27	59126.36
Oct-21	33	27	59306.93
Nov-21	30	26	57064.87
Dec-21	29.6	26.05	58253.82
Jan-22	29.95	26.65	58014.17
Feb-22	34	26.35	56247.28
Mar-22	30.9	25.5	58568.51

**NSE - Company: HMT LTD. (STOCK CODE - HMT)**

**Period: Apr 2021 to March 2022**

NSE			Market Index (Close)
Month	High Price	Low Price	NSE NIFTY
Apr-21	32.5	25.3	14631.10
May-21	30.65	25.25	15582.80
Jun-21	33	29.4	15721.50
Jul-21	39.95	30.4	15763.05
Aug-21	34.4	26.35	17132.20
Sep-21	29.5	26.6	17618.15
Oct-21	33	27.05	17671.65
Nov-21	30.45	26	16983.20
Dec-21	29.7	26	17354.05
Jan-22	29.9	27.1	17339.85
Feb-22	34.05	26	16793.90
Mar-22	30.55	25.4	17464.75

**x) \*Distribution of Shareholding:**

The shareholding distribution of Equity shares as of 31.03.2022 is given below:

<b>Distribution of Shareholding as on 31/03/2022 (AMOUNT WISE TOTAL)</b>					
<b>Sl No</b>	<b>Category (Amount)</b>	<b>No. of Holders</b>	<b>% To Holders</b>	<b>Amount (Rs.)</b>	<b>% To Equity</b>
1	1 - 5000	16718	88.70	19733000.00	0.16
2	5001 - 10000	1157	6.14	9686950.00	0.08
3	10001 - 20000	485	2.57	7529380.00	0.06
4	20001 - 30000	167	0.89	4350710.00	0.04
5	30001 - 40000	73	0.39	2680580.00	0.02
6	40001 - 50000	71	0.38	3326660.00	0.03
7	50001 - 100000	96	0.51	6987500.00	0.06
8	100001 and above	80	0.42	11986621620.00	99.56
	<b>TOTAL</b>	<b>18847</b>	<b>100.00</b>	<b>12040916400.00</b>	<b>100.01</b>

<b>Distribution of Shareholding as on 31/03/2022 (SHARES WISE TOTAL)</b>					
<b>Sl. No</b>	<b>Category (Shares)</b>	<b>No. of Holders</b>	<b>% To Holders</b>	<b>No. of Shares</b>	<b>% To Equity</b>
1	1 - 5000	18671	99.07	4730728	0.39
2	5001 - 10000	96	0.51	698750	0.06
3	10001 - 20000	37	0.20	512727	0.04
4	20001 - 30000	16	0.08	403724	0.03
5	30001 - 40000	6	0.03	216965	0.02
6	40001 - 50000	3	0.02	131482	0.01
7	50001 - 100000	11	0.06	697763	0.06
8	100001 and above	7	0.04	1196699501	99.39
	<b>TOTAL</b>	<b>18847</b>	<b>100.00</b>	<b>1204091640</b>	<b>100.00</b>

<b>Shareholding Pattern as on 31/03/2022 (Total)</b>				
<b>Sl. No</b>	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	CLEARING MEMBERS	13	21941	0.00
2	H U F	414	439958	0.04
3	INDIAN MUTUAL FUNDS	10	18900	0.00
4	INSURANCE COMPANIES	1	100	0.00

5	BODIES CORPORATES	160	68080927	5.65
6	MUTUAL FUNDS	1	100	0.00
7	NBFC	1	2750	0.00
8	NON RESIDENT INDIANS	80	35386	0.00
9	NON RESIDENT INDIAN NON REPATRIABLE	59	34019	0.00
10	PROMOTERS	2	1128056626	93.69
11	RESIDENT INDIVIDUALS	18106	7400933	0.61
	<b>Total</b>	<b>18847</b>	<b>1204091640</b>	<b>100.00</b>

\*Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

#### **xi) Dematerialisation of Shares:**

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. The Company's shares are admitted into both the depositories i.e., National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31st March 2022, the Company's Shares representing 760224891 equity shares were held in dematerialized form and the balance 443866749 shares were in the physical form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE262A01018.

#### **xii) Plant Locations**

- (1) **Food Processing Machinery Division**  
H-2, MIDC, Chikalthana I.A.  
Post Box No. 720, Aurangabad - 431 210
- (2) **Auxiliary Business Division**  
Jalahalli, Bengaluru - 560 013

#### **xiii) Address for correspondence:**

Registered Office at:  
HMT Bhavan, No.59, Bellary Road,  
Bengaluru - 560 032, Karnataka, India

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 06-09-2022

**(Pankaj Gupta)**  
Chairman & Managing Director  
(Addl. Charge)

## Annexure-5

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****TO THE MEMBERS OF HMT LIMITED**

- 1) We, **SSB & Associates**, Chartered Accountants, the Statutory Auditors of **HMT Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the listing regulations).

**Managements' Responsibility**

- 2) The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditors' Responsibility**

- 3) Our responsibility is limited to examining the Procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 4) We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- 5) We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI),

the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

- 6) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical financial Information and Other Assurance and Related Services Engagements.

**Opinion**

- 7) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management. We certify that the Company has Complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (1) of regulation 46(2) and Para C and D of Schedule-V of the Listing Regulations during the year ended March 31, 2022 subject to:
- ❖ Non-compliance of provisions of SEBI Regulation 24(1) in not having at least one independent director on the Board of directors of the listed entity who shall be director on the Board of Directors of material subsidiary, whether incorporated in India or not.
  - ❖ Non-Compliance of provisions of SEBI Regulation 17(1)(a), wherein the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020 whereas the vacancy caused by the retirement of the woman independent director has not been filled up within the prescribed time limit.

- ❖ Non-compliance of the provisions of SEBI Regulation 17(1)(b), wherein at least half of the Board of directors of the listed entity shall consist of independent directors whereas the Board of directors of the company has not been constituted with 50% of independent directors as on 31-03-2022.
  - ❖ Non-compliance of provisions of SEBI Regulation 17(1)(c) wherein, the Board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors whereas the company has only five Board of directors as on 31-03-2022.
- 8) We 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 SSB & Associates  
*Chartered Accountants*  
Firm Reg. No.010372S

**K Balaji**  
Partner  
Membership No.207783  
UDIN: 22207783APDEC12649

Place : Bangalore  
Date : 17-08-2022



## Annexure-6

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,  
FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY:****(i) The steps taken or impact on conservation of energy**

- ❖ CFL/LED Lamps have been installed in Offices
- ❖ Machine Shop now running with 2 shifts instead of 3 shifts without hampering production target. This saved lot of electricity.
- ❖ Outer peripheral lighting has been replaced with LED lighting with fixtures.
- ❖ Loading of machines are pre-planned. Hence, machine idle time reduced.

**(ii) Steps taken by the company for utilizing alternate sources of energy**

- ❖ We have taken decision for installation of Roof type Solar plant as well as Solar plant on open space

**(iii) The capital investment on energy conservation equipment**

- ❖ Under initial stage & will be intimate later.

**B. TECHNOLOGY ABSORPTION:****(i) Efforts made towards technology absorption:**

- ❖ Based on the Collaboration Agreement Technology for Food Processing Machinery division, various products have been manufactured over the years. The design of the FPA products needs up-gradation since new technology already developed in the market.
- ❖ Work on online platform for Estate Management is under progress.

**(ii) The benefits derived like product improvement, cost reduction, products development or import substitution:**

- ❖ Developed Hydraulic Homogeniser of cap. 5000 lph, Crate Washer of cap. 800 crates/hr & small capacity homogenizer, cap. 200 lph & due to this our order position have been improved.
- ❖ We have changed methods & technology for manufacturing of items due to which production time has reduced & cost of the product is also reduced.

**(iii) Imported Technology during the last three years reckoned from the beginning of the financial year:**

- ❖ Not imported any technology during the last three years due to financial constraint.

**(iv) The expenditure incurred on Research and Development: NIL****C. FOREIGN EXCHANGE EARNINGS AND OUTGO:****Total Foreign Exchange earnings and outgo**

- ❖ Earnings: Rs.51.75 Lakhs
- ❖ Outgo: Nil

**Annexure-7**
**ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2021-22 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022**

Audit Observations	Management Reply
<p><b>1. Food Processing Machinery Unit, Aurangabad</b></p> <p>As per information and explanation given to us with regards to the Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method of valuation adopted by company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS financial statements.</p>	<p>The inventory is valued using weighted average cost method. There are some items of stores (consumables) valued incorrectly due to system error/software drawback. New tally software is going to be installed in the stores department. However there is no material impact in the valuation of inventories.</p>
<p><b>2. Auxiliary Business Division, Bengaluru</b></p> <p>Indian Accounting Standards</p> <p>a. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80/- Lakhs. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Financial statements as on 31.03.2022.</p>	<p>The Unit had floated a tender for conducting Evaluation of Inventory in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel &amp; Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation.</p> <p>As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil &amp; Co. visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patil &amp; Co. shortly</p>

Audit Observations	Management Reply
<p>b. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently, the impact if any, on impairment of Fixed assets on the Financials statements cannot be quantified.</p>	<p>The Unit had floated a tender for conducting Impairment of Fixed Assets in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel &amp; Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation.</p> <p>As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil &amp; Co. visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patil &amp; Co. shortly. Hence Valuation could not be done during FY 2021-22.</p>
<p><b>3. Corporate Head Office and Company as a whole</b></p> <p>a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified</p> <p>b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements</p> <p>c. Non disclosure of Corporate Guarantee amounting to Rs.129.22 crores (fund and non fund based) under contingent liability in Note No. 32 - Notes forming part of accounts issued to subsidiaries of the company. Against the said Corporate Guarantee the credit facility utilized is Rs.82.70 Crores (fund and non fund based limits).</p>	<p>Confirmation for balances under Trade Receivables, Loans &amp; Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Disclosures has been made to this effect in Note no.50</p> <p>Nigeria Machine Tools Ltd is a company incorporated outside India. The Company could get the previous year Financials from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd. Since the net worth is completely eroded, the company believes that it is more appropriate to conclude that the Fair Value of Investment in these Companies shares as NIL</p> <p>Corporate Guarantee amounting to Rs.129.22 crores (fund and non-fund based) issued to subsidiaries of the company is pertaining to earlier years out of which the credit facility utilized towards working capital is Rs. 82.70 Crores (fund and non fund based limits). In this regard, necessary disclosure will be made during the financial year 2022-23.</p>

<p>d. During the year 2016-17, the company recognised the provision for the impairment loss on investments of Rs.37.26 crores in respect of HMT Bearings Limited. During the year, the Company received a total surplus of Rs.15.26 crores from HMT Bearings Limited as per NCLT order. Thus, against the Company's investment in HMT Bearings Limited amounting to Rs.37.46 crores only Rs.15.26 crores was realised by the Company. However, the company reversed the entire provision in the accounts for the current year and instead of separately disclosing the loss of Rs.22.20 crores, the Company has shown only net amount of Rs.15.26 Crores as other income. The disclosure does not adequately reflect the transaction and the loss incurred amounting to Rs.22.20 crores on its investment in HMT Bearings Limited.'</p>	<p>The details of the provision withdrawn and loss on investment resulting in net income of Rs.15.26 Crores has been disclosed in the Financial Statements by way of foot note under other income note no.24</p>
<p><i>Indian Accounting Standards</i></p> <p>e. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements. The effect on revenue on all the above transactions are not ascertained.</p>	<p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there in no ECL during the year.</p>

## Annexure - 8

## FORM NO. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2022**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members  
H.M.T. Limited  
HMT Bhavan, 59 Bellary Road  
Bangalore - 560 032

We have conducted the Secretarial Audit of compliances of the applicable statutory provisions and the adherence to good corporate practices by **H.M.T. Limited, having CIN: L29230KA1953GOI000748** (herein after called the company). Secretarial Audit was conducted in a manner that provided us the reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the Financial year ended on 31st March 2022, complied with the statutory provisions listed 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2022, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. 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;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - c) SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. (LODR Regulations) including the requirements with regard to the disclosure of information on Company's website and other disclosure and reporting requirements to the Stock Exchanges during the Financial Year.

There were no occasions during the financial year requiring specific compliance under the provisions of the following Regulations and Guidelines:-

- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended till date;
- e) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, as amended till date;
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended till date;
- g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended till date;
- i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

VI. We further report that based on the information and explanations, and the records maintained and Industrial Specific laws as provided by the Company. the Company has, in our opinion, complied with the provisions of:

### **1. Industry Specific Laws**

- a) The Factories Act, 1948
- b) Intellectual Property Laws
- c) Trade Marks Act, 1999
- d) The Patents Act, 1970
- e) Indian Copyright Act, 1957 and Copyright Rules 1957
- f) The Design Act, 2000
- g) Environment (Protection) Act, 1986

### **2. General Laws**

- a) Industrial and Labour laws, as applicable to the Company such as:
  - i. Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
  - ii. The Contract Labour (Regulation and Abolition) Act, 1970
  - iii. Payment of Wages Act, 1936
  - iv. Workmen's Compensation Act, 1923.
  - v. The Equal Remuneration Act, 1976
  - vi. Employees Liabilities Act, 1938
  - vii. The Employees Provident Fund and Miscellaneous Act, 1952
  - viii. Fatal Accidents Act, 1855
  - ix. The Building and other Construction Workers Act, 1996

- b) Indian Boilers Act, 1923
- c) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- d) Contracts Act, 1982
- e) Transfer of Property Act, 1882
- f) The RTI Act, 2005
- g) Disaster Management Act, 2005
- h) Legal Metrology Act, 2009.

We have also examined compliances with respect to:

- (i) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs (MCA) and report that the Company has generally complied with the said Standards.
- (ii) The Listing Agreement/s entered into by the Company with the BSE Limited and The National Stock Exchange of India Limited (NSE) and subject to Para VII herein, report that the Company has complied with the same.

VII. We Report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs except the following:

01. *Regulation 38 of the SEBI (LODR) Regulations 2015 read with Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957 has not been complied, which requires a listed company to have at least 25% Public Shareholding (Other than Promoter). The existing public shareholding is only **21.38%**.*
02. *The Company has not complied with the requirement that there shall be atleast one independent director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations 2015.*
03. *The Vacancy caused by the retirement of the woman director has not been filled up within the prescribed time limits as required under Schedule IV of the Code for independent Directors, under Section 149(8) of the Companies Act, 2013.*
04. *The Company has not complied with the requirements under the Regulation 17(1)(b) of SEBI(LODR) Regulations 2015 as the Board has not been constituted with 50% of Independent Directors as on 31st March, 2022.*
05. *The Company has delayed 12 days in submitting Audited Financial Results as required under Regulation 52(2)(d). We were informed that this was due to COVID-19 Second Wave disruptions.*

#### **VIII. We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, subject to para VII herein. 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.

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was 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. Sub committees of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

We further report that the Company has developed and implemented adequate systems and processes, commensurate with its size and operations, to effectively monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There are also processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company. The Company has generally complied with the requirements of the provisions governing Corporate Social Responsibility.

IX. We further report that during the financial year under report, the following are the significant events/actions, having a bearing/major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. During the year 2016, pursuant to the approval of the Cabinet Committee of Economic Affairs, Government of India, the Company has taken necessary action for closure of Subsidiary Companies, namely, HMT Watches Limited, HMT Bearings Limited and HMT Chinar Watches Limited. The Hon'ble National Company Law Tribunal (NCLT), at its Benches located at Chandigarh and Hyderabad, respectively, have passed necessary winding up orders under Section 302 of the Companies Act, 2013 / Section 59 of the Insolvency and Bankruptcy Code, 2016. Subsequently, Order was passed for dissolution of HMT Bearings Limited and HMT Chinar Watches Limited vide its order dated 20.04.2022 and 10.03.2022 respectively.
2. The Company's Capital was reduced from Rs.1204.09 Cr to Rs.355.60 Cr vide NCLT Order dated 16.10.2018. However, the Reduction of Share capital has not been updated in the records of Stock Exchanges / Depositories. They are pending for procedural compliances which are in the process.

**Place: Bengaluru**

**Date: 22 June 2022**

**UDIN No: F003031D000518194**

**S.Kedarnath**

**Company Secretary**

**(M. No: 3031. CP No: 4422)**

**Note:** *This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.*



## 'ANNEXURE-A'

To,  
The Members,  
H.M.T. Limited,  
HMT Bhavan, 59 Bellary Road  
Bangalore - 560032

My report (2021-22) of even date is to be read along with this letter.

1. Secretarial Audit was conducted by physical verification as well as by using Information Technology tools and on a random test check basis. Using Information Technology Tools was necessitated in view of the prevailing COVID-19 circumstances and in compliance of directions of the State Government and as per Para 3 of the ICSI Guidance dated 4th May 2020.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
4. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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: Bengaluru**

**Date: 22 June 2022**

**UDIN No: F003031D000518194**

**S.Kedarnath**

**Company Secretary**

**(M. No: 3031. CP No: 4422)**

**Annexure - 9**
**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2021-22 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022.**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	<b>Regulation 38 of the SEBI (LODR) Regulations 2015 read with Rule 19 (2) of the Securities Contracts (Regulation) Rules, 1957 has not been complied, which requires a listed company to have at least 25% Public Shareholding (Other than Promoter). The existing public shareholding is only 21.38%.</b>	Financial Markets Division (Primary Markets Branch, Department of Economic Affairs, Ministry of Finance, Govt of India vide its letter F No. 1/14/2018-P.M (part) dated 6th July, 2022 has granted exemption under Rule 19A of Securities Contract (Regulation) Rules, 1957 to those Listed Pubic Sector Companies who's pubic shareholding is below 25% to increase its pubic shareholding to at least 25% by 1st August, 2024.
02	<b>The Company has not complied with the requirement that there shall be atleast one independent director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations 2015.</b>	Administrative Ministry has been requested to appoint one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements
03	<b>The vacancy caused by the retirement of the woman director has not been filled up within the prescribed time limits as required under Schedule IV of the Code for independent Directors, under Section 149(8) of the Companies Act, 2013.</b>	Administrative Ministry has been requested to appoint one independent women Director on the Board of Directors of the Company to comply with listing requirements
04	<b>The Company has not complied with the requirements under the Regulation 17(1) (b) of SEBI(LODR) Regulations 2015 as the Board has not been constituted with 50% of Independent Directors as on 31st March, 2022.</b>	Smt. Neera Tomar ceases to be Independent Director of the Company on close of business hours on 17th February, 2022. As on 31.03.2022, there are two Independent Directors out of five Board of Directors. Administrative Ministry has been requested to appoint one independent women Director on the Board of Directors of the Company to comply with listing requirements

05	<b>The Company has delayed 12 days in submitting Audited Financial Results as required under Regulation 52(2)(d). We were informed that this was due to COVID-19 Second Wave disruptions.</b>	HMT Limited & its Subsidiaries have units across India in Bangalore, Pinjore, Aurangabad, Hyderabad, Kalamassery, Ajmer and Ranibagh. Due to COVID-19 Second Wave disruptions and restrictions, most of the office staff across the units have worked from home and did not had access to all the documents required for finalization of the annual accounts. Due to travel restrictions/ non availability of transportation, staff could not reach office. Hence, there was delay of 12 days in submission of Audited Financial Results for the quarter and year ended 31.03.2021
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## FORM No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2022

## [Pursuant to Section 2014(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
HMT Machine Tools Limited  
No.59, Bellary Road  
Bangalore - 560032

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HMT Machine Tools Limited having CIN: U02922KA1999GOI025572** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion there on.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner as applicable to it and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2022, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. There were no occasions needing compliance under the Depositories Act, 1996 and the Regulations and Bye-laws framed there under; hence no comments have been provided.
- III. There were no transactions covering the Foreign Exchange Management Act, 1999 and the rules and regulations made there under.

We further report that, based on the guidelines issued by the Institute of Company Secretaries of India ('the ICSI') and as per the information provided by the Company as to the applicability of the Industry Specific Laws, the relevant records maintained by them, the Company has generally complied with the provisions of the following Industry specific laws / Guidelines to the extent applicable:

**Industry Specific Laws**

- (a) The Factories Act, 1948
- (b) Intellectual Property Laws
- (c) Trade Marks Act, 1999
- (d) The Patents Act, 1970
- (e) Indian Copyright Act, 1957 and Copyright Rules 1957
- (f) The Design Act, 2000
- (g) Environment (Protection) Act, 1986

**General Laws**

- a) Industrial and Labour laws, as applicable to the Company such as:
  - i. Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
  - ii. The Contract Labour (Regulation and Abolition) Act, 1970
  - iii. Payment of Wages Act, 1936
  - iv. Workmen's Compensation Act, 1923.
  - v. The Equal Remuneration Act, 1976
  - vi. Employees Liabilities Act, 1938
  - vii. The Employees Provident Fund and Miscellaneous Act, 1952
  - viii. Fatal Accidents Act, 1855
  - ix. The building and other Construction Workers Act, 1996
- b) Indian Boilers Act, 1923
- c) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- d) Contracts Act, 1982
- e) Transfer of Property Act, 1882
- f) The RTI Act, 2005
- g) Disaster Management Act, 2005
- h) Legal Metrology Act, 2009.

We have also examined compliance with the applicable clauses of the Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and comment that they have generally complied with the said Standards.

We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs except the followings:

1. *Being a material subsidiary of a Listed Entity, there shall be at least one Independent Director of its Holding Company) on its Board under Regulation 24(1) of SEBI (LODR) Regulations 2015. The Company is yet to comply with this Regulation.*
2. *The Preference shares have been re-classified as Financial Liability. However, the Authorised Share Capital has not been shown as having Preference Shares leading to inconsistency in presentation of the Financial Statements to that extent.*

3. *During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972 etc and received Notice from statutory Authorities for compliances of the Act and fighting several litigations in various Court.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 and filing of necessary Returns under the Act.

We state that the provisions relating to Audit of Accounts and the related financial records including Income Tax Laws, Central Excise, Sales Tax (GST) Laws, Customs Laws etc., and other connected Rules, Regulations, Orders, Circulars and Notifications have not been dealt with in any manner in our Secretarial Audit Report.

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was 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. Sub committees of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

We further report that the Company has developed and implemented adequate systems and processes, commensurate with its size and operations, to effectively monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There are also processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company.

We further report that during the Financial Year there were no significant events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except that there are subsisting court cases in respect of delay in making Statutory Payments and filing of Returns.

For S Kedarnath & Associates  
Company Secretaries :

**Date: 10<sup>th</sup> August, 2022**  
**Place: Bengaluru**  
**UDIN : F003031D000778036**

**S. Kedarnath**  
**Company Secretary**  
**C P No 4422**

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**Note:** *This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

To,  
The Members,  
HMT Machine Tools Limited,  
No.59, Bellary Road  
Bangalore - 560032

**Annexure - A**

Our report (2021-22) of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My/our responsibility is to express an opinion on these secretarial records based on our audit.
2. I/We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on a test check basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I/we have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
4. Wherever required, I/we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.

For S Kedarnath & Associates  
Company Secretaries

**Date: 10<sup>th</sup> August, 2022**  
**Place: Bengaluru**  
**UDIN: F003031D000778036**

**S. Kedarnath**  
**Company Secretary**  
**C P No 4422**

## Annexure - 10A

**ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2021-22 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31ST MARCH 2022.**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	<b>Being a material subsidiary of a Listed Entity, there shall be at least one Independent Director of its Holding Company on its Board under Regulation 24(1) of SEBI (LODR) Regulations 2015. The Company is yet to comply with this Regulation.</b>	The nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Guidelines. The subject matter of appointment of Independent director falls under the purview of the Government of India. The Administrative Ministry has been requested to appoint Directors to comply with the provisions of Companies Act 2013.
02	<b>The Preference shares have been re-classified as Financial Liability. However, the Authorised Share Capital has not been shown as having Preference Shares leading to inconsistency in presentation of the Financial Statements to that extent.</b>	There is no reduction in Authorized Capital. Company re-classified Preference Shares as Financial Liability in order to comply with new Ind AS and Company will take necessary action during FY 2022-23 as observed.
03	<b>During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972 etc and received Notice from statutory Authorities for compliances of the Act and fighting several litigations in various Court.</b>	Company is incurring losses from several years, hence not able to make timely payment of the statutory dues as observed by the Auditors. The Company is taking all efforts to generate fund from Internal operations and address the timely payment of the statutory dues.

Place : Bengaluru

Date : 6th September 2022

**(Pankaj Gupta)***Chairman & Managing Director**(Addl. Charge)*



## Form No. MR 3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,  
H.M.T. (INTERNATIONAL) LIMITED.  
No.59 Bellary Road  
Bengaluru 560032  
KARNATAKA INDIA  
CIN: U33309KA1974GOI002707

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **H.M.T. (INTERNATIONAL) LIMITED** (hereinafter called 'the Company' CIN: U33309KA1974GOI002707). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2022** (hereinafter referred to as ("**the audit period**") complied with the statutory provisions listed 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended **31st March 2022** according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company, as company's equity shares are maintained in physical form during the audit period under review).**
- iii. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Complied to the extent applicable).**
- iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company, as company's equity shares are maintained in physical form during the audit period under review).**

- v. Other laws as applicable specifically to the Company, namely; As reported to us, the company being a trading Company has complied with all the applicable laws during the period under review including Sexual Harassment of Women at Workplace (Prevention and Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable Secretarial Standards with regard to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);

Accordingly, we state that during the period under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable laws and that the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

Being an unlisted public company during the audit period, the following Acts, Rules, Guidelines and Regulations were **not applicable**:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- ii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Debt Convertible Securities) Regulations, 2021 and The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have not examined compliance by the company with respect to:

- a) Applicable financial laws, like direct and indirect tax laws, maintenance of financial records, etc., since the same have been subject to review by statutory (financial) auditors, tax auditors and other designated professionals.
- b) Listing Agreement with the Stock Exchange(s), as the company is an Unlisted Public Company. (a wholly owned subsidiary of a Listed Government Company, a non-material subsidiary of HMT Limited).
- c) As informed by the company the Industry specific laws/general laws as applicable to the company has been complied with. The management has also represented and confirmed that all the laws, rules, regulations,

orders, standards and guidelines as are specifically applicable to the Company relating to Industry / Labour, etc., have been complied with.

We further report that -

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.

The company is not required to constitute Audit Committee and Nomination and Remuneration Committee during the period under report as informed to us as it is not covered under Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014. The Company is not required to appoint Independent Directors, being a wholly owned subsidiary, as such it is exempted from compliance vide sub-rule 2 of Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 vide amendments w.e.f. July 5, 2017. However, the Company has Mr. Shenbagalingam Velpandiyan as an Independent Director with effect from 15.02.2020.

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent 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.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous and no dissenting views have been recorded.

There were no amendment/modification of the Memorandum and Articles of Association of the Company during the period under report. The Company has filed the e-forms with the Ministry of Corporate Affairs (MCA), wherever applicable during the period under report and paid additional fees in filing few e-forms.

We further report that based on the information provided and representations made by the Company, there were 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.

We further report that, during the audit period there were no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs in pursuance of the above referred laws, rules etc.

For G Haritha & Associates

**G. Haritha**

Place: Bengaluru  
Date: 06<sup>th</sup> August, 2022

Company Secretary in Practice  
FCS 5521 CP No.10749  
UDIN: F005521D000754346

Peer Review Certificate No.: 1434/2021

**Note:** This Report is to be read with our letter of even date which is annexed as '**Annexure - A**' and forms an integral part of this Report.

**'Annexure - A'**

To,  
The Members,  
**H.M.T (INTERNATIONAL) LIMITED.**  
No.59, Bellary Road  
Bengaluru 560032  
KARNATAKA INDIA  
CIN: U33309KA1974GOI002707

Our 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. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, GST, Customs, etc.
4. Wherever required, we have obtained the Management representations about the compliance of applicable 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 in terms of Section 134 (5) (f) of the Companies Act, 2013. Our 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.
7. The audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by them or obtained from the Company electronically and also the information provided by the company and its officers by audio and/or visual means.

For G Haritha & Associates

**G. Haritha**

Company Secretary in Practice

FCS 5521 CP No.10749

UDIN: F005521D000754346

Peer Review Certificate No.: 1434/2021

Place: Bengaluru  
Date: 06<sup>th</sup> August, 2022

**Annexure-12**
**BUSINESS RESPONSIBILITY REPORT**
**Section A: General Information about the Company**

1.	Corporate Identity Number (CIN) of the Company	L29230KA1953GOI000748
2.	Name of the Company	HMT LIMITED
3.	Registered address	HMT Bhavan, 59 Bellary Road, Bengaluru 560032
4.	Website	<a href="https://www.hmtindia.com">https://www.hmtindia.com</a>
5.	E-mail	cosey@hmtindia.com
6.	Financial Year reported	FY2021-22
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Dairy Machinery / Food Processing Industry/Watch Assembly
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers, Watches etc
9.	Total number of locations where business activity is undertaken by the Company  i. Number of International Locations (Provide details of major 5):  ii. Number of National Locations	  i) Number of International Locations: NIL  ii) Number of National Locations: 2 (Aurangabad & Bangalore)
10.	Markets served by the Company - Local / State / National / International:	National and International (Neighbouring Countries)

**Section B: Financial Details of the Company**

1.	Paid up Capital	Rs. 355.60 Crore
2.	Total Turnover	Rs. 12.58 Crore
3.	Total Profit After Taxes	Rs. 38.36 Crore
4.	Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%)	2% of Average Profit of 3 years
5.	List of activities in which expenditure in 4 above has been incurred	1. Contribution of Ambulance Vehicle 2. Contribution of HB Testing Machine & HB Testing Strip 3. Contribution of D-type Oxygen Cylinders to Govt. Hospital/Govt. Corporations/Govt. Institutions

**Section C: Other Details:**

1.	<b>Does the Company have any Subsidiary Company/Companies?</b>
	HMT has three Subsidiary Companies of which only two are operational viz. HMT Machine Tools Ltd & HMT (International) Ltd
2.	<b>Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)</b>
	Yes - Both
3.	<b>Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]</b>
	No. However, the Company takes cognizance of any suggestions/feedback from its stakeholders while evolving/updating policies.

