HMT Machine Tools Limited

High-end Manufacturing Solution
Contributing to
Aatmanirbhar Bharat

24th Annual Report 2022-23

G20
भारत 2023 INDIA
वसुधैव कुटुम्बकम्
ONE EARTH • ONE FAMILY • ONE FUTURE

MAKE IN INDIA

स्वच्छ भारत
एक कदम स्वच्छता की ओर

BOARD OF DIRECTORS
As on 27.09.2023

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

Ms. Mukta Shekhar
Joint Secretary
Ministry of Heavy Industries, GOI

Shri Rajesh Kumar
Chief Controller of Accounts
Ministry of Heavy Industries, GOI

CHAIRMAN'S ADDRESS

My Dear Shareholders,

I am honoured to present to you Annual Report of HMT Machine Tools Limited for the year 2022-23. We shall reflect on the past year's achievements and challenges. It is also imperative to acknowledge the global outlook, the state of the Indian Economy, and the impact of manufacturing initiatives on the future of our nation.

Global Outlook:

The global landscape has been marked by unprecedented shifts and disruptions in recent times. We have witnessed the rapid advancement of technology, changing geopolitical dynamics, and the emergence of new markets. These global trends have presented both challenges and opportunities for HMT Machine Tools Limited.

Despite the challenges, we have maintained our commitment to excellence and innovation, enabling us to navigate the changing global landscape. We have strengthened our position by leveraging our core competencies, expanding our market reach, and establishing strategic partnerships. Our relentless pursuit for quality and customer satisfaction has helped us withstand the headwinds and emerge as a resilient global player.

Indian Economy:

India continues to be a beacon of economic growth and resilience in the face of global uncertainty. With a strong emphasis on structural reforms and the promotion of a conducive business environment, the Indian economy has showcased its potential to the world. As a proud contributor to the nation's growth story, HMT remains committed for playing a vital role in the development of India's manufacturing sector.

Manufacturing Impact on the Future of Indian Economy:

The manufacturing sector has always been a key driver of economic growth and employment generation. It plays a pivotal role in the transformation of an agrarian economy into an industrial powerhouse. As a company deeply rooted in manufacturing excellence, HMT is dedicated to further strengthen our contribution to this sector.

The Company believes that innovation, technology adoption, and skill development are vital components of a robust manufacturing ecosystem. In line with this belief, we have made significant investments in research and development and upskilling our workforce. By embracing digital transformation and automation, we aim to enhance productivity, efficiency and competitiveness.

The company focuses on sustainability and responsible manufacturing practices aligned with the nation's commitment to achieve sustainable development. We have implemented measures to minimize our environmental footprint, conserve resources, and promote a greener future.

Looking ahead, we see immense potential for HMT to be a catalyst for India's manufacturing revolution. By harnessing emerging technologies, expanding our product portfolio and exploring new markets, we are confident in our ability to create sustainable value for all stakeholders.

Performance & Business Accomplishments

Your Company achieved a Sales turnover of Rs. 142.24 Crore during the year 2022-23 as compared to Rs. 152.53 Crore in the previous year. The Production performance was Rs. 116.58 Crore for the year under review as against Rs. 117.12 Crore achieved during the previous year. Orders valued Rs. 97.12 Crore was procured during the financial year 2022- 23 as against Rs. 88.75 Crore in the previous year. The operations of the Company resulted in a Net Loss of Rs. (-) 131.65 Crore as against the loss of Rs. (-) 145.73 Crore (excluding OCI) incurred in the previous year.

HMT Machine Tools Limited ("HMT MTL") faced some challenges in terms of generation of revenue. However, the Company is actively working towards strengthening the business and leveraging strength to drive growth. In 2021-22, the sales stood at Rs. 152.53 crores and in the year 2022-23 the Company achieved sales of Rs.142.24 crores. The Net Profit figures remained negative, reflecting the impact of various external factors and challenges faced.

HMT MTL has designed and developed several import substitution machines to provide flexible, accurate and cost-effective solutions to various strategic sectors. These machines are developed at almost half the price of imported machines paving the way to ATMANIRBHAR BHARAT.

