Azadi Ka Amrit Mahotsav

HMT Machine Tools Limited

Contributing to Aatmanirbhar Bharat

22nd ANNUAL REPORT 2020-21

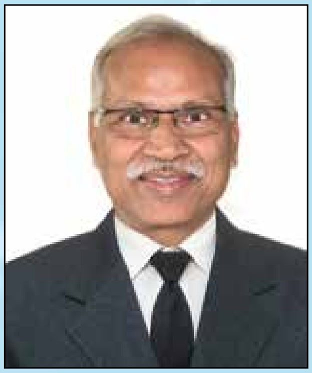
MAKE IN INDIA

स्वच्छ भारत

एक कदम स्वच्छता की ओर

Board of Directors

As on 21.10.2021



Shri A.K. Jain
Chairman & Managing Director
(Addl. Charge)

Shri Jeetendra Singh
Joint Secretary
Ministry of Heavy Industries, GOI

Smt. Neelam S. Kumar
Chief Controller of Accounts
Ministry of Heavy Industries, GOI

Smt. G. Vijaya Sunitha Reddy
Independent Director

HMT MACHINE TOOLS LIMITED

CONTENTS

BOARD OF DIRECTORS

Shri A.K.Jain	Chairman & Managing Director (w.e.f. 13-09-2021)
Shri S. Girish Kumar	Chairman / Managing Director (upto 31.07.2021)
Shri Pravin L. Agrawal	Director (upto 01-09-2020)
Shri Amit Varadan	Director (w.e.f 01-09-2020 upto 30.09.2020)
Smt. Sujata Sharma	Director (w.e.f 30-09-2020 upto 15.06.2021)
Shri Jeetendra Singh	Director (w.e.f 15-06-2021)
Smt. Neelam S. Kumar	Director
Smt. G. Vijaya Sunitha Reddy	Independent Director

STATUTORY AUDITORS

M/s. Murali & Venkat. — Chartered Accountants

SECRETARIAL AUDITOR

M/s. S. Kedarnath & Associates — Practicing Company Secretary

BANKERS

UCO Bank	Punjab National Bank
Andhra Bank	State Bank of India
AXIS Bank	

REGISTERED OFFICE

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

CORPORATE IDENTITY NUMBER

U02922KA1999GOI025572

CORPORATE VISION

To Be a Manufacturing Solution Provider of international Repute, Offering Best of Products & Services With Contemporary Technologies for Customers' ultimate delight.

CORPORATE MISSION

- To be a key source of : "Technology for Excellence" in the field of metal cutting / metal forming.
- To provide 'High quality cost competitive solution' for entire manufacturing Industry on 'One stop shop' basis.
- To provide sustained support to all of strategic sectors.
- To exceed customers' expectations through continuous innovation.
- To provide leadership & direction in the manufacturing sector for the overall industrial growth of nation.

PERFORMANCE HIGHLIGHTS

(Rs In Lakhs)

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
OPERATING STATISTICS										
Sales	16619	17623	21741	17708	19752	21783	18859	17525	23623	24046
Other Income	1151	1577	2041	2825	2860	2054	2267	5767	1591	2330
Materials	7444	9067	8893	7583	7829	8968	7787	6842	10196	9982
Employee Costs	8399	10279	11051	13137	13176	14588	17059	13411	13402	13864
Other Costs	6139	847	2474	5895	7,961	5,348	5,280	4,817	2832	5343
Depreciation	755	913	884	970	1010	965	1004	897	946	978
Earning Before Interest	-4967	-1905	480	-7051	-7364	-6032	-10004	-2675	-2162	-3791
Interest	8312	7967	6863	5874	5395	4633	2694	2591	2203	1599
Earnings /(Loss) Before Tax	-13279	-9872	-6383	-12925	-12759	-10665	-12698	-5266	-4365	-4614
Taxation	-	-	-	-	-	-	-	-	-	-
Net Earnings	-13279	-9872	-6383	-12925	-12759	-10665	-12698	-5266	-4365	-4614
FINANCIAL POSITION										
Net Fixed Assets	4830	5443	5316	5472	6019	6731	7151	8027	8924	8489
Current Assets	38648	38218	37668	28116	27990	27018	27374	25310	23392	22969
Current Liabilities & Provisions	197461	184466	172865	151335	134168	114652	101644	54535	48927	47259
Working Capital	-158813	-146248	-135197	-123219	-106178	-87634	-74270	-29225	-25535	-24290
Capital Employed	-153983	-140805	-129881	-117747	-100159	-80903	-67119	-21198	-16611	-15801
Investments										
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	634	5288	10335	16797	19035	4234	3554	-
Net Worth	-153983	-140805	-130515	-123035	-110493	-97698	-86153	-25432	-20166	-15801
OTHER STATISTICS										
Capital Expenditure	164	-	-	-	-	-	-	-3	-1384	-105
Internal Resources Generated	-12524	-8959	-5499	-11955	-11749	-9700	-11694	-4369	-3419	-3636
Working Capital Turnover Ratio	-0.10	-0.12	-0.16	-0.14	-0.19	-0.25	-0.25	-0.60	-0.93	-0.99
Current Ratio	0.20	0.21	0.22	0.19	0.21	0.24	0.27	0.46	0.48	0.49
Return on Capital (%)	-3.37	-1.41	-0.39	8.43	7.10	6.94	3.48	3.59	3.71	1.55
Employees (Nos)	889	1,064	1,246	1,425	1651	1902	2218	2567	2950	3278
Per capita Sales	18.69	16.56	17.45	12.43	11.96	11.45	8.50	6.83	8.01	7.34

DIRECTORS' REPORT 2020-21

To,

The Members,

HMT Machine Tools Limited,

Bangalore

Dear Members,

Your Directors have pleasure in presenting their Twenty Second Annual Report on the business and operations of the Company and Annual Financial Statements of the Company for the Financial Year 2020-21 along with the Auditors' Report thereon

Financial summary / Performance of the Company

(Rs. in crore)

Earnings	Current year 20-21	Previous year19-20
Gross Income	166.19	176.23
Profit before Interest and Depreciation	-42.12	-9.92
Provision for Depreciation & Amortized	7.55	9.13
Gross Profit	-49.67	-19.05
Finance Charges	83.12	79.67
Net Profit Before Tax excluding OCI	-132.79	-98.72
Provision for Tax	-	-
Net Profit After Tax	-132.79	-98.72

Your Company achieved a Sales turnover of Rs 166.19 Cr. During the year 2020-21 as compared to Rs.176.23 Cr .in the previous year. The Production performance was Rs. 161.20 Cr for the year under review as against Rs.213.42 Cr. achieved during the previous year. Orders valued Rs.115.20 Cr. Was procured during the financial year 2020-21 as against Rs.164.96 Cr. in the previous year.

The operations of the Company resulted in a Net Loss of Rs. (-) 132.79 Cr. as against the loss of Rs. (-) 98.72 Cr. (excluding OCI) incurred in the previous year.

MARKET SCENARIO AND FUTURE OUTLOOK FOR 2020-21

International Monitory Fund (IMF) has raised India's growth projection to 12.5 per cent for FY22 in its fresh outlook published during April 2021, putting the country on top in terms of GDP growth. The projected growth projection is the highest not just among the countries that form the emerging economies but also among the elite group of advanced economies.

The IMF further estimated that Indian GDP to contract by 8 per cent. However, the upward growth projection for the current fiscal is positive for India. "It's one year since Covid-19 was declared a global pandemic, a year of terrible loss of lives and livelihoods. The rising human toll worldwide and the millions of people that remain unemployed are grim markers of the extreme social and economic strain that the global community still confronts," the IMF's outlook stated.

IMTMA Global forecast for Machine Tools (MT) Projected Indian GDP growth of 6.2% in 2021. The slowdown in GDP growth is also reflected in the production growth of key MT consuming sectors. IMTMA expect MT-weighted production will picking up to more normal growth of 5.9% in 2021, However, despite policy measures, such as a lower effective tax rate of 17% for manufacturing firms, IMTMA expect sluggish manufacturing growth, a slowdown in credit growth and supply disruptions from the coronavirus to cap production in other MT-buying segments. High frequency trade data suggest that MT import demand will be 6.6% in 2021. Despite weak near-term prospects, long-term prospects are healthy and the 'Made in India initiative will help to steadily move local MT production up the value chain. On balance, IMTMA expect MT demand to fall by 2.3% in 2020 and rebound 8.8% in 2021.Risks are skewed to the downside. Worsening global trade tensions could undermine investment growth, denting MT demand, but a pick up in the pace of economic reforms and lower global oil prices could boost growth among MT consuming sectors and, hence, MT demand.

Dividend

In view of the losses incurred during the year, your Directors are unable to recommend any Dividend on the Paid up Equity Share Capital and Preference Share Capital of the Company for the year 2020-21.

Reserves

In view of the losses incurred during the year, no amount is proposed by the Board to carry to any reserves.

Share Capital

The Issued, Subscribed and Paid up Share Capital of the Company stood at Rs. 719,59,91,370/- consisting of 27,65,99,137 Equity Shares of Rs. 10/- each and 4,43,00,000 Preference Shares of Rs.100/- each which is entirely held by HMT Limited, the Holding Company.

The Networth of the Company as on 31st March 2021 is Rs .(-)1,539.83 Crore.

Indian Accounting standards

As required under Companies (Indian Accounting Standard) Rules, 2015 (Notification No. 111 (E) dated 16.02.2015 issued by Ministry of corporate affairs) the Company has prepared the financial statements in accordance with Indian Accounting Standards (Ind AS) with effect from Financial year 2016-17.

The Indian Accounting Standards' (Ind As) has replaced the Indian GAP prescribed under section 133 of the companies Act, 2013, read with Rule 7 of the companies (Accounts) rules, 2014.

Fixed Deposits

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

Enterprise Risk management

As per provisions of Companies Act, 2013, The Board approved Risk Management Policy in line with the holding Company. The Board has also adopted the Integrity Pact to be executed with its vendors/ suppliers/contractors/ service providers subject to threshold to be decided by the Company.

Particulars of Employees

No employees of the Company has received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial personnel) Rules2014

Human Resources

The total employee strength of the Company as on 31.3.2021 stood at 888 during the year under review, 176 employees have separated and No employees newly inducted in the Company.

The details of different categories of personnel in position ason 31.3.2021 are given hereunder:

Scheduled Castes	183
Schedule Tribes	40
Other Backward Class	267
Ex-service men	01
Person with Disabilities (PWD)	13
Women Employees	52
Minority	69

EMPLOYEE RELATIONS

Harmonious and cordial Industrial relations prevailed throughout the Company during the year despite difficulties faced in operation. Further, no major IR problems were noticed during the year except some of the court cases from the transferred employees and retired employees.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The efforts towards implementation of official Language Act, Rules and Policy as per the directives of Govt. in the Company is continuous. The Official Language Implementation Committee has been constituted in all the Units of the Company as well as Corporate Office, Bangalore to monitor Implementation of Official Language Act, Rules, Policy etc., which meets at regular intervals in every quarter.

In order to propagate the usage of Hindi as Official Language, Hindi Pakhwada was observed during the month of September 2020. Various competitions in Hindi Story Writing, Hindi News Paper Reading, Hindi Quiz writing, Hindi conversation, Hindi Antyakshari etc., were organized and participants were awarded prizes. A workshop was organized during the above period. The Company regularly take part in the meetings, Workshop and competitions organized by Town Official Language Implementation committee (TOLIC). The Employees of the Company has also Participated in the Joint Hindi Month Celebrated of TOLIC(Undertaking Bengaluru) during August 2020 and also in the Hindi Magazine Published by the TOLIC Undertaking Bengaluru.

Vigilance Activities

The Company has adopted a pro- active approach to bring vigilance awareness amongst all employees and other stakeholder. The vigilance cells at all units are functioning and keeping watch on the overall activities of the Company. The vigilance officers at each unit carry out surprise checks and periodic inspection in various departments. Apart from regular inspections by Unit Vigilance officers, CVO of the Company conducts CTE type surprise and regular inspections of high value purchase / contracts and systems. . The Corporate Vigilance Department carries out vigilance functions in the Holding Company as well as Subsidiary Companies of HMT Limited. 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. As per the guidelines Vigilances Clearances are issued after verification. 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/Dy.CVO/Unit VO_s 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 and all the concerned officers should comply with CVC and Company Purchase Manual guidelines. Emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedure and all norms of transparency in tendering process. Based on CVC's guidelines for 'Improving Vigilance administration by leveraging technology and increasing transparency through effective use of website' necessary direction were given by CVO for implementation of the same. 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.
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 are made available on Company's 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.
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 2020 with the theme "Vigilant India, Prosperous India (Satark Bharat, Samriddh Bharat)" was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

CORPORATE GOVERNANCE

Your Company is committed to the adoption of best Governance practices and its adherence in the true spirit, at all times. Being a Government Company, appointment of Directors and fixing remuneration for Directors are decided by Govt. of India. With a view to strengthening the Corporate Governance framework, the Department of Public Enterprises, GOI has issued the Guidelines on Corporate Governance for PSE's which are mandatory from the financial year 2010-11. In line with the guidelines your Company strives for excellence through adoption of best governance and disclosure practices.

A report on the Corporate Governance is annexed as part of this report along with the Compliance Certificate from the Auditors. A Report on Management Discussion & Analysis and a declaration by the Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Members and Senior Management for the year ended March 31, 2021 is also appended to this Report.

Events subsequent to the date of financial statements

No Material changes and commitments affecting the financial position of the Company occurred between the end of the Financial year to which this financial statement relates on the date of this report.

Significant and material orders

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and company's operations in future.

Particulars of Loans, guarantees or investments under section 186

The Company has compiled with the provisions of section 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security to the extent applicable.

Particulars of contracts or arrangements with related parties

There were no major contracts or arrangements made with related parties as defined under section 188 of the Companies Act, 2013 during the year under review.

Transfer of Unclaimed dividend to Investor Education and protection Fund

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provisions of section 125 of the Companies Act, 2013 do no tapply.

DISCLOSUREUNDERTHESEXUALHARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under report, the Company has not received any complaint.

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 31.03.2021, 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, However your Company has policy in respect of appointment or evaluation of senior management and key managerial personnel including Functional Directors.

EXTRACT OF ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Sec 92 read with Rule12 of the Companies (Management and administration) Rules 2014 is furnished in annexure to this report.

AUDITORS

1. StatutoryAuditor

M/s Murali & Venkat, Chartered Accountants, were appointed as Statutory Auditors of the Company for the year 2020-21 by the Comptroller & Auditor General of India and separate Branch Auditors were also appointed for the Company.

2. Cost Auditors

Your company has appointed Cost Auditors for the year 2020-21 to conduct cost audit for various units as under:

- M/s Venkanna & Co., Cost Accountants, for consolidation audit of the Company.
- Chidananda & Co., Cost & Management Accountants (101167), Bangalore-560 061 for auditing the cost records maintained by the Company in respect of MBX, MTH & PTH Unit.
- M/s Balwinder & Associates, Cost Accountants for auditing the cost records maintained by the Company in respect of MTP unit.
- M/s BBS & Associates, Cost Accountants (00273) for auditing the cost records maintained by the Company in respect of MTK unit.
- M/s R.K.Bhandari & Co., Cost Accountants for auditing the cost records maintained by the Company in respect of MTA unit.

3. Secretarial Auditor

In terms of Section 204 of The Companies Act, 2013 and Rules made there under, Mr. S. Kedarnath & Associates, Practicing Company Secretary has been appointed Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as annexure to this report along with management response thereto.

Declaration from Independent Directors

The Company has received necessary declaration from Independent director of the company under section 149(7) of the Companies Act, 2013 stating that the Independent director of the Company meet with the criteria of their Independence laid down in section 149(6) of the Companies Act, 2013.

Directors and Key Managerial Personnel

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. 1-05/4/2017-P.E.10 (E19415) dated 24th March, 2021 conveyed the approval of the Competent Authority for extension of additional charge of the post of Managing Director of the Company to Shri S. Girish Kumar, CMD, HMT Limited for a further period of six months w.e.f 01.02.2021 or Until further orders, whichever is earlier.

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. E20170, No. 1-05/15/2019-P.E. 10 dated 1st September, 2020 appointed, Shri Amit Varadan, Joint Secretary, Department of Heavy industry, Ministry of Heavy Industries & Public Enterprises as Part time official Director on the Board of the Company with immediate effect until Further orders .

Shri Pravin L. AgrawaL (DIN NO. 05277383) ceased to be a Director of the Company on 1st September, 2020 in terms of The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi Presidential order No. E20170, No. 1-05/15/2019-P.E. 10 dated 1st September 2020.

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. E20170, No. 1-05/15/2019-P.E. 10 dated 30th September, 2020 appointed, Smt. Sujata Sharma,Sr. Economic Adviser, Dept. of Heavy industry, Ministry of Heavy Industries & Public Enterprises as Part time official Director on the Board of the Company with immediate effect until Further orders VICE Shri Amit Varadan (DIN No. 08401348).

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. E20170, No. 1-05/15/2019-P.E. 10 dated 15th June, 2021 appointed, Shri Jeetendra Singh (DIN:09207792), Joint Secretary, Dept. of Heavy industry, Ministry of Heavy Industries & Public Enterprises as Part time official Director on the Board of the Company with immediate effect until Furthe orders VICE Smt. Sujata Sharma, Sr. Economic Adviser(DIN:08863845).