**Section D: BR Information**
**1. Details of Director / Directors responsible for BR:**

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN	09262984
Name	A.K. Jain
Designation	Chairman & Managing Director (Addl. Charge)

b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	09262984
2.	Name	A.K. Jain
3.	Designation	Chairman & Managing Director (Addl. Charge)
4.	Telephone Number	080-23330333
5.	E-mail id	cmd@hmtindia.com

**2. Principle-wise (as per NVGs) BR Policy/policies:**
**(a) Details of compliance (Reply in Y/N):**

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Various policies conform to different applicable statutes / guidelines / rules etc., issued by Gol and other Regulatory Authorities and updated from time to time. Industry Practices, National / International Standards are kept in view while formulating policies.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Yes								
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Chairman & Managing Director								
6	Indicate the link for the policy to be viewed online?	The policies are available on Company's website: <a href="https://www.hmtindia.com/policies/">https://www.hmtindia.com/policies/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The Policy has been uploaded on the website of the Company for viewing and information of all stakeholders								
8	Does the Company have in-house structure to implement the policy/policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company is subject to various audits such as Statutory Audit by firm of Chartered Accountants appointed by Comptroller & Auditor General, C&AG Audit, Internal Audit, Secretarial Audit etc.								

**b. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to BR:**

<b>1.</b>	<b>Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?</b>
	Annually
<b>2.</b>	<b>Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</b>
	Annually

**Section E: Principle-wise performance:**
**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

<b>1.</b>	<b>Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/ Others?</b>
	Yes, to the Company and its Subsidiaries also
<b>2.</b>	<b>How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.</b>
	Total 8 number of investor complaints has been received by the Company through SEBI SCORES Platform and Registrar & Transfer Agent. All these complaints were attended to and resolved on priority Basis.



**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

<p><b>1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</b></p>
<p>The Continuous Butter Making Machine, Centrifugal Pumps, Plate Heat Exchangers, Watches are all products which are social and environment friendly.</p>
<p><b>2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</b></p>
<p><b>i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?</b></p>
<p><b>ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</b></p>
<p>The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.</p>
<p><b>3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?</b></p>
<p>The Company has adopted specific criteria for the selection of vendors to ensure sustainable sourcing which includes vendors having certifications approved by regulatory authorities, ability to provide materials as per specification and other requirements, ability to supply materials as per delivery period, annual evaluation of the orders placed on a vendor is completed to decide the average performance, a vendor is removed/suspended from approved vendor list based on his average performance over the period of evaluation, vendors list is reviewed and updated once in a year.</p>
<p><b>4. Has the Company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</b></p>
<p>HMT procures goods and services from Micro, Small &amp; Medium Enterprises (MSMEs) and local suppliers in and around manufacturing units &amp; complies with the Public Procurement Policy of the Government in procurement of goods from Micro, Small &amp; Medium Enterprises (MSME). HMT is using GEM portal where Micro, Small &amp; Medium Enterprises (MSME), Local and small producers are registered sellers.</p>
<p><b>5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as &lt;5%, 5-10%, &gt;10%). Also, provide details thereof.</b></p>
<p>The products of the Company being Diary Machinery works for several years without any need for recycling.</p>
<p>The Company has suitable treatment plants for treatment of polluted liquid as per Pollution Control Board specifications before letting out the waste liquid. HMT Units also have sewage treatment plants for the waste water drained out from wash rooms, kitchen, etc.</p>

**Principle 3: Businesses should promote the well being of all employees**

1.	Please indicate the Total number of Employees as on 31.03.2022	64
2.	Please indicate the Total number of employees hired on Contractual / temporary/casual basis	109
3.	Please indicate the Number of permanent women employees	14
4.	Please indicate the Number of permanent employees with disabilities	01
5.	Do you have an employee association that is recognized by management?	Yes
6.	What percentage of your permanent employees are members of this recognized employee association?	50%
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour/ forced Labour/ Involuntary Labour	NIL	NIL
2	Sexual Harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

**8. What percentage of your under-mentioned employees was given safety & skill up-gradation training in the last year?**

Sl. No.	Category	
1	Permanent Employees	NIL
2	Permanent Women Employees	NIL
3	Casual / Temporary / Contractual Employees	70%
4	Employees with Disability	NIL

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

<b>1. Has the company mapped its internal and external stakeholders? Yes/No</b>	Yes
<b>2. Out of the above, has the Company identified the disadvantaged, vulnerable &amp; marginalized stakeholders?</b>	Yes i. SC / ST employees ii. Employees with Disabilities iii. Women employees
<b>3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.</b>	The Company follows the reservation policy for SC/ST at the time of their appointment and promotion. The Company has provided building / infrastructure for housing SC/ST Welfare Association Offices. The Company periodically organizes appreciation programmes on Presidential Directives on Reservations. To sensitize the SC/ST employees about the various Government scheme/facilities available, sensitization programme are conducted by the Company HRD centres.

The Company give preference to the Persons with Disabilities in Allotment of Residential Accommodation in the Company Quarters, Relaxation in daily recording of the attendance viz., Punch In and Punch Out, provided Conveyance Allowance and are recommended for National Awards like Shram Awards.

For Women employees, the Company has provided separate Canteen Space, separate Working Hours, Crèche Facilities, etc. at Units. The Company also extends Maternity Leave, Incentive for small family norms as per Company Policy. A Complaint Committee headed by a Woman Officer for redressal of complaints relating to Sexual Harassment of Women at workplace is also in place.

**Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

HMT respect the human rights of all its stakeholders and ensures through various policies or code of conduct of the Company. The employees are required to follow code of ethics and business conduct, which also documents the ethical practices to be followed by them. HMT does not promote any kind of discrimination between its employees, customers, suppliers and other stakeholders on the basis of race, caste, religion, sex etc

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No stakeholder complaint was received during the year with regard to human rights.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

The protection and preservation of environment is integral part of Codes and Policies of HMT and it extends to HMT Subsidiaries, Suppliers and others.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Though the Company has not defined specific strategies / initiatives, its measures towards global environmental issues such as climate change, global warming etc., are implicit in its various activities.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?**

HMT complies with the requirements of environmental standards and meet all the statutory & regulatory requirements of environmental aspects in its manufacturing processes.

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.**

For energy efficiency, LED Lamps have been installed in Offices. The Company has been planning and gathering some of the ideologies and processes and studying and optimizing our processes whose efficiency can be improved and environmental impact can be reduced.

<b>6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?</b>
Yes
<b>7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year:</b>
NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

<b>1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:</b>
The Company through its Subsidiary Company i.e., HMT Machine Tools Ltd is a member of Indian Machine Tool Manufacturers' Association (IMTMA) while HMT (International) Limited is a member of EEPC, FICCI, FKCCI etc.
<b>2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).</b>
HMT provides suggestions with respect to the economy in general and the sector in particular it operates by proactively involving in various policy initiatives, programmes, events, etc., with the above institutions.

**Principle 8: Businesses should support inclusive growth and equitable development**

<b>1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.</b>
HMT has CSR Policy and identified several activities from Schedule-VII of the Companies Act, 2013. The policy shall be implemented through Board Level CSR Committee, Corporate Level CSR Committee and Unit Level CSR Committee.
<b>2. Are the programmes/projects undertaken through in-house team/own foundation /external NGO/government structures/any other organization?</b>
Currently, the CSR programmes/projects are being undertaken through in-house team & Government structures
<b>3. Have you done any impact assessment of your initiative?</b>
No
<b>4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?</b>
Company has taken up the following projects under Health Care Sector for an amount of Rs.4103000/- during the FY 2021-22 and under process as on 31.03.2022. 1. Contribution of Ambulance Vehicle to M/s. K.C. General Hospital, Government Hospital, Malleshwaram, Bangalore

	<p>2. Contribution of 100 Nos of HB Testing Machine &amp; 57500 Nos of HB Testing Strip to District Health and Family Welfare Office, Yadgiri</p> <p>3. Contribution of D-type Oxygen Cylinders to Govt. Hospital/Govt. Corporations/ Govt. Institutions</p>
<b>5.</b>	<b>Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.</b>
	<p>Yes, M/s. K.C. General Hospital, Government Hospital, Malleshwaram, Bangalore is giving dialysis, I.C.U, N.I.C.U facilities and Covid Care and treatment for all category of patents including poor and B.P.L. patients. Contribution of Ambulance Vehicle to M/s. K.C. General Hospital will be utilized for the usage of poor and needy patients of Hospital. Supply of HB Testing Machine &amp; HB Testing Strip to District Health and Family Welfare Office, Yadgiri will be used for testing of anemia which will help in providing necessary treatment. Supply of D-type Oxygen Cylinders to Govt. Hospital/Govt. Corporations/Institutions will help people who are facing respiratory issues or those who have low blood oxygen levels.</p>

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

<b>1.</b>	<b>What percentage of customer complaints/consumer cases are pending as on the end of financial year</b>
	The Company is constantly working towards creating value for customer through products and services. The Customer complaints are attended as per timelines mentioned in the contract.
<b>2.</b>	<b>Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).</b>
	Yes, Every HMT product is labeled with detailed product labels/ name plates/ test certificates, etc., as per the requirement and terms of contracts with customers besides the mandatory requirements of the applicable law.
<b>3.</b>	<b>Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.</b>
	No
<b>4.</b>	<b>Did your Company carry out any consumer survey/ consumer satisfaction trends?</b>
	The Company products are of the nature of capital goods used in dairies and other allied industries.

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 06-09-2022

**(Pankaj Gupta)**

Chairman & Managing Director  
(Addl. Charge)

## Annexure - 13

**DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR**

WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that:

The Company has adopted a Code of Conduct for its employees including the Chairman & Managing Director and Senior Management. A Code of Conduct for the Board Members and Senior Management and for the Part-time Directors has been approved by the Board.

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, both Full time and Part-time and the Senior Management have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2022.

**(A.K. Jain)**

Date: 22.06.2022

Place: Bengaluru

Chairman & Managing Director

(Addl. Charge)

## Annexure - 14

**CERTIFICATE REGARDING DISCLOSURES PERTAINING TO DISQUALIFICATION OF DIRECTORS PURSUANT TO SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 - Schedule V (C) (10) (i)**

I have examined the relevant records of H.M.T Limited (CIN No: L29230KA1953GOI000748) for the purpose of issue of Certificate regarding Disqualification of Directors pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 - Clause 10 (i) of Part C of Schedule V for the financial year ending 31st March, 2022.

Based on our verification of records made available to us, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as the Directors of the Company by the Board/ MCA or any such statutory authority as on 31st March, 2022.

For S. Kedarnath & Associates

**S. Kedarnath**

(Company Secretary)

Place: Bengaluru

Date: 22<sup>nd</sup> June, 2022

UDIN: F003031D000517050

## CEO & CFO CERTIFICATION

This is to certify to the Board of Directors of HMT Limited that:

- (a) We have reviewed the Financial Statements and the cash flow statement for the year 2021-22 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee regarding:
  - (i) Any significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HMT Limited

**Kamna Mehta, CFO**

**A. K. Jain, CMD/CEO**

Date: 22<sup>nd</sup> June, 2022

# STANDALONE FINANCIAL STATEMENT



## REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Provisional Comments by Director, Indian Audit and Accounts Department, Office of the Director General of Commercial Audit and Ex-officio Member, Audit Board, Hyderabad, vide No.DGCA/Hyd/A/c/Desk/HMT/2021-22/1.19/473 dated 19.08.2022 and it supersedes our Independent Auditor's Report dated 22nd June 2022]

### To the Members of HMT Limited

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

#### Qualified Opinion:

We have audited the Standalone Ind AS financial statements of HMT Limited ("the Company") which comprise of Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss, Standalone Statement of Changes in Equity, the Standalone Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including 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, except for effects of the matters described in the Basis of Qualified Opinion section of our report, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Standalone Balance Sheet, of the state of affairs of the Company as at 31st March, 2022 and
- (b) in the case of the Standalone Statement of Profit and Loss including Other Comprehensive Income, of the profit for the year ended on that date.

(c) in the case of the Standalone Statement of Change in Equity, the changes for the year ended on that date.

(d) in the case of Standalone Cash Flow Statement, of the flow of cash in the Company for the year ended on that date.

#### Basis of Qualified Opinion:

##### 1. Food Processing Machinery Unit, Aurangabad:

As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.

##### 2. Auxiliary Business Division, Bengaluru

###### Indian Accounting Standards

- a. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80 Lakhs. Consequently, we are unable to ascertain the impact due to deviation in inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2022.
- b. The unit has not carried out any assessment on Impairment of Property, Plant & Equipment as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment

of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified.

### 3. Corporate Head Office and Company as a whole:

- a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
- b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
- c. Non disclosure of Corporate Guarantee amounting to Rs.129.22 crores (fund and non fund based) under contingent liability in Note No 32 - Notes forming part of accounts issued to subsidiaries of the company. Against the said Corporate Guarantee the credit facility utilized is Rs.82.70 crores (fund and non fund based limits)
- d. During the year 2016-17, the company recognised the provision for the impairment loss on investments of Rs.37.26 crores in respect of HMT Bearings Limited. During the year, the Company received a total surplus of Rs.15.26 crores from HMT Bearings Limited as per NCLT order. Thus, against the Company's investment in HMT Bearings Limited amounting to Rs.37.46 crores only Rs.15.26 crores was realised by the Company. However, the company reversed the entire provision in the accounts for the current year and instead of separately disclosing the loss of Rs.22.20 crores, the Company has shown only net amount of Rs.15.26 crores as other income. The disclosure does not adequately reflect the transaction and the loss incurred amounting to Rs.22.20 crores on its investment in HMT Bearings Limited.

### Indian Accounting Standards

- e. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.

The effect on revenue on all the above transactions are not ascertained.

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

### **Material Uncertainty Related to Going Concern:**

Attention of the members is invited to Note 44 of the Standalone Ind AS financial statements regarding the reasons for preparing these Standalone Ind AS financial statements of the Company on going concern basis. The appropriateness of the said basis is inter-alia dependent on the Company's ability to realise from

sale of non-current assets held for sale, support from Government of India and other business plans. We have relied on the representation of the Company in this respect. Our opinion is not modified in respect of this matter.

**Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter

is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>Revenue Recognition from operating leases</b>	
<p>Revenue Recognition from operating leases as per Ind AS 116 Leases</p> <p>Reference to Sl.No 2(k)(ii) of notes forming part of the financial statements</p> <p>The Company’s total income includes a major portion of income from operating leases</p>	<p>Our Audit Procedures included the following:.</p> <ul style="list-style-type: none"> <li>• We have verified the Lease agreements on sample basis.</li> <li>• We have verified the journal entries posted with the invoices and assessed their appropriateness.</li> <li>• We have verified the income from operating leases recognized by the Company in accordance with Ind AS 116 Leases.</li> <li>• We conclude that there are no material non compliances in the recognition of income from operating leases.</li> </ul>
<b>Winding up of HMT Bearings Ltd</b>	
<p>Pursuant to winding up order passed by Honourable National Company Law Tribunal vide its order dated 20th April, 2022</p> <p>Upon winding up of the subsidiary company, the outstanding Assets and Liabilities have been taken over by the holding company</p> <p>Reference to Note No. 48 of notes forming part of Standalone Financial Statements.</p>	<p>Our Audit Procedures included the following:.</p> <ul style="list-style-type: none"> <li>• We have verified the minutes of the board meeting of HMT Limited dated 10th November, 2021.</li> <li>• We have verified the order of Honorable National Company Law Tribunal dated 20th April, 2022 and its impact on Standalone Financial Statements.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Winding up of HMT Bearings Ltd</b>	
	<ul style="list-style-type: none"> <li>• We have verified the entries passed in the books of account of the company to give effect to takeover of Assets &amp; Liabilities as per National Company Law Tribunal order.</li> <li>• We have verified the Audit Report and Financial statements dated 03rd March, 2022 submitted by the Insolvency Professional.</li> <li>• We conclude that there are no material non compliances in taking over of Assets and Liabilities of HMT Bearings Ltd.</li> </ul>

**Emphasis of Matter Paragraph**

1. We draw your attention to Note No.49 of Standalone Ind AS financial statements for the financial year ended 31st March, 2022 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Company is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on its Standalone Ind AS Financial Statements as at 31.03.2022 and hence has not made any provision in its books of account.
2. HMT Limited has invested ₹15 lakh (50% of equity shares) comprising 1,50,000 equity shares of ₹10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bengaluru (M/s.Sudmo - HMT). M/s.Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/ July 2021) for closure of the defunct joint venture company (M/s.Sudmo-HMT) and submitted the closure proposal to Administrative Ministry (July 2021) for approval.
3. HMT Limited has invested ₹20.84 lakh (39% of equity shares) comprising 20,84,050 equity

- shares of ₹1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavanagar (M/s.GSMTC). The Board of HMT Ltd gave (March 2021) in principle approved for liquidation of M/s.GSMTC and issued the consent letter to Gujarat Industrial Investment Corporation Limited (GIIC), GIIC approved (September 2021) liquidation of M/s.GSMTC and submitted (October 2021) the proposal to Industries & Mines Department. HMT Ltd submitted (April 2022) the liquidation proposal to Administrative Ministry.
4. HMT Limited has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Mchine Tools Limited, Nigeria (M/s.NMTL). The Board of HMT Ltd gave (February 2020) approval for divestment of stake in M/s.NMTL and sought approval from Administrative Ministry.

Our opinion on the above matters is not modified.

**Other Information ["Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon"]**

The Company's Board of Directors are responsible for the Other information. The other information comprises the information included in the Company's Annual Report but does not include

the Standalone Ind AS financial statements and our Auditor's report thereon. The Other information is expected to be made available to us after the date of Auditor's report.

Our opinion on the Standalone Ind AS 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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. However, as the Board's Report is not made available to us, we have nothing to report.

#### **Management's Responsibility for Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Ind AS 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 Ind AS 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 Responsibilities for the Audit of the Standalone Ind AS Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS

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 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 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 ability of the Company 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 Ind AS 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 Ind AS financial

statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Other Matters:**

- i) We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 2,986.69 lakhs as at March 31, 2022 and total revenues of Rs. 728.25 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s Modi & Agraw-

al, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.

- ii) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2022.

#### Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure-A"** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with books of account.
  - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. Hence our comment on the same does not arise.
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.
- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
  - i) The Company has disclosed its pending litigations which would impact its financial position in note 32 of the Standalone Ind AS financial statements.
  - ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.

- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 51 to the Notes to financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 52 to the Notes to financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified

in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement as stated above.

- v) The company has not declared or paid dividend during the year under audit.

**3. As required by Section 143 (5) of the Act, our submissions are as under:**

We give in the "**Annexure-C**", a statement on the compliance to Directions issued by the Comptroller and Audit General of India.

For SSB & Associates  
*Chartered Accountants*  
Firm's Regn.No. :010372S

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 22207783AQQRPX1726

Place: Bengaluru  
Date: 01.09.2022



**ANNEXURE-A REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.**

- i) a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.
- (B) The company does not have intangible assets. Hence, our comment on the same does not ...arise.
- b) Based on the information and explanation given to us by the Company, physical verification of Property, Plant & Equipment is carried out once in 3 years and is reasonable considering size of the company.

However, in Auxiliary Business Division -the fixed assets of Auxiliary Business Division have been physically verified as per the policy by the management during the Financial year 2019-20. However, physical verification of the Property, Plant & Equipment of the erstwhile Tractor division merged with Auxiliary Business Division was carried out during financial year 2016-17. In our opinion, the division has to make arrangements for physical verification of

- assets belonging to Tractor division merged with Auxiliary Business Division. Further, no material discrepancies were noticed in the case of Property, Plant & Equipment of Auxiliary Business Division but since we do not have latest physical verification report of Tractor Division, we are unable to comment on the discrepancy if any, on Property, Plant & Equipment of Tractor division.
- c) According to the information and explanation given to us by the Company, read with foot note to note 3B and foot notes to note 3C of the Standalone Ind AS financial statements, title deed of all immovable properties are held in the name of the Company except:
- (i) The Branch Auditor has reported that the following property held by Food Processing Machinery Unit of the company is under dispute, as the land has been encroached upon. The matter is pending with the Honourable High Court as stated in Note No. 3A of the Standalone Ind AS Financial Statements.

<b>Description of the Property</b>	<b>Gross Carrying Value</b>	<b>Held in the name of</b>	<b>Whether promoter, director or their relative or employee</b>	<b>Period held- indicate range, where appropriate</b>	<b>Reason for not being held in name of company</b>
Leasehold land from CIDCO	Rs.5,00,000	HMT Limited	No		Title deeds are in the name of the Company, whereas the said land has been encroached and the matter is pending with the Honourable High Court.

- d) Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year, however company does not have any intangible assets. Hence, our comment on the same does not arise.
- e) As per the information and explanation given to us by the company, there are no proceedings initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence our comment on the same does not arise.
- ii) (a) The management during the year has physically verified the inventory at reasonable intervals at respective units. The
- (a) During the year, the Company has granted unsecured loans to one of its subsidiaries,

discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, the physical verification of inventories belonging to erstwhile Tractor Division merged with Auxiliary Business Division was not conducted and hence we are unable to comment on the discrepancies if any and its impact on Standalone Ind AS Financial statements.

- (b) According to the information and explanation given to us, during the year the company has not taken any working capital loan. Hence, our comment on the same does not arise.

(Rs. in Lakhs)

Particulars	Loans	Advances in the nature of Loans
Aggregate amount granted/ provided during the year	1,700.00	2,013.03
<b>- Subsidiaries</b>		
HMT Machine Tools Ltd	1,700.00	1936.81
SUDMO HMT Process Engineers (India) Ltd	-	2.41
HMT (International) Ltd	-	73.81
Balance outstanding as at balance sheet date in respect of above cases'		
<b>- Subsidiaries</b>		
HMT Machine Tools Ltd	24,573.58	7871.16
SUDMO HMT Process Engineers (India) Ltd	-	4.83
HMT (International) Ltd	-	190.22

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are prima facie not prejudicial to the interest of the Company.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal is not due as on 31st March, 2022 whereas payment of interest is not regular. The details of which are as follows,

(Rs. In Lakhs)

Name of the Entity	Amount	Due date	Extent of Delay	Remarks, if any
HMT Machine Tools Limited	Rs. 556.99	31-03-2019	1097 Days	-
HMT Machine Tools Limited	Rs. 1,345.47	31-03-2020	731 Days	-
HMT Machine Tools Limited	Rs. 1,640.73	31-03-2021	366 Days	-

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is an overdue amount for more than ninety days in respect of loans given.

(Rs. In Lakhs)

No. of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks, if any
Single Case	-	Rs. 3,543.19	Rs. 3,543.19	-

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has given advances in the nature of loans without specifying any terms or period of repayment.

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of advances in the nature of loans			
- Repayable on demand (A)	Rs. 2,694.36	-	Rs. 2,694.36
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	Rs. 2,694.36	-	Rs. 2,694.36
Percentage of loans/ advances in the nature of loans to the total loans	8.25%	-	8.25%

iv) In our opinion and according to information and explanation furnished to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investment made.

v) The Company has not accepted any deposits from the public. Hence our comment on the compliance of provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise.

The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal has not passed any order and hence our comment on the same does not arise

vi) In our opinion and according to information and explanations furnished to us, in our opinion the Central Government has not prescribed maintenance of cost records under subsection(1) of section 148 of Companies Act, 2013 in respect of company's products.

vii) a) According to the information and explanations provided to us Custom Duty and Excise duty does not apply to this company for the year under review.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, GST have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in few cases.

As per our verification and according to the information and explanation given to us, there are no undisputed statutory dues except the following statutory dues which remained outstanding as at 31st March, 2022 for a period more than six months from the date they became payable:

(Rs. in lakhs)

Sl. No.	Nature of the Statute	Nature of Dues	Amount
<b>In respect of Corporate Head Office:</b>			
1.	Greater Hyderabad Municipal Corporation	Property tax	463.83
<b>In respect of Auxiliary Business Division:+</b>			
2	Goods & Service Tax	Tax Deducted at Source on GST	1.83
3	Employee State Insurance	Employee State Insurance	2.34
4	VAT/CST	Interest on VAT/CST	1.24
<b>In respect of Food Processing Machinery Unit:</b>			
5	Employee Provident Fund	Provident Fund	62.81

b) According to the information and explanation given to us by the Company, there are no dues outstanding on account of any disputes in respect of statutory dues as at 31st March, 2022 except the following:

(Rs. in Lakh)

Name of the Statute	Nature of Dues	Amount (Rs.in lakhs)	Amount paid under protest (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax Ordinance, 2000	Haryana Local Area Development Tax	486.18	Nil	From 2005 to 2015	Honorable High Court of Punjab and Haryana

viii) The company does not have any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix) (a) According to the records of the company examined by us and as per the information and explanation given to us, the company has not issued debentures and also not availed loans from financial institutions / banks during the year other than loan from Government of India which was taken and defaulted as reported below:

Nature of Borrowing [Interest Free]	Name of the lender	Amount of installment and period of default	No of Days Delay or Unpaid
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018.	1,530
		b) Rs.6,073.60 Lakhs due since 21.01.2019.	1,165
		c) Rs.6,073.60 Lakhs due since 21.01.2020.	800
		d) Rs.6,073.60 Lakhs due since 21.01.2021.	434
		e) Rs.6,073.60 Lakhs due since 21.01.2022.	69
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800.00 Lakhs due since 16.02.2018.	1,504
		b) Rs.4,800.00 Lakhs due since 16.02.2019.	1,139
		c) Rs.4,800.00 Lakhs due since 16.02.2020.	774
		d) Rs.4,800.00 Lakhs due since 16.02.2021.	408
		e) Rs.4,800.00 Lakhs due since 16.02.2022.	43
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1958.00 Lakhs due since 29.04.2018.	1,432
		b) Rs.1958.00 Lakhs due since 29.04.2019.	1,067
		c) Rs.1958.00 Lakhs due since 29.04.2020.	701
		d) Rs.1958.00 Lakhs due since 29.04.2021.	336

- (b) The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not obtained any term loan during the year and hence our comment on application of term loans funds does not arise.
- (d) The Company has not raised any funds on short term or long term basis, hence our comment on utilization of the same does not arise.
- (e) The Company has not taken any funds from any entity or person to meet the obligations of its subsidiaries, associates or joint ventures, Hence our comment on the same does not arise.
- (f) The Company has not raised any loans during the year on the pledge of securities held in subsidiaries, Hence our comment on the same does not arise.
- x) (a) In our opinion based on the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence, comment on the same does not arise.
- (b) 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 partially or optionally convertible debentures during the year. Hence our comment on the same does not arise.
- xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the course of our audit.
- (b) No report has been filed by the Company Auditors in Form ADT-4 as per Section 143(12) of the Act since there were no instances of fraud by the company or any fraud on the company has been noticed or reported during the year.
- (c) No Whistle-blower complaints were received during the year by the auditor and hence our... comment on the same does not arise.
- xii) The Company is not a Nidhi Company and hence our comment on matters mentioned in sub clause (a) to (c) of clause (xii) of the order does not arise.
- xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- xiv) (a) The Company has a formal internal audit system which is commensurate with the size of the ..company and nature of its Business which needs to be strengthened.
- (b) We have considered the Internal Auditor's reports which has been submitted for the period under audit.
- The Branch Auditor of Food Processing Machinery Unit, Aurangabad has reported that he has not considered the Internal Audit report while issuing his Audit Report dated 22nd May 2022.

- xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.
- xvi) As the Company is not carrying on the business of Non-Banking Finance, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, our comment on clauses (b) to (d) of the order does not arise.
- xvii) The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii) There has been no resignation of Company's Statutory Auditors during the financial year. Hence, our comment on the same does not arise.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) (a) The Company does not have unspent amount in respect of other than ongoing projects in compliance with second proviso sub-section (6) of section 135 of the said Act. Hence, our comment on the same does not arise.
- (b) According to the information and explanation given to us, the Company has transferred the remaining amount unspent relating to an ongoing project in compliance with the provision of sub-section (6) of section 135 of the said Act.
- (xxi) The reporting under clause (xxi) is not applicable to Standalone Financial statements.

For SSB & Associates  
*Chartered Accountants*  
Firm's Regn.No. :010372S

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 22207783AQQRPX1726

Place: Bengaluru  
Date: 01.09.2022

## **ANNEXURE-B REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.**

### **Report on the Internal Financial Controls 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 Limited (“the Company”) as of March 31, 2022 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 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 (“the Act”).

### **Auditors’ Responsibility:**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be

prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Standalone Ind AS 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 Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

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

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

#### **Qualified Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on internal financial 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 except:

#### **Company as a Whole:**

1. The company did not have adequate appropriate internal controls for reconciling inventories and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.

#### **In case of Food Processing Machinery Unit, Aurangabad the branch auditor has reported in the following manner:**

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.

It has been explained that Company is in the process of integrating the finance accounting module and inventory module and currently it is in the final stage.

As explained to us, stock is valued by adopting weighted average cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.



3. As per Information and explanations given to us, verification of fixed assets was done in March, 2022. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed

assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

For SSB & Associates  
*Chartered Accountants*  
Firm's Regn.No. :010372S

K. Balaji  
*Partner*  
Membership Number: 207783  
UDIN: 22207783AQORPX1726

Place: Bengaluru  
Date: 01.09.2022

**ANNEXURE - C REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT DIRECTIONS INDICATING THE AREAS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE FINANCIAL YEAR 2021-22 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA (“C&AG”) UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013**

Sl. No.	Directions	Audit Observations
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the Company, it has system in place where all the accounting vouchers are manually prepared and entered into IT systems after proper authorization. We are of the opinion that there is no material financial implications on the Company.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from central/state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.29.98 crores as on 31.03.2022 out of the Loan received from GOI of Rs. 641.58 crores.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF HMT LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of financial statements of HMT Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 01 September 2022 which supersedes their earlier Audit Report dated 22 June 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Standalone Financial Statements of HMT Limited for the year ended 31 March 2022 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory Auditors' Report to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report under Section 143(6)(b) of the Act.