The Company's growth strategies are multifaceted, formulated to enhance our market presence and expand our product offerings. One of the key focuses is stocking General-Purpose Machine to ensure timely delivery to customers to meet the market requirement. In addition, the company is intensifying the efforts to strengthen sales, after-sales services and marketing through appointment of channel partners. The company aims to enhance customer satisfaction and expand reach in the market. In line with the commitment to innovation. Therefore, efforts for the development of new products are intensified. By leveraging expertise and collaborating with academic institutions, the company is stretching its boundaries in the field of hi-tech machines, autonomous vehicles and robotics. The Company's association with esteemed institutions like IIT BHU Varanasi and ARTPARK, IISc, Bengaluru, serve as a testament to our dedication to advanced technology and fostering research and development.

Expanding the customer component manufacturing endeavours is another key aspect envisaged by the Management. The Company is taking initiatives for the manufacturing of critical customer components with industries and sectors like railways, defence, and atomic energy.

Future Outlook

The global market is projected to grow at a CAGR of 5.5% from 2021 to 2028, to reach a value of USD 164.92 billion by 2028. This growth will be driven by a number of factors, including:

- ❖ The increasing demand for automation and robotics in manufacturing
- ❖ The growing popularity of additive manufacturing (AM)
- ❖ The need for high-precision and high-efficiency machine tools in the aerospace, automotive, and medical industries
- ❖ The rising disposable income in developing countries, which is leading to increased demand for consumer goods.

The machine tools industry is also being disrupted by new technologies, such as artificial intelligence (AI) and the Internet of Things (IoT). These technologies are being used to develop smarter, more connected machine tools that can operate more efficiently and autonomously.

In India, the machine tools industry is expected to grow at a CAGR of 9.4% from 2023 to 2028. This growth will be driven by the government's Make in India initiative, which is aimed at boosting domestic manufacturing. The industry is also benefiting from the increasing investment in research and development by Indian machine tools companies.

The future of the machine tools industry is promising. The industry is undergoing a rapid transformation, driven by new technologies and changing customer demands. As a result, the industry is becoming more efficient, productive and competitive.

Corporate Governance

The Company strives constantly in adopting and maintaining the highest standards of values and principles. The Company is complying with Government Guidelines on Corporate Governance framed by Department of Public Enterprises for CPSEs.

The Company will continue to strive for a consistent growth rate to match the expectations of stakeholders. While the company is committed to accelerate growth, it will persevere to achieve best standards of Corporate Governance and Ethical Business Practices with emphasis on transparency, accountability and professionalism in working, with the aim of enhancing long term economic value to all stakeholders and society at large.

Acknowledgement

I take this opportunity to express my sincere gratitude to the Hon'ble Minister for Heavy

Industries, Hon'ble Minister of State for Heavy Industries, the Secretary (Heavy Industries), Additional Secretary & Financial Adviser, the Joint Secretary, Economic Adviser and other Officers in the Ministry of Heavy Industry as well as Ministry of External Affairs for the immense support and guidance received by your Company. I am also grateful to the officers in the Ministry of Finance, the Comptroller & Auditor General of India and the Statutory Auditors etc. for all their support for smooth operations of the Company. I sincerely thank the State Governments concerned, Joint working Partners, Suppliers, Banks and Financial Institutions for their valuable assistance and support.

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

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

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

I thank you all for the continued faith in HMT and its management. I greet you and your family members and wish you all the best!

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

This does not purport to be a record of the proceedings of the 24th Annual General Meeting of the Company.