Shri S. Girish Kumar ceased to be a Chairman & Managing Director of the Company on 31.07.2021 in terms of The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi Presidential order No. 1-05/4/2017-P.E.10 (E19415) dated 24th March, 2021.

The Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, New Delhi vide Presidential order No. 1-05/14/2019-P.E.10/CPSE 1 dated 09th September, 2021 conveyed the approval of the Competent Authority for entrusting the additional charge of the post of Chairman & Managing Director of the Company to Shri A. K Jain, CMD, HMT Limited for a period from date of joining to 31.01.2022, or until further order, whichever is earlier. Shri A.K. Jain assumed the additional charge of Chairman & Managing Director of the company w.e.f. 13th September 2021.

Acknowledgements

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

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

For and on behalf of the Board of Directors

(A.K. Jain)
Chairman & Managing Director
(Additional Charge)

Place: Bengaluru
Date:21st October 2021

MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure and Development

Indian Machine tool Industry has around 1000 units of which 500 are OEMs and rest are supply chain engaged in the production of machine tools, accessories/attachments, subsystems and parts as per data available from IMTMA. Of these, around 25 in the large scale sector account for 70 percent of the turnover and the rest are in the MSME sector of the industry, the Approximately, 75 per cent of the major Indian machine tool producers are ISO certified. While the large organized players cater to India's heavy and medium industries, the small-scale sector meets the demand of small and medium machine tools, ancillary and other units. Many machine tool manufacturers have also obtained CE Marking certification, in keeping with the requirements of the European markets.

The Machine Tools industry can be broadly classified into metal-forming and metal-cutting tools based on the type of operation. Metal forming is the metal working process of fashioning metal parts and objects through mechanical deformation; The market segment by type, covers Bending Machine, Shearing Machine and Forging Machine. Market Segment by Application can be broadly divided into General metal fabrication, Construction, Heavy Metal Fabrication, Ship building and Offshore, Automotive and others.

Metal Forming Machine Tools plays a major role in the production of diverse products starting with Automobile industry to high precision components for the Aerospace, Defence, Railways, Instrumentation and Electronics industries, and everywhere in-between. The metal forming machine tool industry in India has been serving the need for manufacturing through the manufacture of a variety of metal forming machines. Although the industry is yet to meet the full potential and demand for higher technology machines, market share for Indian machines have improved in recent years. Many Indian manufacturing firms are coming up with the innovations for the development of metal forming tools market. Companies in India are offering hydraulic and mechanical presses with servo drive option. Manufactures are also using the hydroforming to open up the new possibilities for the manufacturing variety of metal parts for different applications. In addition to this, the industry is continuously researching and developing new and innovative metal forming tools to produce better parts, improve process control, and to reduce the cycle time. The demand for automotive, white goods, and consumer durables is increasing, which is driving the demand for metal forming tools market.

Oxford Economics in its Global Machine Tools Outlook report - October 2020, lowered 2020 growth forecast to -10 , following the much weaker then expected H1 growth outcome. At the same time, sporadic shutdowns across the country to contain the pandemic and the central government's unwillingness to step up fical policy support point towards an uneven and protracted recovery, as such they do not expect India to return to positive year on year growth until Q2 2021. GDP dropped by an eye- watering 24% y/y in Q2 2020 from 3.1% in Q1. The collapse was led by investment, which plunged 47% y/y, while private consumption fell 27% on the year. Offsetting these drags somewhat, were positive contributions from Government Consumption and net exports. The government of India recent focus on economic reforms with the passage of the farm bill and labour codes which simplify the Presentation of existing laws, these steps of Govt. of India including Aatmanirbhar Bharat will be positive for the economy.

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. According to the report by Technavio, the outbreak of COVID-19 will have a neutral and inferior impact on the growth of the market. The market witness a partial or complete shutdown of operations by companies due to the imposition of lockdown, which reduce 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. One of the primary growth drivers for this market is the rising industrial automation in India.

Make in India and Aatmanirbhar Bharat scheme is bringing prospects for the Machine tools Industry in the following manner:

- One of the core sectors identified by the Government for procurement from Local manufacturers.
- Govt. has a target for doubling exports from private & public sector organization.
- High precision, large size machines, Multi-task machines apart from HMC are required for the sector.
- Requirement for Special Purpose Machines, Machining and process development
- Industries to scout for Total Turnkey Solutions
- 3-D printing machine holds promise for spare manufacturing
- Test rig development holds promise
- Transfer of Technology for Productionising to be explored by Industries.

The National Manufacturing Policy envisaged manufacturing to contribute 25% to GDP and create 100 million jobs. In contrast, till date, manufacturing activity contributes to 17% of India's GDP and only 4 million jobs are estimated to have been created in the sector since 2010. The gap to stated aspiration is large. The Capital

Goods sector is a critical element to boost manufacturing activity by providing critical inputs, that is, machinery and equipment. India's share of global capital goods exports is still significantly sub-scale at 0.8% only. Further, in a globalised world, where manufacturers are increasingly multinational, not all Indian capital goods manufacturers have been able to effectively tap the global opportunity. Department of Heavy Industries & Public Enterprises has listed down mother technologies in Mechanical Engineering required by India and technologies developed under DHI CG scheme. Each of the mother technologies listed is provided with their technical specifications, details, scope, demand in India, imports etc. 27 Mother Technologies are identified by the capital Good Sector which are making path for development of the machine Tools Sector.

The Govt. of India taken several steps to boost the economy. Your Company is exploring alternate sector like Sevage Plants, Battery Charging Station for automobiles, renewable energy, turnkey projects, Defence, Aerospace and machinery & equipment's for nuclear applications. This growth in various sectors presents a positive outlook for improving the company's business during 2021-22.

B Strengths:

- Strong brand image.
- Wide variety – Conventional, CNC, Special purpose & metal forming machines.
- Good infrastructure for manufacturing machine tools.
- Proven experience for component-oriented SPMs built to international standards
- Qualified & experienced engineers and technicians.
- Manufacture of machine tools established through renowned collaborations and in-house R&D.
- Focus group for strategic segments
- Country wide sales and service network.

C Opportunities:

- Expansions in strategic sector, will fuel demand for Machine Tools.
- Growth in power, nuclear power, Aerospace to fuel demand for Machine Tools.
- Global hub for manufacturing components
- Technology Tie-ups for technology enhancement and product upgradation
- Tie - up with major players in the field and diversification to medical equipments manufacturing
- development of UV Disinfection Tunnel, Isolation Pods and Ventilators to support Country to fight against Covid-19 pandemic.
- Industrial Training and Internship to students.
- Department of Heavy Industry, Ministry of Heavy Industry & Public Enterprises, Government of India has taken initiative under the Prime Ministers Make in India" conceived the idea of positioning Technology and Innovation Platforms **(TIPs)** for full filling the mechanism in the areas of identified" Mother Technoologies". HMT machine Tools Limited has envised in line of the DHI directions, to focus fulfilling machining under "Mother Technologies and HMT identified 13 Mother Technologies which are as follows:

  1. Ultra precision machining, 2. High capacity forming and shaping, 3. Ultra precision metrology, 4. Nanotechnology, 5. 3D printing, 6. Advanced robotics, 7. Stir friction welding, 8. High Performance Motors, Feedback devices, Transducers, 9. Machine Controllers,10. High Pressure, High Performance Hydraulic Pumps & Motors 11. CNC programming and operating, 12. Industry 4.0, 13. Internet of things

The increased focus of Govt. of India for indegenious production under Aatmanirbhar Bharat and consumption under "Vocal for Local" create more oppurtunity for the company in coming years.

D Threats:

- Increased interest rate due to poor credit rating of the company.
- Lowering of import duty for CNC Machinery & Equipments.
- Influx of second hand / reconditioned imported machines.
- No level playing for public sector undertakings.
- Fast technology obsolescence
- Shortage of Skilled Manpower in critical area and attrition of man power
- Increased competition in global and Indian market
- Change in Government Policy for Auto Sector
- Recession in Indian Economy
- Uncertainity about the COVID-19, which hampers the Global economy by reducing demand in major sectors

E. Segment wise or Product wise Performance

Segment wise Performance: Segment wise sales for the year 2020-21 of the Company is as under-

The Company received an overall new order booking of Rs.115.20 Cr. out of Total sales of Rs. 166.19 Crore during the year 2020-21, the segment wise sales is as follows:

Sector	Rs. In Crore
Auto & Auto Ancillary	0.94
Railways	10.39
Defense	99.59
Mining & Metals	4.99
Industrial Machinery & Intermediates	18.09
Power	15.37
Consumer Durables & Others	16.82
Total	166.19

F. Outlook

Demand for machine tools diminishing from the manufacturers of primary goods and intermediate goods. The primary user industries include the automotive sector, capital goods sector and consumer durables sector. Prominent users of machine tools in the intermediate goods sector include the auto components, bearings and electronic components. sectors like Defense, Consumer Durables and others recorded a significant growth in turnover during 2020-21. The world after COVID-19 will be different with structural changes in production, consumption and work patterns. The uncertainty of COVID-19 may continue in the foreseeable future as per the opinion published by different orgnisation, the capatibility of manufacturers to increase resilience in their operations based on their core competencies would yield prosperity to the Major structural reforms launched by the Government - in agriculture markets, labour laws and definition of MSMES- provide unparalleled opportunity for this resilient sector to grow and prosper now and thereby contribute to job creation in the primary and secondary sectors.

The Company during the review period also took up the opportunity to address the COVID pandemic with collaborated efforts to support Govt. of India to fight the COVID-19 pandemic. The Govt. of India taken several steps to boost the economy. Recently Govt. of India has decided to split Ordinance Factory Board , Set Up by the British in 1775, and replace it with Seven Companies Under defence Ministry. Your Company is exploring alternate sector like Sevage Plants, Battery Charging Station for automobiles, renewable energy, turnkey projects, Defence, Aerospace and machinery & equipment's for nuclear applications. This growth in various sectors presents a positive outlook for improving the company's business during 2021-22.

G. Internal Control System and their Adequacy

The Company has appropriate Internal Control systems for business processes, with regard to efficiency of operations, financial reporting & controls, compliance with applicable laws and regulations, etc. The salient features of internal control system are:

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safe guarding 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.

H Human Resources

Your Company continues to believe that Human Resources would be a critical factor for its growth. The emphasis was on grooming in-house talent enabling them to take higher responsibilities. Training and retraining was provided to the employees during the year. The key focus remained on retaining and talents grow to meet the growth, aspirations of the Company. The important human related activities during the year 2020-21 are as follows:

- Company on continuous basis submitting online submission of ACR/APAR in respect of all executives (EO and above)
- Company on continuous basis submitting online submission of Quarterly vigilance clearance updation for all senior executives (E5 and above)
- Company maintained SOP's during the Pandemic Situation as per the Govt. of India Directives

I. Corporate Social Responsibility

HMT Group has set up Hospitals, Schools and Playgrounds at various Manufacturing Units for the benefit of employees and the local community. Tie- up with major players in the field and diversification to medical equipment's manufacturing development of UV Disinfection Tunnel, Isolation Pods and Ventilators to support Country to fight against Covid-19 pandemic.

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises framed by the Department of Public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Companies Act, 2013 the Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance.

Board of Directors

As on 31.03.2021, the Board of Directors comprised of Chairman, Managing Director(I/c), two part -time Official Director and one Non official Independent Director.

During the year 2020-21, three Board Meetings were held on June 29, October 21 in the calendar year 2020 and on March 05, in the calendar year 2021. The composition of Directors and their attendance at the Board Meetings and at the General Meetings during the year are as follows:

Name	Category	Attendance particulars			No. of other Directorships and Committee Member / Chairmanship held		
		Board Meetings	Attendance % in Board Meeting	General Meeting	Directorship	Committee	
						Membership	Chairmanship
Shri S. Girish Kumar	C & NENI	3	100%	1	8	3	1
Shri Pravin L. Agrawal (Ceased to be a Director w.e.f 01.09.2020)	NENI	0	0%	NA	5	-	-
Smt. Neelam S. Kumar	NENI	2	67%	NA	3	4	-
Shri Amit Varadan w.e.f. 01.09.2020 to 30.09.2020	NENI	0	0%	NA	0	-	-
Smt. Sujata Sharma w.e.f. 30.09.2020	NENI	2	100%	NA	5	-	-
Smt. G. Vijaya Sunitha Reddy	NEI	3	100%	NA	0	0	0

*C&NENI : Chairman, ENI : Executive & Non Independent, NENI : Non Executive & Non Independent, NEI : Non Executive & Independent, NA : Not Applicable

Brief Resume of Directors appointed:

Smt. Sujata Sharma

Smt. Sujata Sharma has been appointed as Part-time Official Director on the Board of HMT Machine Tools Limited w.e.f. 30.09.2020. Smt. Sujata Sharma belongs to the Indian Economic Service (IES), 1986 batch. She is presently posted as Senior Economic Adviser in the Ministry of Heavy Industries and Public Enterprises, Department of Heavy Industry, Government of India. Prior to taking charge of Senior Economic Adviser in Department of Heavy Industry, she was Economic Adviser, Ministry of Punchayati Raj.

Smt. Sujata Sharma aged 59 years is a Post Graduate from Lucknow University and Post Graduate Diploma in Development Studies from the Institute of Developing Economies Advanced School, Tokyo, Japan. She has also participated in the Advanced Professional Programme in Public Administration (APPPA) from the Indian Institute of Public Administration for an M.Phil Degree.

Smt. Sujata Sharma had worked in erstwhile Planning Commission and some Ministries related to the social and rural development sectors. The experience included coordination with States with regard to assessment of Plan Schemes of the States and release of Central Assistance, financial resources for States for the Plans, monitoring of the resources and schemes of the States, analysis of States budgets. She has a rich experience in the development issues relating to the inclusive growth, social justice and empowerment of the disadvantaged and marginalized sections of society. She also handled matters relating to policy intervention, capacity building, financial support for the strengthening of Panchayati Raj system in the country.

Shri Jeetendra Singh

Shri Jeetendra Singh was inducted as Part Time Official Director on the Board of w.e.f. 15.06.2021. He is presently posted as Joint Secretary in Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, Government of India.

He has done B.E in Electrical Engineering from VNIT, Nagpur and PGDM for Executives from IIM Calcutta. He belongs to Indian Railway Service of Electrical Engineers (IRSEE) and prior to joining Department of Heavy Industry, he was posted as Executive Director Corporate Coordination (EDCC) in Railway Board.

Earlier he worked as Director in NITI Aayog on Urban development and in erstwhile Planning Commission in areas of PPP & Infrastructure creation. As Director (Planning) in Ministry of Railways his responsibilities included long term planning and modernization of Railways, development of Dedicated Freight Corridors (DFCs) and Heavy Haul operations. In his initial career he worked in areas of electric traction, locomotive maintenance & operations in various Railway units.

Shri A.K. Jain

Shri A.K. Jain was inducted as Part Time Official Director on the Board of HMT Machine Tools Limited w.e.f. 13.09.2021. Shri. A.K. Jain has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f. 01.08.2021.

Shri A K Jain brings in 37 years of rich experience in wide range of business segments with his working in various capacities at BHEL. Presently, Shri. A.K. Jain is an Executive Director at BHEL, heading the Electronics Division &

Electronics System Division, Bengaluru. Earlier to that, he was responsible for Railway & Defense Business at BHEL – Delhi. Prior to that he worked as Product Manager for Electrical Machines and Transportation Business at BHEL – Bhopal. He has done his Electrical and Electronics Engineering from BITS – Pilani.

In various roles, he had the opportunity to drive the growth of BHEL by development of new products in Transportation, Power Plant Controls, Li-Ion Manufacturing and Electrical machines. He has worked in various functions of Engineering, Planning, Manufacturing, Maintenance, Project Execution and spearheaded various initiatives in up-gradation, modernization, retro-fitting, capacity augmentation and CAPEX which brought state-of-the-art plants and machinery thereby increasing the efficiency manifold.

Committees of the Board

The Audit Committee of the Company has been reconstituted on 29 June 2020. During the year 2020-21, three Meetings of the Audit Committee were held on June 29, October 21, in the calendar year 2020 and March 05 in the calendar year 2021. The composition of and the attendance of Directors during the year are as follows:

Name of the Director	Designation in the committee	Attendance particulars		
		No. of Meeting eligible to attend	No. of Meeting Attended	Percentage of attendance %
Smt.G. Vijaya Sunitha Reddy. (Chairman w.e.f 29.06.2020)	Chairman	3	3	100%
Shri S. Girish Kumar	Member	3	3	100%
Shri Pravin L. Agrawal (w.e.f 09.01.2020 upto 01.09.2020)	Member	1	0	0%
Smt. Neelam S. Kumar (Chairman upto 29.06.2020)	Member / Chairman	3	2	67%

Remuneration of Directors

The details of remuneration of whole time Director is Nil, since Company has no whole time director during the year ended 31.03.2021. Sitting fees of Rs. 5000/- per meeting of Board and Rs. 3000/- for Audit Committees paid to the Independent Director for attending meetings of the Board and Committees. Conveyance for attending Board/ ACB Meetings is reimbursed by the Company as per actual. Rs. 500/- is reimbursed to the Director using personal conveyance for attending the meeting.

General Body Meetings

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

Financial Year	Date	Time	Venue
2017-18	20.08.2018	11.30 A.M.	Registered Office at No. 59, Bellary Road, Bangalore - 560032
2018-19	05.09.2019	12.30 P.M.	As above
2019-20	30.09.2020	11:00 A.M.	As above

Annual General Meeting for the current year is scheduled to be held in the month of October 2021 at the Registered Office of the Company.