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

*M.S. Subrahmanyam*

**(M.S. Subrahmanyam)**

**Director General of Commercial Audit  
Hyderabad**

**Place: Hyderabad**

**Date: 06 September 2022**

## Standalone significant accounting policies for the year ended March 31, 2022

### 1. Background:

HMT Limited ("the Company") is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company's shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Food Processing Machineries. Tractor division has discontinued its operations as per CCEA approval dated October 27, 2016 and disclosed as discontinued operations in the financial statements.

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Summary of Significant Accounting Policies:

##### a) Use of estimates:

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues,

expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

#### b) Property, Plant & Equipment

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

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

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

*Special Tools:*

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

**c) Leases**

**The Company as a lessor**

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

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

*Operating Leases as a Lessor*

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

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

**The Company as a lessee**

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

- a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
- b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.
- c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

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

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

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

**d) Borrowing Cost:**

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

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

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

**e) Investment Property:**

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

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

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net

disposal proceeds and the carrying amount of the asset is recognised in statement profit or loss in the period of de-recognition.

**f) Intangible Assets:**

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

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

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

iv) Research and Development Expenditure:

*Research Phase:*

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

*Development Phase:*

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved

material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method.

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

classification.

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

**i) Government Grants:**

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

**j) Inventories:**

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

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

Provision for slow moving inventories are made considering the redundancy. However, provision for non moving inventories are made when the same are unmoved for more than five years and they are not useful for any other alternative purpose for general or specific orders.

**k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract

has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

*i) Sale of goods and services:*

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

*ii) Rental Income:*

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

*iii) Dividend Income:*

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

*iv) Interest Income:*

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

*v) Warranty:*

Provisions for warranty-related costs are

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

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

*vi) Extended Warranties:*

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

**I) Foreign Currency Translation:**

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

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in



foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

#### **m) Retirement & Other Employee Benefits:**

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

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

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

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

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

Pension is provided for under a defined

contribution scheme, contributions are made to the Pension Fund administered by the Government.

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

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

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

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

#### **n) Income taxes:**

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

##### *i) Current taxes:*

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

enacted or substantively enacted, at the reporting date.

ii) *Deferred Taxes:*

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

**o) Provisions:**

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

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

**p) Impairment:**

i) *Financial assets:*

The Company assesses at each date of

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

ii) *Non-financial assets:*

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

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

**q) Financial Instruments:**

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

*i) Cash & cash equivalents:*

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

*ii) Financial assets at amortised cost:*

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

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

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

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

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

*v) Financial Liabilities:*

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

*vi) De-recognition of financial instruments:*

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

vii) *Fair value of financial instruments:*

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

*Fair value hierarchy:*

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

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

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

viii) Investment in subsidiaries, joint ventures and associates:

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

**iii) Significant accounting judgements, estimations and assumptions:**

The preparation of the Company's financial statements requires management to make

judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**i) Judgements:**

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

a) *Operating lease- Company as lessor:*

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

b) *Discontinued Operations:*

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

c) *Property, plant & equipment:*

Building at Corporate Head Office, where

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

## ii) Estimates and assumptions

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

### a) *Deferred Taxes*

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

### b) *Defined Benefit Obligations:*

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

nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

### c) *Other Long-Term Employee Benefits:*

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

### d) *Fair value measurement of financial instruments:*

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

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2022**

(Rs. in lakhs)

Particular	Notes	As at 31-3-2022	As at 31-3-2021
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	3A	<b>936.96</b>	1,049.11
Investment Property	3B	<b>179.85</b>	202.08
Financial Assets			
Investments	4	<b>71,977.91</b>	71,977.91
Other Financial Assets	11	<b>6,045.26</b>	1,414.92
Deferred Tax Asset (Net)	5	<b>24.64</b>	-
Other Non Current Assets	13	<b>64.98</b>	64.80
		<b>79,229.60</b>	<b>74,708.82</b>
<b>Current assets</b>			
Inventories	6	<b>837.05</b>	1,022.41
Financial Assets			
Trade Receivables	7	<b>230.62</b>	446.50
Cash and Cash Equivalents	8	<b>321.93</b>	1,134.09
Bank balances other than Cash and Cash Equivalents	9	<b>5,416.73</b>	9,519.43
Loans	10	<b>24,573.58</b>	22,864.82
Other Financial Assets	11	<b>257.53</b>	380.26
Current Tax Assets (Net)	12	<b>464.80</b>	76.96
Other Current Assets	13	<b>10,435.90</b>	7,314.88
		<b>42,538.14</b>	<b>42,759.35</b>
<b>Non Current Assets Held for Sale</b>	3C	<b>0.09</b>	0.09
		<b>0.09</b>	0.09
<b>TOTAL ASSETS</b>		<b>121,767.83</b>	<b>117,468.26</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	14	<b>35,560.16</b>	35,560.16
Other Equity	15	<b>7,106.19</b>	3,153.62
<b>Total Equity</b>		<b>42,666.35</b>	<b>38,713.78</b>
<b>Non-current Liabilities</b>			
Financial liabilities			
Borrowings	16	-	1,791.53
Non-current Financial Liability	17	<b>11.13</b>	844.01
Provisions			
Provision for Employee Benefits	18	<b>(9.21)</b>	35.96
		<b>1.92</b>	<b>2,671.50</b>

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2022**

(Rs. in lakhs)

Particular	Notes	As at 31-3-2022	As at 31-3-2021
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	16	<b>64,160.61</b>	61,536.20
Trade Payables	19		
Total outstanding dues to Micro, Small & Medium Enterprises		<b>2.17</b>	6.25
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises		<b>178.68</b>	573.08
Other Financial Liabilities	20	<b>3,686.00</b>	3,686.00
Other Current Liabilities	21	<b>10,334.82</b>	9,663.94
Provisions			
Provision for Employee Benefits	18	<b>452.33</b>	589.22
Others	22	<b>284.95</b>	28.29
		<b>79,099.56</b>	<b>76,082.98</b>
<b>Total Liabilities</b>		<b>79,101.48</b>	<b>78,754.48</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>121,767.83</b>	<b>117,468.26</b>

**Significant Accounting Policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
 DIN 09262984

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN : 22207783ALLDHF8814

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31ST MARCH 2022**

(Rs. in lakhs)

Particular	Notes	Year Ended 31-3-2022	Year Ended 31-3-2021
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	23	<b>1,257.55</b>	2,346.14
Other Income	24	<b>6,916.52</b>	6,509.43
<b>Total Income</b>		<b>8,174.07</b>	<b>8,855.57</b>
<b>EXPENSES</b>			
Cost of Materials consumed	25	<b>472.57</b>	1,438.51
Changes in Inventories of finished goods, Stock in trade and work-in-progress	26	<b>80.44</b>	(196.27)
Employee benefits expense	27	<b>1,011.77</b>	1,101.14
Depreciation and amortization expense	28	<b>194.84</b>	202.41
Finance costs	29	<b>850.07</b>	1,730.14
Other expenses	30	<b>1,729.67</b>	1,421.79
<b>Total expense</b>		<b>4,339.36</b>	<b>5,697.72</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>3,834.71</b>	<b>3,157.85</b>
Exceptional items	31	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>3,834.71</b>	<b>3,157.85</b>
(1) Current tax		-	408.60
(2) Deferred tax		<b>(1.18)</b>	-
<b>Profit/(loss) for the year from continuing operations</b>		<b>3,835.89</b>	<b>2,749.25</b>
<b>DISCONTINUED OPERATIONS</b>			
		-	-
<b>Profit/(loss) for the year</b>		<b>3,835.89</b>	<b>2,749.25</b>



**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31ST MARCH 2022**

(Rs. in lakhs)

Particular	Notes	Year Ended 31-3-2022	Year Ended 31-3-2021
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		<b>93.22</b>	(135.01)
Tax expense/(income)		<b>(23.46)</b>	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<b>116.68</b>	<b>(135.01)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>3,952.57</b>	<b>2,614.24</b>
Earnings per share for continuing operations	38		
i) Basic, profit from continuing operations attributable to equity holders		<b>1.08</b>	0.77
ii) Diluted, profit from continuing operations attributable to equity holders		<b>1.08</b>	0.77
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders		-	-
ii) Diluted, profit from discontinued operations attributable to equity holders		-	-
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders		<b>1.08</b>	0.77
ii) Diluted, profit for the year attributable to equity holders		<b>1.08</b>	0.77

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For S S B & Associates**

 Chartered Accountants  
F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
DIN 09262984

**Shashank Priya**

 Director  
DIN 08538400

**K. Balaji**

 Partner  
M.No : 207783  
UDIN: 22207783ALLDHF8814

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

 Place : Bangalore  
Date : June 22, 2022

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH 2022**

(Rs. in lakhs)

Particular	Year Ended 31-3-2022	Year Ended 31-3-2021
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	<b>3,834.71</b>	3,157.85
<b>Profit before tax</b>	<b>3,834.71</b>	<b>3,157.85</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	<b>172.61</b>	179.22
Depreciation of investment properties	<b>22.23</b>	23.19
Amortisation of government grant	<b>(832.88)</b>	(1,721.67)
Gain on disposal of property, plant and equipment	<b>(19.44)</b>	(7.64)
Provision withdrawn	-	(166.01)
Interest Income	<b>(2,490.54)</b>	(2,345.27)
Dividend received from subsidiaries	-	(627.28)
Finance costs	<b>850.07</b>	1,730.14
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	<b>262.34</b>	(144.57)
Increase in trade and other receivables and prepayments	<b>(7,237.15)</b>	(476.49)
(Increase)/Decrease in inventories	<b>111.46</b>	(203.87)
Increase in trade and other payables	<b>272.40</b>	(44.41)
	<b>(5,054.19)</b>	<b>(646.81)</b>
Income tax (paid)/reversed	<b>(387.84)</b>	(68.04)
<b>Net cash flows from operating activities</b>	<b>(5,442.03)</b>	<b>(714.85)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	<b>19.48</b>	7.66
Purchase of property, plant and equipment	<b>(60.50)</b>	(60.68)
Proceeds from sale of Investments	-	166.01
Dividend received from subsidiaries	-	627.28
Deposits with Banks	<b>4,102.70</b>	(3,214.30)
Interest received	<b>585.38</b>	448.30
<b>Net cash flows used in investing activities</b>	<b>4,647.06</b>	<b>(2,025.73)</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED  
31ST MARCH 2022**

(Rs. in lakhs)

Particular	Year Ended 31-3-2022	Year Ended 31-3-2021
<b>Financing activities</b>		
Interest Paid	(17.19)	(8.47)
Repayment of borrowings	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(17.19)</b>	<b>(8.47)</b>
Net increase in cash and cash equivalents	(812.16)	(2,749.05)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	1,134.09	3,883.14
<b>Cash and cash equivalents at year end</b>	<b>321.93</b>	<b>1,134.09</b>

**Significant Accounting Policies and Notes forming part of Accounts**

- Note : 1. The above statement has been prepared under the indirect method as set out in Ind AS 7  
2. The Cash and Cash equivalents has been considered as per Note No. 8

As per our Report of even date attached

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

**For S S B & Associates***Chartered Accountants*  
F.R.N : 010372S**A.K. Jain**Chairman and Managing Director  
DIN 09262984**Shashank Priya**Director  
DIN 08538400**K. Balaji***Partner*  
M.No : 207783  
UDIN: 22207783ALLDHF8814**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022

**STATEMENT OF CHANGES IN EQUITY**
**A. EQUITY SHARE CAPITAL**
**As at 31st March 2022**

(Rs. In lakhs)

Balance as at 1st April 2021	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
35,560.16	-	35,560.16

**As at 31st March 2021**

Balance as at 1st April 2020	Changes in Equity Share Capital during the year	Balance as at 31st March 2021
35,560.16	-	35,560.16

**B. Other Equity**
**As at 31st March 2022**

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2021</b>	<b>13,453.11</b>	<b>(8,421.26)</b>	-	<b>(1,878.23)</b>	<b>3,153.62</b>
Discontinued operations	-	-	-	-	-
Remeasurement of the net de- fined benefit liability/ asset	-	-	-	<b>116.68</b>	<b>116.68</b>
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	<b>3,835.89</b>	-	-	<b>3,835.89</b>
<b>Balance as at 31 March 2022</b>	<b>13,453.11</b>	<b>(4,585.37)</b>	-	<b>(1,761.55)</b>	<b>7,106.19</b>

**As at 31st March 2021**

(Rs. In lakhs)

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2020</b>	13,453.11	(11,170.51)	-	(1,743.22)	539.38
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset	-	-	-	(135.01)	(135.01)
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	2,749.25	-	-	2,749.25
<b>Balance as at 31 March 2021</b>	<b>13,453.11</b>	<b>(8,421.26)</b>	<b>-</b>	<b>(1,878.23)</b>	<b>3,153.62</b>

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
 DIN 09262984

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN : 22207783ALLDHF8814

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**  
**3A. PROPERTY, PLANT AND EQUIPMENT**

(Rs. In lakhs)

	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land-Lease hold	Total
<b>Gross carrying value</b>								
<b>As At 1 April 2020</b>	<b>158.19</b>	<b>671.74</b>	<b>10,890.32</b>	<b>477.21</b>	<b>623.99</b>	<b>65.12</b>	<b>17.09</b>	<b>12,903.66</b>
Additions	-	46.30	14.27	0.11	-	-	-	<b>60.68</b>
Disposals	-	-	(76.68)	(15.31)	-	(0.13)	-	<b>(92.12)</b>
<b>As At 31 March 2021</b>	<b>158.19</b>	<b>718.04</b>	<b>10,827.91</b>	<b>462.01</b>	<b>623.99</b>	<b>64.99</b>	<b>17.09</b>	<b>12,872.22</b>
Additions/Adjustment	-	41.80	16.49	3.37	-	(1.16)	-	<b>60.50</b>
Disposals	-	-	(10.20)	(0.11)	-	(0.28)	-	<b>(10.59)</b>
<b>As At 31 March 2022</b>	<b>158.19</b>	<b>759.84</b>	<b>10,834.20</b>	<b>465.27</b>	<b>623.99</b>	<b>63.55</b>	<b>17.09</b>	<b>12,922.13</b>
<b>Accumulated Depreciation</b>								
<b>As At 1 April 2020</b>	-	<b>324.00</b>	<b>10,247.28</b>	<b>469.19</b>	<b>620.52</b>	<b>65.12</b>	<b>9.88</b>	<b>11,735.99</b>
Depreciation charge for the year	-	17.60	159.74	1.15	0.39	-	0.34	<b>179.22</b>
Disposals/Adjustment	-	-	(76.66)	(15.31)	-	(0.13)	-	<b>(92.10)</b>
<b>As At 31 March 2021</b>	-	<b>341.60</b>	<b>10,330.36</b>	<b>455.03</b>	<b>620.91</b>	<b>64.99</b>	<b>10.22</b>	<b>11,823.11</b>
Depreciation charge for the year	-	28.59	142.53	1.36	-	-	0.13	<b>172.61</b>
Disposals/Adjustment	-	-	(10.68)	1.57	-	(1.44)	-	<b>(10.55)</b>
<b>As At 31 March 2022</b>	-	<b>370.19</b>	<b>10,462.21</b>	<b>457.96</b>	<b>620.91</b>	<b>63.55</b>	<b>10.35</b>	<b>11,985.17</b>
<b>Net carrying value</b>								
<b>As At 31 March 2022</b>	<b>158.19</b>	<b>389.65</b>	<b>371.99</b>	<b>7.31</b>	<b>3.08</b>	-	<b>6.74</b>	<b>936.96</b>
As At 31 March 2021	158.19	376.44	497.55	6.98	3.08	-	6.87	1,049.11
	<b>31-3-2022</b>	<b>31-3-2021</b>						
	<b>Amount</b>	<b>Amount</b>						
<b>Net carrying value</b>								
Plant Property and Equipment	936.96	1,049.11						

*Additional Information:*

(a) Quantum of loss accounted due to Impairment of Assets as per IND AS-36 - Nil

**Land:**

(b) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
<b>3B. INVESTMENT PROPERTY</b>			
<b>Gross carrying value</b>			
<b>As at 1 April 2020</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
Additions	-	-	-
Deduct/adjustment	-	-	-
<b>As at 31 March 2021</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
Additions	-	-	-
Deduct/adjustment	-	-	-
<b>As at 31 March 2022</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
<b>Depreciation and impairment</b>			
<b>As at 1 April 2020</b>	<b>-</b>	<b>1,230.45</b>	<b>1,230.45</b>
Depreciation	-	23.19	23.19
Deduct/adjustment	-	-	-
<b>As at 31 March 2021</b>	<b>-</b>	<b>1,253.64</b>	<b>1,253.64</b>
Depreciation	-	22.23	22.23
Deduct/adjustment	-	-	-
<b>As at 31 March 2022</b>	<b>-</b>	<b>1,275.87</b>	<b>1,275.87</b>
<b>Net carrying value</b>			
<b>As at 31 March 2022</b>	<b>10.75</b>	<b>169.10</b>	<b>179.85</b>
As at 31 March 2021	10.75	191.33	202.08

*Additional Information:*

- i) The Company has classified certain land & building as investment property which is not a owner occupied property.
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2022 is Rs.2,27,020.15 Lakhs (as at March 31, 2021 Rs. 2,27,020.15 Lakhs)

**iii) Land:**

- (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at Rs.1/- each.

(b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Honourable Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

*Additional Information:*

**Information regarding income and expenditure of Investment property** (Rs. in lakhs)

Particular	31-Mar-22	31-Mar-21
Rental income derived from investment properties	<b>286.27</b>	277.10
Direct operating expenses (including repairs and maintenance) generating rental income	<b>(308.74)</b>	(291.61)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	<b>(2.55)</b>	(2.15)
<b>Profit/(loss) arising from investment properties before depreciation and indirect expenses</b>	<b>(25.02)</b>	<b>(16.66)</b>
Less - Depreciation	<b>22.23</b>	23.19
<b>Profit arising from investment properties before indirect expenses</b>	<b>(47.25)</b>	<b>(39.85)</b>

**3C. Non Current Assets Held for Sale**

(Rs. in Lakhs)

Nature of Asset	As at 31-Mar-22	As at 31-Mar-21
Land	<b>0.09</b>	0.09
<b>Total</b>	<b>0.09</b>	<b>0.09</b>

*Additional Information:*

(a) 5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale, and the clearance for sale is expected at any moment from Forest Department, Government of Karnataka.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>4. Financial assets</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture at Cost:</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (Previous year: 1,50,000) Equity shares of Rs. 10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	<b>15.00</b>	15.00
<b>Investments in Associates</b>		
20,84,050 (Previous year: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Investment in Subsidiaries</b>		
7,20,000 (Previous year: 7,20,000) Equity Shares {including 6,90,000 (Previous year: 6,90,000) Bonus Shares} of Rs.10 each fully paid up in HMT (International) Ltd, Bangalore	<b>3.00</b>	3.00
Nil (Previous year: 3,74,68,586) Equity Shares of Rs.10 each fully paid up in HMT Bearings Ltd, Hyderabad *	-	3,746.86
27,65,99,137 (Previous year: 27,65,99,137) Equity Shares of Rs.10 each fully paid up in HMT Machine Tools Ltd, Bangalore	<b>27,659.91</b>	27,659.91
64,90,100 (Previous year: 64,90,100) Equity Shares of Rs.10 each fully paid up in HMT Watches Ltd, Bangalore	<b>649.01</b>	649.01
<b>Total Investment in Equity instruments in subsidiaries and Joint Venture</b>	<b>28,326.92</b>	<b>32,073.78</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>Investments in Preference Shares</b>		
<b>Investment in Subsidiaries</b>		
4,43,00,000 (Previous year: 4,43,00,000) 3.5% Redeemable Preference Shares of Rs100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	<b>44,300.00</b>	44,300.00
<b>Total Investment in Preference Shares</b>	<b>44,300.00</b>	<b>44,300.00</b>
<b>Total</b>	<b>72,626.92</b>	<b>76,373.78</b>
Less: Allowance for Investments in Subsidiaries		
HMT Watches Ltd, Bangalore	<b>649.01</b>	649.01
HMT Bearings Ltd, Hyderabad	-	3,746.86
	<b>649.01</b>	4,395.87
<b>Total Investments</b>	<b>71,977.91</b>	<b>71,977.91</b>
<b>Current</b>	-	-
<b>Non Current</b>	<b>71,977.91</b>	71,977.91
Aggregate amount of unquoted investments	<b>72,626.92</b>	76,373.78
Aggregate amount of impairment in value of investments	<b>649.01</b>	4,395.87

*Additional Information:*

HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and has sought for exemption from payment of Stamp Duty from Government of Karnataka for issue of share certificates in respect of 26,08,99,037 Equity Shares and 4,43,00,000, 3.5% Preference Shares. Pending receipt of order, the share certificates are still not issued by the company.

\* The NCLT has passed order of dissolution and the Company stands dissolved from 20th April 2022 being the date of the order.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>5. Deferred Tax Assets (Net)</b>		
Deferred Tax Asset	<b>97.40</b>	-
Deferred Tax Liability	<b>(72.76)</b>	-
	<b>24.64</b>	-
<b>6. Inventories</b>		
Raw Materials and Components	<b>194.49</b>	225.89
Material and Components in Transit	-	10.43
Work-in-Progress	<b>268.71</b>	383.49
Finished Goods	<b>131.26</b>	118.21
Stock in Trade	<b>461.68</b>	440.04
Stores and Spares	<b>27.10</b>	16.45
Tools and Instruments	<b>65.62</b>	65.47
Scrap	<b>0.69</b>	1.03
	<b>1,149.55</b>	<b>1,261.01</b>
Less: Provision for Non-moving Inventories	<b>312.50</b>	238.60
	<b>837.05</b>	<b>1,022.41</b>
<b>7. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	<b>230.62</b>	446.50
Doubtful	<b>6,142.07</b>	6,124.03
	<b>6,372.69</b>	<b>6,570.53</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	<b>6,142.07</b>	6,124.03
	<b>230.62</b>	446.50
Trade Receivables exceeding 6 months from the date they are due for payment	<b>75.00</b>	302.06
Trade Receivables less than 6 months from the date they are due for payment	<b>155.62</b>	144.44

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**7A Agewise details**
*As at the end of current financial year.*

(Rs. in lakhs)

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	155.62	2.28	25.66	38.83	8.23	230.62
Undisputed - Considered doubtful					83.17	83.17
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	6,058.90	6,058.90
	<b>155.62</b>	<b>2.28</b>	<b>25.66</b>	<b>38.83</b>	<b>6,150.30</b>	<b>6,372.69</b>

*As at the end of previous financial year.*

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	144.44	36.02	19.24	194.44	52.36	446.50
Undisputed - Considered doubtful					55.06	55.06
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	6,068.97	6,068.97
	<b>144.44</b>	<b>36.02</b>	<b>19.24</b>	<b>194.44</b>	<b>6,176.39</b>	<b>6,570.53</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>8. Cash and Cash Equivalents:</b>		
Current Accounts	<b>311.84</b>	200.80
Deposits with maturity of three months or less	<b>10.00</b>	932.89
Cash and Cheques on hand	<b>0.09</b>	0.40
	<b>321.93</b>	<b>1,134.09</b>
<b>9. Bank balances other than Cash and Cash Equivalents:</b>		
Deposits with maturity more than three months but less than twelve months	<b>5,416.73</b>	9,519.43
	<b>5,416.73</b>	<b>9,519.43</b>
<b>10. Loans</b>		
<b>Unsecured</b>		
<b>Loans to subsidiaries</b>		
<b>Considered Good</b>		
HMT Machine Tools Ltd	<b>24,573.58</b>	22,864.82
<b>Total</b>	<b>24,573.58</b>	<b>22,864.82</b>
<b>11. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	<b>5,820.17</b>	1,363.00
Interest accrued and due	<b>225.09</b>	51.92
	<b>6,045.26</b>	<b>1,414.92</b>
<b>Current</b>		
Interest accrued and due	<b>257.53</b>	380.26
	<b>257.53</b>	<b>380.26</b>
<b>12. Current Tax Asset/(Liability) (Net)</b>		
Advance tax/TDS Receivables	<b>942.48</b>	554.64
Less: Current Tax provision	<b>477.68</b>	477.68
	<b>464.80</b>	<b>76.96</b>
<b>13. Other Current Assets</b>		
<b>Non-Current</b>		
Deposits	<b>64.98</b>	64.80
	<b>64.98</b>	<b>64.80</b>
<b>Current</b>		
<b>Advances to subsidiary companies</b>		
HMT Machine Tools Ltd	<b>7,871.16</b>	5,934.35
HMT International Ltd	<b>190.22</b>	116.41
	<b>8,061.38</b>	<b>6,050.76</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>Advances and Other Receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	<b>0.50</b>	0.50
<b>Unsecured</b>		
Considered Good #	<b>2,345.61</b>	1,236.98
Considered Doubtful	<b>201.71</b>	199.13
	<b>2,547.82</b>	1,436.61
Less: Allowance for Doubtful Advances	<b>201.71</b>	199.13
	<b>2,346.11</b>	1,237.48
Interest on Trade Receivable	<b>5,924.90</b>	5,924.90
Less: Allowance for interest on Trade Receivable	<b>5,924.90</b>	5,924.90
	<b>-</b>	-
Collector of customs	<b>1.76</b>	2.00
Deposits	<b>26.65</b>	24.64
	<b>10,435.90</b>	7,314.88

*Additional Information*

# Includes

- (a) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.82,24,000/- is yet to be received. The Company has filed a case against DRO (Haryana Irrigation Department) for not releasing the said compensation towards acquisition of land. Further, the Company has entered into settlement agreement with Haryana Irrigation Department, as per the agreement it has been agreed to release the compensation after withdrawal of case and accordingly the company filed an application for withdrawal of case against Haryana Irrigation Department, which is pending with Honourable High Court of Haryana. The compensation will be received by the company up on completion of formalities.
- (b) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2022 an amount of Rs.4,98,700/- (previous year Rs.5,04,98,700/-) is due from HSIIDC.
- (c) Advances to Joint Ventures Rs. 4.83 lakhs and Rs. 2.42 lakhs (Previous Year)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	As at 31-Mar-22		As at 31-March-21	
	No	Amount	No	Amount
<b>14 Equity Share Capital</b>				
<b>Authorised Share Capital:</b>				
Equity shares of Rs.10 each	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
<b>Issued, Subscribed &amp; Paid up:</b>				
Equity shares of Rs.10 each				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16
Issued during the year	-	-	-	-
Reduction during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16

*Additional Information:*
**1 Equity Shares:**

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.

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

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
Equity Shares:				
Hon'ble President of India	<b>27,95,66,626</b>	<b>78.62%</b>	27,95,66,626	78.62%
Special National Investment Fund	<b>6,75,38,614</b>	<b>18.99%</b>	6,75,38,614	18.99%

**3 Shares held by promoters at the end of the year**

Promoter Name	No. of Share at the beginning of the year	No. of Share at the end of the year	% of total Shares	% change during the year
Hon'ble President of India	<b>27,95,66,626</b>	<b>27,95,66,626</b>	<b>78.62%</b>	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>15 Other Equity:</b>		
<b>i) General Reserve:</b>		
As per last Balance Sheet	<b>13,453.11</b>	13,453.11
<b>ii) Retained Earnings:</b>		
As per last Balance Sheet	<b>(8,421.26)</b>	(11,170.51)
Adjustments:		
Amount transferred from Statement of Profit & Loss	<b>3,835.89</b>	2,749.25
	<b>(4,585.37)</b>	<b>(8,421.26)</b>
<b>iii) FVTOCI Reserve:</b>		
As per last Balance Sheet	<b>(1,878.23)</b>	(1,743.22)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	<b>116.68</b>	(135.01)
	<b>(1,761.55)</b>	<b>(1,878.23)</b>
<b>Total</b>	<b>7,106.19</b>	<b>3,153.62</b>
<b>16. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
Interest free Loans		
Repayment in 5 equal annual installments from the date of drawal of loan	-	1,791.53
<b>Total non-current borrowings</b>	-	<b>1,791.53</b>
<b>Current</b>		
<b>Secured</b>		
<b>Unsecured</b>		
Current maturities of long-term Debts	<b>1,946.87</b>	12,154.06
Loan from Govt. of India (Defaulted) (Refer foot note 1 below)	<b>62,200.00</b>	49,368.40
Interest free loan from Government of India (Defaulted) (refer foot note 2 below)	<b>13.74</b>	13.74
<b>Total current borrowings</b>	<b>64,160.61</b>	<b>61,536.20</b>
<b>Aggregate Secured loans</b>	-	-
<b>Aggregate Unsecured loans</b>	<b>64,160.61</b>	<b>63,327.73</b>



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

		<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
1. Period and amount of Default are as follows:			
<b>Nature of Borrowing [Interest Free]</b>	<b>Name of the lender</b>	<b>Amount of installment and period of default (Rs. In Lakhs)</b>	<b>No of Days Delay or Unpaid</b>
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018. b) Rs.6,073.60 Lakhs due since 21.01.2019. c) Rs.6,073.60 Lakhs due since 21.01.2020. d) Rs.6,073.60 Lakhs due since 21.01.2021. e) Rs.6,073.60 Lakhs due since 21.01.2022.	1,530 1,165 800 434 69
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800 Lakhs due since 16.02.2018. b) Rs.4,800 Lakhs due since 16.02.2019. c) Rs.4,800 Lakhs due since 16.02.2020. d) Rs.4,800 Lakhs due since 16.02.2021. e) Rs.4,800 Lakhs due since 16.02.2022.	1,504 1139 774 408 43
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1,958 Lakhs due since 29.04.2018. b) Rs.1,958 Lakhs due since 29.04.2019. c) Rs.1,958 Lakhs due since 29.04.2020. d) Rs.1,958 Lakhs due since 29.04.2021.	1,432 1067 701 336

2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industries whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries.