HMT MACHINE TOOLS LIMITED

CONTENTS

BOARD OF DIRECTORS

Shri Pankaj Gupta	Chairman & Managing Director (Addl. Charge)(w.e.f. 25-08-2022)
Shri A.K.Jain	Chairman & Managing Director (Addl. Charge) (w.e.f. 13.09.2021upto 24-08-2022)
Ms. Mukta Shekhar	Director (w.e.f. 04-09-2023)
Shri Vijay Mittal	Director (upto 12-09-2022)
Dr. Renuka Mishra	Director (w.e.f 12-09-2022 upto 04-09-2023)
Shri Rajesh Kumar	Director
Smt G. Vijaya Sunitha Reddy	Independent Director (upto 26-01-2023)

STATUTORY AUDITORS

M/s. R. Venkata Krishna & Co., Chartered Accountants

SECRETARIAL AUDITOR

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

BANKERS

UCO Bank,	Punjab National Bank
Union Bank of India	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)

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
OPERATING STATISTICS										
Sales	14,224	15253	16582	17623	21741	17708	19752	21783	18859	17525
Other Income	3,280	890	1187	1577	2041	2825	2860	2054	2267	5767
Materials	5,942	6470	7444	9067	8893	7583	7829	8968	7787	6842
Employee Costs	7,574	8171	8401	10279	11051	13137	13176	14588	17059	13411
Other Costs	8,158	6874	6136	847	2474	5895	7,961	5,348	5,280	4,817
Depreciation	709	777	755	913	884	970	1010	965	1004	897
Earning Before Interest	-4878	-6149	-4967	-1905	480	-7051	-7364	-6032	-10004	-2675
Interest	8,287	8424	8312	7967	6863	5874	5395	4633	2694	2591
Earnings /(Loss) Before Tax	-13165	-14573	-13279	-9872	-6383	-12925	-12759	-10665	-12698	-5266
Taxation		-	-	-	-	-	-	-	-	-
Net Earnings	-13165	-14573	-13279	-9872	-6383	-12925	-12759	-10665	-12698	-5266
FINANCIAL POSITION										
Net Fixed Assets	3,931	5046	5446	5443	5316	5472	6019	6731	7151	8027
Current Assets	32,749	33887	37451	38218	37668	28116	27990	27018	27374	25310
Current Liabilities & Provisions	2,14,727	203250	192138	184466	172865	151335	134168	114652	101644	54535
Working Capital	-181978	-169363	-154688	-146248	-135197	-123219	-106178	-87634	-74270	-29225
Capital Employed	-1,81,672	-168474	-153983	-140805	-129881	-117747	-100159	-80903	-67119	-21198
Investments										
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	634	5288	10335	16797	19035	4234
Net Worth	-1,81,672	-168474	-153983	-140805	-130515	-123035	-110493	-97698	-86153	-25432
OTHER STATISTICS										
Capital Expenditure	691	410	164	-	-	-	-	-	-	-3
Internal Resources Generated	-12456	-13796	-12524	-8959	-5499	-11955	-11749	-9700	-11694	-4369
Working Capital Turnover Ratio	-0.08	-0.09	-0.11	-0.12	-0.16	-0.14	-0.19	-0.25	-0.25	-0.60
Current Ratio	0.15	0.17	0.19	0.21	0.22	0.19	0.21	0.24	0.27	0.46
Return on Capital (%)	-2.79	-3.81	-3.37	-1.41	-0.39	8.43	7.10	6.94	3.48	3.59
Employees (Nos)	731	796	889	1,064	1,246	1,425	1651	1902	2218	2567
Per capita Sales	19.46	19.16	18.65	16.56	17.45	12.43	11.96	11.45	8.50	6.83

DIRECTORS' REPORT 2022-23

To,
The Members,
HMT Machine Tools Limited,
Bangalore

Dear Members,

Your Directors have pleasure in presenting their Twenty Fourth Annual Report on the business and operations of the Company and Annual Financial Statements of the Company for the Financial Year 2022-23 along with the Auditors' Report thereon.