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.

Disclosures

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

The Company has filed the statutory returns for the year 2019-20 with the Ministry of Corporate Affairs/ ROC, Bangalore.

There are outstanding Statutory Dues payable by some of the Units of the Company.

Means of Communication

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

Annexure to the Directors' Report -

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

A. The details of conservation of energy, technology absorption, foreign exchange Earnings and out go are as follows:

a) Energy Conservation measures taken:

i Created awareness on the importance of energy conservation and practices among employees & residents has resulted in reduction of electricity consumption.

ii Recycle water, particularly for use with less-critical quality requirements

iii Reducing excessive illumination levels to standard level using switching, de clamping etc.

iv Lights / Fans / Exhaust Fans etc being switched off when not in use.

v Focused on reducing scrap and rework to conserve energy.

vi Optimizing the tariff structure with utility supplier

vii Schedule operations to maintain a high load factor

viii Replacing fluorescent tubes with LED lights & Solar Panels wherever possible.

ix Optimum usage of all electrical appliances

x Many of the units the lunch is being outsourced, hence electricity consuption reduced in the canteen.

xi Shut off unnecessary printers, computers, copier machines at night.

xii Idle running of Machines avoided.

xiii Replacing energy efficient motors.

xiv Controlling the Maximum demand of electricity to reduce the Electricity Bill and usage of Natural Light.

xv By carrying out regular maintenance to optimize furnace performance and maintain yield resulting reduction in energy consumption.

xvi Job planning in Heat Treatment/Foundry Furnaces resulted in reduction of specific energy consumption.

xvii Running Induction Furnace on Sunday to reduce maximum demand and consumption of diesel

xviii Retrofitting of furnace with heat recovery devices.

xix Maintaining Power factor up to 0.98 and getting cash rebate in Electricity Bill.

xx Preventive maintenance of power capacitors at substation.

xxi Under loading of Stress Relieving Furnace is avoided.

xxii Maximized utilization of Omegas and mixer thereby savings in energy.

xxiii Maximized utilization of medium frequency furnace and reduced usage of line frequency furnaces in Foundry.

xxiv Compressed air leakage minimized and are being switched off during shift change / Lunch break.

xxv During the Pandemic situation, the Company engaged only 50% Strength in the units offices which reduces the energy consuptionto an extent.

b) Additional investments and proposals if any being implemented for reduction of energy consuption

Action initiated to set up of roof top Photovoltaic Solar Power Plants at all manufacturing units to meet captive power requirement of manufacturing unit, street lighting, residential colony, shopping complex.

c) Impact on cost of Production of Goods:

The above mentioned measures have resulted in substantial reduction in consumption of electrical energy at various load centers and helped in reducing the energy cost.

d) Total energy consumption per unit of production:

Not applicable, as the Company is not covered in the list of specified industries.

B. TECHNOLOGY ABSORPTION-FORM B

Research and Development (R&D)

1. Specific areas in which R&D carried out by the Company:

a) Technology Acquisition/Absorption:

i. R&D status for Hyderabad and Bangalore units to carry out research & development activities. R&D recognition for other HMT units is under active progress.

ii. Company has collaborated with M/s.Bharat Electronics for developing Directing Gear of New Variants, which is first of its kind in the world.

iii. Collaborated with M/s.NTPC, Korba for design and development of new variant of Vertical Turning Machine.

iv. Collaborated with M/s.BHEL, for design and development of customized component / product

v. Collaborated with Mishra Dhatu Nigam Limited for design and development of new variant heavy duty Lathe HDL70.

vi. Collaborated with Rail Wheel Factory, for design and development of CNC VTL Fixed Cross Rail Machine VT-530, for Hard Rail Wheel machining with higher depth of cuts & metal removal rate.

vii. Collaborated with Ordnance Factory, Ambajari for design & development of Flow forming machine and successfully prove out the component and handed over the Machine.

viii. Collaborated with BARC for Design & development of prototype Three Piece Manipulator (TPM).

b) Technology enhancement / up-gradation for product development:

- HMT Machine Tools Limited ,Indigenously developed 2 variants of Head Turning & Mouth Reaming (HTMR) product to Defence Sector, Ordinance Factory, Varagaon for machining bullets.

- Successfully designed and developed single Spindle Grinding Machine for COFMOW.
- Developed new variant of radiation Shielding Window to BARC.
- Successfully designed and developed three variants of Vertical Turning Machines to Defense sector, HVF Avadi.
- Successfully designed & Developed Conformal Array (CA) Structure for Sonar Testing to DRDO Lab.
- Successfully designed and developed Prototype three piece Manipulator (TPM) to BARC.

c) Development of existing machines:

1. Designed & Developed CNC Centreless Grinder with loading/unloading of UJ Cross with grinding cross for M/s RSB Transmissions.
2. Designed and Developed Heavy Duty CNC Cylindrical Grinding machine with centre distance of 2000 rpm with in-process gauging for HMT MTL, Ajmer.
3. HMT Machine Tools Limited, Hyderabad Division indigenously designed and developed Cross Roller Bearing for Vertical Turning Lathe Rotary Table of Dia 1000 mm for table speed of 400 rpm successfully.
4. HMT Machine Tools Limited, Hyderabad Division developed Separate AC Servo Motor Drive arrangement for C-Axis (Milling Mode) for VTL rotary table along with AC Spindle motor for turning mode.
5. Development of CNC VTL Fixed cross rail machine proved at RWF for Hard Rail Wheel Machining with higher depth of cuts and metal removal rate.

B1. Other Initiatives from company:

a. Greater emphasis on Preventive Maintenance and efficient Spares Management for Plant &Machinery to reduce breakdown and productionloss.

b. Completely outsourcing of B and C class item.

c. Focus on procuring all the available items through GeM portal and supply of machines through GeM.

d. HMT Machine Tools Limited is focusing to cater and develop Training Institutes throughout the country, and successfully commissioned 18 General Purpose Machines of Grinding machines, Tool & Cutter Machines to Government Tool Training Centre, Bangalore and bagged another 14 machines order for supply of Milling & Grinding Machines.

e. HMT Machine Tools Limited is focusing for development of new products to Railways.

2. Benefits derived as a result of the above R&D

Efficiency of Machine increased, production cycle reduced.

3. Future Plans of action:

a. Focus on Manufacturing new products in line with Mother Technologies to make India Self Sufficient and build machines "Make in India"

b. Setting up of two more Skill Development Centers, under implementation.

c. Development of Machinery for Nuclear Projects Viz, NFC, BARC& IGCAR.

d. Medical Equipments& accessories.

e. Sub Assemblies for Indian Navy under progress.

f. Development of New variants of 5 axes CNC Filament Winding Machine with turning attachment.

g. Development of New variants in Machining Centres / VTLs.

h. HMT Machine Tools with Govt. of Initiative is launched Technology Platform for Machine Tools under the name "SURGE"

4. Expenditure on R&D Particulars (Rs. in Lakhs)

a)	Capital	Rs.	-
b)	Recurring	Rs.	161.37
c)	Total	Rs.	161.37

5. Total R & D Expenditure:

0.97 % (as % of Turnover)

6. Technology absorption, adaptation and innovation & MOU's signed

Dept. of Scientific & Industrial Research (DSIR), Dept. Of Science and Technology, Govt. of India recognized HMT MTL Metal Cutting R&D and CNC R&D Centre at Bangalore Complex also R&D Centre at Hyderabad unit for development of new technology and carrying out R&D activities for capital goods sector.

C. FOREIGN EXCHANGE EARNING AND OUT GO

Activities relating to exports, initiatives taken to increase export markets for products and services and plant

Exports of the Company's products are managed by HMT (International) Limited, the wholly-owned subsidiary of HMT Limited, the Holding Company.

Total Foreign Exchange used and earned:

	PARTICULARS	(Rs. in Lakhs)
1.	ForeignExchangeearned	140.89
2.	Outgo of Foreign Exchange (CIF value of imports)	1245.27
3.	Expenditure in Foreign currency on Account of travelling	Nil
4.	Currencies on account of Royalty,	Nil
5.	Know-how / Professional Fees, Interest and other matters	Nil

Annexure - I

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2021

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	:	U02922KA1999GOI025572
ii.	Registration Date	:	August 09, 1999
iii.	Name of the Company	:	HMT Machine Tools Limited HMT Bhavan, 59, Bellary Road, Bangalore – 560 032
iv.	Category/Sub-Category of the Company	:	Company Limited by Shares /Union Government Company
v.	Address of the registered office and contact details	:	HMT Bhavan, 59, Bellary Road, Bangalore – 560 032 Ph.: 91- 80-23330333 Fax: 91-80- 23338949 Email : mtmcos@hmtmachinetools.com
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	HMT Machine Tools Limited HMT Bhavan, 59, Bellary Road, Bangalore – 560 032 Ph.: 91- 80-23330333 Fax: 91-80- 23338949

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company

Sl. No.	Name and Description of main Products/ Services	NIC/CETA Code of the Product / service	% total turnover of the company
1	Manufacturers of machine tools for turning, drilling, milling, shaping, planning, boring, grinding etc.,	28221	90 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding Subsidiary Joint Venture	% of shares held associate
1	HMT Limited	L29230KA1953GOI000748	Holding	100

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

i) Category- wise Share Holding

Cate--gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Demat	Physcial	Total	% of Total Shares	Demat	Physcial	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**PROMOTER AND PROMOTER GROUP**									
(a)	Individual /HUF									
(b)	Central Government/State Government(s)									
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									

Cate-gory Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during
		Dem-at	Physcial	Total	% of Total Shares	Demat	Physcial	Total	% of Total Shares	
(e)	Government Companies	0	276599137	276599137	100	0	276599137	276599137	100	0
	Sub-Total A(1)	0	276599137	276599137	100	0	276599137	276599137	100	0
(2)	FOREIGN	NIL								
	Sub-Total A(2)	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	0	276599137	276599137	100	0	276599137	276599137	100	0
(B)	**PUBLIC SHAREHOLDING**	**NIL**								
	Sub-Total B(1)	-	-	-	-	-	-	-	-	-
(2)	NON-INSTITUTIONS	Nil								
	Sub-Total B(2) :	-	-	-	-	-	-	-	-	-
	Total B=B(1)+B(2) :	-	-	-	-	-	-	-	-	-
	Total (A+B) :									
(C)	Shares held by custodians,									
	against which	NIL								
(1)	Depository Receipts have been issued Promoter and Promoter Group									
(2)	Public									
	GRAND TOTAL (A+B+C) :	**0**	**276599137**	**276599137**	**100**	**0**	**276599137**	**276599137**	**100**	**0**

ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	HMT Limited	276599137	100	NIL	276599137	100	NIL	0.00

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

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	**276599137**	**100**	**276599137**	**100**
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
	At the End of the year	**276599137**	**100**	**276599137**	**100**

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

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

v) Shareholding of Directors and Key Managerial Personnel:

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

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2020				
i) Principal Amount	22958.56	34852.80	-	57811.36
ii) Interest due but not paid	-	26295.60	-	26295.60
iii) Interest accrued but not paid	-	2027.21	-	2027.21
Total (i+ii+iii)	22958.56	63175.61	0	86134.17
Change in Indebtedness during the financial year				
· Addition	3494.38	6197.93	-	9692.31
· Reduction	-	-	-	-
Net Change	**3494.38**	**6197.93**	**0**	**9692.31**
Indebtedness at the end of the financial year 31.03.2021				
i) Principal Amount	26452.94	34852.80	-	61305.74
ii) Interest due but not paid	-	32468.44	-	32468.44
iii) Interest accrued but not due	-	2052.30	-	2052.30
Total (i+ii+iii)	**26452.94**	**69373.54**	**0**	**95826.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director:

Amount in Rs.

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Shri S. Girish Kumar
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	 Nil - -
2	Stock Option	-

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Shri S. Girish Kumar
3	Sweat Equity	-
4	Allowances and others (W.A, EL & P. Bonus)	-
5	Provident Fund	-
6	Gratuity	-
	Total (A)	-
	Ceiling as per the Act	-

B. Remuneration to other Directors:

Independent Directors :

Particulars of Remuneration	Smt. G. Vijaya Sunitha Reddy (Independent Director)
- Sitting fees for attending board/committee meetings	24,000/-
- Commission	-
- Others, please specify	-
Total (1)	24,000/-
Other Non-Executive Directors	
Particulars of Remuneration	-
Total (2)	-
Total (B)=(1+2)	24,000/-
Total Managerial Remuneration	**24,000/-**
Overall Ceiling as per the Act	

C. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD

Amount in Rs.

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri Om Prakash Singh (Company Secretary)	**Shri Hari Kumar. M** (Chief Finacial Officer)
1.	Gross salary (a)Salary as per provisions contained in section 17(1) of the Income -tax Act,1961	7,30,004/-	8,62,821/-
	(b)Value of perquisites u/s17(2) Income-tax Act,1961	-	-
	(c)Profits in lieu of salary under section 17(3)Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Allowances and others		
	(W.A, EL & P. Bonus)	29,242/-	34,069/-
5.	Provident Fund	83,817/-	95,513/-
6.	Gratuity	32,910/-	38,480/-
	TOTAL	**8,75,973/-**	**10,30,883/-**

VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

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

Due to absence/inadequacy of profits the Company Could not take up any CSR PROJECTS for the year 2020-21

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the

Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
   (a) Name(s) of the related party and nature of relationship: Not Applicable
   (b) Nature of contracts/arrangements/transactions: Not Applicable
   (c) Duration of the contracts/arrangements/transactions: Not Applicable
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
   (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
   (f) date(s) of approval by the Board: Not Applicable
   (g) Amount paid as advances, if any: Not Applicable
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis
   (a) Name(s) of the related party and nature of relationship: Not Applicable
   (b) Nature of contracts/arrangements/transactions: Not Applicable
   (c) Duration of the contracts/arrangements/transactions: Not Applicable
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
   (e) Date(s) of approval by the Board, if any: Not Applicable
   (f) Amount paid as advances, if any: Not Applicable

On behalf of the Board of Directors

(A.K. Jain)

Chairman & Managing Director (Additional Charge)

Place: Bengaluru
Date : October 21, 2021

FORM No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2021

[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 31st March, 2021 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 31st March, 2021, 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. The Company is still in the process of constituting the Nomination and Remuneration Committee as required under Section 178 of the Act.
2. Being a material subsidiary of a Listed Entity, there shall be atleast 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.
3. 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.

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 :
S. Kedarnath
Company Secretary
UDIN : F003031 C000924699
C P No 4422

Date: 08th September, 2021
Place: Bengaluru

Note: <u>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.</u>

"Annexure A"

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

Our report (2020-21) 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 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/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
S. Kedarnath
Company Secretary
C P No 4422
UDIN : F003031 C000924699

Place: Bengaluru
Date: 08th September, 2021

ADDENDUM TO SECRETARIAL REPORT FOR THE YEAR 2020-21 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31ST MARCH 2021.

Secretarial Auditors' Observation	Company's Reply
The Company is still in the process of constituting the Nomination and Remuneration Committee as required under Section 178 of the Act.	Company will take necessary action for constituting the Nomination and Remuneration Committee.
Being a material subsidiary of a Listed Entity, there shall be atleast 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.	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.
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.	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 2021-22 as observed"

Place: Bengaluru
Date: 21st October 2021

(A.K. Jain)
Chairman & Managing Director (Addl. Charge)

CERTIFICATE OF CORPORATE GOVERNANCE

Corporate identity Number: U02922KA1999GO1025572

To

The Members of HMT Machine Tools Limited, Bangalore

We have examined the compliance of conditions of corporate Governance by **HMT Machine Tools Limited** (The Company) for the year ended on **31st March, 2021,** as stipulated in guidance on corporate governance for Central Public Sector Enterprises.

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

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

a) Constitution of Nomination and Remuneration Committee;

b) Appointmeht of requisite number of Independent Directors for the Audit committee.

c) Presentation of Authorised Share Capital in the Financial Statement

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

For M/s B.R. Prabhu & Co. Chartered
Accountants FRN : 009769S

(CA B.R. Prabhu) Proprietor M.No. 024890 UDIN
: 21024890AAAACA7033

Place: Bengaluru
Date: 21.10.2021

DECLARATION BY THE MANAGING DIRECTOR

Sub: Code of Conduct - Declaration under Clause 3.4.2

This is to certify that:

In pursuance of the provisions of Clause 3.4.2 of Corporate Governance Guidelines of DPE, a Code of Conduct for theBoard Members and Senior Management Personnel is in place.

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

All Board members, and the Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2021.

Place: Bengaluru
Date : 21st October 2021

Sd/-

(A.K. Jain)
Chairman & Managing Director
(Addl. Charge)

REVISED INDEPENDENT AUDITOR'S REPORT

(ISSUED CONSEQUENT TO PROVISIONAL COMMENTS BY DEPUTY DIRECTOR CAG, VIDE.NO: DGCA/A/c/ Desk/2020-21/HMT(MT)/1.31/191, DATED: 24-09-2021, CONSIDERING CERTAIN MATTERS TO INCLUDE IN OUR REPORT BASED ON THE REPORTS OF THE BRANCH STATUTORY AUDITORS AND THIS SUPERSEDES OUR INDEPENDENT AUDITOR'S REPORT ISSUED DATED: 03-07-2021)

THE MEMBERS OF
HMT MACHINE TOOLS LIMITED
BANGALORE.