**17. Non current financial liability**

Deferred Government Grant	<b>11.13</b>	844.01
	<b>11.13</b>	<b>844.01</b>

**18. Provision for employee benefits**
**Non Current**

Gratuity	<b>(232.06)</b>	(180.19)
Earned Leave Encashment	<b>121.59</b>	178.06
Settlement Allowance	<b>37.24</b>	38.09
Provident Fund	<b>64.02</b>	-
	<b>(9.21)</b>	<b>35.96</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>Current</b>		
Gratuity	<b>285.02</b>	348.21
Earned Leave Encashment	<b>96.45</b>	165.13
Settlement Allowance	<b>14.70</b>	19.72
Wage and Salary Revision arrears (1992-1995)	<b>56.16</b>	56.16
	<b>452.33</b>	<b>589.22</b>
<b>19. Trade payables</b>		
Total outstanding dues to Micro, Small & Medium Enterprises	<b>2.17</b>	6.25
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	<b>178.68</b>	573.08
<b>Total</b>	<b>180.85</b>	<b>579.33</b>

**19A Agewise details**
*As at the end of current financial year:*

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	2.17	-	-	-	2.17
Others	28.99	3.35	0.56	145.78	178.68
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>31.16</b>	<b>3.35</b>	<b>0.56</b>	<b>145.78</b>	<b>180.85</b>

*As at the end of Previous financial year:*

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	3.39	0.11	-	2.75	6.25
Others	331.83	67.85	31.83	141.57	573.08
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>335.22</b>	<b>67.96</b>	<b>31.83</b>	<b>144.32</b>	<b>579.33</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
The details of amounts outstanding to Micro, Small and Medium Enterprises ("MSMED") based on information available with the Company is as under:		
Principal amount due and remaining unpaid	<b>2.17</b>	6.25
Interest due on above and the unpaid interest	<b>2.00</b>	4.63
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	-	-
Interest accrued and remaining unpaid at the end of the accounting year.	<b>2.00</b>	4.63
* includes amount reversed on account of final settlement made with MSMED vendors.		
<b>20. Other Financial Liabilities</b>		
3.5% preference Share Capital (Defaulted)	<b>3,686.00</b>	3,686.00
<b>Total</b>	<b>3,686.00</b>	<b>3,686.00</b>

*Additional information:*
**1. 3.5% Preference Share Capital**

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) has been extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>21. Other Liabilities</b>		
<b>Current</b>		
Dues to subsidiary companies		
HMT Watches Ltd	<b>987.83</b>	989.79
HMT Bearings Ltd	-	1,868.29
Revenue received in advance	<b>2,268.66</b>	37.16
Accrued Expenses	<b>1,427.16</b>	1,320.29
Other liabilities (Earnest Money Deposit, Statutory dues, etc.,)	<b>5,651.17</b>	5,448.41
<b>Total</b>	<b>10,334.82</b>	<b>9,663.94</b>

**22. Provisions - others**

	<b>Warranty Claims</b>	<b>Provision for Indirect Taxes</b>	<b>Others</b>	<b>Total</b>
<b>As At 1 April 2021</b>	<b>6.22</b>	<b>22.07</b>	-	<b>28.29</b>
Arising during the year	<b>4.37</b>	-	<b>277.31</b>	<b>281.68</b>
Utilised	<b>(4.20)</b>	-	-	<b>(4.20)</b>
Unused amounts reversed	-	<b>(20.82)</b>	-	<b>(20.82)</b>
<b>As At 31 March 2022</b>	<b>6.39</b>	<b>1.25</b>	<b>277.31</b>	<b>284.95</b>
Current	6.39	1.25	277.31	284.95
<b>As At 1 April 2020</b>	7.86	25.81	-	<b>33.67</b>
Arising during the year	4.20	-	-	<b>4.20</b>
Utilised	(2.65)	(3.74)	-	<b>(6.39)</b>
Unused amounts reversed	(3.19)	-	-	<b>(3.19)</b>
<b>As At 31 March 2021</b>	<b>6.22</b>	<b>22.07</b>	-	<b>28.29</b>
Current	6.22	22.07	-	<b>28.29</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
<b>23. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	<b>549.79</b>	1,730.60
Watches	<b>512.94</b>	405.07
Spares and Accessories	<b>173.49</b>	119.12
	<b>1,236.22</b>	<b>2,254.79</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	<b>10.42</b>	72.23
Packing / Forwarding charges	<b>10.91</b>	19.12
	<b>21.33</b>	<b>91.35</b>
<b>Revenue from Operations</b>	<b>1,257.55</b>	<b>2,346.14</b>
<b>24. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	<b>635.40</b>	648.77
Interest received on HC loans from subsidiaries	<b>1,854.72</b>	1,666.80
Interest from Dealers/Others	<b>0.42</b>	29.70
	<b>2,490.54</b>	<b>2,345.27</b>
<b>Dividend Income</b>		
Dividend received from subsidiaries	-	627.28
	-	627.28
<b>Other Income</b>		
Recoveries from Staff/Others	<b>310.97</b>	301.82
Royalties from Subsidiaries	<b>2.01</b>	9.44
Rental Income	<b>1,357.18</b>	1,235.92
Gains on Sale of Property, Plant and Equipment	<b>19.44</b>	7.64
Provisions Written back #	<b>1,682.31</b>	200.57
Amortisation of Govt. Grant	<b>832.88</b>	1,721.67
Other non operating Income	<b>221.19</b>	59.82
	<b>4,425.98</b>	3,536.88
<b>Total Other Income</b>	<b>6,916.52</b>	6,509.43

# Provision written back of Rs. 1,682.31 lakhs includes an amount of Rs. 1,526.45 Lakhs, details of which are as follows:

Provision created earlier reversed now (1)	3,746.86
Amount of Investment (A)	3,746.86
Less: Proceeds consequent to Dissolution (B)	1,526.45
Loss on Sale of Investment (A-B) (2)	2,220.41
Net amount (1-2)	1,526.45

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
<b>25. Cost of Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	<b>221.97</b>	223.37
Add: Purchases	<b>431.08</b>	1,421.48
	<b>653.05</b>	1,644.85
Less: inventory at the end of the year	<b>194.49</b>	221.97
Cost of raw material and components consumed	<b>458.56</b>	1,422.88
Consumption of Stores, Spares, Tools & Packing Materials	<b>14.01</b>	15.63
Total raw materials and components consumed	<b>472.57</b>	<b>1,438.51</b>
<b>Particulars of Materials Consumed</b>		
Steel	<b>74.18</b>	41.36
Non-ferrous Castings	<b>9.58</b>	-
Ferrous Castings	-	11.29
Forgings	-	8.73
Standard parts & components	<b>374.80</b>	1,361.50
<b>Total</b>	<b>458.56</b>	<b>1,422.88</b>
<b>26. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	<b>118.22</b>	170.32
Less: inventory at the end of the year	<b>131.26</b>	118.22
<b>Changes in Inventory</b>	<b>(13.04)</b>	<b>52.10</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	<b>383.49</b>	198.71
Less: inventory at the end of the year	<b>268.71</b>	383.49
<b>Changes in Inventory</b>	<b>114.78</b>	<b>(184.78)</b>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	<b>440.04</b>	374.35
Less: inventory at the end of the year	<b>461.68</b>	440.04
<b>Changes in Inventory</b>	<b>(21.64)</b>	<b>(65.69)</b>
<b>Scrap</b>		
Inventory at the beginning of the year	<b>1.03</b>	3.13
Less: inventory at the end of the year	<b>0.69</b>	1.03
<b>Changes in Inventory</b>	<b>0.34</b>	<b>2.10</b>
<b>Total</b>	<b>80.44</b>	<b>(196.27)</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
<b>27. Employee benefits expense</b>		
Salaries, Wages and Bonus	<b>842.78</b>	894.73
House Rent Allowance	<b>17.48</b>	21.51
Gratuity	<b>29.02</b>	26.15
Contribution to PF & FPS	<b>77.44</b>	92.57
Deposit Linked Insurance	<b>3.25</b>	2.50
Welfare Expenses	<b>41.80</b>	63.68
	<b>1,011.77</b>	<b>1,101.14</b>
<b>28. Depreciation and amortization</b>		
Depreciation of tangible assets	<b>172.61</b>	179.22
Depreciation on Investment Properties	<b>22.23</b>	23.19
	<b>194.84</b>	<b>202.41</b>
<b>29. Finance costs</b>		
<b>Interest Expense</b>		
Interest Expense (Gol Loans)	<b>832.88</b>	1,721.67
Others	<b>14.60</b>	7.41
<b>Other Borrowing Cost</b>		
Discounting Charges	<b>2.59</b>	1.06
<b>Total finance costs</b>	<b>850.07</b>	<b>1,730.14</b>
<b>30. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	<b>29.06</b>	26.14
Repairs to Machinery	-	1.07
Provision for Non Moving Inventories	<b>76.32</b>	8.44
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	<b>21.13</b>	9.11
Carriage outwards	<b>2.72</b>	1.28
<b>Establishment Expenses</b>		
Rent	-	9.37
Rates and Taxes	<b>212.30</b>	179.79
Insurance	<b>12.48</b>	12.60
Water and Electricity	<b>344.49</b>	328.65
Printing and Stationery	<b>10.25</b>	9.74
Auditors Remuneration #	<b>2.42</b>	2.59

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
Provision for Doubtful Debts, Loans and Advances	<b>31.12</b>	-
Warranty claims	<b>4.36</b>	4.20
Loss sustained by PF Trust	<b>24.77</b>	14.72
Travelling Expenses	<b>13.55</b>	10.30
Repairs and Maintenance-Other than Machinery	<b>339.69</b>	273.37
Security Charges	<b>190.14</b>	188.14
Corporate Social Responsibility	<b>41.03</b>	15.20
Grant Expense	-	11.40
Other Expenses	<b>449.72</b>	391.83
Less: Recovery of Common Expenses from Subsidiary Companies	<b>(75.88)</b>	(76.15)
	<b>1,729.67</b>	<b>1,421.79</b>
# As auditor	<b>2.07</b>	2.07
For taxation matters	<b>0.15</b>	0.12
For other services	<b>0.20</b>	0.40
	<b>2.42</b>	<b>2.59</b>

**Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

i) Amount required to spend during the year	<b>41.03</b>	15.20
ii) Shortfall amount from the previous year	<b>9.70</b>	-
	<b>50.73</b>	15.20
iii) Amount spent during the year		
- on the project in Education Sector for setting up of "Mini Science Centre" at Yadgir District	-	5.50
- on the project in Health Sector for supply of Oxygen Cylinder to " New Govt. District Hospital" at Yadgir District)	<b>8.90</b>	-
iv) Amount carried forward (shortfall at the end of the year)	<b>41.83</b>	<b>9.70</b>

## v) Reasons for Shortfall

The Company has identified certain ongoing activities referred below



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

<b>Particulars</b>	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
vi) Nature of CSR Activities on Health Care		
a) Supply of water purifier and health care products for distribution to Government Schools at Yadgir District		
b) Contribution of Ambulance Vehicle to M/s KC General Hospital (Government Hospital) Malleswaram, Bangalore, Karnataka		
c) Supply of HB Testing Machines and HB Testing Strip, Yadgir Dist., Karnataka		
d) D-type Oxygen Cylinders to Government Hospital/Corporations to Bangalore (urban/rural), Haveri, Kolar or any other Districts in Karnataka		
<b>31. Exceptional Items</b>	-	-
	-	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>32 Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt:</b>		
a) Tax related claims pending in appeal		
i) Excise Duty	-	2.48
ii) Sales Tax	-	112.17
b) Non receipt of related Forms against levy of concessional Sales Tax	<b>3.22</b>	5.68
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	<b>52.64</b>	52.64
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	<b>4,173.55</b>	4,173.55
e) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	<b>23.89</b>	23.89
f) Guarantees & Counter guarantees & LC's issued	<b>210.18</b>	59.69
g) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs. 2.69 Lakhs as debt. However, the deposit was reversed in the books.	-	13.31
h) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source - matter under examination.	<b>75.40</b>	71.30
i) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	-	6.47
j) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	<b>311.77</b>	311.77
k) An amount of Rs.4.53 lakhs is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decretal amount 50% i.e. Rs.3.02 lakhs has been deposited by the Company		

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-22	As at 31-Mar-21
l) Tax liability/tax demand, in respect of HMT Chinar Watches Ltd (Subsidiary of HMT Limited) up on dissolution up to Rs. 775.29 lakhs. However, during the current year, the income tax department has given no objection certificate to the company, hence no liability/contingent liability shall arise.	-	775.29
<b>33 Other Disclosures:</b>		
Government Of India ("GOI") had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the Wholly owned Subsidiary, in the form of Equity (Rs. 100 lakhs) & Loan (Rs. 100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs.10/- each (Rs.100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
<b>34. Preference Share Capital:</b>		
(i) Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs.44,300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL. However, as per the CCEA approval 40614000 No. of Shares has been extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
(ii) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	<b>5,607.63</b>	5,607.63
<b>35 Advances:-</b>		
Advances include		
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>24.85</b>	26.05

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-22	Year Ended 31-Mar-21
<b>36 Transactions with Key Managerial Personnel</b>		
<i>Compensation of key management personnel of the Company</i>		
i) Short-term employee benefits	<b>29.76</b>	54.30
ii) Post - employment benefits	<b>4.33</b>	7.45
iii) Other long term benefits	<b>2.38</b>	3.96
<b>Total compensation paid to key management personnel</b>	<b>36.47</b>	<b>65.71</b>

**37A Fair Values**

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

	Carrying amount		Fair value	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
<b>Financial assets</b>				
Loans - Fair value through Profit & loss	<b>24,573.58</b>	22,864.82	<b>24,573.58</b>	22,864.82
<b>Total</b>	<b>24,573.58</b>	<b>22,864.82</b>	<b>24,573.58</b>	<b>22,864.82</b>
<b>Financial liabilities</b>				
Fair value through profit & loss	-	-	-	-
Interest Free Government of India Loan	<b>64,171.74</b>	64,171.74	<b>64,171.74</b>	64,171.74
<b>Total</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>

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

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest .

The company has defaulted 3.5% preference shares which are already matured for redemption and hence no fair valuation has been made in the accounts.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

### 37B Fair value Hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2022, 31 March 2021 are as shown below:  
Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022

	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
<b>Assets measured at fair value:</b>					
<b>FVTOCI financial investments:</b>					
<b>Unquoted equity shares</b>					
Nigeria Machine Tools Ltd	-	-	-	-	-
<b>Assets for which fair values are disclosed</b>					
Investment properties	31-Mar-22		227,020.15		2,27,020.15
Land*					
<b>Financial Liability</b>					
Interest Free Government of India Loan	31-Mar-22	8% Effective Rate of Interest used	64,171.74		64,171.74

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021 (Rs. in lakhs)

	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
<b>Assets measured at fair value:</b>					
<b>FVTOCI financial investments:</b>					
<b>Unquoted equity shares</b>					
Nigeria Machine Tools Ltd	-	-	-	-	-
<b>Assets for which fair values are disclosed</b>					
Investment properties					
Land*	31-Mar-21		227,020.15		2,27,020.15
<b>Financial Liability</b>					
Interest Free Government of India Loan	31-Mar-21	8% Effective Rate of Interest used	64,171.74		64,171.74

**\* Based on guidance value not restated in the financial statements since Investment property**

A) Nigeria Machine Tools Ltd is a company incorporated outside India, and as per its latest audited balance sheet dated 31-12-2020 net worth is completely eroded and hence the fair value at Rs. NIL is considered.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	31-Mar-22	31-Mar-21
<b>38 Earnings per share (EPS)</b>		
Profit attributable to equity holders:		
Continuing operations	<b>3,835.89</b>	2,749.25
Discontinued operation	-	-
<b>Profit attributable to equity holders for basic earnings</b>	<b>3,835.89</b>	<b>2,749.25</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>3,835.89</b>	<b>2,749.25</b>
Weighted average number of Equity shares for basic EPS	<b>3,55,601,640</b>	355,601,640
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>3,55,601,640</b>	<b>3,55,601,640</b>
Earnings per share for continuing operations		
i) Basic, profit from continuing operations attributable to equity holders	<b>1.08</b>	0.77
ii) Diluted, profit from continuing operations attributable to equity holders	<b>1.08</b>	0.77
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	-	-
ii) Diluted, profit from discontinuing operations attributable to equity holders	-	-

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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

**i) Defined Contribution Plan:**

(Rs. In Lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
Employer's Contribution to Pension Fund	<b>8.07</b>	8.73

**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 not obtained the actuarial valuation report from the independent actuary for Provident fund.

**a)** The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	<b>31-Mar-22</b>	<b>31-Mar-21</b>
	%	%
Discount rate:		
Gratuity plan	<b>7.27</b>	6.74
Settlement Allowance	<b>7.27</b>	6.74
Future salary increases:		
Gratuity plan	<b>10.00</b>	8.00
Settlement Allowance	<b>10.00</b>	8.00

<b>Summary of Demographic Assumptions</b>	<b>Gratuity Plan</b>		<b>Settlement Allowance</b>	
	<b>31-Mar-22</b>	<b>31-Mar-21</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	<b>100%</b>	100%	<b>100%</b>	100%
Disability Rate (as % of above mortality rate)	<b>0%</b>	0%	<b>0%</b>	0%
Withdrawal Rate	<b>1% to 3%</b>	1% to 3%	<b>1% to 3%</b>	1% to 3%
Attrition Rate				
Normal Retirement Age	<b>60 yrs</b>	60 yrs	<b>60 yrs</b>	60 yrs
Average Future Service	<b>14.15</b>	11.29	<b>14.15</b>	11.29



(Rs. in lakhs)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**39 Employee Benefits (Contd.):**
**A. Employee Benefit Obligations**

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

**1) Gratuity**

31 March 2022 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				Contributions by employer	31-Mar-22			
	Service cost	Net interest expense	Sub-total included in profit or loss	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		
1-Apr-21	(872.01)	(18.99)	(50.83)	(69.82)	235.64	4.10	-	(8.04)	113.75	109.81	(596.38)	
Defined benefit obligation												
Fair value of plan assets	703.99	-	40.80	40.80	(235.64)	(4.10)	-	-	-	(4.10)	38.36	543.41
<b>Benefit liability</b>	<b>(168.02)</b>	<b>-</b>	<b>-</b>	<b>(29.02)</b>	<b>-</b>	<b>--</b>	<b>--</b>	<b>-</b>	<b>-</b>	<b>105.71</b>	<b>38.36</b>	<b>(52.97)</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

31 March 2021 changes in the defined benefit obligation and fair value of plan assets (Rs. in lakhs)

	Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-21
	Service cost	Net interest expense	Sub-total included in profit or loss		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		
Defined benefit obligation	(19.75)	(53.15)	(72.90)	309.89	2.30	-	8.22	(124.94)	(114.42)	-	(872.01)
Fair value of plan assets	-	46.75	46.75	(309.89)	(2.30)	-	-	-	(2.30)	152.00	703.99
<b>Benefit liability</b>	<b>-</b>	<b>-</b>	<b>(26.15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(116.72)</b>	<b>152.00</b>	<b>(168.02)</b>

**2) Settlement Allowance:**

31st March 2022 changes in the defined benefit obligation and fairvalue of plan assets

	Defined Benefit cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-22
	Service cost	Net interest expense	Sub-total included in profit or loss		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
Defined benefit obligation	-	(3.17)	(3.17)	21.54	-	-	-	(12.50)	(12.50)	-	(51.94)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>-</b>	<b>-</b>	<b>(3.17)</b>	<b>21.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.50)</b>	<b>-</b>	<b>(51.94)</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					31-Mar-21			
	1-Apr-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
Defined benefit obligation	(43.26)	(5.91)	(2.36)	(8.27)	12.00	-	-	-	(18.28)	(18.28)	-	(57.81)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>(43.26)</b>	<b>-</b>	<b>-</b>	<b>(8.27)</b>	<b>12.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18.28)</b>	<b>-</b>	<b>(57.81)</b>

**3) Provident Fund (interest shortfall):**

The Company's Contribution paid / payable to Provident Fund and the liability / obligation is recognised on accrual basis. The Company's Provident Fund Trust is exempted u/s section 17 of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The condition for grant of exemptions stipulate that the employer shall make good deficiency, in any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the fund and return on investment.

The Company has recognised the obligation on the basis of Actuarial Valuation carried out as on 31st March 2022, that there is a present value of obligation due to difference between the expected interest rate to be earned by the Trust and expected future EPFO interest rate, being the interest shortfall of Rs,64.01 lakhs for the year 2021-22.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**39 Employee Benefits (Contd.):**
**B 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 2022		As at 31 March 2021	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>17.38</b>	<b>19.94</b>	18.65	20.65
Change in rate of salary increase	<b>8.50</b>	<b>8.65</b>	12.05	11.43
Change in withdrawal rates	<b>0.69</b>	<b>0.86</b>	0.01	0.01

**(ii) Settlement Allowance**

(Rs. in lakhs)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>4.67</b>	<b>5.87</b>	2.45	2.98
Change in rate of salary increase	<b>4.90</b>	<b>5.99</b>	2.82	3.32
Change in withdrawal rates	<b>5.07</b>	<b>6.40</b>	2.71	3.28

C. The expected contributions for gratuity for the next financial year Rs.52.97 Lakhs and Settlement allowance Nil.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**40 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013**

<b>Sr. No.</b>	<b>Name of Related Party</b>	<b>Relationship</b>
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
	HMT Watches Ltd, Bangalore (HWL)	
	HMT (International) Ltd, Bangalore (HMT(I))	
	HMT Bearings Ltd, Hyderabad (BLH)	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. A.K Jain (w.e.f 01.08.2021)	Key Managerial Persons (KMP)
	Mr. S Girish Kumar (upto 31.07.2021)	
	Mr. Shashank Priya (w.e.f 01.10.2019)	
	Mr. Vijay Mittal (w.e.f 25.03.2022)	
	Mr. Jeetendra Singh (w.e.f 18.06.2021 upto 25.03.2022)	
	Smt. Sujata Sharma (w.e.f 30.09.2020 upto 18.06.2021)	
	Smt. Neera Tomar (w.e.f 27.03.2019 upto 17.02.2022)	
	Mr. Vishweshwar Bhat (w.e.f 27.01.2020)	
	Mr. Ramji Lal (w.e.f. 05.02.2020)	
	Mr. S. Kishor Kumar	
	Ms. Kamna Mehta	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**Transactions during the year with Related Parties:**
**a) Loans and Advances given and repayment thereof :**

(Rs. in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repay-ment	Interest	Closing Balance
<b>Loans</b>						
HMT Machine Tools Ltd	Current year	22,864.82	1,700.00		8.76	24,573.58
	Previous year	20,556.06	2,300.00		8.76	22,864.82

Name of Related Party	As at	Opening Balance	Advance Given (Net)*	Advance taken (Net)*	transfer	Closing Balance
<b>b) Advances (Dr / (Cr))</b>						
SUDMO HMT Process Engineers (India) Ltd	Current year	2.42	2.41	-	-	4.83
	Previous year	5.66	2.92	-	6.16	2.42
HMT Machine Tools Ltd	Current year	5,934.35	1,936.81	-	-	7,871.16
	Previous year	4,071.09	1,863.26	-	-	5,934.35
HMT Watches Ltd	Current year	(989.79)	1.96	-	-	(987.83)
	Previous year	(866.12)	-	123.67	-	(989.79)
HMT Bearings Ltd	Current year	(1,868.29)	1,868.29		-	-
	Previous year	(1,668.29)		200.00	-	(1,868.29)
HMT (International) Ltd	Current year	116.41	73.81	-	-	190.22
	Previous year	61.00	55.41	-	-	116.41

\* Advance includes reimbursement of expenses payable

c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

d) Name of the Transacting Related Party		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
<b>Revenue from Operations</b>	Current year	-	-	-	-	-	-
	Previous year	54.34	-	-	-	-	54.34
<b>Other Income:</b>	Current year	1828.66	41.83	-	-	-	1,870.49
	Previous year	1640.73	20.31	-	-	-	1,661.04
<b>Dividends</b>	Current year	-	-	-	-	-	-
	Previous year	-	-	609.28	18.00	-	627.28
<b>Purchases</b>	Current year	-	-	-	-	-	-
	Previous year	-	16.06	-	-	-	16.06
<b>General Expenses: (recovery of expenses)</b>	Current year	(13.84)	(5.20)	-	(56.84)	-	(75.88)
	Previous year	(11.86)	(5.39)	-	(58.90)	-	(76.15)
<b>Interest</b>		-	-	-	-	-	-

**e) Transactions with Key Managerial Persons:**

	Current Year	Previous Year
--	--------------	---------------

**Remuneration paid to KMP**

- S.Girish Kumar	<b>14.96</b>	45.06
- S.Kishore Kumar	<b>12.97</b>	12.41
- Kamna Mehta	<b>8.54</b>	8.24
	<b>36.47</b>	65.71

**Directors sitting fees**

- Neera Tomar	<b>0.75</b>	0.50
- Vishweshwar Bhatt	<b>0.27</b>	0.38
- Ramji Lal	<b>0.75</b>	0.50
	<b>1.77</b>	1.38

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**  
**41. RATIO ANALYSIS**

	<b>Ratio</b>	<b>Numerator</b>	<b>Denominator</b>	<b>FY 2021-22</b>	<b>FY 2020-21</b>	<b>% Variance</b>	<b>Reason for Variance</b>
1	Current Ratio	Current Assets	Current Liabilities	0.54	0.56	-3.57%	
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.59	1.75	-9.14%	
3	Debt Service Coverage Ratio	Earnings available for debt service(EBITDA)	Debt service (Interest + Principal)	0.06	0.05	20.00%	
4	Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	9.43%	7.35%	28.27%	Due to increase in PAT on account of withdrawal of provision for investments during the year
5	Inventory turnover ratio	Sales	Average Inventory	1.35	2.54	-46.69%	Reduction in Sales
6	Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	3.71	6.04	-38.55%	Reduction in Credit Sales
7	Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	1.17	2.54	-53.98%	Reduction in Credit Purchases
8	Net capital turnover ratio	Net Sales	Average Working Capital	-0.04	-0.08	-57.08%	Reduction in Net Sales
9	Net profit ratio	Net Profit before taxes	Revenue	304.93%	134.60%	126.55%	Due to increase in PBT on account of withdrawal of provision for investments and reduction in Revenue
10	Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Networth + Total Debt	3.61%	3.10%	16.23%	
11	Return on Investment	Not applicable	Not applicable				



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 42 SEGMENT REPORTING:

As per Ind AS - 108 "Operating Segment", segment information has been provided under the notes to consolidated financial statements.

During the year Food Processing Division has made a sale of Rs.167.05 Lakhs to one customers which exceed 10% of the revenue.

### 43 Deferred Tax

Provision for income taxes has been made in terms of Ind AS 12 -Income Taxes.

Particulars	31.3.2022	31.3.2021
Net deferred Tax asset/liability at the beginning of the year	-	-
Add: deferred Tax benefits / (charges) for the year	24.64	-
Net deferred Tax asset/liability at the end of of the year	24.64	-

The net Deferred Tax Asset as at 31st March 2022 comprises the tax impact arising from the timing differences on account of:

Particulars	31.3.2022	31.3.2021
Depreciation	(72.76)	-
Provision for employee benefits	97.40	-

The Company has not recognised defferred tax asset on unusable tax losses in the absence of resonable certainty of future business profits.

- 44 Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared the financial statements on the basis of going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 45 A charge by ID 80046855 is still open in the Index of charge on the Website of Ministry of Corporate Affairs pertains to State Bank of India. The Company has already discharged the debt of State Bank of India long back. Since the issue is almost twenty five years old, efforts will be made in co-ordination with State Bank of India for obtaining the necessary documents for satisfaction of charge .
- 46 The Investment in Gujrat State Machine Tools Corporation being an Associate Company, has been fully provided in books of Accounts as the Net Worth of the Company is completely eroded based on the latest information available with HMT Limited. Hence the fair value is shown as Nil.
- 47 HMT Chinar Watches Ltd, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019 under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Final report for dissolution was submitted to the Hon'ble NCLT on 26.8.2020 by the IP and the Hon'ble NCLT has issued dissolution order on 10-3-2022.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

48 HMT Bearings Ltd, a subsidiary, has been dissolved from the date of the NCLT order dated 20-4-2022. Accordingly, liability of Rs. 9.80 lakhs has been created in the books of HMT Limited in consonance with the said NCLT order.

**49 Impact on uncertainties relating to the global health pandemic from COVID-19.**

The Company has considered the possible effects that may result from the Covid-19 pandemic on receivables, inventories, revenues including leases, Property Plant and Equipment, Going concern and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on the analysis of such information and the nature of current business operations carried by the company, it is of the view that the impact is temporary and does not have material impact on financial statements as at 31st March 2022 and hence has not made any provision in the books of account.

50 Balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities are subject to confirmation , although confirmation has been sought in most of the cases.

51 The company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

52 The company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

53 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

# CONSOLIDATED FINANCIAL STATEMENT

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2022**

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 01 September 2022 which supersedes their earlier Audit Report dated 22 June 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of HMT Limited for the year ended 31 March 2022 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of HMT Machine Tools Limited and HMT (International) Limited (subsidiaries) but did not conduct supplementary audit of the financial statements of HMT Watches Limited (subsidiary) and Gujarat State Machine Tools Corporation Limited (associate company) for the year ended on that date. Further, Section 139(5) and 143(6)(b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revision made in the Statutory Auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditor's report under section 143(6)(b) read with section 129(4) of the Act.

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



**(M.S. Subrahmanyam)**

**Director General of Commercial Audit  
Hyderabad**

**Place: Hyderabad**

**Date: 06 September 2022**

## REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Provisional Comments by Director, Indian Audit and Accounts Department, Office of the Director General of Commercial Audit and Ex-officio Member, Audit Board, Hyderabad, vide No.DGCA/Hyd/A/c/Desk/HMT/2021-22/1.19/475 dated 19.08.2022 and Revision of Statutory Auditors Report of Subsidiary Company, accordingly this supersedes our Independent Auditor's Report dated 22nd June 2022]

### To the Members of HMT Limited

### Report on Audit of the Consolidated Ind AS Financial Statements

#### Qualified Opinion:

We have audited the Consolidated Ind AS financial statements of HMT Limited ("the Holding Company") its subsidiaries, associates and joint ventures (collectively referred as "the Group") which comprise of Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including 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, except for the matters described in the Basis of Qualified Opinion section of our report, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Group as at 31st March, 2022 and
- (b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the profit for the year ended on that date.
- (c) in the case of the Statement of Change in Equity, the changes for the year ended on that date.

- (d) in the case of Cash Flow Statement, of the flow of cash in the Group for the year ended on that date.