Financial summary / Performance of the Company

(Rs. in crore)

Earnings	2022-2023	2021-22
Gross Revenue from Operations	142.24	152.53
Other Income	32.80	8.89
Total Income	**175.04**	**161.42**
Profit before Interest and Depreciation	-41.69	-53.72
Provision for Depreciation & Amortized	7.09	7.77
Gross Profit	-48.78	-61.49
Finance Charges	82.87	84.24
Net Profit Before Tax excluding OCI	-131.65	-145.73
Provision for Tax	-	-
Net Profit After Tax	-131.65	-145.73

Your Company achieved a Sales turnover of Rs. 142.24 Crore During the year 2022-23 as compared to Rs. 152.53 Crore in the previous year. The Production performance was Rs. 116.58 Crore for the year under review as against Rs. 117.12 Crore achieved during the previous year. Orders valued Rs. 97.12 Crore was procured during the financial year 2022- 23 as against Rs. 88.75 Crore in the previous year.

The operations of the Company resulted in a Net Loss of Rs. (-) 131.65 Crore as against the loss of Rs. (-) 145.73 Crore (excluding OCI) incurred in the previous year.

MARKET SCENARIO AND FUTURE OUTLOOK

Reserve Bank of India's (RBI) raised its growth forecast to 6.5 %, days after that, International Monitory Fund (IMF) updated its World Economic Outlook report in April 23 saying that India's gross domestic product (GDP) growth projection is cut to 5.9% for FY23, IMF forecast for FY24, now stands at 6.3 % . RBI in April, hiked its growth forecast for the current year by 10 basis points in its first monetary policy review of FY24. The latest IMF projection makes it among the lowest growth forecasts for India in comparison with other multilateral development banks, with the World Bank projecting a 6.3 per cent growth rate and the manila-based Asian Development Bank forecasting 6.4 per cent GDP growth for FY24. Nomura has projected a growth rate of 5.3 per cent for the fiscal. The IMF has projected India's retail inflation to ease from 6.7 per cent in FY23 to 4.9 per cent in FY24 and current account deficit to come down to 2.2 per cent of GDP from 2.6 per cent in FY23.

IMTMA in its report published in Aug 23 updated that Global Machine Tool production had reached US $ 82.58 Billion during CY22 registering a Y/Y decline in growth of 10% from US $ 92.13 Billion during CY21. In CY 22, India with a production value of about US $ 1.38 Bn had increased to 9th rank compared to 11th rank in CY21. As per the IMTMA report top five countries are China (33%), Japan (13%), Germany (12%), Italy (8%), USA (7%) and top 5 countries accounted for 73 % of Global machine tool production in CY22. According to IMTMA report, the Global Consumption of Machine Tools CY22 is amounted to US $ 79 Bn during CY22 and registered a Y/Y decline in growth of 9 % from US $ 87 Bn during CY21. China which occupies top position accounts for 34 % of global consumption in CY22. As per the IMTMA report top 5 countries are China (34%), USA (13%), Italy (7%), Germany (7%) & Japan (5%) and India with about 4% of global share in consumption, occupied 7th rank in CY22.

Imports of Machine Tools to India in FY23 is 13671 crores. The rise in demand from major sectors such as Auto & Auto Components, General Engineering, Consumer durables etc. led to increase domestic production market share to 44 % in FY23. The rising demand in sunshine sectors such as mobile manufacturing and specified electronic components and medical devices, drones etc. also led to huge domestic demand for large sized machine tools in FY23.

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 2022-23.

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 Net worth of the Company as on 31st March 2023 is Rs (-) 1,816.72 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) Rules 2014.

Human Resources

The total employee strength of the Company as on 31.3.2023 stood at 731, during the year under review, 112 employees have separated and 47 employees newly inducted in the Company. The details of different categories of personnel in position as on 31.3.2023 are given hereunder:

Scheduled Castes	152
Schedule Tribes	35
Other Backward Class	243
Ex-service men	1
Person with Disabilities (PWD)	7
Women Employees	44
Minority	54

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

Continuous efforts are being made by the Company towards implementation of the Official Language Act, Rules & Policy as per the directives of the Government to enhance the levels of usage of Official language in the Company. The Official Language Implementation Committee has been constituted in the Units of the Company to monitor the implementation of the Official Language Act, Rules and Policy etc., which meets at regular intervals in every Quarter.