CIN: U02922KA1999GOI025572

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the standalone financial statements of M/s. HMT MACHINE TOOLS LIMITED, BANGALORE ("the Company"), which comprise Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements")

We state that, the Standalone Financial Statements of the Company includes the compilation of the eight divisional financial statements of HMT MBX Bangalore Complex, Ajmer, Pinjore, Hyderabad, Kalamassery, Praga Tools, Marketing Division-Bangalore and HMT Directorate which have been subjected to independent statutory audit appointed by CAG for each division except for HMT Directorate.Out of the same six units are audited by other statutory auditors, Marketing unit at Bangalore is audited by us and HMT Directorate is not audited independently.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters stated in basis for ***Qualified Opinion*** the aforesaid standalone financial statements give the information required by the Companies Act, 2013 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its **loss**, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

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

1. ***Compliance of IND AS – 2 Inventory valuation***: We draw your attention towards Note No. 2(j) of the Significant accounting policies of the company, which is not in line with Ind AS-2 Inventory valuation as per Para 23. The inventory valuation adopted by the Company for Specific Projects undertaken by the Company is on the same lines of weighted average method of raw material than the Specific identification of their individual cost as defined in IND AS-2 for adoption of valuation of inventories of specific projects. However, the impact on the financial statements is not ascertainable due to lack of information to report.

2. ***Compliance of IND AS 36 – Impairment of Assets:*** We draw attention towards Note No. 2(p) of the Significant Accounting Policy about Ind AS -36 Impairment of Assets in relation to the Assessment of Potential Impairment loss of assets. 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 during the year, it is noted that the company has assets with disposable value continuing in its block of assets. The Company is yet to take Management approval for disposal of said assets as per the company's procedures and the quantum of impairment value is not available to report.

3. ***Depreciation:*** We draw attention towards Note No. 2(g) of the Significant Accounting Policy, depreciating the Property, Plant and Equipment costing less than

Rs.10,000/- to Rs.1/- in the year of purchase which is not in line with the requirements of Schedule-II of the Companies Act, 2013.

4. ***Compliance of IND AS 40 – Investment Property:***We draw attention towards *P*ara 75 of Ind AS-40 "Investment Property" regarding the disclosure requirements which are not complied by the Company.

5. ***Interest on MSME liabilities and its disclosure requirements:***

   a) We draw attention towards the non-provision of interest payable to MSME creditors as per Section 16 of Micro Small and Medium Enterprises Development Act 2006 and the impact on financial statements cannot be reported due to lack of information.

   b) We draw attention to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.

Emphasis of Matters

Without qualifying our report, attention is drawn to the following matters inthe standalone financial statements:-

1. ***Going Concern:*** 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 networth of the Company ie., the continuous increase of accumulated losses over the capital infusion reported every year. We observed that, the Company is in the process of merger with HMT Limited, its holding Company and the proposal is pending with Government of India. Accordingly, the Standalone Financial Statements are prepared on the "Going Concern" basis.

2. We draw your attention towards the non-provision of interest and penal charges that are applicable for delayed payment of statutory dues in respect of the Company and as per the information and explanations provided to us, the same is accounted as when the liability has arisen.

3. Division wise matters reported by other Statutory Auditors

MBX, Bangalore:

a) We draw attention towards the non-provision of interest towards the delayed payment of statutory dues such as GST, provident fund, ESI and Gratuity.

b) We draw attention towards the non-provision of late filing fee towards the delayed filing of returns such as TDS/TCS, ESI, and Professional Tax.

c) We draw attention to the balances of trade payable, trade receivables, advances received, advances paid, deposits (including security deposits) which are subject to confirmation due to non-availability of balance confirmations from the parties.

d) We draw attention towards the impairment test reports on the following capitalized products, which does not comply with the requirements of Ind AS-36 on account of technology development.

i) The purchase of hardware and implementation of SAP in the year 2010 has been capitalized by the Unit which includes Rs. 229.35 lakhs towards SAP software and Rs. 128.89 lakhs paid against the SAP hardware. Since SAP was purchase in 2010, the Unit has conducted in house impairment test during the year for the intangible assets and Data & Computer Processors capitalized pertaining to the software and hardware of the SAP system.

ii) In case of a technical collaboration agreement with NUM AG of Switzerland for developing numerical control system for machine tools during 2014, the Company had capitalized 1176.77 lakh in the previous year 2019-20. As the technology relate to the year 2014, there might be significant decline in the market value due to technology development. In the event of presence of the external indicator, such as technology development, in house impairment test have been conducted by the Unit.

MTK, Kalamassery:

a) The company has leased out land admeasuring 1.50 Hectares to M/s. Delhi Metro Rail Ltd for stockyard and fabrication purpose. The agreed license fee of Rs.52,50,000/- was received from them during the year 2020-21. The lease period was up to 31/03/2021 and they vacated land as per lease terms.

b) It is also noted that, a) As per sanction letter, No: M 15/74 dated 31st May 1974, received from Hindustan Machine Tools Limited, Bangalore, issued by Chairman and Managing Director, it was observed that 1 acre 58 cents has been surrendered to Kerala State Electricity Board and 6acres 89 cents has been surrendered to Ancillary Industrial Estate. b) As per sanction letter, No: A/166/71 dated 25th August 1971, received from Hindustan Machine Tools Limited, Bangalore, issued by Chairman and Managing Director, it was observed that 28 cents has been surrendered to Kerala State Electricity Board. However, the sanction letter, No: M 15/74 dated 31st May 1974 and sanction letter, No: A/166/71 dated 25th August 1971 were not available to us for our verification. Hence, we are not able to comment whether the said land is in the Unit's ownership.

c) The Unit has paid the land tax for93 Hectares 09 ares 50 sq. mtr in survey no. B/6/321/1 Thandaper No. 3707 and for 69 hectares 95 acres 10 sq.mtr comprising of survey no.B/5-713/1, 713/2, 714/1, 715/1, 716/1, 716/2, 717/5, 721/1, 724/1 and 724/2 in Thandaper no 8317 in the name of HMT Limited Bangalore for the Financial year 2020-21.It is further noticed that as per the possession certificate from village office in the year 2000, an area of 193 Hectares 62 Acres 70 sq.mtr is shown to be in the possession of HMT Ltd. Bangalore, and not HMT Machine Tools Limited. As informed to us, the Management has applied on 15-06-2015 for latest possession certificate and Location Sketch, but has not obtained the same due to pending property disputes. Hence we are unable to comment on whether the company has absolute title to the Land included in the books of accounts.

d) 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 stated 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 est* in law".

The Unit also filed Petition for Special Leave to Appeal No.386/2016 before the Honorable Supreme Court of India against order in CRP No. 1026/2002 dated 03.12.2014 passed by the Honorable High Court of Kerala at Ernakulam. The Honorable Supreme Court of India vide Order no. SLP 386/2016 dated 15.01.2016 passed an order 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.

e) Non – confirmation of trade payables, receivables, Advances, and margin money deposit may have the consequential effect on the financial statements which is not ascertainable. As explained to us, the Unit has sent confirmations for receivables but no responses have been received till date. Margin money deposits with UCO Bank amounting to Rs.86.09 lakhs has been classified as cash and cash equivalents. Out of the total margin money deposit an amount of Rs. 10.61 lakhs has been maintained by the head office with the Bank as confirmed by Head Office. In relation to the deposits maintained with UCO Bank by the unit amounting toRs.75.48 lakhs, bank confirmation has been received only for an amount of Rs.71.45 lakhs. The realisability of the balance amount of Rs.4.03 lakhs with UCO Bank is not ascertainable, in absence of deposit receipts/other documents supporting the same.

f) The Unit at Kalamassery transfers Rs.50,000/- per employee at the time of retirement to the account 'Advance for LIC Premium Gratuity ', which is wrongly classified in the Balance Sheet under Other Liabilities instead of Current Asset-Others. A sum of Rs.174.13 lakhs is receivable from LIC through HMT Directorate Bangalore. We are unable to verify the same for want of confirmation from LIC.

g) Short term provision includes adhoc wages/salary revision Rs. 103.16 lakhs shown as '1992 Pay/Wage Revision' under note No.8 towards which amount advanced Rs.24.43 lakhs is shown in the balance sheet as 'Advances other than capital advances' as per Note No.6 under other assets. As per the information and explanations provided, the above accounts are maintained as per the accounting guidelines issued by the HO and will be settled as per the directives from HO. In our opinion, these balances are to be mutually set off, and hence this presentation has resulted in over statement of Short term provision (Liability) and Short term loans and advances (Assets) by Rs. 24.43 lakhs.

h) Under Note No.6 Other Assets include Rs. 266.98Lakhs receivable from HMT (International) by the unit. The details of transactions with subsidiaries of HMT Limited are to be disclosed under the notes to accounts as per AS-18- 'Related Party Disclosures'.

i) As the unit is yet to file GSTR1 for the period January 2021 to March 2021 and GSTR3B for the month of March 2021 the reconciliation of turnover for year ended 31.03.2021 with monthly returns filed under The Central Goods & Services Tax Act, 2017 could not be carried out.

j) Outstanding Dues to Micro, Small & Medium Enterprises of INR 130.97 Lakhs forming part of Schedule 'Trade payables' does not include interest computed under the MSME Development Act, 2006 for delayed payment.

MTA, Ajmer:

1. We are unable to comment on the applicability of AS – 116 to the unit since the required information are not made available to us.

2. Short term provision includes ad-hoc wages / salary revision Rs. 1,00,90,320/- towards which amount advanced Rs. 65,60,570/- are treated as short term loans & advances. As per the explanation and information provided, the above accounts are maintained as per the Accounting Guidelines issued by the Head Office and will be settled as per directives from H.O.

3. The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 1,62,68,837/- 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.

4. The Unit has shown overdue Loans & Advances/ Debtors as its assets which should be either written off or transferred to respective provision accounts. It unnecessarily increases the Current Assets of the Unit which is actually non-performing asset. Details depicted at Schedule-1. Further to this, we have found some cases to whom further advances have been made despite having previous Advances. (Refer to the schedule of the relevant unit audit report)

5. Under 'Accrued Liabilities' head, few of the amounts outstanding pertains to very old period where the party has not claimed its money. As per H.O Guidelines the liabilities outstanding for more than 5 years must be written back to revenue. Instances of the same are shown in the schedule of the relevant unit audit report.

6. Under 'Other Deposits (Spares)', security deposit have been taken from the parties long back and no transaction has taken place since long time. Instances of the same are depicted inthe schedule of the relevant unit audit report.

7. In the absence of confirmations from the Debtors, Creditors and Advances, the consequential effect on the financial statement is not ascertainable.

8. The Unit is paying Interest on late payment of its Statutory Dues. The same status was prevailing in previous years also. Break-up of Interest paid during the year is narrated in the schedule of the relevant unit audit report. It is informed to us that the Unit is facing financial crunch since long.

9. Unit is not claiming Input of GST on Bank charges paid to avail the service of LSC Payments, which in aggregate makes a considerable amount.

10. Unit is claiming entire GST input on the basis of original invoice value even in case of part of the

material is rejected / returned/ rate difference. Some of the instances are given in the schedule of the relevant unit audit report.

11. It is observed that many accounts of Debtors & Creditors under different heads are there into books of accounts having no transactions since long. These accounts must be looked into and proper disposal should be made.

12. It is being observed that different accounts of the same party are created in different segments like Sales, Purchase etc. within the same unit. In some accounts the Party is having Debit balance and in some credit which leads to duplication of accounts and creates difficulty while settling the accounts.

13. Data of the unit is maintained in computerized form hence it is necessary to keep a backup of such data outside the premises so that in case of any calamity the data can be safely restored but no such system was found which creates a threat on data security whose consequences can be harmful to the unit.

MTH, Hyderabad:

1. The Unit has been carrying old receivable including incorrect and unconfirmed balance amounting to Rs. 4.16 Crores and an adhoc provision for Doubtful debts. Therefore, the receivables are overstated as a result the losses of the unit are understated.

2. As per para 51 of Ind AS-16, the residual life of the assets shall be reviewed at the end of each financial year and the change shall be accounted for as a change in accounting estimate in accordance with Ind AS-8 and accordingly further useful life and future economic benefits from Unit's PPE should have been re-casted considering the fact that most of PPE which were in active use were carried in the books at Re.1/. Further the Unit is not inline with 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 90% of the cost of asset over their useful life. The unit has not complied with Ind AS-16 "Property, Plant and Equipment" as per the requirement.

3. The Unit has not obtained Balance confirmations for Loans & Advances Rs.9.69 Crores, Trade Creditors Rs. 26.09 Crores and Receivables Rs. 50.90 Crores including credit balances in Trade Receivables and debit balances in Sundry Creditors.

4. We draw attention to the non-compliance para 76 of Ind AS-40, "Investment Property" as the Unit has not provided adequate disclosures with respect to Fait Market Values of the investment property and depreciation method and criteria for distinction between Investment Property and Property, Plant and Equipment.

5. We draw attention to Note No. 1A(9) with regard to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.

6. We draw attention to non-compliance with para 57 of Ind AS-19, as defined plan does not include current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such non-compliance on the loss and the current liabilities could not be determined.

7. It was observed that several items of expenses in the nature of prior period have been charged to the Statement of Profit and Loss for the year ended 31st March, 2021 which belongs to previous accounting periods. According to Ind AS-8 any expenses which arise in the current period as a result of error or omission in the preparation of the financial statements of one or more prior periods shall be corrected retrospectively and not accounted as a change in the current year. This results in non-compliance to Companies (Indian Accounting Standards) Rules, 2015 and in the absence of desired compliance with Ind AS-8 the impact of such non-compliance on current year loss and re-statement of previous reporting period financials could be ascertained.

8. We draw attention to Note No. 4 where other assets includes the brought forward input credits of erstwhile Indirect taxes to the Goods and Services Tax Network do not include such brought forward balance and in the absence of documentary evidence of such recognition result in overstatement of assets by Rs. 28.80 Lakhs and understatement of loss for the year by similar amount in the books of the division.

9. The unit has earned a rental of Income from Temporary-Crackers Stall during the period amounting to Rs. 0.42 Crores where the unit had no right of subletting. As the additional income earned by the division is not in compliance with the agreement executed the losses from the unit are understated.

10. We draw attention to non-adjustment of advances from client for several years and same should written off to Statement of Profit and Loss. Further unit is carrying an amount of Rs. 0.29 Crores as Advance to Expenses for the past several years and is not in possession of information/data to demand performance of service/ supplies.

MTM, Bangalore:

1. We draw attention to Note No. 11 and 28 (3.1) with regard to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.
2. We draw attention to Note No. 2, 5, 10 and 11 read with Note No. 28(4) to the financial statements wherein the balances of trade receivables, advances to others, deposits paid, revenue received in advance and trade payables are subject to confirmation, due to non-availability of balance confirmations from the parties.

MTP, Pinjore:

1. The Unit has not written off the customs refund claim of Rs. 8.78 Lakhs which was pending since 1987 as informed by the management. However the unit has made the provision against the same of Rs. 8.78 Lakhs. The unit has not obtained any information from the custom department for such claim neither unit has any information regarding this claim. Also the management has informed the Head office vide letter dated 28-01-2020 to write off the refund claim. As there is no certainty of refund will receive by the unit and accordingly this custom refund claim should be written off.The unit has not written off the claim

Praga Tools (PTH), Hyderabad:

1. The unit has not provided us the title deeds in respect of: 1) Freehold land measuring 3000 square yards located at Kavadiguda, 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 Unit has clear marketable title for the said properties.

Our opinion is not qualified in respect of above Emphasis of matters.

Responsibility of Management and those charged with Governance for the Standalone Financial Statements

TheCompany's Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, 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 detection of frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The management is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Matter

Division of Responsibility

We did not audit 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.40,354.03 Lakhs as at 31st March, 2021, total revenues of Rs.15,042.68 Lakhs for the year ended 31st March, 2021, as considered in the Standalone Financial Statements of the Company. These financial statements have been audited by other auditors appointed by CAGwhose reports have been furnished to us by the Management and our opinion on the standalone financial statements, 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.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As per the directions issued by the Indian Audit and Accounts Department, Hyderabad in terms of Sub-Section (5) of Section 143 of the Companies Act,2013, we give in Annexure-B, a statement on the matters specified based on our observations.
3. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

c) As required under Section 143(8) of the Act, we have considered the audit reports of other statutory auditors in respect of six divisional financial statements namely HMT MBX Bangalore Complex, Ajmer, Pinjore, Hyderabad, Kalamassery and Praga Tools and we have included in our report the various aspects of the respective divisions under **Emphasis of Matter.** We have covered one division namely HMT Marketing, Bangalore, as part of our statutory audit and in respect another division namely HMT Directorate, the unaudited financial statements have been considered by the Board.

d) The Balance Sheet and the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the Books of account.

e) In our opinion, the aforesaid IND AS financial statements dealt with by this report comply with the Indian Accounting Standards specifies under Section 133 of the Act read with relevant Rules issued thereunder as amended from time to time, ***except the Ind AS-36, Ind AS-2 and Ind AS-40***as detailed in Para Qualified Opinion in our report.

f) Section 164(2) of the Companies Act, 2013 regarding disqualification of Board of Directors is not applicable to the Government Company as per MCA notification F No. 1/2 2014-CL.V, GSR 463(E) dated 05.06.2015.

g) 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-C.

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

(i) The Company has not disclosed the details of pending litigations in its standalone financial statements except for statutory dues related litigations and the impact of the same is not ascertainable.

(ii) There are no material foreseeable losses assessed during the year and hence no provision is required to be made at the reporting date by the Company, as required under the applicable Law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

(iii) The matter relating to transfer of amounts to the Investor Education and Protection Fund is dealt at Head-office level.