#### Basis of Qualified Opinion:

##### I. HMT Ltd.

##### Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
3. Non disclosure of Corporate Guarantee amounting to Rs.129.22 crores (fund and non fund based) under contingent liability in Note No 32. Notes forming part of accounts issued to subsidiaries of the company. Against the said Corporate Guarantee the credit facility utilized is Rs.82.70 crores (fund and non fund based limits)

##### Indian Accounting Standards

4. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements. The effect on revenue on all the above transactions are not ascertained.

##### Auxiliary Business Division, Bengaluru

##### Indian Accounting Standards

5. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to

Rs.261.80 Lakhs. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2022.

6. The unit has not carried out any assessment on Impairment of Property, Plant & Equipment as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified.

**Food Processing Machinery Unit, Aurangabad:**

7. As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.

**II. HMT Machine Tools Limited ("MTL"):**

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.

**MBX, Bangalore:**

2. The Unit has not complied from the requirement of Schedule II of the Companies Act of depreciating the assets over its useful life and such depreciable amount shall be the cost of asset less its residual value. The Unit follows the policy of depreciating the Plant, Property & Equipment costing less than Rs.10,000/- to Re.1/- in the year of purchase. Due to unavailability of required information impact could not be quantified.

3. Intangible Assets - This includes Rs.823.74 Lakhs on account of inclusion of non-impaired intangible asset pertaining to technology received from NUM AG.

The Company had entered (November 2014) into a Technical Collaboration Agreement (TCA) with NUM AG, Switzerland to acquire knowhow for manufacture of numerical controls and feed drive & spindle drive controllers for machine tools. The Company received technical know-how on 07th March 2015 and paid Rs.330.87 Lakhs (Euro 4 Lakh) in February 2016. The balance amount has not been paid by HMT MTL as per the terms and conditions of the agreement till date. NUM AG, Switzerland intimated (28.09.2018) the company that NUM has exited from the agreement and asked the company to destroy/cancel all the received manufacturing information on any support.

The Internal Impairment test conducted (31.03.2022) by General Manger, HMT Bengaluru Complex is not in order as the impairment in value has not been recognised. The Company does not have contractual or other legal rights on the technical know-how received from NUM AG as it has exited from the Agreement, the assistance for usage of NUM AG technology and license to manufacture and sell such contract products has been lost by the Company. Therefore, utilization, manufacture of CNC system with new NUM technology is not permissible as per the TCA. Further, even after lapse of seven(7) years from the date of receipt (March 2015) of technical documents, HMT MTL has failed to create any manufacturing facility for manufacture of CNC machines with NUM AG technology. Therefore, the entire expenditure on the asset needs to be written off.

Hence, not providing for impairment has resulted in overstatement of intangible assets and understatement of depreciation & amortization expenses by Rs.823.74 Lakhs.

Liability of Rs.897.37 Lakhs created in FY 2019-20 is to be reviewed and reversed as it is no longer required since NUM AG has exited from

the project on 28.09.2018.

4. Intangible Assets - This includes overstated amount of Rs.160.55 Lakhs due to non-impairment of ERP software procured(2010) from CMC Limited, Bengaluru. The software is not being used currently as the staff of the company could not be trained fully as CMC has terminated the agreement due to default in balance payments to the supplier.

During the year 2010, the Company paid (September to December 2010) total of Rs.3.58 Crore to the supplier for the acquisition of ERP system. Out of six modules, four modules were installed and integrated by CMC Ltd., during November/December 2010. The balance two modules could not be integrated as the balance payment to the supplier was not made. However, pending complete installation and integration of all the six modules, the Company capitalized (01st April 2019) ERP software valued Rs.2.29 Crore and ERP hardware of Rs.1.29 Crore. Though four modules of ERP system were installed and integrated by CMC Ltd as early as in 2010 itself, the officers/staff of the Company could not be trained.

Thus, non impairment of ERP system has resulted in overstatement of intangible assets and understatement of depreciation & amortization expenses by Rs.160.55 Lakhs.

5. No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities and non-settlement/ non-payment of gratuity dues as at 31st March 2022. The amount of interest /penalty/damages has not been quantified and we hence are unable to express an opinion on the impact of this non-provision on the financial statements.

Indian Accounting Standards

6. Ind AS 2 -According to the details and information provided to us, the value of Raw Materials, Work-in- progress and Stock in Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and

stock taking is on Weighted Average basis, However, due to non-availability of valuation report and detailed working of Inventories, we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also the physical verification of stock has not been done in regular intervals.

**MTP, Pinjore:**

Indian Accounting Standards

7. As per Ind AS -19, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2022. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS -19. Hence this is not in compliance with the Ind AS-19 "Employee Benefits"

**MTH, Hyderabad**

Indian Accounting Standards

8. The division has not complied with para 76 of Ind AS 40, since adequate disclosure with regard to fair values of the investment property, depreciation method and criteria for distinction between Investment Properties and PPE has not been disclosed.
9. Property, plant & equipment is charged at 100% of the cost of asset over their useful life. The residual value for all the assets has been standardized at Re 1. The Division has not appropriately justified and disclosed in the Notes to Accounts for charging depreciation at 100% of the cost of asset over their useful life. In our opinion this is a departure from the Schedule II of the Companies Act, 2013 where it is stated that Residual value should be 5% for the tangible assets and depreciation should be charged at ninety five percent of the cost of asset over their useful life. The Impact of such non-compliance on the loss, Assets and liabilities could not be ascertained.

Our observation revealed that the division has not complied with "Component" based depreciation method as required by Ind AS 16 despite the stated policy and necessary identification of components of an item of PPE has not been identified and depreciated accordingly. The impact of such noncompliance on the loss and the accumulated depreciation could not be ascertained.

10. Division is not in compliance with Ind AS 19, as defined benefit plan does not include Current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of such noncompliance on the loss and the current liabilities could not be ascertained.

#### **MTM, Bangalore**

##### Indian Accounting Standards

11. We draw attention towards Ind AS-36 Impairment of Assets in relation to the assessment of potential impairment loss of assets of the unit. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted in the FY 2020-2021, it is noted that, the unit is yet to take management approval for disposal of said assets as per the company's procedure and the quantum of impairment value is not available to report.

#### **MTA, Ajmer**

12. The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 2,49,32,580/- in the case of employees retired/separated from the unit. Further the unit has not made any provision for penalty for non-payment/settlement of gratuity as per the Payment of Gratuity Act, 1972. The amount of penalty has not been ascertained by the unit, being contingent in nature.

### **III. HMT Watches Limited ("HWL")**

#### **1. Going Concern Status:**

- a. The Board of Directors in its 72<sup>nd</sup> board meeting held as on 18.01.2016 have decided to close down the company after

getting the approval from cabinet committee of Economic Affairs.

- b. The accumulated losses of the company as at the close of 31st March 2022 amounted to Rs.2,68,877.28 lakhs against which the paid up capital of the company is Rs.649.01 lakhs and the losses has totally eroded the net worth of the company.
- c. The company has been incurring continues losses for the past many years.
- d. The total liabilities of the company as at the close of 31st March 2022 is Rs. 2,72,473.57 lakhs (Previous year Rs. 2,72,851.89/-lakhs) against which the Fixed and current assets book values are only Rs. 4,245.30 lakhs (Previous year Rs.4,518.98 lakhs).
- e. The contingent liabilities disclosed in the financial statements are Rs. 8000.00 lakhs (Previous year Rs. 622.41/- lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.
- f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.
2. Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.



3. The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
4. One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.
5. Pursuant to distress warrant dated 08-04-2022 issued by Bruhat Bengaluru Mahanagara Palike for recovery of Rs. 773.83 lakhs of property tax along with penalty for the period from 01-10-1995 to Financial Year 2022-23, a total provision of Rs. 773.83 lakhs has not been made. However, the company has made a provision of Rs. 123.41 lakhs for dues towards the principal amount. Impact on the Financial Statements due to proposed penalty is not ascertainable.
6. We are unable to comment on the compliance of section 186 and 188 of Companies Act, 2013 in respect of advances given and transactions with related party entered during the year as necessary documents for compliance of the said section is not provided for our verification.
7. As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted / written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakhs during the year 2021-22.

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

Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs.2,69,378.75 lakhs and overstated the negative balance of Other Equity (Note 2.10) by Rs. 2,69,378.75 lakhs. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.

#### Indian Accounting Standards

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

#### **Material Uncertainty Related to Going Concern:**

Attention of the members is invited to Note 51 of the Consolidated Ind AS financial statements regarding the reasons for preparing these Consolidated Ind AS financial statements of the Group on going concern basis, notwithstanding the fact that the networth of the Group is eroded. The appropriateness of the said basis is inter-alia dependent on the Group's ability to realise from sale of "non-current assets held for sale", support from Government of India and other business continuity plans. We have relied on the representation of the management of the holding company and our opinion is not modified in respect of this matter.

#### **Key Audit Matters:**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and

we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS financial statements section of our

report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>I. HMT Ltd.</b>	
<b>Revenue Recognition from operating leases</b>	
<p>Revenue Recognition from operating Leases as per Ind AS 116 Leases</p> <p>Reference to Sl.No 2 (ii) (c) and Sl.No 2 (iii) (i) (a) of notes forming part of the financial statements</p> <p>The Division's total income includes a major portion of income from operating leases</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> <li>❖ We have verified the Lease agreements on sample basis.</li> <li>❖ We have verified the journal entries posted with the invoices and assessed their appropriateness.</li> <li>❖ We have verified the income from operating leases recognized by the Division in accordance with Ind AS 116 Leases.</li> <li>❖ We conclude that there are no material non compliances in the recognition of income from operating leases.</li> </ul>
<b>Winding up of HMT Bearings Ltd</b>	
<p>Pursuant to winding up order passed by Honourable National Company Law Tribunal vide its order dated 20th April, 2022</p> <p>Upon winding up of the subsidiary company, the outstanding Assets and Liabilities have been taken over by the holding company</p> <p>Reference to Note No. 48 of notes forming part of Standalone Financial Statements.</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> <li>❖ We have verified the minutes of the board meeting of HMT Limited dated 10th November, 2021.</li> <li>❖ We have verified the order of Honorable National Company Law Tribunal dated 20<sup>th</sup> April, 2022 and its impact on Standalone Financial Statements.</li> <li>❖ We have verified the entries passed in the books of account of the company to give effect to takeover of Assets &amp; Liabilities as per National Company Law Tribunal order.</li> <li>❖ We have verified the Audit Report and Financial statements dated 03<sup>rd</sup> March, 2022 submitted by the Insolvency Professional.</li> <li>❖ We conclude that there are no material non compliances in taking over of Assets and Liabilities of HMT Bearings Ltd.</li> </ul>

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<b>II. HMT Watches Ltd.</b>	
<b>1) Going concern assumption:-</b>	
Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company. On the going concern assumption and financing requirements, please refer the going concern on Sl. No. III of this Audit Report.
<b>2) Evaluation of uncertain tax matters:</b>	
The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes.  Refer Notes 2.23 and 2.24 to the Financial Statements of the HMT Watches Limited.	We have obtained details of tax assessments and demands for the year ended March 31, 2022 from management. The company has not made any provisions for the disputed demands and in view of lack of information and uncertainties in estimating the tax provision and the possible outcome of the disputes, we are unable to concur with the management's position on these uncertainties.
<b>3) Examination of employee benefit expenses:</b>	
Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibagh and has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947.	We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement.
<b>III. HMT Machine Tools Ltd.</b>	
<b>Going Concern</b>	We draw your attention towards the losses incurred by all the divisions of the Company except for the Kalamassery Unit which is resulting in erosion of the net worth of the Company i.e, the continuous increase of accumulated losses over the capital infusion reported every year. We observed that, the company has sent various proposals to Ministry for Working Capital infusion and for payment of overdue Statutory dues, which are pending with Government of India. Further as all units are functioning with orders in hand, the Standalone Financial Statements are prepared on the "Going concern" basis

## Emphasis of Matter Paragraph

### I. Impact of COVID-19 on Consolidated Ind AS financial statements:

1. We draw your attention to Note No.56 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2022 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Group is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on the Consolidated Ind AS Financial Statements as at 31.03.2022.

### II. HMT Limited:

2. HMT Limited has invested ₹15 lakh (50% of equity shares) comprising 1,50,000 equity shares of ₹10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bengaluru (M/s.Sudmo - HMT). M/s.Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/ July 2021) for closure of the defunct joint venture company (M/s.Sudmo-HMT) and submitted the closure proposal to Administrative Ministry (July 2021) for approval.
3. HMT Limited has invested ₹20.84 lakh (39% of equity shares) comprising 20,84,050 equity shares of ₹1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavanagar (M/s.GSMTC). The Board of HMT Ltd gave (March 2021) in principle approved for liquidation of M/s.GSMTC and issued the consent letter to Gujarat Industrial Investment Corporation Limited (GIIC), GIIC approved (September 2021) liquidation of M/s.GSMTC and submitted (October 2021) the proposal to Industries & Mines Department. HMT Ltd submitted (April 2022) the liquidation proposal to Administrative Ministry.

4. HMT Limited has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Machine Tools Limited, Nigeria (M/s.NMTL). The Board of HMT Ltd gave (February 2020) approval for divestment of stake in M/s.NMTL and sought approval from Administrative Ministry.

Our opinion on the above matters is not modified.

### II. HMT Machine Tools Ltd:

#### MBX, Bangalore Unit:

5. As informed to us, the Unit owns total land of 330.28 acres in Bangalore Complex, which were partly gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In addition, there exists vast area of open spaces. As, the title deeds of the land, physical verification, survey and demarcation of land is not provided, we are unable to comment on the ownership, accuracy of the area of land usage and encroachment if any.
6. As informed to us, a portion of the land used for Roads measuring approx 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the Direction of the Court land compensation of Rs.18.93 Crores has been fixed, valuing the land @1.65 times the guidance value of land of Rs. 2.70 Crores per acre fixed by the Government of Karnataka. As at 31 March 2022, BBMP has paid adhoc compensation deposit of Rs. 18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-14B. Since the land is not transferred to BBMP following legal procedure the said land measuring 4.25 acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

**MTK, Kalamassery Unit:**

7. Land shown Property Plant and Equipment and Investment Property comprises of 349 Acres as per the statement furnished by the Unit.

As per the copies of records furnished to us, summarized hereunder, 781 Acres 26 Cents 266 sq links property was assigned to HMT Limited

by Govt. of Kerala in 1973. Out of this 432 Acres 19 Cents and 126 sq links were surrendered/ gifted/given for various purposes as shown in the summary. Balance land in hand is 349 Acres 40 Cents and 140 sq links. All this land is in the name of HMT Limited and not in the name of HMT Machine Tools Limited.

Summary of Details of Land in the books of HMT Machine Tools Ltd

## 1) Land assigned by Government of Kerala to HMT Ltd

Sl.No.	Particulars	Acres	Cents	Sq.Links	Hectares
1	Patta No. 9310/30.10.1973	3	2	683	1.2249
2	Patta No. 10015/30.10.1973	731	19	183	295.8015
3	Patta No. 12398/30.10.1973	47	37	400	19.1718
Total A		781	59	266	316.1982

## 2) Less : Land Surrendered/Allotted/Given /Gifted

Sl No.	Particulars	Acres	Hectares
1	Land surrendered to Kerala Govt vide GO(MS)No:207/2000/ Dtd. 4.7.2000	300	121.95
2	Land allotted to HMT Ltd (Holding Co) vide GO(MS)No: 207/2000 Dtd.4.7.2000	100	40.485
3	Land allotted to KSEB vide Chairman Sanction No: M 15/74 Dated 31.5.74	1.58	0.64
4	Land surrendered to :-		
	a) Land given to KSEB for construction of watchman's cabin for the substation vide Chairman's Sanction A/166/71,Dtd: 25.08.1971	0.28	0.1133
	b) Land given to NAD which was wrongly included in Patta No.12398 , Dtd:30.10.73.Later deleted by revenue authorities (see correction in Patta)	2.28	0.9225
	c) Land surrendered to Kerala Govt for Ancillary Industrial Estate vide Form B Rule 7 Declaration dated 14.12.1990 and Chairman Sanction No: M 15/74 Dated 31.5.74	6.895	2.7902
	d) Land given for Periyar Valley Canal (No sanction seen)	0.13	0.0526
	e) Land gifted to Postal authorities vide gift deed dated 2.9.1981 (Draft copy only seen)	0.25	0.1012
	f) Land surrendered to Kerala Govt for Irumpanam- Kalamassery Road Third Reach vide Form B Rule7declaration dated 18.4.1994	20.77726	8.408272
Total B		432.19126	175.4631
Balance Land In hand : A-B		349.4014	140.7351

As per the Land Revenue Receipt no. KL07021805239/2022 dated 29.03.2022, the extent of land is 162 Hectares 27 Ares 23 sq meter equivalent to 401 Acres 10 Cents and 65 sq links. Land tax of Rs.1,78,568/- is remitted for the said extent. Moreover the land tax receipt is issued in the name of HMT Limited and is absorbed as an expense in HMT Machine Tools Limited. Latest Possession Certificate is also not made available for our verification.

As per the Memorandum Of Association of HMT Machine Tools Limited, under Clause III A) The Main Objects to be pursued by the company on its incorporation, in Paragraph 1, it is said as follows:

“To acquire all the assets, properties and liabilities of, and takeover as a going concern, the business of HMT Limited, now carried on under its Machine Tools and Industrial Machinery Business Groups including all the manufacturing and assembly units, marketing offices/showrooms situated at different locations and to enter into and to carry into effect such modifications or alterations (if any) as may be agreed upon (whether before or after execution) based on any agreement/s, deeds with the said HMT Limited as may be necessary or as may be deemed necessary, advisable or proper and to pay for the same either in cash or loans or by the allotment of shares or debentures or partly in shares and partly otherwise as specified to HMT Limited, Bangalore.”

No Agreements/deeds or other evidences of takeover, showing the details of assets and liabilities taken over were produced for our verification.

In the light of the above discussion we are unable to comment on whether the Company has absolute title to the land included in the books of account.

8. The Unit filed Civil Revision Petition against the proceedings of the Taluk Land Board on the legality of the ceiling proceedings initiated under the Kerala Land Reforms Act, 1963 before the

Honorable High Court of Kerala at Ernakulam. The Honorable High Court vide Order No CRP No. 1026 of 2002 dated 03.12.2014 set aside the order of the Taluk Land Board directing HMT to surrender 251 Acres and 40 cents of land held in excess of the ceiling area.

However, the Unit filed Special Leave Petition Numbered as 386/2016 before the Honorable Supreme Court of India against order of the Honorable High Court of Kerala CRP No. 1026/2002 dated 03.12.2014 challenging the observation of the Honorable High Court of Kerala stating that “the lands so held by a person under grant from the Government otherwise than by way of lease of license is declared to be a Government land under section 2(1)(d) and (e) of the Assignment Act. The lands in question were very much a Government land till it was assigned in favour of HMT by Patta No.10015 dated 30.10.1973 Patta No.12398 dated 30.10.1973. It is the situation obtaining as on 01.01.1964 that should be taken for the purpose of granting exemption under the Act as per the law laid down in this regard. The lands in question were obviously Government lands as on 01.04.1964 to which the provisions of Section 81 falling under Chapter III of the Act do not apply. No exemptions of the nature granted have any validity in the eye of law when Chapter III of the Act does not apply and the notifications relied on are non estin law”.

The Honorable Supreme Court of India vide Order no. SLP 386/2016 dated 15.01.2016 ordered to maintain status quo existing as on date until further orders. It is further noticed that the Appeal No.386/2016 filed before the Honorable Supreme Court of India is pending.

#### **Praga Tools (PTH), Hyderabad:**

9. The Division has not provided us the title deeds in respect of: 1) freehold land measuring 3000 square yards located at Kavadiyuda,

Secunderabad, and 2) freehold flat located bearing address, Flat no. 2, Ganeshdeep Co-Op Housing Society, Building 124/2, Erdwara, Pune, Maharashtra. Hence, we are not in a position to state that the Division has clear marketable title for the said properties.

Our opinion on the above matters is not modified.

**Other Information [“Information Other than the Financial Statements and Auditor’s Report Thereon”]**

The Holding Company’s management and Board of Directors are responsible for the Other information. The other information comprises the information included in the Holding Company’s Annual Report, but does not include the financial statements and our Auditor’s report thereon. The Other information is expected to be made available to us after the date of Auditor’s Report.

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

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the Other information identified above when it becomes available and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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. However, as the Board’s Report is not made available to us, we have nothing to report.

**Management’s Responsibility for Consolidated Ind AS Financial Statements:**

The Holding Company’s management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS

financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

**Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements:**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS 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 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 holding company has adequate internal financial controls system in

place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 Consolidated Ind AS 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 35 entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors,



such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 Consolidated Ind AS 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.

#### **Other Matters:**

##### **I. Group as a whole:**

1. We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of Rs 48,702.63 lakhs as at March 31, 2022 and total revenues of Rs 17,719.32 lakhs (including amount included in discontinued operations) for the year ended on that date as considered in the Consolidated Ind AS financial statements.
2. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.
2. The dissolution order of the subsidiary company HMT Chinar Watches Ltd. has been passed by National Company Law Tribunal, Chandigarh Bench dated 10th March 2022. The financial statements (Unaudited) as on 31st March 2022 were prepared by the management and the same has been considered for Consolidation.
3. The dissolution order of the subsidiary company HMT Bearings Ltd. has been passed by National Company Law Tribunal, Hyderabad Bench-I dated 20th April 2022. . The financial statements (Unaudited) as on 31st March 2022 were prepared by the management and the same has been considered for Consolidation.
4. The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2022, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

5. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs.0.31/- lakhs has been considered for preparation of these Consolidated Ind AS financial statements.

## II. HMT Ltd- Standalone financial statements

6. We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 2,986.69 lakhs as at March 31, 2022 and total revenues of Rs. 728.25 lakhs for the year ended on that date. The financial statements/information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.
7. The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31st, 2022.

## III. HMT- Machine Tools Limited

8. As reported by the Statutory Auditor the financial statements of the six units of the company namely MBX, Bangalore, MTP-Pinjore, MTK-Kalamassery, MTH-Hyderabad, MTA-Ajmer, PTH-Hyderabad; which reflect total assets of Rs. 36,296.59 Lakhs as at 31st March, 2022, total revenues of Rs. 13,332.53 Lakhs for the year ended 31st March, 2022, as considered in the Standalone Financial Statements of the Company and MTD, Director has not been

audited. These financial statements have been audited by other auditors appointed by CAG whose reports have been furnished to us by the Management and our opinion on the standalone, in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid units, is based solely on the reports of the other auditors.

## IV. HMT Watches Limited

9. Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.
10. The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

## Report on Other Legal & Regulatory Requirements:

1. As required by the section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements.

- b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept so far as it appears from our examination of those books.
- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with books of account.
- d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. the holding company and its subsidiaries which are Government companies, in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. In case of SUDMO, a Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2022, none of the directors is disqualified as on 31 March 2022 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 Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise. Further in the case of SUDMO, a Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.
- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Consolidated Ind AS financial statements disclose the pending litigations which would impact the financial position in note 36 of the Consolidated Ind AS financial statements.
- ii) The Group did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures.
- iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 57 of Other Information of the Consolidated Ind AS financial statements, no funds have been advanced or given loan or invested (either from borrowed funds or share premium

or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary companies have not reported on the above said matter. Hence we are unable to comment on the same.

Sl.No.	Name of the Company	Relationship
1	HMT International Ltd.	Subsidiary Company
2	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture

(2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 58 of the Consolidated Ind AS financial statements. Other Information of the Notes to financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like

on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary companies have not reported on the above said matter. Hence we are unable to comment on the same.

Sl. No.	Name of the Company	Relationship
1	HMT International Ltd.	Subsidiary Company
2	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.

v) The Holding company and its Subsidiary companies have not declared or paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of the respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided by the management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in CARO reports of the said respective companies included in the consolidated financial statements except following:

Sl. No	Name	CIN	Nature of Relationship	Clause number of CARO report
1	H.M.T. Limited	L29230KA1953GOI000748	Holding Company	Clause (i) (b) Clause (i)(c) (i) Clause (ii) (a) Clause (iii) (c) Clause iii (d) Clause vii (a) Clause vii (b) Clause ix (a) Clause xiv (a) Clause xiv(b)
2	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary Company	Clause i (b)  Clause vii (a) Clause vii (b) Clause ix (a) Clause (xvii)
3.	HMT Watches Limited	U33301KA1999GOI025573	Subsidiary	Clause i (a) Clause i (b) Clause i (c) Clause iv Clause vii (a) Clause vii (b) Clause (viii)* Clause (x)* Clause (xi)* Clause xiii Clause xiv

\* Note: Reporting of these clauses by the Statutory Auditor of the Subsidiary Company is not as required in para 3 of Companies (Auditor's Report) Order, 2020.

**For S S B & Associates**

*Chartered Accountants*

F.R.N : 010372S

**K. Balaji**

*Partner*

M.No : 207783

UDIN : 22207783AQQQJL1084

Place : Bangalore

Date : 01-09-2022

**ANNEXURE-A REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”):**

In conjunction with our audit of the Consolidated Ind AS financial statements of HMT Limited (“the Holding Company”) as of 31st March 2022, we have audited the internal financial controls with reference to the Consolidated Ind AS financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date. However in case of Sudmo HMT Process Engineering (India) Ltd. which is a joint venture company, as reported by its Auditor, the reporting on Internal Financial controls over financial reporting is not applicable for the year under review.

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

The respective Board of Directors of the Holding company, its subsidiary companies and its Joint Venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Holding 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 (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (“the Act”).

**Auditors’ Responsibility:**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind AS financial statements include 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 Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

**Meaning of Internal Financial Controls with reference to Consolidated Ind AS financial statements:**

A company's internal financial controls with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS financial statements 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 Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements, 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 with reference to Consolidated Ind AS financial statements to future periods are subject to the risk that internal financial controls with reference to Consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION:**

**I. Qualified Opinion of HMT Ltd.:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on internal financial 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 except:

**Company as a Whole:**

1. The company did not have adequate appropriate internal controls for reconciling inventories and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.

**In respect of Food Processing Machinery Unit, Aurangabad**

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.

It has been explained that Company is in the process of integrating the finance accounting module and currently it is in the final stage.

As explained to us stock is valued by adopting Weighted Average Cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

3. As per Information and explanations given to us, verification of fixed assets was done in March, 2022. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

## **II. Qualified Opinion (issued by Statutory Auditors of HMT Machine Tools Ltd.)**

In our opinion, to the best of our information and according to the explanations given to us, one division HMT- Hyderabad the following material weaknesses is identified in the company relating to inadequate internal financial controls over financial reporting as at 31st March 2022 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

### **1. In respect of HMT, Hyderabad Unit:**

- i) Books of accounts are not being maintained in all completeness on day to day basis as evidenced from accounting entries being

posted upon conclusion of the transactions to an intermediary/suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.

- ii) Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updation of financial books.

### **2. In respect of the Company**

Non reconciliation and non confirmation of Trade receivables, trade payables balances, deposits and old balances and advances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Institute's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has in all material aspects maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2022, 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31st March 2022, and the material



weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

### III. Opinion (issued by Statutory Auditors of HMT Watches Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

### IV. Opinion (issued by Statutory Auditors of HMT(International) Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, 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.

### Other Matters:

The opinion reported under section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

**For S S B & Associates**  
*Chartered Accountants*  
F.R.N : 010372S

**K. Balaji**  
*Partner*  
M.No : 207783  
UDIN: 22207783AQQQJL1084

Place : Bangalore  
Date : 01-09-2022

## Consolidated Significant Accounting Policies for the year ended March 31, 2022

### 1. Background:

HMT Limited ("the Company") is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company's shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Tractors, Food Processing Machineries etc.

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Basis of Consolidation:

The consolidated financial statements of HMT Limited ("Parent Company"), subsidiary companies, associates and joint venture (collectively referred as "the Group") used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2022. The financial statement of the associate company

has not received by the parent company and the networth of the said associate is completely eroded. Accordingly, losses have been consolidated to the extent of the value of the investments.

#### iii) Principles of consolidation and equity accounting:

- a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- c) Eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary
- d) Non Controlling Interest's share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.
- f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of

its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

#### iv) **Summary of Significant Accounting Policies:**

##### a) **Use of estimates:**

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

##### b) **Property, Plant & Equipment**

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

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

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

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

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

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

The carrying amount of an item of PPE is derecognised:

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

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

##### *Special Tools:*

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

##### c) **Leases**

###### **The Company as a lessor**

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

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

### *Operating Leases as a Lessor*

- a) Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.
- b) Operating lease payments in case of intermediate lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the term of the relevant lease.

### **The Company as a lessee**

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

- a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
- b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.
- c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases,

the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

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

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

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

### **d) Borrowing Cost:**

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

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

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

**e) Investment Property:**

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

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

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

**f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated/ purchased for internal use which is not

an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

**iv) Research and Development Expenditure:***Research Phase:*

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

*Development Phase:*

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

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

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

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

Provision for slow moving inventories are made considering the redundancy. However, provision for non moving inventories are made when the same are unmoved for more than five years and they are not useful for any other alternative purpose for general or specific orders.

**k) Revenue Recognition:**

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

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

*i) Sale of goods:*

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

*ii) Rendering of services:*

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

*iii) Rental Income:*

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

*iv) Dividend Income:*

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

*v) Interest Income:*

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

*vi) Warranty:*

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

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

*vii) Extended Warranties:*

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

**l) Foreign Currency Translation:**

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

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

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

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

**m) Retirement & Other Employee Benefits:**

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

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

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

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

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

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

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

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

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

Expenses incurred in respect of bonds issued for raising funds to meet payments made

under the VRS are fully written off in the year of disbursement.

**n) Income taxes:**

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

*i) Current taxes:*

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

*ii) Deferred Taxes:*

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

**o) Provisions:**

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



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

**p) Impairment:**

*i) Financial assets:*

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

*ii) Non-financial assets:*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are

largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

**q) Financial Instruments:**

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

*i) Cash & cash equivalents:*

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

unrestricted for withdrawal and usage.