In order to propagate the usage of Hindi as the Official Language, "HINDI DIWAS/HINDI WEEK" was observed during the month of September 2022 at all. units of the Company. Various competitions in Hindi such as Chitrakatha, Impromptu Speech, Official Language Written Quiz, and Vividha competition were organized during Hindi Week for the employees of HMT Limited and its Subsidiaries working at the Corporate head office and participants were awarded prizes during the Grand Hindi Day celebration in the Company. A workshop was also organized during the above period for Hindi Typing. The Hindi Word of the day is displayed in a prominent place in the Company and Hindi Newspapers are being procured on daily basis to propagate the usage of the official Language among employees. The Officers/ employees of the Company regularly take part in the meetings/ programs, Online webinars and Hindi Month Celebration of the Town Official Language Implementation Committee (TOLIC).

Vigilance Activities

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Department of the company. Ministry of Heavy Industry vide its order No. 5(47)/2010-P.E.X(e.3152) dated 18.08.2023 has conveyed the extension of entrustment of assigned the charge of CVO HMT Limited to Ms. Kalyani Sethuraman, IRAS (94), CVO, Hindustan Aeronautics Ltd. (HAL), Bengaluru for a further period of one-year w.e.f. 04.04.2023 to 03.04.2024 or till the appointment of a regular CVO or until further order, whichever is earlier.

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

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

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

Violations of rules and procedures observed during the inspection of files by CVO/DCVO/Unit VOs were recorded and depending upon the seriousness of the deviations further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection; in the quarterly Vigilance Workshop and advice the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated.

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

1. Open tenders and high value limited tenders are uploaded in www.eprocure.gov.in.
2. Publishing details regarding all purchase orders / contracts concluded during the month and above the threshold value (presently Rs 5.00 lakhs). This is generally implemented by all units.
3. Application form for vendor registration along with list of items required by different Units of HMT Limited and Subsidiaries are made available on Company Website to enable the interested vendors to download the application form and submit the same to the Unit of their choice.
4. Registered with 'TREDS' (Trade Receivables Discounting Systems) for better MSME payment process.
5. Initiative of tech platform to enhance technical expertise and capability through exchange of knowledge, experience for overall techno economic propose.
6. Efforts are being made to adopt E- Procurement process of procurement.
7. Emphasis is made towards adopting E payment mode for release of payment to suppliers and contractors. Necessary direction is issued to

achieve compliance level of 80%. Presently in many units the compliance level is more than 40%.

8. Management is being persuaded to adopt integrity Pact. The matter was taken up in the 326th meeting of Board of Directors of HMTL held on 8.6.2017 and the decision of the board was "Adoption of Integrity pact in HMT Limited and subsidiary companies and authorized the Chairman and Managing Director of the company to decide the basis for adoption of integrity pact and to do necessary acts and things as may be required for implementation of integrity pact and to inform he Board"
9. Recommended on Allotment of township quarters to be made online and implementation is in progress.
10. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders.
11. Efforts are made for effective implementation and usage of 'GEM' by Training and Awareness to the departments.
12. Awareness initiatives on Vigilance to fight corruption in the organization have been uncalculated efficiently.
13. Vigilance Awareness Week 2022, Preventive Vigilance Measures cum housekeeping activities was campaigned for 3 months from 16th Aug 2022 to 15th Nov 2022 as a precursor to VAW with the theme "Corruption free India for a developed Nation" ''भ्रष्टाचार मुक्त भारत – विकसित भारत:'' 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 Chairman & 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, 2023 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 not apply.

DISCLOSURE UNDER THE SEXUAL HARASSMENT 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 Section134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual financial statements for the year ended 31.03.2023, 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.

ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 read with rule and Rule12 of the Companies (Management and administration) Rules 2014 as amended from time to time, the Annual return of the company has been placed on the website of the Company and can we accessed: http://hmtmachinetools.com/Annual_reports/Annual_Report_HMT_MTL_2022-23.PDFAUDITORS

AUDITORS

1. Statutory Auditor

M/s Venkata Krishna & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the year 2022-23 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 2022-23 to conduct cost audit for various units as under:

- M/s Venkanna & Co., Cost Accountants, for consolidation audit of the Company and 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 Jai George & Associates for auditing the cost records maintained by the Company in respect of MTK unit.
- M/s Mehta N & Associates, 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 Director & Registration in the Data Bank maintained by IICA

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. Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the

name of Independent Director in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, Independent Director of the Company Smt. G. Vijaya Sunitha Reddy (DIN:08606920) has registered with IICA for the said purpose and successfully undertaken cleared the online proficiency self assessment test.

Details of Difference between amount of the valuation done at the time of one- time ettlement and the valuation done while taking loan from the Banks or financial institutions along with the reasons thereof

There are no instances of one-time settlement during the financial year 2022-23.

Status on Compliance with the Insolvency and Bankruptcy Code, 2016

There are no applications made or any proceeding pending against the Company under Insolvency

and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2022-23.

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 inappropriate or exceptional cases.

Fraud Reporting

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

Directors and Key Managerial Personnel

Shri Shri A.K. Jain (DIN: 09262984) ceased to be a Chairman / Managing Director of the Company on 24.08.2023 in terms of The Ministry of Heavy Industries, New Delhi Presidential order No. 1-05/14/2019-P.E.10/CPSE 1 dated 1st February, 2022.

The Ministry of Heavy Industries, New Delhi vide order No. 1-05/14/2019-P.E.10/CPSE 1 dated 24th August, 2022 conveyed the approval of the Competent Authority for entrusting the additional charge of the post of Chairman & Managing Director of the Company to Shri Pankaj Gupta, (DIN: 09716028) Executive Director BHEL, Bengaluru w.e.f. 25.08.2022 to 24.11.2023.

The Ministry of Heavy Industries, New Delhi vide Presidential order No. 1-05/15/2019-P.E.X(e-20170) dated 12th September, 2022 appointed, Dr. Renuka Mishra (DIN:08635835), Economic Adviser, Ministry of Heavy industry, as Government Nominee Director on the Board of the Company with immediate effect until Further orders in place of Shri Vijay Mittal. Joint Secretary, Ministry of Heavy Industry.

The Ministry of Heavy Industries, New Delhi vide Presidential order No. 1-05/15/2019-P.E.10(e-20170) dated 4th September, 2023 appointed, Ms. Mukta Shekhar (DIN: 10118859), Joint Secretary, Ministry of Heavy industries, as Government Nominee Director on the Board of the Company with immediate effect and until further orders Vice Dr. Renuka Mishra (DIN:08635835), Economic Adviser, Ministry of Heavy industries.

Acknowledgements

The Directors are thankful to HMT Limited, the Holding Company, its Subsidiaries, various Departments and Ministries in the Government of India, particularly the Ministry of Heavy Industries, Ministry of Corporate Affairs, Comptroller & Auditor

General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, 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

(Pankaj Gupta)
Chairman & Managing Director
(Additional Charge)
DIN: 09716028)

Place: Bengaluru
Date : 27th September 2023

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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 large scale sector account for 70% of the turnover and the rest are in the MSME sector of the industry. Approximately 75% of the major Indian machine tool producers are ISO certified. While the large organised 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.

Metal Cutting & Metal Forming (Metal working) machine tools play a major role in the production of diverse products in sectors such as Automotive, Aerospace, Defence, Railways, Instrumentation and Electronics, General Engineering, Tool and die, Agriculture, Wood working, Earth Moving and construction, Furniture etc. The metal working machine tool industry in India has been serving the need of the manufacturing industry by offering a variety of machine tools like turning machines, machining centers, milling machines, drilling machines, grinding machines, presses, punching machines, multi-tasking, metal additive and Special Purpose machines. Although the industry is yet to meet the full potential and demand for higher technology machines, domestic market share for Indian machines have improved in recent years.