For MURALI & VENKAT

Chartered Accountants
Firm's Regn. No: 002162S

TEJASHRI SRINIVAS
Partner
Membership Number: 232184
UDIN: 21232184AAAAFF6805

Place: Bangalore
Date: 28-09-2021

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF THE STANDALONE FINANCIAL STATEMENTS OF HMT MACHINE TOOLS LIMITED:

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the Members of HMT Machine Tools Limited for the year ended 31st March 2021

On the basis of such checks as we considered appropriate, according to the information and explanation given to usduring the course of our audit and based on the audit reports by the other auditors on the units of the Company, we report that:

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

(b) As explained to us, the management has a policy of physically verifying the fixed assets once in three years and the same was conducted during the year under review except for MTH, Hyderabad and PTH, Hyderabad.

(c) As explained to us and based on the report of the other auditors of the units of the company, we report the observations with regard to the title of immovable property as under:

MBX, Bangalore	The unit owns total land of 330.28 acres in Bangalore Complex, which were partly gifted and party acquired over the years. The said 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 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.
MTP, Pinjore	The title deed of immovable properties is held in the name of the unit.
MTK, Kalamassery	The Unit has received Assignment Orders from the Government of Kerala in the Form of Patta. Patta No.100/15 dated 30th October 1973 for land to the Extent of 731 Acres 19 cents (295 Hectares 00 Ares 15 Sqr.mtr), Patta No. 9310 dated 30th October 1973 for land to the Extent of 3 Acres 2 cents 683 lings (1 Hectare 22 Ares 49 Sqr. mtr), and Patta No. 12398 dated 30th October 1973 for land to the Extent of 47 Acres 37 cents (19 Hectares 17 Ares 18 Sqr.mtr), totaling to the extent of 781 Acres 59 cents (316 Hectare 95 Ares) in the name of Hindustan Machine Tools Ltd., Bangalore. As per the representation from the Management, 121 Hectares 95 Ares (300 Acres) was returned to the Govt as per the Order No.85/98/1D dated 04/06/1991 and land allotted to HMT Ltd. (Holding Company) vide order GO(MS) No. 207/2000 dated 04/07/2000-40 Hectares 65 Ares (100 Acres) Land allotted to KSEB, Chairman sanction No. M/74 dated 01/05/1974- 64 Ares (1.58 Acres), and land surrendered for Periyar Valley Canal, Post office, Industrial estate, Road -11 Hectares 74 Ares (28.88 Acres) etc., but same could not be confirmed due to unavailability of documents. Further, based on a possession certificate obtained in the year 2000, the land extent is shown as 193 Hectares 62 Ares 70 sq. mtr, but the same is in the name of HMT Ltd. Bangalore. The extent of land shown in Books of account is 141 Hectares 80 Ares. In the absence of latest possession certificate or documents evidencing the same, we are unable to confirm on the particulars. The reclassification of Land into Investment property is done based on the Land Utilization Statement submitted to us by the Unit.

	The Unit has paid the land tax for 93 Hectares 09 are 50 Sq.mtr in survey no.B/6/321/1 Thandaper No. 3707 and for 69 hectares 95 acres 10 Sq.mtr comprising of survey no.B/5-713/1, 713/2, 714/1, 715/1, 716/1, 716/2, 717/5, 721/1, 724/1 and 724/2 in Thandaper no 8317 in the name of HMT Limited Bangalore for the Financial year 2020-21.It is further noticed that as per the possession certificate from village office in the year 2000, an area of 193 Hectares 62 Acres 70 Sq.mtr is shown to be in the possession of HMT Ltd. Bangalore, and not HMT Machine Tools Limited. As informed to us, the Management has applied on 15-06-2015 for latest possession certificate and Location Sketch, but has not obtained the same due to pending property disputes. Hence we are unable to comment on whether the company has absolute title to the Land included in the books of accounts.
MTH, Hyderabad	On verification of the lease deeds (with erstwhile Government of Andhra Pradesh and transferred to the Division upon demerger of M/s HMT Limited) provided to us, mutation of lease deed has not been conveyed and registered in the name to the Division. Further we have not been provided with approval documents with regard to freehold buildings to establish that they are appropriately held in the name of the Division as at the balance sheet date.
MTA, Ajmer	Pending finalization of rates by the Government of Rajasthan, provision of 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.
PTH, Hyderabad	The title deeds of immovable properties included in property, plant and equipment are held in the name of the Unit.
MTMD, Bangalore	The unit does not hold and immovable property.

2) According to the information and explanations given to us, the physical verification of inventory is carried out at reasonable intervals except for PTH-Hyderabad, MTA-Ajmer, MBX-Bangalore units and the no material discrepancies were noticed.

3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013, hence reporting under this clause does not arise.

4) According to the information and explanations given to us, the Company has not entered into any transactions attracting the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, hence reporting under this clause does not arise.

5) The Company has not accepted any deposits from the public. Hence provision of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. Hence reporting under this clause does not arise.

6) The cost records is applicable to the Company as specified by the Central Government under section 148(1) of the Act, 2013 and as per the audit reports by the other auditors in respect of units, in our opinion the cost records are prima facie have been made and maintained by the Company expect in the following cases as reported:

MTH-Hyderabad	Cost records not maintained
PTH-Hyderabad	Cost records have been made and maintained, however not made a detailed Examination with a view to determine whether they are accurate or complete

7) a) As observed by us, the undisputed statutory dues including provident fund, employees state insurance, Excise Duty, Sales Tax, Customs Duty, Service Tax and Goods and Service Tax, cess and any other statutory dues have not been regularly deposited by the Company with the appropriate authorities within due date.

According to the information and explanation given to us, the following are the arrears of statutory dues outstanding for a period of more than six months from the date they became payable, as at the end of the financial year:

Nature of Dues	Total Due (Rs. in Lakhs)	More than six months (Rs. in Lakhs)
Provident fund, VPF and SPF	9654.55	9148.29
Pension Contribution	329.78	285.34
Professional Tax	5.14	0.20
Gratuity	4358.86	2976.16
Property Tax	514.52	464.52
Excise Duty	328.47	328.47
Customs Duty	8.80	----
GST (CGST, SGST, IGST)	929.97	130.79
Service Tax	1.96	1.96
TDS	138.17	42.88

b) According to the information and explanation given to us, the details of disputed statutory dues which are not been deposited with relevant statutory authorities are as follows.

Name of the Authority	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks
Central Excise Act,1944	Excise Duty	32.31	2011-12	CESTAT, Hyderabad	Hyderabad Division
Central Sales Tax Act, 1956	Central Sales Tax	90.11	2007-08	Hon'ble High Court, Kerala	Kalamassery Division
BBMP	Property Tax & Interest	2,253.59	Various Years from 1999-00 to 2015-16	Hon'ble High Court of Karnataka	Bangalore Complex Division
GHMC HYD, Property Tax	Property Tax & Interest	1,729.99	Various years		Hyderabad Division
	Property Tax & Interest	42.90	Various years		Ajmer Division
	Employee claims relating to lockouts, back wages	271.62	Various years		Pinjore Division
	Employee claims relating to lockouts, back wages	93.17	Various years		Ajmer Division
	Employee claims relating to lockouts,back wages	27.11	Various years		Praga Division
	C.Excise Demand Notice for nonmovingetc	324.22	Various years		Bangalore Complex Division
	Amount claimed towards int. for delayed P.F.	2,737.76	Various years		Bangalore Complex Division
	Appeal AgnstPF.Comm.	366.24	Various years		Pinjore Division
	Writ petition by ESI	8.08	Various years		Pinjore Division
	ESIC Claim No.88/2002	61.06	Various years		Praga Division
	EPS Liability relating to Penal Interest	1,125.84	Various years		Praga Division
	Stamp duty/Registration charges	17.55	Various years		Bangalore Complex Division

Name of the Authority	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks
	A.P. Central Power Distribution Corporation Limited & Water Board	136.48	Various years		Hyderabad Division
	Risk Purchase claim by GAIL	8.09	1996-97		Hyderabad Division
	Motor Accident Case	17.23	Various years		Pinjore Division
	Suppliers Claim	13.00	Various years		Ajmer Division
	Suppliers Claim	7.99	Various years		Pinjore Division
	Suppliers Claim	4.40	Various years		Pinjore Division
Joint Registrar of Co-operative societies	Co-op. Society int on Housing loan Recvry.	35.96	2010-11		Kalamassery Division
Hon'High Court of Kerala	Customer / Court Cases Credit co-op. Society	242.28	2006-07	Hon'High Court of Kerala	Kalamassery Division
	Customer Claim /Court Cases	1,642.45	Various years	Hon'High Court, District Court, Tribunal, Other courts	Hyderabad Division
	Interest on Gratuity	866.61	Various years		Bangalore Complex Division
ALC (Central) Hyd	103 cases filed before ALC(Central) Hyd	172.29	Various years		Praga Division
	GST/TDS/TCS	257.90	Various years		Bangalore Complex Division
	GST/TDS/TCS	10.40	Various years		Hyderabad Division
	Ex-employee	158.00		Hon'ble High Court of Karnataka	Bangalore Complex Division
	Supply of Material	45.42		Criminal Court	Bangalore Complex Division

8) According to the information given to us and according to the records examined by us, the Company has availed the loan from Government of India and has defaulted in repayment of loans or borrowing to Government of India. The following are the details of default as at the year end.

(Rs. in Lakhs)

Particulars	Principal	Interest	Total
Term Loan From Government of India	34852.80	34520.75	69373.55

9) According to the information and explanations given to us, during the year the Company has not raised any money from public by way initial public offer, further public offer (including debt instruments) and the Company has not availed any term loan from banks or financial institutions. Hence reporting under this clause does not arise.

10) During our audit carried out in accordance with the generally accepted auditing practices in India as applicable to the Company and according to the information and explanation given to us, we have neither noticed any instance of fraud on or by the Company or reported during the year, nor have been informed of such cases by the Management.

11) In our Opinion, the provisions of Section 197 of the Act, with regard to the managerial remuneration are not applicable to the Company, being a Government Company as per notification Fine 1/ 2 2014-CL-V, GSR 463(E) dated 05-06-2015 and hence our reporting on the disclosure of Compliance with the provisions does not arise.

12) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13) According to the information and explanation given to us and based on our examination of the records of the Company, all transactions with the related parties like fellow subsidiaries and parent company are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable and no separate disclosure of such transactions are required to be made as per Para 25 of the Indian Accounting Standard-24 “Related Party Disclosures” in respect of Government controlled Companies.

14) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, so as to adhere to the provisions of Section 42 of the Act.

15) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with Directors or persons connected with him and accordingly our reporting on the disclosure of Compliance with the provisions of section 192 of the Act, does not arise.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For MURALI & VENKAT
Chartered Accountants
Firm’s Regn. No: 002162S

TEJASHRI SRINIVAS
Partner
Membership Number: 232184
UDIN: 21232184AAAAFF6805

Place: Bangalore
Date: 28-09-2021

ANNEXURE-B TO THE INDEPENDENT AUDITOR’S REPORT OF THE STANDALONE FINANCIAL STATEMENTS OF HMT MACHINE TOOLS LIMITED

Directions under Section 143(5) of Companies Act, 2013

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

As per the explanations and information provided to us, the Company along with its divisions have system in place to process all the accounting transactions through IT system through Tally software and the accounting transactions outside IT system have also been integrated which does not have financial implications.

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 for statutory auditor of lender company).

As per the explanations and information provided to us, there are no cases of restructuring of an existing loan or any case of waiver / write off of debts/loans/ interest during the year, though the Company has been continuously defaulted in repayment of loans and carrying old outstanding loans from Government of India and from HMT Limited, Holding Company.

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.

As per the explanations and information provided to us, the Company during the year has received a grant of Rs. 1.52 Crores for the development of web-based technology Innovation Platform “SURGE” under the

Scheme on Enhancement of Competitiveness in the Indian Capital Goods Sector from Ministry of Heavy Industries & Public Enterprises, Government of India. The grant has been properly accounted as per Indian Accounting Standards for Government Grants – IND AS 20 and the funds are yet to be spent on the specified purposes.

4. Whether penal charges applicable on the outstanding statutory dues have been qualified and reported for all the units under HMT Machine Tools. If no, details thereof may be given.

With regard to the penal charges on the outstanding statutory dues, we report as follows, based on the respective Branch Auditors' Report:

HMT MBX, Bangalore Complex	The respective Branch Auditor has not commented on the penal charges.
MTA, Ajmer	The respective Branch Auditor has not commented on the penal charges.
MTP, Pinjore	The respective Branch Auditor has not commented on the penal charges.
MTH, Hyderabad	Penal Charges on GST non-compliance have been provided for the year under audit however the division is not in possession of records/assessment of penal charges applicable under other Commercial and Employee Welfare Acts and accordingly in our opinion such penal charges are not accounted in books of accounts nor are quantifiable in the absence of the relevant information.
MTK, Kalamassery	The respective Branch Auditor has not commented on the penal charges.
PTH, Praga Tools	Penal charges for outstanding Income Tax and GST dues have been quantified and provided in the books. However, penal charges have not been quantified and provided in respect of other statutory dues.

In respect of audit conducted by us, with regard to the penal charges on the outstanding statutory dues, we report as follows:

MTM, Marketing, Bangalore	The division is not in the possession of records/assessment orders under the Tax laws and other Commercial and Employee Welfare Acts and accordingly in our opinion such penal charges are not accounted in books of account nor are quantifiable in the absence of the relevant information.
HMT-Directorate	The Head Office is not in the possession of records/assessment orders under the Tax laws and other Commercial and Employee Welfare Acts and accordingly in our opinion such penal charges are not accounted in books of account nor are quantifiable in the absence of the relevant information.

For MURALI & VENKAT
Chartered Accountants
Firm's Regn. No: 002162S

TEJASHRI SRINIVAS
Partner
Membership Number: 232184

UDIN:21232184AAAAFF6805

Place: Bangalore
Date: 28-09-2021

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT OF THE STANDALONE FINANCIAL STATEMENTS OF HMT MACHINE TOOLS 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 **HMTMACHINE TOOLS LIMITED** as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal fiscal 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, bothapplicable 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 controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 financial statements for external purpose 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 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 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 internal financial control over financial reporting may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations provided to us and based on our audit and the audit by the other auditor, in respect of one division HMT-Hyderabad, the following material weaknesses is identified in the Companyrelating to inadequate internal financial controls system over financial reportingas at March 31st 2021considering 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.

A. 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 head of accounts,delay in recording of sales and purchases in the books of accounts viz-a-viz the date on which transactions were actually executed.

ii) Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updating of financial books.

B. In respect of the Company

i) Non-reconciliation and non-conformation of the trade receivables, trade payables balances, deposits and advances.

ii) Delay in payment and filing of statutory dues and returns.

iii) Non-reconciliation of GST Input with GSTR-2A and Turnover as GST Returns with the Turnover as reported in the Audited Statements of Account.

iv) Non-reconciliation of TDS Form 26AS as periodical intervals.

v) Non-compliance of IND AS-2, IND AS-36, IND AS-40

vi) Non-compliance of Schedule II of the Act with respect to computation of depreciation.

vii) Non-compliance of Schedule III of the Act with respect to the disclosure of MSME liabilities.

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 Company’s 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 achievement of the objectives of the control criteria,the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal Financial 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 March 31, 2021, and these material weakness have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the same.

For MURALI & VENKAT
Chartered Accountants
Firm’s Regn. No: 002162S

TEJASHRI SRINIVAS
Partner
Membership Number: 232184
UDIN: 21232184AAAAFF6805

Place: Bangalore
Date: 28-09-2021

Addendum to Directors Report for the year 2020-21 in respect of observations made by Statutory Auditors on the accounts of HMT Machine tools Limited for the year ended 31st March 2021

Statutory Auditor's Observations	Company's Reply
Complimentary IND AS-2 inventory valuation: We draw your attention towards Note No. 2(j) of the Significant accounting policies of the company, which is not in line with Ind AS-2 Inventory valuation as per Para 23. The inventory valuation adopted by the Company for Specific Projects undertaken by the Company is on the same lines of weighted average method of raw material than the Specific identification of their individual cost as defined in IND AS-2 for adoption of valuation of inventories of specific projects. However, the impact on the financial statements is not ascertainable due to lack of information to report.	Commonly used inventory are valued weighted average method and there will be very few items which would be job specific. As such these specific inventory would be valued only at Specific identification cost as there would be no other comparable inventory available for using weighted average method
Complimetary IND AS-36 Impairment of Assets: We draw attention towards Note No. 2(p) of the Significant Accounting Policy about Ind AS -36 Impairment of Assets in relation to the Assessment of Potential Impairment loss of assets. 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 during the year, it is noted that the company has assets with disposable value continuing in its block of assets. The Company is yet to take Management approval for disposal of said assets as per the company's procedures and the quantum of impairment value is not available to report.	Company will do the needful during the Financial Year 2021-22
Depreciation: We draw attention towards Note No. 2(g) of the Significant Accounting Policy, depreciating the Property, Plant and Equipment costing less than Rs.10,000/- to Rs.1/- in the year of purchase which is not in line with the requirements of Schedule-II of the Companies Act, 2013.	Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per IND AS and in consultation with Experts in IND AS. Accordingly any asset less than Rs.10,000/- have been depreciated fully in the year of purchase. Also, the residual value is taken as Re1/- as the asset is expected to be used even after the useful life of the assets
Complimentary of IND AS-40 Investment Property: We draw attention towards Para 75 of Ind AS-40 "Investment Property" regarding the disclosure requirements which are not complied by the Company	Company has disclosed Investment Property separately under Note No. 4 including depreciation and details of land and building held as Investment Property, in the consolidated financials of MTL. Fair value of land held as investments is also disclosed in the consolidated financials of MTL. Company will ensure that adequate disclosure of investment property will be done in the Financial Year 2021-22.