*ii) Financial assets at amortised cost:*

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

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

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

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

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

*v) Financial Liabilities:*

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

the short maturity of these instruments.

*vi) De-recognition of financial instruments:*

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

*vii) Fair value of financial instruments:*

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

Fair value hierarchy:

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers

have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**v) Significant accounting judgements, estimations and assumptions:**

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

**i) Judgements:**

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

*a) Operating lease- Company as lessor:*

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

*b) Discontinued Operations:*

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. According the Assets have been classified based on the definitions under IND

AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

*c) Property, plant & equipment:*

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

**ii) Estimates and assumptions:**

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

*a) Deferred Taxes*

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

*b) Defined Benefit Obligations:*

The cost of the defined benefit gratuity plan, provident fund and Settlement Allowance and

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

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

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

*c) Other Long-Term Employee Benefits:*

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

*d) Fair value measurement of financial instruments:*

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

**vi) The consolidation of financial statement(CFS) present the consolidated accounts of HMT Limited with its following subsidiaries and associates:**

Name of the Company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous Year
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT Bearings Limited	Subsidiary	India	99.36%	99.36%
HMT Chinar Watches Limited- under voluntary winding up w.e.f March 25, 2019	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corporation Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Limited	Joint Venture	India	50%	50%

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022**

(Rs. in lakhs)

	Notes	As at 31-Mar-22	As at 31-Mar-21
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3A	<b>4,140.31</b>	4,595.29
Capital work in progress	3A	<b>683.45</b>	578.11
Investment Property	3B	<b>208.44</b>	231.10
Intangible assets	3C	<b>984.29</b>	1,124.90
Financial Assets			
Investments	4	<b>19.56</b>	19.86
Other Financial Assets	9	<b>6,578.78</b>	1,943.14
Other Non Current Assets	11	<b>372.66</b>	388.63
		<b>12,987.49</b>	<b>8,881.03</b>
<b>Current assets</b>			
Inventories	5	<b>14,306.16</b>	17,210.68
Financial Assets			
Trade Receivables	6	<b>15,545.59</b>	16,852.40
Cash and Cash Equivalents	7	<b>1,669.57</b>	3,004.90
Bank balances other than Cash and Cash Equivalents	8	<b>11,899.09</b>	15,970.23
Other Financial Assets	9	<b>519.28</b>	628.41
Current Tax Assets (net)	10	<b>951.59</b>	504.95
Other Current Assets	11	<b>5,939.66</b>	4,941.07
		<b>50,830.94</b>	<b>59,112.64</b>
Non Current Assets Held for Sale	3D	<b>296.15</b>	296.16
<b>TOTAL ASSETS</b>		<b>64,114.58</b>	<b>68,289.83</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	12	<b>35,560.16</b>	35,560.16
Other equity	13	<b>(453,575.98)</b>	(506,934.59)
<b>Equity attributable to equity holders of the parent</b>		<b>(418,015.82)</b>	<b>(471,374.43)</b>
Non-controlling interests		-	(26.49)
<b>Total equity</b>		<b>(418,015.82)</b>	<b>(471,400.92)</b>

**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022**

(Rs. in lakhs)

	Notes	As at 31-Mar-22	As at 31-Mar-21
<b>Non-current Liabilities</b>			
Financial liabilities			
Borrowings	14	-	1,791.53
Non Current Financial Liability	15	<b>11.13</b>	844.01
Other non current liabilities	20	<b>136.47</b>	174.80
Provisions			
Provision for Employee Benefits	16	<b>3,519.45</b>	4,094.29
Deferred tax liability (net)	17	<b>18.33</b>	46.27
		<b>3,685.38</b>	<b>6,950.90</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	15	<b>371,641.83</b>	369,355.88
Trade payables	18		
Total outstanding dues to Micro, Small & Medium Enterprises		<b>1,147.56</b>	1,516.47
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises		<b>7,602.63</b>	8,748.24
Other financial Liabilities	19	<b>44,414.85</b>	103,921.35
Other Current Liabilities	20	<b>48,917.73</b>	44,060.11
Provisions			
Provision for Employee Benefits	16	<b>4,229.62</b>	4,936.00
Others	21	<b>490.80</b>	201.80
		<b>478,445.02</b>	<b>532,739.85</b>
<b>Total liabilities</b>		<b>482,130.40</b>	<b>539,690.75</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>64,114.58</b>	<b>68,289.83</b>

**Significant Accounting Policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For S S B & Associates**

 Chartered Accountants  
 F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
 DIN 09262984

**Shashank Priya**

 Director  
 DIN 08538400

**K. Balaji**

 Partner  
 M.No : 207783  
 UDIN : 22207783ALLECL3882

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2022**

(Rs. in lakhs)

	Notes	Year ended 31-Mar-22	Year ended 31-Mar-21
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	22	<b>17,573.85</b>	20,352.03
Other income	23	<b>4,672.61</b>	5,594.08
<b>Total Income</b>		<b>22,246.46</b>	<b>25,946.11</b>
<b>EXPENSES</b>			
Cost of Materials consumed	24	<b>6,942.67</b>	8,812.30
Purchase of Stock In Trade	25	<b>728.76</b>	1,097.26
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	26	<b>2,551.31</b>	1,671.05
Employee benefits expense	27	<b>9,485.71</b>	9,797.40
Depreciation and amortization expense	28	<b>984.10</b>	971.03
Finance costs	29	<b>7,445.42</b>	8,393.34
Other expenses	30	<b>8,875.56</b>	6,108.67
Less: Jobs Done for Internal Use	31	<b>(263.35)</b>	(108.85)
<b>Total expense</b>		<b>36,750.18</b>	<b>36,742.20</b>
<b>Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations</b>		<b>(14,503.72)</b>	<b>(10,796.09)</b>
Share of profit/(loss) of an associate and a joint venture	33	<b>(0.31)</b>	(0.03)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>(14,504.03)</b>	<b>(10,796.12)</b>
Exceptional items	32	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>(14,504.03)</b>	<b>(10,796.12)</b>
(1) Current tax		<b>6.80</b>	443.60
(2) Deferred tax		<b>(4.48)</b>	0.42
(3) Adjustment of tax relating to earlier periods		<b>3.58</b>	(12.10)
	34	<b>5.90</b>	431.92
<b>Profit for the year from continuing operations</b>		<b>(14,509.93)</b>	<b>(11,228.04)</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit/(loss) before tax for the year from discontinued operations</b>	35	<b>67,780.42</b>	259.21
<b>Tax Income/ (expense) of discontinued operations</b>		-	(6.25)
<b>Profit/(loss) from discontinued operations</b>		<b>67,780.42</b>	<b>252.96</b>
<b>Profit/(loss) for the year</b>		<b>53,270.49</b>	<b>(10,975.08)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
<b>Re-measurement gains (losses) on defined benefit plans</b>		<b>115.21</b>	(25.90)
Income tax effect - Credit/(debit)		<b>23.46</b>	(2.06)

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2022**

(Rs. in lakhs)

	Notes	Year ended 31-Mar-22	Year ended 31-Mar-21
Revaluation of land and buildings		-	-
Net (loss)/gain on FVTOCI equity Securities		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>138.67</b>	<b>(27.96)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>53,409.16</b>	<b>(11,003.04)</b>
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders		<b>53,219.94</b>	(10,975.03)
Non-controlling interests		<b>50.55</b>	(0.05)
<b>Other Comprehensive Income</b>			
<b>Attributable to:</b>			
Equity holders		<b>138.67</b>	(27.96)
Non-controlling interests		-	-
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders		<b>53,358.61</b>	(11,002.99)
Non-controlling interests		<b>50.55</b>	(0.05)
Earnings per share for continuing operations	46		
i) Basic, profit from continuing operations attributable to equity holders		<b>(4.08)</b>	(3.16)
ii) Diluted, profit from continuing operations attributable to equity		<b>(4.08)</b>	(3.16)
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders		<b>19.05</b>	0.07
ii) Diluted, profit from discontinued operations attributable to equity holders		<b>19.05</b>	0.07
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders		<b>14.97</b>	(3.09)
ii) Diluted, profit for the year attributable to equity holders		<b>14.97</b>	(3.09)

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For S S B & Associates**

 Chartered Accountants  
F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
DIN 09262984

**Shashank Priya**

 Director  
DIN 08538400

**K. Balaji**

Partner

M.No : 207783

UDIN : 22207783ALLECL3882

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 MARCH 2022**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	<b>(14,504.03)</b>	(10,796.12)
Profit/(loss) before tax from discontinued operations	<b>67,780.42</b>	259.21
<b>Profit before tax</b>	<b>53,276.39</b>	<b>(10,536.91)</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and impairment of property, plant and equipment	<b>820.83</b>	806.80
Depreciation of investment properties	<b>22.66</b>	23.62
Amortisation of intangible assets	<b>140.61</b>	140.61
Gain on disposal of property, plant and equipment	<b>(44.68)</b>	(78.26)
Loss on investments	<b>2,220.41</b>	-
Profit on investments	<b>(2,234.66)</b>	-
GOI liabilities waived off	<b>(65,714.61)</b>	-
Finance income (including fair value change in financial instruments)	<b>(1,705.53)</b>	(2,714.08)
Finance costs (including fair value change in financial instruments)	<b>7,445.42</b>	8,393.53
Share of (profit)/ loss of an associate and a joint venture	<b>0.31</b>	0.03
<i>Working capital adjustments:</i>		
Movements in provisions	<b>(64.27)</b>	(1,755.51)
Increase in trade and other receivables and prepayments	<b>(4,800.94)</b>	(4,734.84)
Decrease in inventories	<b>2,756.58</b>	2,215.39
Increase in trade and other payables	<b>3,294.96</b>	1,220.80
	<b>(4,586.52)</b>	<b>(7,018.82)</b>
Income tax (paid)/reversed	<b>(457.02)</b>	(112.06)
<b>Net cash flows from operating activities</b>	<b>(5,043.54)</b>	<b>(7,130.88)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	<b>45.32</b>	78.29
Purchase of property, plant and equipment	<b>(471.83)</b>	(206.87)
Deposits with Banks	<b>4,071.14</b>	<b>(3,345.74)</b>
Interest received	<b>806.47</b>	728.36
<b>Net cash flows used in investing activities</b>	<b>4,451.10</b>	<b>(2,745.96)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 MARCH 2022**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>Financing activities</b>		
Interest Paid	<b>(404.43)</b>	(473.92)
Proceeds from borrowings (net)	-	1,185.62
Repayment of borrowings(net)	<b>(338.46)</b>	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(742.89)</b>	<b>711.70</b>
Net increase in cash and cash equivalents	<b>(1,335.33)</b>	(9,165.14)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	<b>3,004.90</b>	<b>12,170.04</b>
<b>Cash and cash equivalents at year end</b>	<b>1,669.57</b>	<b>3,004.90</b>

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

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For S S B & Associates**

 Chartered Accountants  
F.R.N : 010372S

**A.K. Jain**

 Chairman and Managing Director  
DIN 09262984

**Shashank Priya**

 Director  
DIN 08538400

**K. Balaji**

 Partner  
M.No : 207783  
UDIN : 22207783ALLECL3882

**Kishor Kumar Shankar**

Company Secretary

**Kamna Mehta**

Chief Financial Officer

Place : Bangalore

Date : June 22, 2022

**STATEMENT OF CHANGES IN EQUITY**
**A. Equity Share Capital**
**As at 31st March 2022** (Rs. In lakhs)

	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
<b>Balance as at 1st April 2021</b>		<b>35,560.16</b>
<b>35,560.16</b>	-	<b>35,560.16</b>

**As at 31st March 2021** (Rs. In lakhs)

	Changes in Equity Share Capital during the year	Balance as at 31st March 2021
<b>Balance as at 1st April 2021</b>		<b>35,560.16</b>
<b>35,560.16</b>	-	<b>35,560.16</b>

(Rs. In lakhs)

	Reserves and Surplus				Remeasurement gains/(losses) in other comprehensive income				Total equity	
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company		Non-controlling interests
<b>Balance as of 1st April 2021</b>	2,270.82	(518,626.00)	16,600.97	1.37	-	-	(7,181.75)	(506,934.59)	(26.49)	<b>(506,961.08)</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2021</b>	2,270.82	(518,626.00)	16,600.97	1.37	-	-	(7,181.75)	(506,934.59)	(26.49)	<b>(506,961.08)</b>
Discontinued operations	-	<b>67,729.87</b>	-	-	-	-	-	<b>67,729.87</b>	<b>26.49</b>	<b>67,756.36</b>
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	<b>138.67</b>	-	<b>138.67</b>	-	<b>138.67</b>
Total Comprehensive Income for the year	-	<b>(14,509.93)</b>	-	-	-	-	-	<b>(14,509.93)</b>	-	<b>(14,509.93)</b>
<b>At 31 March 2022</b>	<b>2,270.82</b>	<b>(465,406.06)</b>	<b>16,600.97</b>	<b>1.37</b>	-	-	<b>(7,043.08)</b>	<b>(453,575.98)</b>	<b>(0.00)</b>	<b>(453,575.98)</b>

**STATEMENT OF CHANGES IN EQUITY**
**As at 31st March 2021**

(Rs. In lakhs)

	Reserves and Surplus			Remeasurement gains/(losses) in other comprehensive income						
	Capital reserve	Retained earnings	General Reserve	FV-TOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
<b>Balance as of 1st April 2020</b>	2,270.82	(507,650.97)	16,600.97	1.37	-	-	(7,153.79)	(495,931.60)	(26.44)	(495,958.04)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2021</b>	2,270.82	(507,650.97)	16,600.97	1.37	-	-	(7,153.79)	(495,931.60)	(26.44)	(495,958.04)
Discontinued operations	-	253.01	-	-	-	-	-	253.01	(0.05)	252.96
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(27.96)	(27.96)	-	(27.96)
Total Comprehensive Income for the year	-	(11,228.04)	-	-	-	-	-	(11,228.04)	-	(11,228.04)
<b>At 31 March 2021</b>	2,270.82	(518,626.00)	16,600.97	1.37	-	-	(7,181.75)	(506,934.59)	(26.49)	(506,961.08)

**Significant Accounting Policies and Notes forming part of Accounts**

As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited

**For S B & Associates**  
 Chartered Accountants  
 F.R.N : 010372S

**A.K. Jain**  
 Chairman and Managing Director  
 DIN 09262984

**Shashank Priya**  
 Director  
 DIN 08538400

**K. Balaji**  
 Partner  
 M.No : 207783  
 UDIN: 22207783ALLECL3882

**Kishor Kumar Shanka**  
 Company Secretary

**Kamna Mehta**  
 Chief Financial Officer

 Place : Bengaluru  
 Date : 22.06.2022

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Agewise details as at the end of current Financial year

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
CNC Horizontal Machining Centre			170.00		170.00
CNC Cylindrical Grinding Machine			117.16		117.16
Construction of New Hanger		11.59			11.59
Projects temporarily suspended					-
Projects in progress	110.00		65.00	209.70	384.70
	<b>110.00</b>	<b>11.59</b>	<b>352.16</b>	<b>209.70</b>	<b>683.45</b>

Agewise details as at the end of previous Financial year

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC Horizontal Machining Centre		170.00			170.00
CNC Cylindrical Grinding Machine		117.16			117.16
Construction of New Hanger	11.59				11.59
Effluent Treatment Plant		4.66			4.66
Projects temporarily suspended					-
Projects in progress		65.00	209.70		274.70
	<b>11.59</b>	<b>356.82</b>	<b>209.70</b>	<b>-</b>	<b>578.11</b>

Details of CWIP completion schedule as at the end of current financial year:

For Capital Work in Progress, where completion is overdue or has exceeded its cost compared to its original plan

CWIP	To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
Plant and Machinery	110.00			
HMT CNC Horizontal Machining Centre-HMC 1000	170.00			
HMT CNC Lathe Stallion 200 UL	38.98			
Rexroth Make External Gear Pump	0.72			
	<b>319.70</b>	<b>-</b>	<b>-</b>	<b>-</b>

Details of CWIP completion schedule as at the end of previous financial year:

For Capital Work in Progress, where completion is overdue or has exceeded its cost compared to its original plan

CWIP	To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
HMT CNC Horizontal Machining Centre-HMC 1000	170.00			
HMT CNC Lathe Stallion 200 UL	38.98			
Rexroth Make External Gear Pump	0.72			
	<b>209.70</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**  
**3A. PROPERTY, PLANT AND EQUIPMENT**

(Rs. in lakhs)

Particulars	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land-Leasehold	Total
<b>Gross carrying value</b>								
<b>As at 1 April 2020</b>	<b>237.06</b>	<b>3,557.13</b>	<b>38,770.55</b>	<b>1,157.72</b>	<b>1,862.05</b>	<b>105.10</b>	<b>17.09</b>	<b>45,706.70</b>
Additions	-	46.30	121.99	5.55	109.96	-	-	<b>283.80</b>
Transferred to Investment Property	22.36	-	-	-	-	-	-	<b>22.36</b>
Disposals	-	-	(388.85)	(29.28)	-	(0.13)	-	<b>(418.26)</b>
<b>At 31 March 2021</b>	<b>259.42</b>	<b>3,603.43</b>	<b>38,503.69</b>	<b>1,133.99</b>	<b>1,972.01</b>	<b>104.97</b>	<b>17.09</b>	<b>45,594.60</b>
Additions	-	41.80	216.22	4.24	105.39	(1.16)	-	<b>366.49</b>
Transferred from Investment property	-	-	(72.61)	(0.11)	-	(0.28)	-	<b>-</b>
Disposals/Adjust	-	-	-	-	-	-	-	<b>(73.00)</b>
<b>At 31 March 2022</b>	<b>259.42</b>	<b>3,645.23</b>	<b>38,647.30</b>	<b>1,138.12</b>	<b>2,077.40</b>	<b>103.53</b>	<b>17.09</b>	<b>45,888.09</b>
<b>Accumulated Depreciation</b>								
<b>As at 1 April 2020</b>	-	<b>2,589.85</b>	<b>35,148.14</b>	<b>1,131.88</b>	<b>1,625.89</b>	<b>105.10</b>	<b>9.88</b>	<b>40,610.74</b>
Depreciation charge for the year	-	38.22	652.68	6.38	109.18	-	0.34	<b>806.80</b>
Disposals/Adjust	-	-	(388.82)	(29.28)	-	(0.13)	-	<b>(418.23)</b>
<b>At 31 March 2021</b>	-	<b>2,628.07</b>	<b>35,412.00</b>	<b>1,108.98</b>	<b>1,735.07</b>	<b>104.97</b>	<b>10.22</b>	<b>40,999.31</b>
Depreciation charge for the year	-	49.02	656.23	4.97	110.48	-	0.13	<b>820.83</b>
Disposals/Adjust	-	-	(72.49)	1.57	-	(1.44)	-	<b>(72.36)</b>
<b>At 31 March 2022</b>	-	<b>2,677.09</b>	<b>35,995.74</b>	<b>1,115.52</b>	<b>1,845.55</b>	<b>103.53</b>	<b>10.35</b>	<b>41,747.78</b>
<b>Net carrying value</b>								
<b>At 31 March 2022</b>	<b>259.42</b>	<b>968.14</b>	<b>2,651.56</b>	<b>22.60</b>	<b>231.85</b>	-	<b>6.74</b>	<b>4,140.31</b>
At 31 March 2021	259.42	975.36	3,091.69	25.01	236.94	-	6.87	<b>4,595.29</b>
<b>Net carrying value</b>	<b>31-03-22</b>	<b>31-03-21</b>						
Property, Plant and Equipment	<b>4,140.31</b>	4,595.29						
Capital work in progress-Opening	<b>578.11</b>	<b>655.04</b>						
Additions	114.66	11.59						
Disposals/Adjust	(9.32)	(88.52)						
Capital work in progress - Closing	<b>683.45</b>	<b>578.11</b>						

*Additional Information:*

Quantum of loss due to Impairment of Assets as per IND AS-36 - Nil

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**Land:**

- (i) The Company is in possession of land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 166.00 Acres and 198.88 Acres respectively, nominally valued at Rs. 1 each.
- (ii) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- (iii) Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.
- (iv) In the matter relating to 195 acres and 33 guntas land handed over to HMT-Machine Tools Ltd (HMT-MTL) by the Govt. of Andhra Pradesh. HMT-MTL has filed Writ Petition No. 20012 of 2003 on the file of Hon'ble High Court of A.P. against the Govt. of A.P. and others wherein HMT-MTL has sought directions for demarking 195.33 acres of land for handing over the same to HMT-MTL. As per the survey conducted during the year 2004-05 by the Officials of Survey and Settlement Department, Ranga Reddy Dist. in view of Supreme Court directives, it has come to the notice that approx. 39 acres of land is not in the actual possession of HMT-MTL, but HMT-MTL has paid for the entire 195.33 acres of land for the decree holders. Out of the above land, 6000 sq. mts. of land is allotted to APSEB for setting up 33KV Switching Station and 33/11 KV Electrical sub-station. The compensation payable by the APSEB has not yet been determined. GHMC issued a notice vide notice No. 41/86/RW/TPS/GHMC/SC/2007 dated 01.12.2007 to take over 238.86sq. Yds of land for road widening programme undertaken by them out of the 3000 sq. yds available at kavadiguda, Secunderabad without any compensation. HMT-MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.

**Others:**

1. Fixed assets have been transferred from the HMT Limited (Holding Company) to HMT Machine Tools Ltd, (Subsidiary) at gross value of Rs.202.10 Crores. Reserve for Depreciation of Rs.151.46 Cr. and net value of Rs.50.64 Cr., as on 1.4.2000 in line with para 10(j) and annexure 12 of the Scheme of arrangement approved by the Department of Company Affairs.
2. Fixed assets include immovable properties, vested under the scheme of arrangement approved by the Government of India. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Ltd. in Revenue records to that effect. Fresh Lease Deed in respect of Lease hold land are pending to be executed.
3. In respect of HMT-MTL, Plant & Machinery includes 7 items of PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**3B. INVESTMENT PROPERTY**

	Land & Land Development	Buildings	Total
<b>Gross carrying value</b>			
<b>Opening balance at 1 April 2020</b>	<b>40.60</b>	<b>1,471.14</b>	<b>1,511.74</b>
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	22.36	-	22.36
<b>Closing balance at 31 March 2021</b>	<b>18.24</b>	<b>1,471.14</b>	<b>1,489.38</b>
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	-	-	-
<b>Closing balance at 31 March 2022</b>	<b>18.24</b>	<b>1,471.14</b>	<b>1,489.38</b>
<b>Depreciation and impairment</b>			
<b>Opening balance at 1 April 2020</b>	-	<b>1,234.65</b>	1,234.65
Depreciation	-	23.62	23.62
Less: Deductions/adjustments	-	0.01	0.01
<b>Closing balance at 31 March 2021</b>	<b>-</b>	<b>1,258.28</b>	<b>1,258.28</b>
Depreciation	-	<b>22.66</b>	<b>22.66</b>
Less: Deductions/adjustments	-	-	-
<b>Closing balance at 31 March 2022</b>	<b>-</b>	<b>1,280.94</b>	<b>1,280.94</b>
<b>Net carrying value</b>			
<b>at 31 March 2022</b>	<b>18.24</b>	<b>190.20</b>	<b>208.44</b>
at 31 March 2021	18.24	212.86	231.10

*Additional Information:*

- i) The Company has classified certain land & building as investment property which is not a owner occupied property
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, the based on the guidance value, the fair value of the investment property as at March 31, 2022 is Rs.2,88,436.99 lakhs (previous year Rs.2,88,436.99 lakhs).
- iii) **Land:**
  - (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 209.83 acres and 689.17 acres respectively, nominally valued at Rs.1/- each.
  - (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

*Additional Information:*

<b>Information regarding income and expenditure of Investment property</b>	(Rs. in Lakhs)	
	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Rental income derived from investment properties	<b>293.68</b>	334.94
Direct operating expenses (including repairs and maintenance) generating rental income	<b>(308.74)</b>	(291.61)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	<b>(2.55)</b>	(2.15)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>(17.61)</b>	<b>41.18</b>
Less - Depreciation	<b>(22.66)</b>	(23.62)
<b>Profit arising from investment properties before indirect expenses</b>	<b>(40.27)</b>	<b>17.56</b>

**3C. INTANGIBLE ASSET**

(Rs. in Lakhs)

	<b>Intangible assets</b>	<b>Total</b>
<b>Gross carrying value</b>		
<b>Opening balance at 1 April 2020</b>	<b>1,494.48</b>	<b>1,494.48</b>
Additions	-	-
<b>Closing balance at 31 March 2021</b>	<b>1,494.48</b>	<b>1,494.48</b>
Additions	-	-
<b>Closing balance at 31 March 2022</b>	<b>1,494.48</b>	<b>1,494.48</b>
<b>Amortisation and impairment</b>		
<b>Opening balance at 1 April 2020</b>	<b>228.97</b>	<b>228.97</b>
Amortisation	140.61	140.61
<b>Closing balance at 31 March 2021</b>	<b>369.58</b>	<b>369.58</b>
Amortisation	<b>140.61</b>	<b>140.61</b>
<b>Closing balance at 31 March 2022</b>	<b>510.19</b>	<b>510.19</b>
Net carrying value		
<b>at 31 March 2022</b>	<b>984.29</b>	<b>984.29</b>
at 31 March 2021	1,124.90	1,124.90
<b>Net carrying value</b>	<b>31-3-2022</b>	<b>31-3-2021</b>
Intangible Assets	<b>984.29</b>	1,124.90

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**3D NON CURRENT ASSETS HELD FOR SALE**

(Rs. in lakhs)

Particulars	31-Mar-22	31-Mar-21
Land and Land Development	<b>24.13</b>	24.13
Buildings	<b>272.02</b>	272.02
Plant & Machinery	-	0.01
<b>Total</b>	<b>296.15</b>	<b>296.16</b>

*Additional Information:*
**HMT Ltd**

5.80 acres of land held by HMT Ltd, at Bangalore which is classified as Assets Held for Sale, and the clearance for sale is expected at any moment from Forest Department, Government of Karnataka.

**HMT Machine Tools Ltd**

Few items of Plant and Machinery for which the Company is committed to sell within the end of next Financial Year is classified as Non Current Assets Held for Sale.

**HMT Watches Ltd**

- (a) The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off to meet the closure liabilities. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal.
- (b) Fixed Assets have been transferred from the HMT Limited (Holding Company) to HMT Watches Ltd, (Subsidiary) at gross values. Reserve for Depreciation and net values as on 1.4.2000 in line with para 10(J) and annexure 13 of the Scheme of arrangement approved by the Department of Company Affairs.
- (c) Non Current Assets held for sale include immovable properties, vested under the scheme of arrangement approved by the Government of India. However, the mutation of Title Deeds is yet to be done in the name of HMT Watches Ltd. in Revenue records to that effect.
- (d) During 2003-04 based on the MOU entered into between HMT Limited and HMT Watches Ltd. certain lands were sold and the profit on sale of such lands amounting to Rs.1421 lakhs were accounted in HMT Limited books. Equivalent value of land is yet to be identified and transferred to the HMT Watches Ltd.
- (e) The Company is in possession of land at Ranibagh admeasuring 58.98 acres (purchase 33.65 acres, acquired 11.97 acres and gifted land 13.36 acres)
- (f) The Company is in possession of gift land located at Bangalore admeasureing 89.74 acres of which 7 acres of land has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the un-authorized occupants.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>Financial assets</b>		
<b>4. Investments</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Investment in Equity Instruments of Associates and Joint Venture</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (Previous year: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	<b>19.56</b>	19.86
<b>Investments in Associates</b>		
20,84,050 (Previous year: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Total Investment in Equity instruments in Associate and Joint Venture</b>	<b>19.56</b>	<b>19.86</b>
<b>Total Investments</b>	<b>19.56</b>	<b>19.86</b>
<b>Current</b>	-	-
<b>Non Current</b>	<b>19.56</b>	19.86
Aggregate amount of unquoted investments	<b>19.56</b>	19.86
Aggregate amount of impairment in value of investments	-	-
<b>5. Inventories</b>		
Raw Materials and Components	<b>2,521.42</b>	2,962.04
Material and Components in Transit	<b>56.56</b>	107.90
Work-in-Progress	<b>5,256.38</b>	5,091.97
Finished Goods	<b>5,952.33</b>	8,518.44
Stock in Trade	<b>465.43</b>	572.80
Stores and Spares	<b>1,438.54</b>	1,177.05
Tools and Instruments	<b>328.35</b>	303.16
Scrap	<b>174.13</b>	216.36
	<b>16,193.14</b>	18,949.72
Less: Provision for Non-moving Inventories	<b>1,886.98</b>	1,739.04
	<b>14,306.16</b>	<b>17,210.68</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	<b>15,545.59</b>	16,852.40
Doubtful	<b>17,392.45</b>	16,723.21
	<b>32,938.04</b>	<b>33,575.61</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	<b>17,392.45</b>	16,723.21
	<b>15,545.59</b>	<b>16,852.40</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**6A Trade Receivables Agewise details**
*As at the end of current financial year.*

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	8,248.97	1,044.21	2,318.15	1,827.18	2,107.08	15,545.59
Undisputed - Considered doubtful	10.25	21.70	151.55	91.38	5,082.10	5,356.98
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	12,035.47	12,035.47
	<b>8,259.22</b>	<b>1,065.91</b>	<b>2,469.70</b>	<b>1,918.56</b>	<b>19,224.65</b>	<b>32,938.04</b>

*As at the end of previous financial year.*

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	8,785.32	1,965.76	2,028.61	2,177.14	1,895.57	16,852.40
Undisputed - Considered doubtful	99.62	-	98.16	107.38	4,337.15	4,642.31
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	12,080.90	12,080.90
	<b>8,884.94</b>	<b>1,965.76</b>	<b>2,126.77</b>	<b>2,284.52</b>	<b>18,313.62</b>	<b>33,575.61</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>7. Cash and Cash equivalents</b>		
Current accounts	<b>1,170.78</b>	1,656.66
Deposits with maturity three months or less	<b>495.90</b>	1,344.52
Cash and Cheques on hand	<b>2.89</b>	3.72
	<b>1,669.57</b>	<b>3,004.90</b>
<b>8. Banks balances other than Cash and Cash equivalents</b>		
Deposits with maturity more than three months but less than twelve months	<b>11,899.09</b>	15,970.23
	<b>11,899.09</b>	<b>15,970.23</b>
<b>9. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	<b>6,066.90</b>	1,588.00
Margin Money with Banks	<b>273.74</b>	292.31
Interest accrued & due	<b>238.14</b>	62.83
	<b>6,578.78</b>	<b>1,943.14</b>
<b>Current</b>		
Interest accrued & due	<b>519.28</b>	628.41
	<b>519.28</b>	<b>628.41</b>
<b>10. Current Tax Assets (net)</b>		
Advance tax/TDS receivables*	<b>1,436.07</b>	982.63
Less: Current Tax provision	<b>484.48</b>	477.68
	<b>951.59</b>	<b>504.95</b>
* Primarily consists of TDS receivables		
<b>11. Other Assets</b>		
<b>Non-Current</b>		
Deposits	<b>372.66</b>	388.63
Capital Advances	<b>1.97</b>	1.97
Less: Allowance for Doubtful Advances	<b>1.97</b>	1.97
Total Non Current Assets	<b>372.66</b>	<b>388.63</b>
<b>Current</b>		
<b>Advances and other receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	<b>0.50</b>	0.50
Less: Allowance for Doubtful Advances	<b>-</b>	-
	<b>0.50</b>	<b>0.50</b>
<b>Unsecured</b>		
Considered Good #	<b>5,787.90</b>	4,861.37
Considered Doubtful	<b>995.56</b>	1,000.00

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
	<b>6,783.96</b>	<b>5,861.87</b>
Less: Allowance for Doubtful Advances	<b>995.56</b>	1,000.00
	<b>5,788.40</b>	<b>4,861.87</b>
Interest on Trade Receivable	<b>5,924.90</b>	5,924.90
Less: Allowance for interest on Trade Receivable	<b>5,924.90</b>	5,924.90
	-	-
Deposits	<b>151.26</b>	79.20
<b>Total Current Assets</b>	<b>5,939.66</b>	<b>4,941.07</b>

*Additional Information:*

#includes

- (a) In respect of land at Pinjore, Haryana Irrigation Department has acquired 4.99 acres of land for construction of Kaushalya Dam, compensation of Rs.82,24,000/- is yet to be received. The Company has filed a case against DRO (Haryana Irrigation Department) for not releasing the said compensation towards acquisition of land. Further, the Company has entered into settlement agreement with Haryana Irrigation Department, as per the agreement it has been agreed to release the compensation after withdrawal of case and accordingly the company filed an application for withdrawal of case against Haryana Irrigation Department, which is pending with Honourable High Court of Haryana. The compensation will be received by the company up on completion of formalities.
- (b) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2022 an amount of Rs.4,98,700/- (previous year Rs.5,04,98,700/-) is due from HSIIDC.
- (c) Advances to Joint Ventures Rs.4.83 lakhs and Rs.2.42 lakhs (Previous year)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**12 EQUITY SHARE CAPITAL**

(Rs. In lakhs)

	As at 31-Mar-22		As at 31-Mar-21	
	No	Amount	No	Amount
<b>Authorised Share Capital:</b>				
Equity shares of Rs.10 each	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	1,23,00,00,000	1,23,000.00
<b>Issued, Subscribed &amp; Paid up:</b>				
Equity shares of Rs.10 each				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16
Issued during the year	-	-	-	-
Reduction during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	35,56,01,640	35,560.16

*Additional Information:*
**1 Equity Shares:**

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.