Indian machine tool industry is ranked 7th in consumption and 9th in production as per Gardner Intelligence World Machine Tool Survey 2022. India's machine tool production for 2022-23 was estimated around 12328 crores. Consumption was around 24536 crores. The order book position, an indicator of growing consumption looks positive for 2023-24 with green shoots being evidently visible, and the performance is expected to improve in the coming quarters. Nevertheless, the industry has had many challenges to deal with such as Supply chain, raw material cost fluctuation, delays in delivery, dollar value fluctuations. Indian machine tool industry is expected to move up the value chain by offering total solutions apart from building products for the export market and increasing its domestic market share. Undoubtedly right vision and leadership, strategy for growth in the current scenario and future proofing of supply chain, digitalisation and automation can play an important role in steering industries on a growth path in the medium and long term as per the latest report.

The machine tool industry is creating larger space in various sectors in terms of offering sector-specific products and solutions. The country which crossed $ 3053 million in exports in 2022-23 is being keenly looked upon by global players as an alternate source for supply chain in different industrial verticals. India is preferred by global manufacturing companies as an outsourcing destination, due to cost competitiveness, favourable investment conditions, better engineering and designing capabilities, India's statutory rate for corporate tax is 22% now, down from 30% making it one of the lowest corporate tax rates in Asia.

The Government of India (GoI) through several policy measures in the recent years has been endeavouring to make sectoral industrial parks, infrastructure spending, push for defence exports, preference for domestic procurement of capital goods, world preferring multiple sources for supply chain and India being one of the preferred sources etc.

Government approved a production linked incentive (PLI) scheme for 14 key sectors for a five-year period totalling to Rs. 2 lakh crores. Global tenders being disallowed in government procurement tenders up to Rs. 200 crores. Modified public procurement norms to give more preference to local suppliers whose goods and services have 50% or more local content. The Credit Linked Capital

Subsidy Scheme for MSMEs (CLCSS) for upgrading Micro and Small infrastructure resulting in enhancing its performance. This also creates demand for more advanced machine tools. Rs.102 billion additional budget outlay has been provided for capital and industrial expenditure.

As per IMARC group, the Indian Machine Tool Market expected to reach 2.5 Bn by 2028, exhibiting a growth rate (CAGR) of 9.4% during 2023-2028. Rising industrial automation to increase the overall productivity and improve the ergonomics represents one of the significant factors stimulating the market growth in India. Apart from this, an increase in the number of small and medium-sized enterprises (SMEs), along with stringent evaluation criteria on product quality, is bolstering the market growth. Furthermore, due to lower labour and raw materials costs and reduced tax rates, several foreign companies are setting up their manufacturing bases in India. This is further providing growth opportunities to these manufacturers to expand their consumer base in the country. Moreover, the escalating energy demand is leading to the exploration of new oil and gas fields in India, which is expected to create a positive influence on market growth.

B. High Dependence on Imports:

The Indian machine tools industry is currently able to meet about 56% of the total consumption. India currently continues to be dependent on import of low volume, high value, high technology, and large sized machine tools.

C. Major drivers of growth:

- India is the fastest growing major economy of the world. Government thrust to take India's GDP to $5 trillion by FY2024-25, where in contribution from manufacturing sector is expected to be $1 trillion.
- Make in India policy: Aims to increase share of manufacturing in GDP to 25% by CY22.
- Govt schemes, sectoral industrial parks, infrastructure spending, push for defence exports, preference for domestic procurement of capital goods, world preferring multiple sources for supply chain and India being one of the preferred sources etc.
- India is preferred by global manufacturing companies as an outsourcing destination, due to cost competitiveness, favourable investment conditions, better engineering and designing capabilities.
- Growth in domestic demand is one of the primary trends that is helping the metal working machine tool industry.

D. Threats:

- Increased interest rate due to poor credit rating of the company.
- Lowering of import duty for CNC Machinery & equipment's.
- 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 market.