Interest on MSME liabilities and its disclosure requirements:	
a) We draw attention towards the non-provision of interest payable to MSME creditors as per Section 16 of Micro Small and Medium Enterprises Development Act 2006 and the impact on financial statements cannot be reported due to lack of information.	As Government has changed the criteria for registering as MSME, Company is collecting details from all the existing Vendors. Delay is on account of the current pandemic situation. Necessary provision will be done in the Financial Year 2021-22 based on the re-classification of MSME Vendors
b) We draw attention to the disclosure requirements as per Schedule III of Companies Act, 2013 read with Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 in the Financial Statements.	Company will do the needful during the Financial Year 2021-22

Place: Bengaluru
Date : 21st October 2021

(A.K. Jain)
Chairman & Managing Director
(Addl. Charge)

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

The preparation of financial statements of HMT Machine Tools Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 28 September 2021 which supersedes their earlier Audit Report dated 03 July 2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Machine Tools Limited for the year ended 31 March 2021 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: 29 September 2021

Significant Accounting Policies for the year ended March 31, 2021

1. Background:

HMT Machine Tools Limited ('the Company') is a Schedule 'B' CPSE established on 09.08.1999 as a wholly owned subsidiary of HMT Limited – the Holding Company. HMT Machine Tools Limited is in the business of manufacture and marketing of Machine Tools as well as providing services in reconditioning and refurbishing of machines, catering to both domestic and international markets.

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 re-measurement of the lease liability.

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

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

d) Borrowing Cost:

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

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

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

e) Investment Property:

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

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

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

f) Intangible Assets:

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

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

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

iv) Research and Development Expenditure:

Research Phase:

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

Development Phase:

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

g) Depreciation and Amortisation:

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

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

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

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

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

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

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

i) Government Grants:

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

j) Inventories:

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

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

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

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 SAin 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 year-end 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.

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.

ii) Estimates and assumptions:

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

a Deferred Taxes

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

b Defined Benefit Obligations:

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

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

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

c Other Long-Term Employee Benefits:

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

d Fair value measurement of financial instruments:

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

BALANCE SHEET AS AT 31ST MARCH 2021

(Rs. In Lakhs)

Particulars	Notes	As at 31-Mar-21	As at 31-Mar-20
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,098.28	3,470.62
Capital work in progress	3	578.11	655.04
Investment Property	4	29.02	51.81
Intangible Assets	5	1,124.90	1,265.51
Intangible Assets under development	5	0.00	0.00
Machinery and Equipment's in transit		0.00	0.00
Other Non- Current Assets	10	0.00	0.00
Total Non-Current Assets		**4,830.30**	**5,442.98**
Current assets			
Inventories	6	16,055.51	17,755.26
Financial assets			
Trade Receivables	7	14,562.15	13,023.31
Cash and Bank Balances	8	3,315.10	2,464.85
Others	9	109.73	57.71
Other Current Assets	10	4,605.44	4,916.72
Total Current Assets		**38,647.94**	**38,217.85**
Non Current Assets Held for Sale	3	0.01	0.01
		0.01	**0.01**
TOTAL ASSETS		**43,478.26**	**43,660.84**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	27,659.91	27,659.91
Other equity	12	(1,81,642.74)	(1,68,465.33)
Total equity		**(1,53,982.83)**	**(1,40,805.42)**
Non-current liabilities			
Financial liabilities			
Borrowings	13	0.00	0.00
Preference Shares	14	0.00	0.00
Provisions			
Provision for Employee Benefits	16	4,566.71	5,272.15
Other Non-Current Liabilities	19	174.80	0.00
Total Non-Current Liabilities		**4,741.51**	**5,272.15**

BALANCE SHEET AS AT 31ST MARCH 2021

(Rs. In Lakhs)

Particulars	Notes	As at 31-Mar-21	As at 31-Mar-20
Current liabilities			
Financial liabilities			
Borrowings	13	26,452.94	22,958.56
Trade payables	17	8,560.92	7,980.74
Other financial liabilities	18	1,13,673.55	1,07,475.62
Government Grant	15	0.00	0.00
Other Liabilities	19	39,545.22	35,201.34
Provisions			
Provision for Employee Benefits	16	4,313.45	5,390.39
Others	20	173.51	187.46
Total Current liabilities		**1,92,719.58**	**1,79,194.11**
Total liabilities		**1,97,461.09**	**1,84,466.26**
TOTAL EQUITY AND LIABILITIES		**43,478.26**	**43,660.84**

See accompanying notes to the financial statements and Additional Disclosure to statement of Profit and Loss A/c
Accounting Policies form part of the financial statements

For and on behalf of the Board

As per our Report of Even date

(S.Girish Kumar)
Managing Director
DIN:03385073

(Neelam S. Kumar)
Director
DIN No. 08220197

For M/s Murali & Venkat
Chartered Accountants
FRN : 002162S

(Harikumar M)
AGM (Finance)

(Om Prakash Singh)
Company Secretary

(Tejashri Srinivas)
Partner
M.No.232184

Place : Bangalore
Date : 03.07.2021

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

(Rs. In Lakhs)

Particulars	Notes	Year Ended 31-Mar-21	Year Ended 31-Mar-20
CONTINUING OPERATIONS			
Sale of goods		15,918.19	16,511.55
Rendering of services		700.62	1,111.63
Revenue from operations	21	**16,618.81**	**17,623.18**
Other income	22 A	1,027.15	1,381.97
Interest Income	22 B	124.01	195.09
Total Income		**17,769.97**	**19,200.24**
EXPENSES			
Cost of raw materials consumed	23	7,444.19	9,067.05
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24	1,685.47	(3,321.40)
Excise duty/GST on goods sold during the year	25	-	-
Excise duty on increase/ (decrease) in inventory	26	-	-
Employee benefits expense	27	8,399.02	10,278.66
Finance costs	29	8,311.72	7,966.81
Depreciation and amortization expense	28	754.82	912.96
Other expenses	30	4,562.66	4,444.91
Less: Jobs Done for Internal Use	31	108.85	276.95
Total expense		**31,049.02**	**29,072.04**
Profit/(loss)before exceptional items and tax from continuing operations		**(13,279.05)**	**(9,871.80)**
Exceptional items		-	-
Profit/(loss)before and tax from continuing operations		**(13,279.05)**	**(9,871.80)**
(1) Current tax		-	-
(2) Deferred tax		-	-
		0.00	0.00
Profit/(Loss) for the year from continuing operations		**(13,279.05)**	**(9,871.80)**
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		**0.00**	**0.00**
Profit/(loss) for the year		**(13,279.05)**	**(9,871.80)**

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

(Rs. In Lakhs)

Particulars	Notes	Year Ended 31-Mar-21	Year Ended 31-Mar-20
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**0.00**	**0.00**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		**101.64**	(418.66)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**101.64**	**(418.66)**
		101.64	**(418.66)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(13,177.41)**	**(10,290.45)**
Earnings per share for continuing operations	32		
• Basic, profit from continuing operations attributable to equity holders of the parent		**(4.80)**	(3.57)
• Diluted, profit from continuing operations attributable to equity holders of the parent		**(4.80)**	(3.57)
Earnings per share for discontinued operations			
• Basic, profit from continuing operations attributable to equity holders of the parent			
• Diluted, profit from continuing operations attributable to equity holders of the parent			
Earnings per share from continuing and discontinued operations			
• Basic, profit for the year attributable to equity holders of the parent		**(4.80)**	(3.57)
• Diluted, profit for the year attributable to equity holders of the parent		**(4.80)**	(3.57)

See accompanying notes to the financial statements and Additional Disclosure to statement of Profit and Loss A/c

Accounting Policies form part of the financial statements

For and on behalf of the Board

As per our Report of Even date

(S.Girish Kumar) Managing Director DIN:03385073	**(Neelam S. Kumar)** Director DIN No. 08220197	**For M/s Murali & Venkat** Chartered Accountants FRN : 002162S
(Harikumar M) AGM (Finance)	**(Om Prakash Singh)** Company Secretary	**(Tejashri Srinivas)** Partner M.No.232184

Place : Bangalore

Date : 03.07.2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Particulars	Year Ended 31-Mar-21	Year Ended 31-Mar-20
Operating activities		
Profit/(Loss) before tax from continuing operations	(13,279.05)	(9,871.80)
Profit/(loss) before tax from discontinued operations		
Profit/(Loss) before tax	**(13,279.05)**	**(9,871.80)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	613.78	771.92
Amortisation of Intangible Assets	140.61	140.61
Depreciation of investment properties	0.43	0.43
Gain on disposal of property, plant and equipment	(70.56)	(67.11)
Finance income	(124.01)	(195.09)
Finance costs	8,311.72	7,966.81
Working capital adjustments:		
Movements in provisions, gratuity	(1,694.69)	(1,893.19)
(Increase)/Decrease in trade and other receivables and prepayments	(1,279.59)	672.65
(Increase)/Decrease in inventories	1,699.75	(2,991.27)
Increase/(Decrease) in trade and other payables	4,924.05	(961.02)
	(757.56)	**(6,427.05)**
Income tax paid/reversed		
Net cash flows from operating activities	**(757.56)**	**(6,427.05)**
Investing activities		
Proceeds from sale of property, plant and equipment	92.93	67.11
Purchase of property, plant and equipment	(164.50)	(1,039.88)
Interest received	124.01	195.09
Receipt/(Application) of Grant-in-aid	174.80	0.00
Net cash flows used in investing activities	**227.24**	**(777.68)**
Financing activities		
Interest Paid	(2,113.79)	(1,917.92)
Proceeds/(Repayment) from borrowings	3,494.37	7,353.82
Net cash flows from/(used in) financing activities	**1,380.58**	**5,435.90**
Net increase in cash and cash equivalents	850.26	(1,768.82)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	2,464.85	4,233.67
Cash and cash equivalents at year end	**3,315.10**	**2,464.85**

Note : 1. The above statement has been prepared under the indirect method as setout in Ind AS 7

2. The cash & cash equivalent has been considered as per note No. 8

For and on behalf of the Board

As per our Report of Even date

(S.Girish Kumar)
Managing Director
DIN:03385073

(Neelam S. Kumar)
Director
DIN No. 08220197

For M/s Murali & Venkat
Chartered Accountants
FRN : 002162S

(Harikumar M)
AGM (Finance)

(Om Prakash Singh)
Company Secretary

(Tejashri Srinivas)
Partner
M.No.232184

Place : Bangalore
Date : 03.07.2021

NOTES FORMING PART OF BALANCE SHEET

3. PROPERTY, PLANT & EQUIPMENT

(Rs. In Lakhs)

PARTICULAR	Land & Land Develo-pment	Buildings	Factory Buildings	General Building	Plant and Machinery	Furniture, Fittings & Office Appliances	Air conditi-oning and ventilat-ions	Comp-uters and data process	Electrical install-ations	Measuring Equip-ment	Factory Equipment	Water supply and sanita-tions	Capital work in progress	Vehi-cles	Special Tools	Interior Partit-ions	Road Wall and Fencing	Total
Cost or valuation																		
At 31 March 2019	78.87	1,446.72	479.84	241.34	21,214.15	521.88	487.48	1,278.95	875.91	707.92	2,896.69	159.55	280.79	24.31	1,119.53	8.63	40.74	31,863.31
Additions					232.25	3.39		128.89				5.45	503.14		118.53			991.65
Assets Held for Disposal																		-
Disposal/Adjustment					(107.60)	(0.58)					(0.02)		(128.89)					(237.09)
At 31 March 2020	78.87	1,446.72	479.84	241.34	21,338.80	524.69	487.48	1,407.84	875.91	707.92	2,896.68	165.00	655.04	24.31	1,238.06	8.63	40.74	32,617.86
Additions	22.36				88.28	1.41	1.11	2.69		0.90	14.74		11.59		109.96			253.04
Assets Held for Disposal																		-
Disposal/Adjustment					(295.98)	(6.14)		(2.55)			(13.64)		(88.52)					(406.83)
At 31 March 2021	101.23	1,446.72	479.84	241.34	21,131.10	519.96	488.59	1,407.98	875.91	708.82	2,897.78	165.00	578.11	24.31	1,348.02	8.63	40.74	32,464.07
Depreciation and Impairment																		
At 31 March 2019	-	1,339.90	431.34	220.00	18,149.89	503.05	465.26	1,250.72	868.69	681.91	2,785.48	159.55	-	24.31	896.25	8.63	40.74	27,825.73
Depreciation charge for the year		6.31	4.64	2.49	505.66	5.73	8.34	52.21	5.69	4.19	66.46	1.09			109.12			771.92
Adjustments during the year																		-
Deduction/Adjustment					(104.84)	(0.58)					(0.02)							(105.44)
Assets Held for Disposal					0.00													0.00
At 31 March 2020	-	1,346.21	435.98	222.49	18,550.70	508.20	473.60	1,302.93	874.39	686.10	2,851.92	160.64	-	24.31	1,005.36	8.63	40.74	28,492.20
Depreciation charge for the year		3.99	4.55	0.81	429.21	2.72	5.26	41.68	0.31	0.40	14.98	1.09			108.79			613.78
Adjustments during the year																		-
Deduction/Adjustment					(295.98)	(6.14)		(2.55)			(13.64)							(318.31)
Assets Held for Disposal																		-
At 31 March 2021	-	1,350.20	440.53	223.30	18,683.93	504.78	478.86	1,342.06	874.70	686.50	2,853.26	161.73	-	24.31	1,114.15	8.63	40.74	28,787.68
Net book value																		
At 31 March 2021	101.23	96.52	39.31	18.04	2,447.17	15.18	9.73	65.92	1.21	22.32	44.52	3.27	578.11	-	233.87	-	-	3,676.39
At 31 March 2020	78.87	100.51	43.86	18.85	2,788.10	16.49	13.88	104.91	1.52	21.82	44.76	4.36	655.04	-	232.70	-	-	4,125.66

Net book value	**31-03-2021 Rs.In Lakhs**	**31-03-2020 Rs. In Lakhs**
Plant Property and Equipment	3,098.28	3,470.62
Capital work in progress	578.11	655.04
Non Current Assets Held for Sale	0.01	0.01

Non Current Assets Held for Sale

(Rs. In Lakhs)

NOTES FORMING PART OF BALANCE SHEET	Total	
Particulars	**31-Mar-21**	**31-Mar-20**
Plant and Machinery	0.01	0.01
Factory Equipment	-	-
	0.01	**0.01**

NOTES FORMING PART OF BALANCE SHEET

HMT Machine Tools Ltd

1. Fixed Assets have been transferred from the Holding Company to the Subsidiary at Gross value of Rs. 202.10 Cr. Reserve for depreciation of Rs. 151.46 Cr. and net value of Rs. 50.64 Cr., as on 01.04.2000 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 Govt. of India. However, the mutation of title deeds is yet to be done in the revenue records to that effect. Fresh Lease Deed in respect of Lease Hold Lands are pending to be executed.

3. Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II. Accordingly the unamortised carrying value is being depreciated/amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Statement of Profit and Loss amounting to Rs. 321.73 lakhs during FY. 2014-15.

4. In respect of Praga Tools Division, Hyderabad Plant & Machinery includes 7 items of Fixed Assets identified as surplus and for disposal, the net block of which is Rs. 16,34,329/-

5. LAND:

5.1 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.

5.2 The Company is in possession of Gift land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 166 Acres and 198.88 Acres respectively, nominally valued at Rs. 1 each.

5.3 Praga Tools Division is in possession of 195 acres and 33 guntas land handed over by the Govt. of Andhra Pradesh. The company 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 the Company has sought directions for demarking 195.33 acres of land for handing over the same to the company. 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 the Company, but the company 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. The Company 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.

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

4. INVESTMENT PROPERTY	Land	Buildings	Total
Cost or valuation			
At 31 March 2019	**29.85**	**26.17**	**56.02**
Additions	-	-	-
Assets Held for Disposal	-	-	-
Disposal/Adjustment	-	-	-
At 31 March 2020	**29.85**	**26.17**	**56.02**
Additions	-	-	-
Assets Held for Disposal	-	-	-
Disposal/Adjustment	(22.36)		**(22.36)**
At 31 March 2021	**7.49**	**26.17**	**33.65**
Depreciation and Impairment			
At 31 March 2019	-	**3.77**	**3.77**
Depreciation charge for the year	-	0.43	**0.43**
Adjustments during the year	-	-	-
Deduction/Adjustment	-	-	-
Assets Held for Disposal	-	-	-
At 31 March 2020	-	**4.20**	**4.20**
Depreciation charge for the year	-	0.43	**0.43**
Adjustments during the year	-	-	-
Deduction/Adjustment	-	-	-
Assets Held for Disposal	-	-	-
At 31 March 2021	-	**4.64**	**4.64**
Net book value			
At 31 March 2021	**7.49**	**21.53**	**29.02**
At 31 March 2020	**29.85**	**21.96**	**51.81**

Additional Information

i) The Company has classified certain land & building as investment property which is not an owner occupied property

ii) The Company has not obtained any fair valuation of investment property from independent valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2021 is Rs. 61,416.84 Lakhs (previous year Rs. 80,269.10 Lakhs)

iii) The Company is in possession of Gift land located at Kalamassery & Hyderabad gifted by the respective State Governments measuring 182.83 Acres and 28.42 Acres respectively, nominally valued at Rs. 1 each.