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

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
Equity Shares:				
Hon'ble President of India	<b>279,566,626</b>	<b>78.62%</b>	279,566,626	78.62%
Special National Investment Fund	<b>67,538,614</b>	<b>18.99%</b>	67,538,614	18.99%

**3. Shares held by the promoters' at the end of the year**

Promoter Name	No. of Share at the beginning of the year	No. of Share at the end of the year	% of total Shares	% change during the year
Hon'ble President of India	<b>279,566,626</b>	279,566,626	<b>78.62%</b>	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>Other Equity</b>		
<b>i) Capital Reserve:</b>		
As per last Balance Sheet	<b>2,270.82</b>	2,270.82
<b>ii) General Reserve:</b>		
As per last Balance Sheet	<b>16,600.97</b>	16,600.97
Add:		
Transferred from Statement of Profit & Loss	-	-
	<b>16,600.97</b>	16,600.97
<b>iii) Retained Earnings:</b>		
As per last Balance Sheet	<b>(518,626.00)</b>	(507,650.97)
Adjustments:		
Dividend distribution tax	-	-
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	<b>53,219.94</b>	(10,975.03)
	<b>(465,406.06)</b>	(518,626.00)
<b>iv) FVTOCI Reserve:</b>		
As per last Balance Sheet	<b>(7,180.38)</b>	(7,152.42)
Adjutments:		
On implementation of Ind AS		
- Reclassification of of acturial gain/losses on defined benefit plans	<b>138.67</b>	(27.96)
	<b>(7,041.71)</b>	(7,180.38)
<b>Total</b>	<b>(453,575.98)</b>	<b>(506,934.59)</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>14. Borrowings</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Loans from Government of India ("GOI")		
With free of interest		
Repayment in 1 to 5 equal annual installments from the date of drawal of loan	-	1,791.53
<b>Total non-current borrowings</b>	<b>-</b>	<b>1,791.53</b>
<b>Current</b>		
<b>Secured</b>		
Cash Credit	<b>2,997.89</b>	2,938.12
Emergency Credit Loan	<b>251.77</b>	<b>650.00</b>
	<b>3,249.66</b>	<b>3,588.12</b>
<b>Unsecured</b>		
Current maturities of long-term Debts	<b>1,946.87</b>	12,154.06
Loan from Govt. of India (Defaulted) #	<b>97,052.81</b>	84,221.21
Loan from Govt. of India (*)	<b>269,378.75</b>	269,378.75
Interest free Loan from Governemnt of Indla (Defaulted) (refer foot note No.2 below)	<b>13.74</b>	13.74
	<b>368,392.17</b>	<b>365,767.76</b>
<b>Total Current borrowings</b>	<b>371,641.83</b>	<b>369,355.88</b>
<b>Aggregate Secured loans</b>	<b>3,249.66</b>	<b>3,588.12</b>
<b>Aggregate Unsecured loans</b>	<b>368,392.17</b>	<b>367,559.29</b>

# Period and amount of default (Ref. Note No.61)

- Cash Credits and Emergency Credit Loan as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.
- During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from Department of Heavy Industries.

(\*) Loan from Government of India including interest of Rs. 2,69,378.75 Lakhs in the books of account of HMT Watches Ltd has been waived off by Government of India and it is to be written off after closure of the company vide Department of Heavy Industries order dated 13th January, 2016.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>15. Non Current Financial Liability</b>		
Deferred Government Grant	<b>11.13</b>	844.01
	<b>11.13</b>	<b>844.01</b>
<b>16. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	<b>2,002.20</b>	2,468.35
Earned Leave Encashment	<b>1,247.18</b>	1,415.65
Settlement Allowance	<b>206.05</b>	210.29
Provident Fund	<b>64.02</b>	-
	<b>3,519.45</b>	<b>4,094.29</b>
<b>Current</b>		
Gratuity	<b>1,421.07</b>	1,756.89
Earned Leave Encashment	<b>450.84</b>	592.83
Settlement Allowance	<b>70.45</b>	91.12
Wage and Salary Revision arrears (1992-1995)	<b>2,287.26</b>	2,495.16
	<b>4,229.62</b>	<b>4,936.00</b>
<b>17. Deferred Tax Liability(Net)</b>		
Deferred Tax Asset	<b>(2.68)</b>	95.04
Deferred Tax Liability	<b>21.01</b>	(48.77)
	<b>18.33</b>	<b>46.27</b>
<b>18. Trade payables</b>		
Total outstanding dues to Micro, Small & Medium Enterprises	<b>1,147.56</b>	1,516.47
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	<b>7,602.63</b>	8,748.24
Total	<b>8,750.19</b>	<b>10,264.71</b>

**18A TradePayable Agewise details**

As at the end of current financial year:

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
MSME	592.50	256.27	48.60	250.19	1,147.56
Others	3,913.45	1,361.85	425.85	1,901.48	7,602.63
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>4,505.95</b>	<b>1,618.12</b>	<b>474.45</b>	<b>2,151.67</b>	<b>8,750.19</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
*As at the end of previous financial year:*

(Rs. In lakhs)

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
MSME	1,121.54	94.95	38.08	261.89	1,516.46
Others	5,427.80	830.22	488.42	2,001.80	8,748.24
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>6,549.34</b>	<b>925.17</b>	<b>526.50</b>	<b>2,263.69</b>	<b>10,264.70</b>

**The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:**

Particulars	As at 31-Mar-22	As at 31-Mar-21
Principal amount due and remaining unpaid	<b>1,147.56</b>	1,516.46
Interest due on above and the unpaid interest	<b>68.96</b>	41.95
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	<b>1.88</b>	28.81
Interest accrued and remaining unpaid at the end of the accounting year.	<b>84.49</b>	72.54
<b>19. Other Financial Liabilities</b>		
3.5% Preference Share Capital (Defaulted)	<b>3,686.00</b>	3,686.00
Govt of India Liabilities (Defaulted)*	-	65,714.61
Interest accrued and due on borrowings		
Loans from Government of India	<b>38,676.55</b>	32,468.44
Interest accrued but not due on borrowings		
Government of India Loan	<b>2,052.30</b>	2,052.30
<b>Total</b>	<b>44,414.85</b>	<b>103,921.35</b>

**3.5% Preference Share Capital**

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 Nos (Rs.40,614.00 lakhs) out of 4,43,00,000 Nos of Rs.100/- each (Rs.44,300.00 lakhs) will be extinguished and set off against the Loans and advances to subsidiaries

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the Revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed.

(Rs. In lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>20. Other Liabilities</b>		
<b>Non Current</b>		
Grant from Government of India	<b>113.67</b>	152.00
Grant in Aid	<b>22.80</b>	22.80
	<b>136.47</b>	<b>174.80</b>
<b>Current</b>		
Revenue received in advance	<b>7,085.25</b>	4,932.44
Accrued expenses	<b>1,979.02</b>	2,055.71
Other liabilities (Employee related liabilities, OSL for expenses, EMD, Statutory dues etc.,)	<b>39,853.46</b>	37,071.96
<b>Total</b>	<b>48,917.73</b>	<b>44,060.11</b>

**21. Provisions - others**

	<b>Warranty Claims</b>	<b>Provision for Indirect Taxes and salary revision arrears</b>	<b>Others</b>	<b>Total</b>
<b>At 1 April 2021</b>	<b>69.33</b>	<b>132.47</b>	-	<b>201.80</b>
Arising during the year	<b>84.46</b>	-	<b>277.31</b>	<b>361.77</b>
Utilised	<b>(37.96)</b>	-	-	<b>(37.96)</b>
Unused amounts reversed	<b>(13.99)</b>	<b>(20.82)</b>	-	<b>(34.81)</b>
<b>At 31 March 2022</b>	<b>101.84</b>	<b>111.65</b>	<b>277.31</b>	<b>490.80</b>
Current	<b>101.84</b>	<b>111.65</b>	<b>277.31</b>	<b>490.80</b>
<b>At 1 April 2020</b>	<b>84.92</b>	<b>136.21</b>	-	<b>221.13</b>
Arising during the year	64.37	-	-	<b>64.37</b>
Utilised	(51.61)	(3.74)	-	<b>(55.35)</b>
Unused amounts reversed	(28.35)	-	-	<b>(28.35)</b>
<b>At 31 March 2021</b>	<b>69.33</b>	<b>132.47</b>	-	<b>201.80</b>
Current	69.33	132.47	-	<b>201.80</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>22. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	<b>549.79</b>	1,730.60
Watches	<b>512.94</b>	405.07
Spares and Accessories	<b>173.49</b>	119.12
	<b>1,236.22</b>	<b>2,254.79</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	<b>10.42</b>	17.89
Packing / Forwarding charges	<b>10.91</b>	19.12
	<b>21.33</b>	<b>37.01</b>
<b>Total</b>	<b>1,257.55</b>	<b>2,291.80</b>
<b>Machine Tools</b>		
Sale of Products	<b>11,207.87</b>	13,199.80
Accessories	<b>3,082.85</b>	2,160.34
	<b>14,290.72</b>	<b>15,360.14</b>
<b>Sale of Services</b>		
Sale of Services	<b>195.35</b>	115.75
Sundry Jobs and Miscellaneous Sales	<b>671.15</b>	523.08
Packing / Forwarding charges	<b>67.84</b>	77.78
	<b>934.34</b>	<b>716.61</b>
<b>Total</b>	<b>15,225.06</b>	<b>16,076.75</b>
<b>Exports</b>		
Sales & Commission	<b>418.19</b>	215.75
Technical Services	-	6.12
Project Sales & Services	<b>672.23</b>	1,761.14
Export Assistance	<b>0.82</b>	0.47
	<b>1,091.24</b>	<b>1,983.48</b>
<b>Revenue from Operations</b>	<b>17,573.85</b>	<b>20,352.03</b>
<b>23. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	<b>866.49</b>	940.84
Interest from Dealers/Others	<b>6.16</b>	51.57
	<b>872.65</b>	<b>992.41</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>Other Income</b>		
Recoveries from Staff/Others	<b>367.01</b>	353.42
Rent Received	<b>1,668.52</b>	1,543.30
Gains on Sale of Property, Plant and Equipment	<b>44.68</b>	78.26
Government Grant	<b>38.33</b>	-
Provisions Withdrawn	<b>363.67</b>	514.50
Amortisation of Govt. Grant	<b>832.88</b>	1,721.67
Other non operating Income	<b>484.87</b>	390.52
	<b>3,799.96</b>	<b>4,601.67</b>
<b>Total Other Income</b>	<b>4,672.61</b>	<b>5,594.08</b>
<b>24. Cost of Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	<b>2,958.12</b>	2,699.53
Add: Purchases	<b>5,142.40</b>	7,095.35
	<b>8,100.52</b>	9,794.88
Less: inventory at the end of the year	<b>2,521.42</b>	2,958.12
Cost of raw material and components consumed	<b>5,579.10</b>	6,836.76
Consumption of Stores, Spares, Tools & Packing Materials	<b>1,363.57</b>	1,975.54
Total raw materials and components consumed	<b>6,942.67</b>	<b>8,812.30</b>
<b>Particulars of Materials Consumed</b>		
Steel	<b>458.46</b>	477.05
Non-ferrous Metals	<b>1.82</b>	0.18
Ferrous Castings	<b>531.37</b>	357.27
Non-ferrous Castings	<b>56.25</b>	107.08
Forgings	<b>81.44</b>	95.60
Standard parts & components	<b>3,999.36</b>	5,647.19
Others	<b>450.40</b>	152.39
Total	<b>5,579.10</b>	<b>6,836.76</b>
<b>25. Purchase of Stock in Trade</b>		
Purchases of Stock in Trade	<b>728.76</b>	1,097.26
	<b>728.76</b>	<b>1,097.26</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>26. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	<b>8,518.45</b>	9,061.48
Less: inventory at the end of the year	<b>5,952.33</b>	8,518.45
<b>Changes in Inventory</b>	<b>2,566.12</b>	<b>543.03</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	<b>5,091.97</b>	6,102.91
Less: inventory at the end of the year	<b>5,256.38</b>	5,091.97
<b>Changes in Inventory</b>	<b>(164.41)</b>	<b>1,010.94</b>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	<b>572.80</b>	688.96
Less: inventory at the end of the year	<b>465.43</b>	572.80
<b>Changes in Inventory</b>	<b>107.37</b>	<b>116.16</b>
<b>Scrap</b>		
Inventory at the beginning of the year	<b>216.36</b>	217.28
Less: inventory at the end of the year	<b>174.13</b>	216.36
<b>Changes in Inventory</b>	<b>42.23</b>	<b>0.92</b>
<b>Total</b>	<b>2,551.31</b>	<b>1,671.05</b>
<b>27. Employee benefits expense</b>		
Salaries, Wages and Bonus	<b>6,239.16</b>	6,936.81
House Rent Allowance	<b>137.86</b>	178.72
Gratuity	<b>666.74</b>	674.04
Contribution to PF & FPS	<b>630.83</b>	686.43
Deposit Linked Insurance	<b>42.24</b>	37.99
Contribution to ESI	<b>4.22</b>	5.99
Welfare Expenses	<b>1,764.66</b>	1,277.42
	<b>9,485.71</b>	<b>9,797.40</b>
<b>28. Depreciation and amortization</b>		
Depreciation of tangible assets	<b>820.83</b>	806.80
Depreciation on Investment Properties	<b>22.66</b>	23.62
Amortisation of intangible assets	<b>140.61</b>	140.61
	<b>984.10</b>	<b>971.03</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
<b>29. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans	<b>6,208.10</b>	6,197.93
Interest Expense (GoI Loans)	<b>832.88</b>	1,721.67
Cash Credit loans from Banks	<b>387.25</b>	449.55
Others	<b>14.60</b>	23.13
<b>Other Borrowing Cost</b>		
Discounting Charges	<b>2.59</b>	1.06
<b>Total finance costs</b>	<b>7,445.42</b>	<b>8,393.34</b>
<b>30. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	<b>786.03</b>	802.73
Repairs to machinery	<b>61.80</b>	43.90
Provision for Non Moving Inventories	<b>164.08</b>	67.29
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	<b>24.21</b>	19.59
Carriage outwards	<b>130.91</b>	75.90
<b>Establishment Expenses</b>		
Rent	<b>29.42</b>	47.75
Rates and Taxes	<b>1,019.76</b>	718.19
Insurance	<b>53.07</b>	58.96
Water and Electricity	<b>477.47</b>	465.18
Repairs to building	<b>25.56</b>	52.82
Printing and Stationery	<b>38.87</b>	39.73
Auditors Remuneration #	<b>9.36</b>	9.36
Loss on investments	<b>2,220.41</b>	-
Provision for Doubtful Debts, Loans and Advances	<b>751.81</b>	759.43
Warranty claims	<b>84.45</b>	53.88
Loss sustained by PF Trust	<b>30.65</b>	18.49
Travelling Expenses	<b>226.27</b>	157.72
Corporate Social Responsibility	<b>41.03</b>	15.20
Grant Expense	-	22.80
Technology platform "SURGE" expenses	<b>38.31</b>	-
Diference in exchange	<b>(0.66)</b>	(12.10)
Other Expenses	<b>2,662.75</b>	2,691.85
	<b>8,875.56</b>	<b>6,108.67</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>Year Ended 31-Mar-22</b>	<b>Year Ended 31-Mar-21</b>
#As auditor	6.00	5.94
For taxation matters	1.92	1.86
Cost audit fee & expenses	1.24	1.16
For other services	0.20	0.40
	<b>9.36</b>	<b>9.36</b>

**Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

i) Amount required to spend during the year	<b>41.03</b>	15.20
ii) Shortfall amount from the previous year	<b>9.70</b>	-
	<b>50.73</b>	15.20
iii) Amount spent during the year		
- on the project in Education Sector for setting up of "Mini Science Centre" at Yadgir District	-	5.50
- on the project in Health Sector for supply of Oxygen Cylinder to "New Govt. District Hospital" at Yadgir District	<b>8.90</b>	-
iv) Amount carried forward (shortfall at the end of the year)	<b>41.83</b>	<b>9.70</b>
v) Reasons for Shortfall		
The Company has identified certain ongoing activities referred below		
vi) Nature of CSR Activities on Health Care		
a) Supply of water purifier and health care products for distribution to Government Schools at Yadgir District		
b) Contribution of Ambulance Vehicle to M/s KC General Hospital (Government Hospital) Malleswaram, Bangalore, Karnataka		
c) Supply of HB Testing Machines and HB Testing Strip, Yadgir Dist., Karnataka		
d) D-type Oxygen Cylinders to Government Hospital/Corporations to Bangalore (urban/rural), Haveri, Kolar or any other Districts in Karnataka		

**31. Jobs Done for Internal Use**

Shop manufactured Special Tools	<b>(263.35)</b>	(108.85)
	<b>(263.35)</b>	<b>(108.85)</b>

**32. Exceptional Items**

- -

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**33. Interest in joint venture**

The Company has a 50% interest in SUDMO- HMT Process Engineers (India) Limited, a joint venture involved in marketing of Food Processing Machines. The Company's interest in SUDMO- HMT Process Engineers (India) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind-AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below.

(Rs. in lakhs)

	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Current assets, including cash and cash equivalents	<b>44.07</b>	42.26
Current liabilities, including tax payable	<b>(4.96)</b>	(2.54)
<b>Equity</b>	<b>39.11</b>	39.72
Proportion of the Company's ownership	<b>0.50</b>	0.50
Carrying amount of the investment	<b>19.56</b>	<b>19.86</b>

**Summarised statement of profit and loss of the SUDMO- HMT Process Engineers (India) Limited:**

Revenue	<b>2.39</b>	3.03
Finance cost	-	-
Other expense	<b>(3.00)</b>	(3.09)
<b>Profit before tax</b>	<b>(0.61)</b>	(0.06)
Income tax expense	-	-
<b>Profit for the year (continuing operations)</b>	<b>(0.61)</b>	(0.06)
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(0.61)</b>	<b>(0.06)</b>
<b>Company's share of profit for the year</b>	<b>(0.31)</b>	<b>(0.03)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**34. Income Tax**

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are:

	(Rs. in lakhs)	
	31-Mar-22	31-Mar-21
<b>Continuing Operations</b>		
<u>Statement of profit and loss</u>		
Profit or loss section		
<b>Current income tax:</b>		
Current income tax charge	<b>6.80</b>	443.60
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<b>(4.48)</b>	0.42
<b>Adjustment of Tax :</b>		
Relating to earlier years	<b>3.58</b>	(12.10)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>5.90</b>	<b>431.92</b>
<b>Discontinued Operations</b>		
<b>Current income Tax</b>	-	-
<b>Adjustment of Tax relating to earlier years</b>	-	6.25
	<b>0.00</b>	<b>6.25</b>
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	<b>23.46</b>	(2.06)
<b>Income tax charged to OCI</b>	<b>23.46</b>	<b>(2.06)</b>

*Additional Information:*

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.

Reconciliation of tax expense has not furnished by the subsidiary companies. Accordingly same has not been furnished.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 35. Discontinued Operations

As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches Ltd, HMT Watches Ltd and HMT Bearings Ltd operations were closed. Consequently, dissolution order have been passed of HMT Chinar Watches Ltd and HMT Bearings Ltd vide order dated 10th March, 2022 and 20th April, 2022 respectively. Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105. (Ref. Note No. 54 and 55)

**The results of Discontinued Operations for the year are presented below:** (Rs in lakhs)

	Year ended 31-Mar-22	Year ended 31-Mar-21
<b>Revenue</b>		
Revenue from Operations	-	-
Other income	<b>214.53</b>	143.40
<b>Expenses</b>		
Material Consumption, purchase of stock and changes in inventory	-	570.01
Employee Benefit Expenses	-	2.85
Depreciation	-	-
Other Expenses	<b>523.25</b>	190.83
Finance costs	-	0.19
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(308.72)</b>	<b>(620.48)</b>
Exceptional items	<b>68,089.14</b>	879.69
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>67,780.42</b>	<b>259.21</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	-	6.25
Related to measurement to fair value less costs of disposal (deferred tax)	-	-
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>67,780.42</b>	<b>252.96</b>
<b>The classification of Non Current Assets of Discontinued Operations are as follows</b>		
<b>Assets</b>		
Property, plant and equipment	-	-
Investment Property	-	-
Non Current Assets Held for Sale	<b>296.06</b>	296.06
<b>Total Non Current Assets</b>	<b>296.06</b>	<b>296.06</b>
<b>The net cash flows incurred as follows:</b>		
Operating	<b>(333.29)</b>	(106.98)
Investing	<b>180.96</b>	(165.32)
Financing	<b>(26.06)</b>	(192.27)
<b>Net cash (outflow)/inflow</b>	<b>(178.39)</b>	<b>(464.57)</b>
<b>Earnings per share:</b>		
Basic, profit/(loss) for the year from discontinued operation	<b>19.05</b>	0.07
Diluted, profit/(loss) for the year from discontinued operation	<b>19.05</b>	0.07

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>36. Contingent Liabilities</b>		
<b>1) Claims against the company not acknowledged as debt;</b>		
<b>Details</b>		
i) a) Tax related claims pending in appeal		
i) Excise Duty	<b>32.31</b>	267.58
ii) Sales Tax	<b>213.55</b>	225.48
iii) Property Tax	<b>4,667.75</b>	4,026.48
iv) Others	-	9.49
b) Non receipt of related Forms against levy of concessional Sales Tax	<b>57.62</b>	60.08
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	<b>443.61</b>	658.43
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	<b>21,788.37</b>	12,615.51
e) Guarantees & Counter guarantees & LC's issued	<b>2,575.06</b>	2,625.80
f) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	<b>23.89</b>	23.89
ii) The Company had deposited Rs.16.00 Lakhs before II Additional Chief Judge, City Civil Court, Hyderabad against the claim made by M/s. Medvin Hospital Hyderabad out of said claim the company has acknowledged only Rs.2.69 Lakhs as debts	-	13.31
iii) Refund to Andhra Pradesh State Government based on the outcome of the appeal preferred by the Government in EP No. 124/2006 in O. S. 794/92	-	6.47
iv) Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	<b>311.77</b>	311.77
v) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source- matter under examination.	<b>75.40</b>	71.30
vi) An amount of Rs. 453054/- is decreed by Hon'ble Karnataka High Court in Case No.95/2011 against Judgement and decree passed in OS No.7284/2007 regarding Mallige Estage Pvt. Ltd which would be payable alongwith interest @6% p.a. Out of the above decreetal amount 50% i.e. Rs.3.01 Lakhs has been deposited by the Company		
vii) 146 exemployees in respect of HMT Watches Ltd who opted for VRS have filed case for payment of ex-gratia. Amount not quantifiable.		
viii) Liability if any, relating to sale of land by HMT Watches Ltd to Canara Bank and subsequent by third party vide misc. petition No. 621/622 pending adjudication		
ix) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>525.48</b>	475.00
x) Tax liability/tax demand, in respect of HMT Chinar Watches Ltd (Subsidiary of HMT Limited ) up on dissolution up to Rs. 775.29 lakhs. The NCLT issued dissolution order dated 10.3.2022.	-	775.29

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>37. Other Disclosures</b>		
(a) The GOI had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs.100 lakhs) & Loan (Rs.100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. 10/- each (Rs. 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
(b) Other Liabilities includes advances received agaisnt sale of land amounting to Rs.926.64 lakhs, represents amount received from M/s Raman Research Institute towards sale of land and building. The cost of the land and building has been included in respective head under Non Current Assets held for sale. Though HMT Wathces Ltd has executed an Agreement to Sale and posession of land given to the purchaser, the transaction has not been recognised as sale pending approval from the concerned authorities for the execution of sale deed.		
<b>38. Preference Share Capital</b>		
The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs. 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.		
However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	<b>5,607.63</b>	5,607.63
<b>39. Inventories</b>		
include usable slow/non moving and surplus stores and materials/work in progress and Finished goods	<b>1,002.91</b>	749.95
<b>40. Trade Receivables</b>		
Dues towards erection and commissioning for a period exceeding one year	<b>273.50</b>	152.61
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	<b>As at 31-Mar-22</b>	<b>As at 31-Mar-21</b>
<b>41. Advances</b>		
Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	<b>2.75</b>	2.81
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>968.93</b>	1,507.03
<b>42. Contingent Asset</b>		
Debts written off in the past, but action of recovery proceedings is being continued before the courts	<b>138.98</b>	138.98
<b>43. Related Party Transactions &amp; Disclosure u/s 186 of Companies Act 2013</b>		
<b>Name of the Related Party</b>	<b>Relationship</b>	
Mr. A.K. Jain (w.e.f. 01.08.2021)	Key Managerial Persons (KMP)	
Mr. S Girish Kumar (upto 31.07.2021)		
Mr. Shashank Priya (w.e.f 01.10.2019)		
Mr. Vijay Mittal (w.e.f. 25.03.2022)		
Mr. Jeetendra Singh (w.e.f. 18.06.2021 upto 25.03.2022)		
Smt. Sujata Sharma (w.e.f. 30.09.2020 upto 18.06.2021)		
Smt. Neera Tomar (w.e.f. 27.03.2019 upto 17.02.2022)		
Mr. Vishweshwar Bhat (w.e.f 27.01.2020)		
Mr. Ramji Lal (w.e.f 05.02.2020)		
Mr. S. Kishor Kumar		
Ms. Kamna Mehta		
<b>Transactions with Key Managerial Personnel</b>		
<b>Compensation of key management personnel of the Company</b>		
Mr. S. Girish Kumar	<b>14.96</b>	45.06
Mr. S. Kishor Kumar	<b>12.97</b>	12.41
Ms. Kamna Mehta	<b>8.54</b>	8.24
	<b>36.47</b>	<b>65.71</b>
<b>Director's sitting fees</b>		
Smt. Neera Tomar (w.e.f. 27.03.2019)	<b>0.75</b>	0.50
Mr. Vishweshwar Bhatt (w.e.f 27.01.2020)	<b>0.27</b>	0.38
Mr. Ramji Lal (w.e.f 05.02.2020)	<b>0.75</b>	0.50
	<b>1.77</b>	<b>1.38</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-22	As at 31-Mar-21
<b>Related Party Transactions with Subsidiaries</b>		
Transactions and balance with its own subsidiaries are eliminated in consolidation.		
<b>Related Party Transactions with Joint Venture</b>		
<b>Sudmo HMT Process Engineers (India) Ltd</b>		
<b>Advance (Dr/Cr)</b>		
Opening Balance	2.42	5.66
Advance given (Net)	2.41	2.92
Advance taken (Net)	-	-
Transfers	-	6.16
<b>Closing Balance</b>	<b>4.83</b>	<b>2.42</b>

**44. Fair Values**

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

	Carrying amount		Fair value	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
<b>Financial assets</b>				
FVTOCI financial investments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	307,481.22	307,819.68	307,481.22	307,819.68
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
<b>Total</b>	<b>371,652.96</b>	<b>371,991.42</b>	<b>371,652.96</b>	<b>371,991.42</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the Government of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied.