Information regarding income and expenditure of Investment property

	31-Mar-21 Rs. In Lakhs	31-Mar-20 Rs. In Lakhs
Rental income derived from investment properties	57.84	80.19
Direct operating expenses (including repairs and maintenance) generating rental income	0.00	0.00
Direct operating expenses (including repairs and maintenance) that did not generate rental income	0.00	0.00
Profit arising from investment properties before depreciation and indirect expenses	**57.84**	**80.19**
Less – Depreciation	0.43	0.43
Profit arising from investment properties before indirect expenses	**57.41**	**79.76**

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

5. Intangible Assets	Intangible Assets	Intangible asset under development	Total
Cost			
At 31 March 2020	1,494.48	-	1,494.48
Additions/Deletion			
At 31 March 2021	1,494.48	-	1,494.48
Amortisation and Impairment			
At 31 March 2020	228.97		228.97
Amortisation	140.61		
At 31 March 2021	369.59		369.59
Net book value			
At 31 March 2021	1,124.90	-	1,124.90
At 31 March 2020	1,265.51	-	1,265.51
Net book value	**31/03/2021**	**31/03/2020**	
Intangible assets under development	**-**	-	
Intangible Assets	**1,124.90**	1,265.51	

(Rs. In Lakhs)

NOTES FORMING PART OF BALANCE SHEET	As at 31-Mar-21	As at 31-Mar-20
6. Inventories		
Raw Materials and Components	**2,736.15**	2,476.16
Material and Components in Transit	**97.47**	306.34
Work-in-Progress	**4,708.48**	5,904.20
Finished Goods	**8,400.24**	8,891.16
Stock in Trade	**-**	-
Goods-in-Transit	**-**	-
Stores and Spares	**1,333.76**	1,365.38
Tools and Instruments	**64.53**	65.97
Scrap	**215.33**	214.15
	17,555.95	**19,223.35**
Less: Provision for Non-moving Inventories	**1,500.44**	1,468.09
	16,055.51	**17,755.26**

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

NOTES FORMING PART OF BALANCE SHEET	As at 31-Mar-21	As at 31-Mar-20
7. Trade Receivables		
Considered good	**14,562.15**	13,023.31
Unsecured, considered good	**-**	-
Doubtful	**6,699.84**	6,162.82
	21,261.99	**19,186.12**
Impairment Allowance (Allowance for bad and doubtful debts)		
Unsecured, considered doubtful	**6,699.84**	6,162.82
	14,562.15	**13,023.31**
Trade Receivables exceeding 6 months from the date they are due for payment	**6,562.97**	5,495.70
Trade Receivables less than 6 months from the date they are due for payment	**7,999.18**	7,527.61

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

8. Cash and Bank Balances		
A. Cash and Cash Equivalents		
– Current accounts	**999.52**	461.26
– Escrow Account	**190.00**	
Cash and Cheques on hand	**3.32**	12.75
B. Other Bank Balances		
– Deposits with maturity more than three months but less than twelve months	**2,122.27**	1,990.83
	3,315.10	**2,464.85**

9. Other Financial Assets		
Interest Accrued and Due	**40.06**	57.71
With Scheduled Banks in Deposit Account - Margin Money	**69.67**	-
Total	**109.73**	**57.71**

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

NOTES FORMING PART OF BALANCE SHEET	As at 31-Mar-21	As at 31-Mar-20
10. Other Assets		
Non-Current		
Capital Advances	**1.97**	1.97
Less: Provision for Doubtful Advances	**(1.97)**	(1.97)
	-	-
Current		
Advances to employees	**0.08**	0.08
Vehicle Advance	**0.54**	0.54
Less: Provision for Doubtful Loans and Advances	**(0.54)**	(0.54)
HMT Ltd	**428.14**	435.58
HMT Watches Ltd	**-**	23.37
HMT International Ltd.	**381.68**	388.31
	809.90	**847.34**
Advances other than Capital Advances		
Advances recoverable in cash or in kind	**179.21**	305.26
Advance to Suppliers/Employees Including Advance No. III	**93.45**	12.72
Considered Good	**2,948.21**	3,137.60
Considered Doubtful	**736.31**	582.86
	3,957.18	**4,038.44**
Less: Provision for Doubtful Advances	**736.31**	582.86
	3,220.87	**3,455.58**
Prepaid Expenses	**16.07**	8.88
Withholding of taxes and other tax receivables*	**82.34**	145.79
Security Deposits	**476.26**	459.12
	574.67	**613.79**
Total Other Assets	**4,605.44**	**4,916.72**

*Withholding taxes primarily consists of input taxes

NOTES FORMING PART OF BALANCE SHEET

Statement of changes in equity as on 31ST MARCH 2021 (Rs. In Lakhs)

11. Share capital

Authorised Share capital

Equity Shares

	Number	Amount
At 31 March 2020	35,50,00,000	35,500.00
Increase/(decrease) during the year	0	0.00
At 31 March 2021	**35,50,00,000**	**35,500.00**

Issued Capital

Equity shares of Rs. 10/- each issued and fully paid

	Number	Amount
At 31 March 2020	**27,65,99,137**	**27,659.91**
Increase/(decrease) during the year	0	0.00
At 31 March 2021	**27,65,99,137**	**27,659.91**

"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. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

	As at 31 March 2021		As at 31 March 2020	
Name of the Share Holder	**No of Shares**	**% holding**	**No of Shares**	**% holding**
Equity shares of INR*10 each fully paid*				
HMT Limited	27,65,99,137	100%	27,65,99,137	100%

12. Other Equity

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		
	Capital reserve	Retained earnings	Equity Instuments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2019	2,271	(1,55,502)	-	(4,944)	-1,58,175
Change in Accounting Policy or Prior Period Error					-
Restated Balance as of 1st April 2019	**2,271**	**(1,55,502)**	**-**	**(4,944)**	**(1,58,175)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				-419	-419
Profit for the period		(9,872)			(9,872)
At 31 March 2020	**2,271**	**(1,65,374)**	**-**	**(5,362)**	**(1,68,465)**

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		
	Capital reserve	Retained earnings	Equity Instuments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2020	2,271	(1,65,374)	-	(5,362)	(1,68,465)
Change in Accounting Policy or Prior Period Error					-
Restated Balance as of 1st April 2020	**2,271**	**(1,65,374)**	**-**	**(5,362)**	**(1,68,465)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				102	102
Profit for the period		(13,279)			(13,279)
At 31 March 2021	**2,271**	**(1,78,653)**	**-**	**(5,261)**	**(1,81,643)**

For and on behalf of the Board

As per our Report of Even date

(S.Girish Kumar)
Managing Director
DIN:03385073

(Neelam S. Kumar)
Director
DIN No. 08220197

For M/s Murali & Venkat
Chartered Accountants
FRN : 002162S

(Harikumar M)
AGM (Finance)

(Om Prakash Singh)
Company Secretary

(Tejashri Srinivas)
Partner
M.No.232184

Place : Bangalore
Date : 03.07.2021

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Equity shares of Rs. 10/- each issued, subscribed and fully paid	No.	Rs. In Lakhs
At 31 March 2020	27,65,99,137	27,660
Changes in equity share capital during the year	-	-
At 31 March 2021	27,65,99,137	27,660

B. Other Equity

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		
	Capital reserve	Retained earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2019	2,271	(1,55,502)	-	(4,944)	-1,58,175
Change in Accounting Policy or Prior Period Error					-
Restated Balance as of 1st April 2019	**2,271**	**(1,55,502)**	**-**	**(4,944)**	**(1,58,175)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				-419	-419
Profit for the period		(9,872)			(9,872)
At 31 March 2020	**2,271**	**(1,65,374)**	**-**	**(5,362)**	**(1,68,465)**

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		
	Capital reserve	Retained earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company
	Amount	Amount	Amount	Amount	Amount
Balance as of 1st April 2020	2,271	(1,65,374)	-	(5,362)	(1,68,465)
Change in Accounting Policy or Prior Period Error					-
Restated Balance as of 1st April 2020	**2,271**	**(1,65,374)**	**-**	**(5,362)**	**(1,68,465)**
Remeasurement of the net defined benefit liability/asset, net of tax effect				102	102
Profit for the period		(13,279)			(13,279)
At 31 March 2021	**2,271**	**(1,78,653)**	**-**	**(5,261)**	**(1,81,643)**

For and on behalf of the Board

As per our Report of Even date

(S.Girish Kumar)
Managing Director
DIN:03385073

(Neelam S. Kumar)
Director
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For M/s Murali & Venkat
Chartered Accountants
FRN : 002162S

(Harikumar M)
AGM (Finance)

(Om Prakash Singh)
Company Secretary

(Tejashri Srinivas)
Partner
M.No.232184

Place : Bangalore
Date : 03.07.2021

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
13. Borrowings		
Non-current		
Unsecured		
Total Non-current borrowings	**-**	**-**
Current		
Secured		
Cash Credit	2,938.12	2,402.50
Loan from holding company	22,864.82	20,556.06
Emergency Credit Loan	650.00	
Net Current borrowings	**26,452.94**	**22,958.56**
Aggregate Secured loans	3,588.12	2,402.50
Aggregate Unsecured loans	22,864.82	20,556.06

Cash Credit 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.

	As at 31-Mar-21	As at 31-Mar-20
14. Preference Share Capital		
Preference Share Capital	-	-
Total	**-**	**-**
15. Government Grant		
Received during the year	**-**	**-**
16. Provision for Employee benefits		
Non Current		
Gratuity	3,220.34	3,818.24
Earned Leave Encashment	1,183.58	1,263.76
Settlement Allowance	162.78	190.15
	4,566.71	**5,272.15**
Current		
Gratuity	1,389.56	2,022.80
Earned Leave Encashment	414.24	566.63
Settlement Allowance	70.64	100.55
Wage and Salary Revision (1992)	2,439.00	2,700.41
	4,313.45	**5,390.39**
Total	**8,880.16**	**10,662.54**

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
17. Trade payables		
Acceptances	250.34	140.27
Dues towards Goods purchased	7,882.51	7,724.07
Dues to Micro, Small & Medium Enterprises	428.07	116.40
Total	**8,560.92**	**7,980.74**
18. Other Financial Liabilities		
Current maturities of long-term Debts	-	1,286.48
4,43,00,000 3.5% Redeemable Preference Shares of Rs.100/- each (Defaulted)	44,300.00	44,300.00
Loan from Govt. of India (Defaulted)	-	-
Term Loan for a period of 5 Yrs. (Statutory Dues 2006-07) carrying rate of interest @ 15.50%	7,108.83	7,033.61
Term Loan for a period of 5 Yrs. (Capex 2006-07) carrying rate of interest @ 15.50%	395.00	395.00
Term Loan for a period of 5 Yrs. (VRS 2007-08 & 2008-09) carrying rate of interest @ 3.50%	4,001.19	4,001.19
Term Loan for a period of 5 Yrs. (Statutory Dues 2012-13,13-14,14-15) carrying rate of interest @13.50%	9,743.78	9,547.46
Term Loan for a period of 5 Yrs. (Working Capital) carrying rate of interest @13.50%)	7,500.00	7,347.61
Term Loan for a period of 5 Yrs. (Bridge Loan-1997 pay scales) carrying rate of interest @7.00%)	6,104.00	5,241.45
Interest accrued and due on borrowings		
Loans from Government of India	32,468.44	26,295.60
Interest accrued but not due on borrowings		
Government of India Loan	2,052.30	2,027.21
Total	**1,13,673.55**	**1,07,475.62**

Additional Information

HMT Machine tools Ltd, Bangalore is a BIFR referred company and have sought for exemption from payment of stamp duty from the state government, pending receipt of order from the state government, the share Certificate for 3.5% Preference Share are not yet issued to Holding Company (HMT Limited)

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

	As at 31-Mar-21	As at 31-Mar-20
19. Other Liabilities		
Non Current		
Government Grant from GOI - Deferred Income	152.00	-
Aid from HMT Limited	22.80	-
	174.80	**-**
Current		
- Machine Tools Bangalore Complex (MBX)	23,948.83	21,662.82
- Machine Tools Division, Pinjore (MTP)	19,269.19	16,888.06
- Machine Tools Division, Kalamassary (MTK)	355.61	446.16
- Machine Tools Division, Hyderabad (MTH)	19,486.52	16,462.47
- HMT Praga Tools, Hyderabad (PTH)	10,244.96	10,053.35
- Machine Tools Division, Ajmer (MTA)	4,563.32	4,163.35
- Machine Tools Marketing Division, Bangalore (MTMD)	2,493.73	2,839.92
- Machine Tools Directorate, Bangalore (MTD)	-80,293.45	-72,447.41
- Machine Tools Directorate, Bangalore (MTD)-Res & Surp (Dep)	-68.72	-68.72
Dues to Holding Company and its subsidiaries		
HMT Ltd	6,362.49	4,506.68
HMT Watches Ltd	-	131.20
HMT (International) Ltd	153.05	233.77
EMD Deposit Received	31.56	30.05
Revenue received in advance	6,107.68	5,743.13
Sundry Creditors- Dues	653.56	3,066.86
Other Liabilities	26,236.87	21,489.65
Total	**39,545.22**	**35,201.34**

NOTES FORMING PART OF BALANCE SHEET

(Rs. In Lakhs)

20. Provisions - others	Warranty Claims	Provision for pay/ wage revision	Total
At 1 April 2020	**77.06**	**110.40**	**187.46**
Arising during the year	60.17	-	
Utilised	(48.97)	0.00	
Unused amounts reversed	(25.15)	-	
At 31 March 2021	**63.11**	**110.40**	**173.51**
Current	63.11	110.40	173.51
At 1 April 2019	**71.76**	**110.13**	**181.89**
Arising during the year	65.45	0.27	
Utilised	(43.57)	0.00	
Unused amounts reversed	(16.59)	-	
At 31 March 2020	**77.06**	**110.40**	**187.46**
Current	77.06	110.40	187.46
Non-current			

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

	For the Year Ended 31-Mar-21	For the Year Ended 31-Mar-20
21. Revenue from Operations		
Sale of Products		
Sale of Machine Tools	15,447.20	16,064.95
Sales of Accessories	470.99	446.61
Less: Sales returns	-	0.00
	15,918.19	**16,511.55**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	487.22	818.74
Packing / Forwarding charges	61.79	77.91
Sale of services	151.61	214.98
	700.62	**1,111.63**
Revenue from Operations	**16,618.81**	**17,623.18**
22. Other income		
A. Other Income		
Recoveries from Staff/Others	43.74	53.40
Interest Income	-	8.39
Rent Received	295.45	449.16
Conveyance Recovered	0.02	0.01
Water Charges Recovered	0.32	0.27
Electricity Charges Recovered	7.52	7.28
Miscellaneous Income	278.13	466.53
Gains on Sale of Property, Plant and Equipment	70.56	67.11
Provisions Withdrawn	295.62	188.35
Sale of scrap	30.38	125.80
Training expenses recovered	1.73	11.74
Creditors Written off	3.68	3.95
Total (A)	**1,027.15**	**1,381.97**
B. Interest Income		
Interest income on Bank Deposits	98.48	190.51
Interest from Dealers/Others	25.53	4.58
Total (B)	**124.01**	**195.09**
Total Other Income (A+B)	**1,151.16**	**1,577.06**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

	For the Year Ended 31-Mar-21	For the Year Ended 31-Mar-20
23 Cost of Raw Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	2,476.16	2,135.31
Add: Purchases	5,760.90	7,293.66
	8,237.05	**9,428.97**
Add/(Less): Inter Factory Transfer	16.62	-109.52
Less: Inventory at the end of the year	2,736.15	2,476.16
Cost of Raw material and Components consumed	**5,484.28**	**7,062.33**
Consumption of Stores, Spares, Tools & Packing Materials	1,959.91	2,004.71
Total Raw materials and Components consumed	**7,444.19**	**9,067.05**
24. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	8,891.16	5,070.85
Less: inventory at the end of the year	8,400.24	8,891.16
Changes in Inventory	490.93	(3,820.32)
Work in Progress		
Inventory at the beginning of the year	5,904.20	6,259.32
Less: Inventory at the end of the year	4,708.48	5,904.20
Changes in Inventory	1,195.72	355.13
Stock in Trade		
Inventory at the beginning of the year	-	-
Less: Inventory at the end of the year	-	-
Changes in Inventory	-	-
Goods In Transit		
Inventory at the beginning of the year	-	268.93
Less: Inventory at the end of the year	-	-
Changes in Inventory	-	268.93
Scrap		
Inventory at the beginning of the year	214.15	89.00
Less: Inventory at the end of the year	215.33	214.15
Changes in Inventory	(1.18)	-125.15
Total	**1,685.47**	**-3,321.40**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

	For the Year Ended	
	31-Mar-21	**31-Mar-20**
25. Excise Duty on Sale of Finished Goods		
Excise duty on sale of goods	-	-
	-	**-**
26. Changes in Excise Duty on Finished Goods		
Excise Duty on Opening Inventory	-	-
Excise Duty on Closing Inventory	-	-
	-	**0.00**
27. Employee benefits expenses		
Salaries, Wages and Bonus	5,723.68	6,886.51
House Rent Allowance	234.55	278.53
Gratuity	671.48	736.79
Contribution to PF & FPS	535.29	633.74
Deposit Linked Insurance	32.30	45.96
Contribution to ESI	5.78	8.68
Welfare Expenses	1,195.94	1,688.45
	8,399.02	**10,278.66**
28. Depreciation and Amortization		
Depreciation of Property, Plant and Equipment	613.78	771.92
Amortization of Intangible assets	140.61	140.61
Depreciation on Investment Properties	0.43	0.43
	754.82	**912.96**
29. Finance costs		
Government of India Loans	6,197.93	6,048.89
Cash Credit loans from Banks	449.54	465.77
Interst on Inter Corporate Loan	1,648.53	1,431.86
Interest on Bonds	15.72	15.72
Others	-	4.57
Total Finance costs	**8,311.72**	**7,966.81**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

	For the Year Ended 31-Mar-21	For the Year Ended 31-Mar-20
30. Other expenses		
Manufacturing Expenses		
Power and Fuel	776.59	850.44
Guest House Expenses	0.42	0.72
Provision for Non Moving Inventories	58.85	37.80
Advertisement and Publicity	5.85	5.96
Carriage outwards	50.50	10.84
Rent	29.82	28.61
Rates and Taxes	97.08	117.02
Insurance	45.66	15.99
Service Charges Paid	60.69	95.68
Water and Electricity	121.50	144.16
Repairs to building	42.13	33.32
Repairs to machinery	42.83	49.44
Printing and Stationery	22.89	34.37
Conference , Seminars and Training	0.19	1.48
Auditors Remuneration #	6.53	6.99
Provision for Doubtful Debts,Loans and Advances	759.43	357.85
Warranty claims	49.68	96.18
Interest on delayed payment of statutory dues	16.07	5.50
Travelling Expenses	50.71	124.81
Exchange Difference	27.18	44.17
Interest On Others	154.33	61.30
Bank Charges	219.18	164.23
Interest on delayed remittance	225.65	162.12
Remb of Exp - Holding Company	11.86	59.33
Other Expenses	1,687.02	1,936.59
	4,562.66	**4,444.91**
For Statutory auditor	4.04	4.30
For taxation matters	1.03	1.03
Cost audit fee and expenses	1.46	1.66
	6.53	**6.99**
31. Jobs Done for Internal Use		
Shop manufactured Special Tools	108.85	276.95
	108.85	**276.95**

32. Earnings per share (EPS)

Particulars	31-Mar-21 Rs.In Lakhs	31-Mar-20 Rs.In Lakhs
Profit attributable to Equity holders:		
Continuing Operations	₹ (13,279.05)	₹ (9,871.80)
Discontinued Operations		
Profit attributable to Equity holders for basic earnings	**₹ (13,279.05)**	**₹ (9,871.80)**
Interest on convertible Preference shares		
Profit attributable to Equity holders of the parent adjusted for the effect of dilution	**₹ (13,279.05)**	**₹ (9,871.80)**
Weighted average number of Equity shares for basic EPS*	27,65,99,137	27,65,99,137
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**27,65,99,137**	**27,65,99,137**
Earnings per share for continuing operations		
Basic, profit from continuing operations attributable to equity holders of the parent	**₹ (4.80)**	**₹ (3.57)**
Diluted, profit from continuing operations attributable to equity holders of the parent	**₹ (4.80)**	**₹ (3.57)**

* 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 FINANCIAL STATEMENTS

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

	31-Mar-21	31-Mar-20
	%	%
Discount rate:		
Gratuity plan	**6.17**	6.33
Settlement Allowance	**6.17**	6.33
Earned Leave Encashment	**6.17**	6.33
Future salary increases:		
Gratuity plan	**7.00**	7.00
Settlement Allowance	**7.00**	7.00
Earned Leave Encashment	**7.00**	7.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance		Leave Encashment	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	100%	100%	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	5%	5%	5%	5%	0%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%		
Attrition Rate					1% to 3%	1% to 3%
Normal Retirement Age	58yrs	58yrs	58yrs	58yrs	58yrs	58yrs
Average Future Service	9.90	9.9	9.90	9.9		
Leave Encashment Rate during employment					1% to 3%	1% to 3%
Leave Availment Rate					1%	1%

NOTES FORMING PART OF FINANCIAL STATEMENTS

Defined Benefit Obligations

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

A. Gratuity

31 March 2021 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							
	01-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	31-Mar-21
	Rs. In Lakhs	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**
Defined benefit obligation	(7,018.14)	(233.77)	(377.86)	(611.63)	1,673.96			-132.96	237.02	104.06		(5,851.75)
Fair value of plan assets	1,177.10		85.34	85.34	(1,673.96)	(20.60)				-20.60	1,673.96	1,241.84
Benefit liability	**(5,841.04)**	**-233.77**	**-292.52**	**(526.29)**	**0.00**	**(20.60)**	**0.00**	**(132.96)**	**237.02**	**83.46**	**1,673.96**	**(4,609.91)**

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

		Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
	Rs. In Lakhs	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**	**Rs. In Lakhs**
Defined benefit obligation	(7,952.47)	(184.43)	(371.32)	(555.75)	1,968.54			-168.48	(309.98)	-478.46		(7,018.14)
Fair value of plan assets	1,066.61		80.35	80.35	(1,968.54)	29.64				29.64	1,969.04	1,177.10
Benefit liability	**(6,885.86)**	**-184.43**	**-290.97**	**(475.40)**	**0.00**	**29.64**	**0.00**	**-168.48**	**-309.98**	**-448.82**	**1,969.04**	**(5,841.04)**

NOTES FORMING PART OF FINANCIAL STATEMENTS

B. Earned Leave Encashment

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

		Defined Benifit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-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	31-Mar-21
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	(1,830.39)	(134.60)	(102.19)	(236.79)	470.71		0.00	-11.05	9.70	-1.35		(1,597.82)
Fair value of plan assets	0.00											0.00
Benefit liability	**(1,830.39)**	**-134.60**	**-102.19**	**(236.79)**	**470.71**	**0.00**	**0.00**	**(11.05)**	**9.70**	**(1.35)**	**0.00**	**(1,597.82)**

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

		Defined Benifit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	(2,014.83)	(148.17)	(126.82)	(274.99)	525.05		0.00	-68.08	2.46	-65.62		(1,830.39)
Fair value of plan assets	0.00											0.00
Benefit liability	**(2,014.83)**	**-148.17**	**-126.82**	**(274.99)**	**525.05**	**0.00**	**0.00**	**-68.08**	**2.46**	**(65.62)**	**0.00**	**(1,830.39)**

NOTES FORMING PART OF FINANCIAL STATEMENTS

C. Settlement Allowance

31 March 2021 changes in the defined benefit obligation and fair value of plan assets

		Defined Benifit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-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	31-Mar-21
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	(290.70)	(25.25)	(15.22)	(40.47)	100.16		0.00	-1.46	(0.96)	(2.42)		(233.43)
Fair value of plan assets	0.00											0.00
Benefit liability	**(290.70)**	**(25.25)**	**(15.22)**	**(40.47)**	**100.16**	**0.00**	**0.00**	**(1.46)**	**(0.96)**	**(2.42)**	**0.00**	**(233.43)**

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

		Defined Benifit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	01-Apr-19	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	31-Mar-20
	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
Defined benefit obligation	(336.88)	(29.99)	(20.09)	(50.08)	102.09		0.00	-8.44	2.61	(5.83)		(290.70)
Fair value of plan assets	0											0.00
Benefit liability	**(336.88)**	**-29.99**	**-20.09**	**(50.08)**	**102.09**	**0.00**	**0.00**	**(8.44)**	**2.61**	**(5.83)**	**0.00**	**(290.70)**

NOTES FORMING PART OF FINANCIAL STATEMENTS

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 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	179.61	166.33	211.54	187.06
Change in rate of salary increase	121.83	138.99	141.83	159.78
Change in withdrawal rates	5.56	7.10	6.26	8.21

(ii) Settlement Allowance (Rs. In Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	9.24	8.64	10.41	9.32
Change in rate of salary increase	7.76	9.17	9.43	11.06
Change in withdrawal rates	8.35	9.58	12.10	10.94

(ii) Earned Leave Encashment (Rs. In Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	68.58	75.43	77.22	74.90
Change in rate of salary increase	78.22	81.35	88.82	91.71
Change in Attrition Rates	2.11	2.31	2.61	2.21

The expected contributions for gratuity for the next financial year will be Rs. 3570.05 lakhs

Segment reporting

Year ended 31 March 2021

(Rs. In Lakhs)

	31-Mar-21	31-Mar-20
Revenue from external customers		
India	3,571.15	3,401.00
Outside India		
Total revenue per consolidated Statement of profit or loss	**3,571.15**	**3,401.00**

The revenue information above is based on the locations of the customers.

Revenue from one customer amounted to 3571 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2021.

Revenue from one customer amounted to 3401 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2020.

Annex - A

DISCLOSURE REQUIREMENT OF CONTINGENT LIABILITIES AS PER (AS - 29)

"Others" **Rs. in Lakhs**

Sl. No.	Class of Cases	Nature of Cases * **	Amount
1	Central Excise Department	Demands Notice towards reversal of provisions for slow/non-moving Inventory provided for	324.22
2	PF / EPS / ESI Cases	Demands raised by PF / EPS / ESI Authorities	4,298.97
3	Stamp Duty/ Registration Charges	Order towards Stamp duty and Registration Charges on differential value of land - Appeal Filed	17.55
4	A.P. Central Power Distribution Corporation Limited & Water Board	Amount claimed towards development charges, appeal pending with Andhra Pradesh Electricity Regulatory Commission.	136.48
5	Risk purchase claim by GAIL	Claims towards risk purchase clause by GAIL of the year 1996-97	8.09
6	Motor Accident Case	Cases of accident by our vehicle causing injuries to 3rd parties in which HMT is a third party in all these cases because insurance Co. is defending the cases.	17.23
7	Suppliers Claim	Disputed claims relating to supply of Material, its payment	70.80
8	Employees Co-op. Society	Interest on loan recoveries	35.96
9	Customer Claim	Customer / Court cases	1,884.73
10	Gratuity Cases& Interest	Cases filed before ALC (Central) Hyd	1,196.90
11	Goods & Service Tax	GST on GST interest	268.30
	Total		**8,259.24**

* Indicate whether it relates to Central Excise, Sales Tax etc.,

** Brief description of the case

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2021

Rs. in Lakhs

	PARTICULARS	As at 31.03.2021	As at 31.03.2020
6	Claims against the Company not Acknowledged as debts		
	A. Tax related Claims pending in appeal		
	i) Excise Duty	32.31	32.31
	ii) Sales Tax	90.11	90.11
	iii) Property Tax	4,026.48	4,055.02
	iv) Disputed Income Tax		-
	B. Employee related claims relating to lockouts, back wages, incentive & Annual bonus etc., pending adjudication, to the extent ascertainable	391.90	456.63
	C. Others (As shown in Annexure-A)	8,259.24	10,185.85
6.1	Measne profit liability, if any in respect of mumbai office premises pending final decision of the Court	39.20	39.20
6.2	Non receipt of related forms against levey of concessional sales Tax	54.40	92.90
6.3	Estimated amount of contracts remaining to be executed on capital account and not provide for	475.00	922.53
7	Include Excise Duty paid / payable on Closing Stock of Finished Goods as per the Guidance Note on Accounting Treatment for Excise Duty issued by the Institute of Chartered Accountants of India with effect from 1.4.1999. However this has no effect on the working results of the Company	-	-
7.1	Includes usable, slow/non moving and surplus stores and materials/ Work-in-Progress and Stock-in-Trade:	749.95	409.97
8	**Trade Receivables include:**		
8.1	Dues towards erection and commissioning for a period exceeding one year.	152.61	324.96
9	**Advance include:**		-
9.1	Amounts recoverable from employees, advances, bonus etc., pending adjudication /negotiations.	2.81	2.81
9.2	Amount paid by way of Adhoc to employees towards wage/salary/DA revision arrears, if any, pending adjustment for which necessary provision has been made in the accounts.	1,479.95	1,493.54
10	**Current liabilities**		-
10.1	Dues to Micro and small enterprises based on the information available with the Company		-
a	i) Principal	428.07	116.40
	ii) interest	37.32	31.45
b	Amount of Interest paid	28.81	28.04
c	Amount of interest accrued and remaining unpaid at the end of each accounting year	67.91	62.77

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2021

Rs. in Lakhs

	PARTICULARS	As at 31.03.2021	As at 31.03.2020
12	Balances under 'Trade Receivables', 'Loans & Advances' and 'Trade Payables' are subject to confirmation, although confirmation has been sought in most of the cases		-
STATEMENT OF PROFIT AND LOSS			
Sales		-	-
13	Sales are net of Sales Returns		-
	(Sales returns for the year)		
14	Value of Special Tools individually costing less than Rs. 750/- written off during the year		-
15	Expenditure on Research & Development	161.37	112.90
16	Individual item under Misc. Income exceeds 1% of the turnover of the unit and hence shown seperately in Annexure 1	220.00	260.66
17	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		
18	Ind AS 103-Business Combinations: Praga Tools Ltd. Merged with HMT Machine Tools Ltd. Persuant to provisions of the Sick Industrial Companies (Special Provision) Act,1985 and direction as per the Board of Industrial and Financial Reconstruction. Effective of 29th March 2007		

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH 2021

(Rs. in Lakhs)

		Year ended 31.03.2021			Year ended 31.03.2020		
1	**CONSUMPTION OF RAW MATERIALS AND COMPONENTS**	**Unit**	**Qty**	**Value**	**Unit**	**Qty**	**Value**
	Steel	MT	559.45	435.69	MT	748.15	614.38
	Non-ferrous Metals	MT	0.53	0.18	MT	0.36	1.68
	Ferrous Castings	MT	399.62	345.98	MT	824.22	544.20
	Non-ferrous Castings	MT	184.24	107.08	MT	39.29	25.69
	Forgings	MT	96.47	86.87	MT	33.58	33.50
	Standard Parts			3,414.39			3,420.88
	Components			887.36			1,742.01
	Others	MT		206.73			680.00
				5,484.28			**7,062.33**
2	**TURNOVER**	**Unit**	**Qty**	**Value**	**Unit**	**Qty**	**Value**
	Machine Tools	Nos.	303.00	13,106.20	Nos.	312.00	13,659.59
	Die-casting and Plastic machinery	Nos.	-		Nos.	-	-
	Presses	Nos.	-		Nos.	-	-
	Printing Machines	Nos.	6.00	250.64	Nos.	5.00	194.63
	Cutter & Grinder	Nos.	-		Nos.	14.00	124.69
	Thread Rolling Machines	Nos.	-		Nos.	7.00	94.31
	CNC Lathe	Nos.	2.00	738.61	Nos.	-	13.29
	Sale of Services		-	151.62		-	214.98
	Accessories		-	1,677.00		-	1,820.43
	Sundry Jobs and Misce. Sales		-	641.79		-	1,435.90
	Packing , forwarding & Other charges		-	52.95		-	65.46
				16,618.81			**17,623.27**

Additional Disclosure to P&L account

(Rs in Lakhs)

Point No.	Particulars		As at 31.03.2021		As at 31.03.2020
3	INFORMATION REGARDING IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY/ EXCHANGE AND CONSUMPTION				
	(a) CIF VALUE OF IMPORTS:				
	Raw Materials		423.51		726.41
	Components and Spare Parts		796.69		1,644.86
	Capital Goods		-		13.33
	Technology Transfer		25.07		-
	(b) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF TRAVELLING EXPNS. (ON PAYMENT BASIS)		-		-
	(c) CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARE PARTS				
	Imported	15%	1,115.23	25%	2,276.96
	Indigenous	85%	6,328.96	75%	6,790.09
		100%	**7,444.19**	**100%**	**9,067.05**
	(d) EARNINGS IN FOREIGN EXCHANGE				
	EXPORTS		140.89		1.62
	Routed through HMT(International) Ltd.,				
	OTHERS		-		-

Annexure-1

Miscellaneous Income

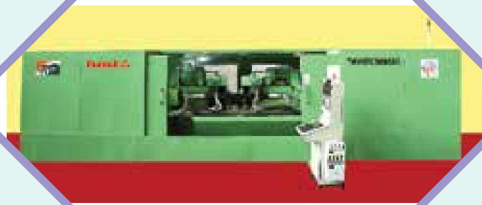
Particulars	2020-21	2019-20
Hospital Income	87	108
Training Expenses Recovered	26	18
Income from disposal scrap	50	31
Water charges Recovered	-	6
Electricity charges recovered	5	8
Charges recovered(Frieght & Insurance)	9	13
Conveyance Recovered	-	1
Income- Township-Quarters Rent	-	4
Meter Charges	-	45
Misc. income- HMT Township	29	53
Misc. income general(OBS,WAGES,IBS)	-	31
Interest on FDR, Central Office	10	10
Ground rent	4	8
Write off	-	19
License Fee Recovered	-	98
Total	**220**	**453**

Shri Arun Goel, Secretary, MHI during his visit to MBX Planting sapling, Shri S. Girish Kumar, Ex. CMD, Shri Y Jayakar Reddy GTM (MBX) also Present with Senior Executives.

Hindi Diwas 2020 Celebration at Corporate Office, Bangalore

Shri S. Girish Kumar, Ex. CMD and Shri Rajat Kumar, Managing Director, EESL, Executing MOU for Implementation of energy efficiency and clean energy solutions under IEES

Shri Arun Goel, Secretary, MHI during his visit to the Skill development Center Bangalore (MBX)



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