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest.

The Company has defaulted in 3.5% redeemable preference shares which has been matured for redemption and hence no fair valuation has been made in the accounts.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2022 and 31 March 2021 is as shown below:

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022

**45. Fair value Hirarchy** (Rs. in lakhs)

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVTOCI financial investments:</b>				
<b>Unquoted equity shares</b>				
Nigeria Machine Tools Limited	-			
<b>Assets for which fair values are disclosed</b>				
<u>Investment properties</u>				
Land *				<b>288,436.99</b>
<b>Financial Liability</b>				<b>64,171.74</b>
Interest Free Government of India Loan			8% Effective Rate of Interest used	
		31-Mar-22	Circle rate	
		31-Mar-22	8% Effective Rate of Interest used	
	<b>288,436.99</b>			<b>64,171.74</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVTOCI financial investments:</b>				
<b>Unquoted equity shares</b>				
Nigeria Machine Tools Limited	-			
<b>Assets for which fair values are disclosed</b>				
<u>Investment properties</u>				
Land *	31-Mar-21	Circle rate	288,436.99	288,436.99
<b>Financial Liability</b>				
Interest Free Government of India Loan	31-Mar-21	8% Effective Rate of Interest used	64,171.74	64,171.74

#### \* Based on guidance value

A) Nigeria Machine Tools Ltd is a company incorporated outside India, and as per its latest audited balance sheet dated 31-12-2020 net worth is completely eroded and hence the fair value at Rs. NIL is considered.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**46. Earnings per share (EPS)**

(Rs. in lakhs)

	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>Profit attributable to equity holders:</b>		
Continuing operations	<b>(14,509.93)</b>	(11,228.04)
Discontinued operation	<b>67,729.87</b>	253.01
<b>Profit attributable to equity holders for basic earnings</b>	<b>53,219.94</b>	<b>(10,975.03)</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>53,219.94</b>	<b>(10,975.03)</b>
Weighted average number of Equity shares for basic EPS	<b>355,601,640</b>	355,601,640
Effect of dilution:		
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>355,601,640</b>	<b>355,601,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders	<b>(4.08)</b>	(3.16)
ii) Diluted, profit from continuing operations attributable to equity holders	<b>(4.08)</b>	(3.16)
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	<b>19.05</b>	0.07
ii) Diluted, profit from discontinuing operations attributable to equity holders	<b>19.05</b>	0.07

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**47. 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 March 2022	Year Ended 31 March 2021
Employer's Contribution to Pension Fund	<b>129.47</b>	149.41

**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 not obtained the actuarial valuation report from the independent actuary for its Provident Fund trust.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below

	31-Mar-22 %	31-Mar-21 %
Discount rate:		
Gratuity plan	<b>7.27</b>	6.74
Settlement Allowance	<b>7.27</b>	6.74
Future salary increases:		
Gratuity plan	<b>10.00</b>	8.00
Settlement Allowance	<b>10.00</b>	8.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	<b>100%</b>	100%	<b>100%</b>	100%
Disability Rate (as % of above mortality rate)	<b>0% to 5%</b>	0% to 5%	<b>0% to 5%</b>	0% to 5%
Withdrawal Rate	<b>1% to 3%</b>	1% to 3%	<b>1% to 3%</b>	1% to 3%
Attrition Rate				
Normal Retirement Age*				
Average Future Service	<b>14.17</b>	12.24	<b>14.17</b>	12.24

\*Note : Age 60 years in case of HMT Limited and HMT(I) Limited.

Age 58 years in case of HMT Machine Tools Limited. However there are no employees in HMT Watches Ltd, HMT Chinar Watches Ltd and HMT Bearings Ltd.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 47 A. Employee Benefit Obligations

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

#### A. Gratuity

31 March 2022 changes in the defined benefit obligation and fair value of plan assets.

(Rs. in lakhs)

	Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-22
	1-Apr-21	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		
Defined benefit obligation	(6,823.17)	(228.56)	(431.25)	(659.81)	1,401.69	4.10	-	(159.12)	335.86	180.84	-	(5,900.45)
Fair value of plan assets	2,591.46	-	154.98	154.98	(1,401.69)	(43.02)	-	-	-	(43.02)	1,175.44	2,477.17
Change in Asset Ceiling	6.47	-	0.88	0.88	-	-	-	-	-	-	(7.35)	-
<b>Benefit liability</b>	<b>(4,225.24)</b>			<b>(503.95)</b>						<b>137.82</b>	<b>1,168.09</b>	<b>(3,423.28)</b>

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

	Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-21
	1-Apr-21	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments		
Defined benefit obligation	(8,133.54)	(259.15)	(438.42)	(697.57)	2,003.85	2.30	-	(123.46)	125.25	4.09	-	(6,823.17)
Fair value of plan assets	2,576.52	-	165.69	165.69	(2,003.85)	(25.60)	-	-	-	(25.60)	1,878.70	2,591.46
Change in Asset Ceiling	6.47	-	-	-	-	-	-	-	-	-	-	6.47
<b>Benefit liability</b>	<b>(5,550.55)</b>			<b>(531.88)</b>						<b>(21.51)</b>	<b>1,878.70</b>	<b>(4,225.24)</b>

The Company and its subsidiary has different plan assets. Holding Company has funded excess amount. However, there is a liability in respect of subsidiary company which cannot be set off against each other and disclosed separately in financial statements.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### B. Settlement Allowance

31 March 2022 changes in the defined benefit obligation and fair value of plan assets (Rs. in lakhs)

	1-Apr-21		Defined benefit cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income					31-Mar-22
	Service cost	Net interest expense	Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)		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	
Defined benefit obligation	(301.41)	(23.83)	(16.04)	(39.87)	87.38	-	3.67	(6.72)	(19.55)	(22.60)	-	(276.50)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>(301.41)</b>		<b>(39.87)</b>		<b>87.38</b>					<b>(22.60)</b>		<b>(276.50)</b>

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

	1-Apr-20			Defined benefit cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income					31-Mar-21
	Service cost	Net interest expense	Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	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		
Defined benefit obligation	(340.41)	(33.41)	(17.90)	(51.31)	115.30	-	(1.46)	(0.67)	(22.86)	(24.99)	-	(301.41)	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Benefit liability</b>	<b>(340.41)</b>		<b>(51.31)</b>		<b>115.30</b>					<b>(24.99)</b>		<b>(301.41)</b>	

### C. Provident Fund (Interest shortfall)

The Company's Contribution paid / payable to Provident Fund and the liability / obligation is recognised on accrual basis. The Company's Provident Fund Trust is exempted u/s section 17 of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The condition for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the fund and return on investment.

The Company (Standalone) has recognised the obligation on the basis of Actuarial Valuation carried out as on 31st March 2022, that there is a present value of obligation due to difference between the expected interest rate to be earned by the Trust and expected future EPFO interest rate, being the interest shortfall of Rs.64.01 lakhs for the year 2021-22.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**47B. Employee Benefits (Contd.):**
**B 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 2022		As at 31 March 2021	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>177.38</b>	<b>167.27</b>	204.50	192.22
Change in rate of salary increase	<b>115.33</b>	<b>129.76</b>	137.52	153.50
Change in withdrawal rates	<b>5.61</b>	<b>7.13</b>	5.58	7.12

**(ii) Settlement Allowance**

(Rs. In lakhs)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>18.58</b>	<b>17.88</b>	12.87	13.12
Change in rate of salary increase	<b>16.21</b>	<b>19.77</b>	11.82	14.04
Change in withdrawal rates	<b>12.15</b>	<b>19.53</b>	12.68	14.13

C. The expected contributions for gratuity for the next financial year will be Rs.2,838.93 lakhs and Settlement allowance NIL.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**48 Segment reporting**
**Year ended 31 March 2022**
**I. Revenue**

(Rs. In lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue from operation	682.22	15252.76	1091.24	575.33	(27.70)	17,573.85
Interest Income	34.25	79.45	151.63	2,456.29	(1,848.97)	872.65
<b>Total</b>	<b>716.47</b>	<b>15,332.21</b>	<b>1,242.87</b>	<b>3,031.62</b>	<b>(1,876.67)</b>	<b>18,446.50</b>
<b>Less:</b>						
Interest expense	1.07	8,424.01	0.00	849.00	(1,828.66)	7,445.42
Depreciation and Amortisation expense	13.31	776.61	12.65	181.53	-	984.10
<b>Segment result</b>	<b>702.09</b>	<b>6,131.59</b>	<b>1,230.22</b>	<b>2,001.09</b>	<b>(48.01)</b>	<b>10,016.98</b>
Add: Unallocable income	-	-	-	-	-	3,799.65
Less: Unallocable expenses	-	-	-	-	-	28,320.66
Total Profit / Loss before tax	-	-	-	-	-	(14,504.03)
Less: Income Tax expense	-	-	-	-	-	5.90
<b>Profit/Loss for the Year</b>						<b>(14,509.93)</b>

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	2,898.33	38,932.61	5,482.93	22,312.93	69,626.80	5,512.85	(11,025.07)	64,114.58
<b>Total liabilities</b>	3,212.35	59,701.64	1,761.59	9,899.68	74,575.26	2,494.07	405,061.07	482,130.40

**Year ended 31 March 2021**
**I. Revenue**

(Rs. in Lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue from Operations	1891.00	16581.99	1983.48	455.14	(559.58)	20,352.03
Interest income	1.60	131.93	176.26	2,343.67	(1,661.05)	992.41
<b>Total</b>	<b>1,892.60</b>	<b>16,713.92</b>	<b>2,159.74</b>	<b>2,798.81</b>	<b>(2,220.63)</b>	<b>21,344.44</b>
<b>Less:</b>						
Interest expense	1.07	8,303.93	-	1,729.07	(1,640.73)	8,393.34
Depreciation and Amortisation expense	13.31	754.82	13.80	189.10	-	971.03
<b>Segment result</b>	<b>1,878.22</b>	<b>7,655.17</b>	<b>2,145.94</b>	<b>880.64</b>	<b>(579.90)</b>	<b>11,980.07</b>
Add: Unallocable income	-	-	-	-	-	4,601.64
Less: Unallocable expenses	-	-	-	-	-	27,377.83
Total Profit / Loss before tax	-	-	-	-	-	(10,796.12)
Less: Income Tax expense	-	-	-	-	-	431.92
<b>Profit/Loss for the year</b>						<b>(11,228.04)</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	1,123.63	42,897.08	6,046.56	21,521.76	71,589.03	5,838.27	(9,137.47)	68,289.83
<b>Total liabilities</b>	1,238.52	56,753.70	2,283.11	9,658.22	69,933.55	2,935.63	466,821.57	539,690.75

**Reconciliations to amounts reflected in the financial statements**

(Rs. in lakhs)

Reconciliation of Profit/Loss	31-Mar-22	31-Mar-21
Segment result	<b>10,016.98</b>	11,980.07
Add: Unallocable income	<b>3,799.65</b>	4,601.64
Less: Unallocable expenses	<b>28,320.66</b>	27,377.83
<b>Profit / Loss of Continuing Operations before tax</b>	<b>(14,504.03)</b>	<b>(10,796.12)</b>
Add/Less: Profit or Loss from Discontinued Operations	<b>67,780.42</b>	259.21
Total Profit / Loss before tax	<b>53,276.39</b>	(10,536.91)
Less: Tax Expense	<b>(5.90)</b>	(438.17)
<b>Profit/Loss for the year</b>	<b>53,270.49</b>	<b>(10,975.08)</b>

**Reconciliation of assets**

Segment operating assets	<b>69,626.80</b>	71,589.03
Assets held by Discontinued Operations	<b>5,512.85</b>	5,838.27
Inter-segment (elimination)	<b>(11,025.07)</b>	(9,137.47)
<b>Total assets</b>	<b>64,114.58</b>	<b>68,289.83</b>

**Reconciliation of liabilities**

Segment operating liabilities	<b>74,575.26</b>	69,933.55
Liabilities of Discontinued Operations	<b>2,494.07</b>	2,935.63
Inter-segment (elimination)	<b>(11,025.07)</b>	(9,137.47)
Deferred tax liabilities	<b>18.33</b>	46.27
Borrowings	<b>416,067.81</b>	475,912.77
<b>Total liabilities</b>	<b>482,130.40</b>	<b>539,690.75</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported in the 'adjustments and elimination' column.

	(Rs. in lakhs)	
	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>Major Customer-Details of Revenue from Single Customer exceeding 10% of total revenue</b>		
India	<b>3,524.01</b>	4,771.27
Outside India	-	-
<b>Total revenue per consolidated statement of profit or loss</b>	<b>3,524.01</b>	<b>4,771.27</b>

The revenue information above is based on the locations of the customers.

### Food Processing Unit

Revenue exceeding 10% from any individual customers: During the year Rs. 167.05 Lakhs (Previous Year Rs.1200.12)

### Machine Tools

Revenue from one customer amounted to Rs.3356.96 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2022

Revenue from one customer amounted to Rs.3571.15 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2021

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 49 Ratio Analysis

Ratio	Numerator	Denominator	FY 2021-22	FY 2020-21	% Variance	Reason for Variance
1 Current Ratio	Current Assets	Current Liabilities	0.10624	0.11096	-4.25%	
2 Debt-Equity Ratio	Total Debt	Shareholder's Equity	-1.00	-1.01	-1.41%	
3 Debt Service Coverage Ratio	Earnings available for debt service (EBITDA)	Debt service (Interest + Principal)	-0.02	-0.01	118.79%	Due to increase in net loss mainly on account of reduction in revenue and loss on investment.
4 Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	-0.12	0.02	-609%	Due to increase in PAT and reduction in Shareholders equity mainly on account of waiver of GOI liabilities consequent to dissolution order by NCLT.
5 Inventory turnover ratio	Sales	Average Inventory	1.12	1.13	-1.07%	
6 Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	1.08	1.27	-14.58%	
7 Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	0.76	0.94	-19.01%	
8 Net capital turnover ratio	Net Sales	Average Working Capital	-0.04	-0.04	-	
9 Net profit ratio	Net Profit before taxes	Revenue	-82.53%	-53.05%	55.58%	Due to increase in net loss mainly on account of reduction in revenue and loss on investment.
10 Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Network + Total Debt	17.02%	4.11%	313.64%	Due to increase in net loss mainly on account of reduction in revenue and loss on investment.
11 Return on Investment	Not applicable	Not applicable	-	-	-	

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

50 The Group has an Investment in Gujrat State Machine Tools Corporation Limited being an Associate Company, the Group had not accounted the same as associate due to non availability of information. Accordingly on implementation of IND AS the company has accounted as per IND AS 28.

51 The networth of the Group has been completely eroded. Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

### 52 Deferred Tax

Provision for income taxes has been made in terms of IndAS 12 -Income Taxes.

Movement in deferred tax asset/(liability)

(Rs. In lakhs)

Particulars	31.3.2022	31.3.2021
Net deferred Tax asset / liability at the beginning of the year	<b>46.27</b>	43.80
Add : deferred ax benefits / (charges) for the year	<b>(27.94)</b>	2.47
Net deferred Tax asset / liability at the end of the year	<b>18.33</b>	46.27

The net Deferred Tax Asset as at 31st March 2022 comprises the tax impact arising from the timing difference on account of :

Particulars	31.3.2022	31.3.2021
Depreciation	<b>(167.48)</b>	(95.04)
Provision for employee benefits	<b>149.15</b>	48.77

The Holding Company has not recognised deferred tax asset on unused tax losses in the absence of reasonable certainty of future business profits

53 A charge by ID 80046855 is still open in the Index of charge on the Website of Ministry of Corporate Affairs pertains to State Bank of India. The Company has already discharged the debt of State Bank of India long back. Since the issue is almost twenty five years old, efforts will be made in co-ordination with State Bank of India for obtaining the necessary documents for satisfaction of charge .

54 HMT Chinar Watches Ltd, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019 under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Final report for dissolution was submitted to the Hon'ble NCLT on 26.8.2020 by the IP and the Hon'ble NCLT has issued dissolution order on 10-3-2022 and accordingly HMT Chinar Watches Ltd balances have become nil as on 31.3.2022 in Consolidated Financials Statements of the Company for the FY 2021-22

55 HMT Bearings Limited, a subsidiary has submitted petition under section 271-272 of the Companies Act, 2013 before Hon'ble National Company Law Tribunal, Hyderabad on 19.06.2020 for voluntary winding up of the Company. Hon'ble NCLT, Hyderabad vide its order dated 16.12.2020 allowed petition and

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

passed order for winding up of HMT Bearings Ltd and also appointed Shri. Sai Ramesh Kanuparthi, Insolvency Professional (IP), from Hyderabad to act as Company Liquidator for the purpose. Hon'ble NCLT has issued dissolution order vide dated 20-4-2022, based on the Balance Sheet submitted by IP on 3.3.2022 and accordingly HMT Bearings Limited balances have become nil as on 31.3.2022 in Consolidated Financial Statements of the Company for the FY 2021-22.

### 56 Impact on uncertainties relating to the Global Health Pandemic from COVID-19

The Group has considered the possible effects that may result from the Covid-19 pandemic on Receivables, Inventories, Revenues including Leases, Property Plant and Equipment, Going Concern and Investment in Subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Group(Holding Company and its Subsidiaries), as at the date of approval of their respective Standalone Financial Statements has used internal and external sources of information. Eventhough, the units are falling in Containment Zone due to this Covid-19, intermitantly, the Group has been improving its performance steadily. Also the Group is facing travel restriction due to which the erection and commissioning of various projects are getting delayed. Based on the analysis of such information and the nature of current business operations carried by the Group, it is of the view that the impact is temporary and does not have materilal impact on respective Financial Statements as at 31st March 2022 and hence has not made any provision in the books of account.

- 57 The Group has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 58 The Group has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 59 Balances under Trade "Receivables", 'Loans & Advances', 'Trade payables' and Other Current Liabilities' are subject to confirmation , although confirmation has been sought in most of the cases.
- 60 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**61 Period and amount of Default are as follows:**
**HMT Limited**

<b>Nature of Borrowing [Interest Free]</b>	<b>Name of the lender</b>	<b>Amount of installment and period of default (Rs. In Lakhs)</b>	<b>No of Days Delay or Unpaid</b>
Government of India Loan [Interest Free] dated 21.01.2017	Government of India	1) Rs.6,073.60 Lakhs due since 21.01.2018.	1,530
		2) Rs.6,073.60 Lakhs due since 21.01.2019.	1,165
		3) Rs.6,073.60 Lakhs due since 21.01.2020.	800
		4) Rs.6,073.60 Lakhs due since 21.01.2021.	434
		5) Rs.6,073.60 Lakhs due since 21.01.2022.	69
Government of India Loan [Interest Free] dated 16.02.2017	Government of India	1) Rs.4,800 Lakhs due since 16.02.2018.	1,504
		2) Rs.4,800 Lakhs due since 16.02.2019.	1139
		3) Rs.4,800 Lakhs due since 16.02.2020.	774
		4) Rs.4,800 Lakhs due since 16.02.2021.	408
		5) Rs.4,800 Lakhs due since 16.02.2022.	43
Government of India Loan [Interest Free] dated 29.04.2017	Government of India	1) Rs.1,958 Lakhs due since 29.04.2018.	1,432
		2) Rs.1,958 Lakhs due since 29.04.2019.	1067
		3) Rs.1,958 Lakhs due since 29.04.2020.	701
		4) Rs.1,958 Lakhs due since 29.04.2021.	336

**HMT Machine Tools Ltd**

<b>Nature of Borrowing</b>	<b>Name of the Lender</b>	<b>Amount of Installment and period of default (Rs. in Lakhs)</b>	<b>No. of days Delay or Unpaid</b>
CAPEX Loan @ 15.50% Interest dated 30.03.2006	Government of India	1) Rs. 79 Lakhs due from 02.04.2007	5,477
		2) Rs. 79 Lakhs due from 02.04.2008	5,111
		3) Rs. 79 Lakhs due from 02.04.2009	4,746
		4) Rs. 79 Lakhs due from 02.04.2010	4,381
		5) Rs. 79 Lakhs due from 02.04.2011	4,016
VRS Loan @ 3.5% interest dated 01.11.2007	Government of India	1) Rs. 556.95 Lakhs due from 27.12.2008	4,842
		2) Rs. 556.95 Lakhs due from 27.12.2009	4,477
		3) Rs. 556.95 Lakhs due from 27.12.2010	4,112
		4) Rs. 556.95 Lakhs due from 27.12.2011	3,747
		5) Rs. 556.95 Lakhs due from 27.12.2012	3,381
For payment of Statutory Dues @ 15.50% Interest dated 29.03.2007	Government of India	1) Rs. 156.40 Lakhs due from 30.03.2008	5,114
		2) Rs. 156.40 Lakhs due from 30.03.2009	4,749
		3) Rs. 156.40 Lakhs due from 30.03.2010	4,384
		4) Rs. 156.40 Lakhs due from 30.03.2011	4,019
		5) Rs. 156.40 Lakhs due from 30.03.2012	3,653

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

VRS Loan @ 3.5% interest dated 31.12.2008	Government of India	1) Rs. 243.29 Lakhs due from 15.01.2010 2) Rs. 243.29 Lakhs due from 15.01.2011 3) Rs. 243.29 Lakhs due from 15.01.2012 4) Rs. 243.29 Lakhs due from 15.01.2013 5) Rs. 243.29 Lakhs due from 15.01.2014	4,458 4,093 3,728 3,362 2,997
For payment of Statutory Dues @ 13.50% Interest dated 24.07.2012	Government of India	1) Rs. 888.52 Lakhs due from 01.08.2013 2) Rs. 888.52 Lakhs due from 01.08.2014 3) Rs. 888.52 Lakhs due from 01.08.2015 4) Rs. 888.52 Lakhs due from 01.08.2016 5) Rs. 888.52 Lakhs due from 01.08.2017	3,164 2,799 2,434 2,068 1,703
For payment of Statutory Dues @ 13.50% Interest dated 18.03.2014	Government of India	1) Rs. 392 Lakhs due from 21.03.2015 2) Rs. 392 Lakhs due from 21.03.2016 3) Rs. 392 Lakhs due from 21.03.2017 4) Rs. 392 Lakhs due from 21.03.2018 5) Rs. 392 Lakhs due from 21.03.2019	2,567 2,201 1,836 1,471 1,106
For payment of Statutory Dues @ 13.50% Interest dated 23.09.2014	Government of India	1) Rs. 480 Lakhs due from 04.10.2015 2) Rs. 480 Lakhs due from 04.10.2016 3) Rs. 480 Lakhs due from 04.10.2017 4) Rs. 480 Lakhs due from 04.10.2018 5) Rs. 480 Lakhs due from 04.10.2019	2,370 2,004 1,639 1,274 909
Working Capital Loan @ 13.50 Interest dated 23.09.2014	Government of India	1) Rs. 500 Lakhs due from 04.10.2015 2) Rs. 500 Lakhs due from 04.10.2016 3) Rs. 500 Lakhs due from 04.10.2017 4) Rs. 500 Lakhs due from 04.10.2018 5) Rs. 500 Lakhs due from 04.10.2019	2,370 2,004 1,639 1,274 909
For payment of Statutory Dues @ 13.50% Interest dated 09.10.2014	Government of India	1) Rs. 378.2 Lakhs due from 11.10.2015 2) Rs. 378.2 Lakhs due from 11.10.2016 3) Rs. 378.2 Lakhs due from 11.10.2017 4) Rs. 378.2 Lakhs due from 11.10.2018 5) Rs. 378.2 Lakhs due from 11.10.2019	2,363 1,997 1,632 1,267 902
For Payment of Salaries & Wages @ 13.50% Interest dated 09.10.2014	Government of India	1) Rs. 548.6 Lakhs due from 11.10.2015 2) Rs. 548.6 Lakhs due from 11.10.2016 3) Rs. 548.6 Lakhs due from 11.10.2017 4) Rs. 548.6 Lakhs due from 11.10.2018 5) Rs. 548.6 Lakhs due from 11.10.2019	2,363 1,997 1,632 1,267 902

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

For Implementation of 1997 Pay Revision @ 7% Interest dated 06.02.2015	Government of India	1) Rs. 586.8 Lakhs due from 10.02.2016	2,241
		2) Rs. 586.8 Lakhs due from 10.02.2017	1,875
		3) Rs. 586.8 Lakhs due from 10.02.2018	1,510
		4) Rs. 586.8 Lakhs due from 10.02.2019	1,145
		5) Rs. 586.8 Lakhs due from 10.02.2020	780
Working Capital Loan @ 13.50 Interest dated 06.02.2015	Government of India	1) Rs. 1000 Lakhs due from 10.02.2016	2,241
		2) Rs. 1000 Lakhs due from 10.02.2017	1,875
		3) Rs. 1000 Lakhs due from 10.02.2018	1,510
		4) Rs. 1000 Lakhs due from 10.02.2019	1,145
		5) Rs. 1000 Lakhs due from 10.02.2020	780
For payment of Statutory Dues @ 13.50% Interest dated 31.03.2015	Government of India	1) Rs. 526.8 Lakhs due from 31.03.2016	2,191
		2) Rs. 526.8 Lakhs due from 31.03.2017	1,826
		3) Rs. 526.8 Lakhs due from 31.03.2018	1,461
		4) Rs. 526.8 Lakhs due from 31.03.2019	1,096
		5) Rs. 526.8 Lakhs due from 31.03.2020	730
For Implementation of 1997 Pay Revision @ 7% Interest dated 30.09.2015	Government of India	1) Rs. 634 Lakhs due from 03.10.2016	2,005
		2) Rs. 634 Lakhs due from 03.10.2017	1,640
		3) Rs. 634 Lakhs due from 03.10.2018	1,275
		4) Rs. 634 Lakhs due from 03.10.2019	910
		5) Rs. 634 Lakhs due from 03.10.2020	544



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 62 Statutory Group Information

(Rs. in lakhs)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Rs. in lakhs	As % of consolidated net Profit/Loss	Rs. in lakhs	As % of consolidated net Other Comprehensive income	Rs. in lakhs	As % of consolidated net Total Comprehensive assets	Rs. in lakhs
<b>HMT Ltd</b>								
<b>Balance as at 31 March, 2022</b>	<b>14.58%</b>	<b>-60,959.04</b>	<b>-3.49%</b>	<b>-1,859.34</b>	<b>84.14%</b>	<b>116.68</b>	<b>-3.26%</b>	<b>-1,742.66</b>
Balance as at 31 March, 2021	-7.50%	35,356.32	-1.64%	180.48	482.87%	-135.01	-0.41%	45.47
<b>Subsidiaries</b>								
<b>HMT Machine Tools Ltd</b>								
<b>Balance as at 31 March, 2022</b>	<b>21.97%</b>	<b>-91,836.50</b>	<b>-23.95%</b>	<b>-12,758.08</b>	<b>59.17%</b>	<b>82.05</b>	<b>-23.73%</b>	<b>-12,676.03</b>
Balance as at 31 March, 2021	38.07%	-1,79,453.37	109.97%	-12,069.57	-363.52%	101.64	108.77%	-11,967.93
<b>HMT International Ltd</b>								
<b>Balance as at 31 March, 2022</b>	<b>-0.95%</b>	<b>3,976.25</b>	<b>0.20%</b>	<b>107.80</b>	<b>-43.31%</b>	<b>-60.06</b>	<b>0.09%</b>	<b>47.74</b>
Balance as at 31 March, 2021	-1.54%	7,264.35	-6.02%	661.08	-19.35%	5.41	-6.06%	666.49
<b>HMT Watches Ltd</b>								
<b>Balance as at 31 March, 2022</b>	<b>64.40%</b>	<b>-269,216.09</b>	<b>0.28%</b>	<b>151.67</b>	-	-	<b>0.28%</b>	<b>151.67</b>
Balance as at 31 March, 2021	56.63%	-266,966.54	-2.48%	271.77	-	-	-2.47%	271.77
<b>HMT Chinar Watches Ltd</b>								
<b>Balance as at 31 March, 2022</b>	-	-	<b>112.08%</b>	<b>59,703.21</b>	-	-	<b>111.78%</b>	<b>59,703.21</b>
Balance as at 31 March, 2021	12.55%	-59,149.45	0.10%	-11.00	-	-	0.10%	-11.00
<b>HMT Bearings Ltd</b>								
<b>Balance as at 31 March, 2022</b>	-	-	<b>14.78%</b>	<b>7,874.99</b>	-	-	<b>14.74%</b>	<b>7,874.99</b>
Balance as at 31 March, 2021	-1.79%	-8445.60	0.07%	-7.76	-	-	0.07%	-7.76
<b>Non-controlling interests in all subsidiaries</b>								
<b>Balance as at 31 March, 2022</b>	-	-	<b>0.09%</b>	<b>50.55</b>	-	-	<b>0.09%</b>	<b>50.55</b>
Balance as at 31 March, 2021	0.01%	-26.49	-	-0.05	-	-	-	-0.05
<b>Associates (investment as per the equity method)</b>								
<b>Balance as at 31 March, 2022</b>	-	-	-	-	-	-	-	-
Balance as at 31 March, 2021	-	-	-	-	-	-	-	-
<b>Joint ventures (investment as per the equity method)</b>								
<b>Balance as at 31 March, 2022</b>	-	-	-	-	-	-	-	-
Balance as at 31 March, 2021	-	-	-	-	-	-	-	-
<b>SUDMO-HMT Process Engineers (India) Ltd</b>								
<b>Balance as at 31 March, 2022</b>	-	<b>19.56</b>	-	<b>-0.31</b>	-	-	-	<b>-0.31</b>
Balance as at 31 March, 2021	-	19.86	-	-0.03	-	-	-	-0.03
<b>Total</b>	<b>100.00%</b>	<b>-418,015.83</b>	<b>100.00%</b>	<b>53,270.49</b>	<b>100.00%</b>	<b>138.67</b>	<b>100.00%</b>	<b>53,409.16</b>
Balance as at 31 March, 2021	100.00%	-471,400.92	100.00%	-10,975.08	100.00%	-27.96	100.00%	-11,003.04







 **hmt**  
**HMT Limited**

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