E. Segment wise or Product wise performance

Segment wise sales for the year 2022-23 of the company is as under-

The company received an overall new order booking of Rs.97.12 Cr. Out of total sales Rs.142.24 Cr during the year 2022-23. The segment wise sales is as follows:

SECTOR	Rs. In Cr.
Automobile	2.70
Railways	9.96
Defence	46.95
Metal	4.96
Industrial Machinery & Intermediates	13.77
Power	20.01
Consumer Durables	1.97
Others	30.43
Spares	11.49
Total	**142.24**

F. Outlook

The primary user industries include the automotive sector, consumer durables etc. Prominent users of machine tools in the intermediate goods include bearings, auto components, electronics etc. Sectors like Defence, railways, Industrial machinery recorded a significant growth in turnover during 2022-23.

India's machine tool market has grown significantly over the past decade, with a compound annual growth rate (CAGR) of over 13% from 2013 to 2019, according to a report by Research and Markets. The market size reached USD 1.4 billion in 2022 and is expected to reach USD 2.5 billion by 2028, growing at a CAGR of around 9.4% during 2023-2028. The growth of the machine tool market in India is primarily driven by the increasing demand for machine tools from various end-use industries such as automotive, aerospace, defence, and medical equipment manufacturing. India's growing population and rising disposable income have also led to an increase in consumer spending on durable goods such as automobiles, which in turn has driven demand for machine tools. The Indian government has also been taking steps to support the growth of the machine tool industry. For instance, the government launched the "Make in India" initiative in 2014 to encourage domestic manufacturing and attract foreign investment. Additionally, the government has implemented various policies to improve the ease of doing business in India, including streamlining the process for obtaining business licenses and permits. The future of the machine tools market in India looks promising, with several factors contributing to its growth. The machine tools market in India is expected to witness robust growth in the coming years, driven by government initiatives, emerging sectors, increasing investment, and growing exports. The industry is likely to continue to evolve, with an increasing focus on automation, Industry 4.0, and specialized machine tools.

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 2023-24.

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

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.

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 31.03.2023, the Board of Directors comprised of Chairman & Managing Director (Additional Charge), two part-time Official Director. Smt. G. Vijaya Sunitha Reddy, ceased to be Independent director w.e.f 26.01.2023 on completion of her term of appointment during the year. During the year 2022-23, five Board Meetings were held on June 02, August 01, August 23, December 16 in the calendar year 2022 and on March 16 in the calendar year 2023. 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 Directorship and committee, Member/ Chairmanship held		
		Board Meetings	Attendance % in Board Meetings	General Meeting	Director ship	Committee	
						Membership	Chairman-ship
Shri Pankaj Gupta (w.e.f 25.08.2022)	C & NENI	2	100%	1	3	5	2
Shri A.K.Jain (upto 24.08.2022)	C & NENI	3	100%	NA	5	3	1
Shri Vijay Mital (Upto 12.09.2022)	NENI	0	100%	NA	5	2	1
Dr. Renuka Mishra (w.e.f 12.09.2022)	NENI	2	100%	NA	2	2	3
Shri Rajesh Kumar	NENI	3	60%	-	3	2	-
Smt. G. Vijaya Sunitha Reddy (upto 26.01.2023)	NEI	4	100%	-	-	-	-

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

Brief Resume of Directors appointed:

Shri. Pankaj Gupta

Shri. Pankaj Gupta has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f. 25.08.2022. Shri Pankaj Gupta brings in 37 years of rich experience in wide range of business segments with working in various capacities at BHEL.

Presently, Shri Pankaj Gupta is Executive Director at BHEL heading the Solar Business Division (SBD) Bengaluru. Under his leadership, more than 270MW of Solar Plants were commissioned during the last financial year. In the last 10 months, 147MW of three floating solar plants were commissioned each having unique and state of the art anchoring & mooring arrangements with distinction of commissioning of largest floating solar plant having capacity of 100MW at NTPC Ramagundam.

Earlier as Head of Defence & Aerospace Business sector of BHEL, he was instrumental in introduction of various new products, entering into collaboration with ISRO for manufacturing of Li-Ion space grade cells & MOUs with Russia and Ukraine for supply of Defence equipment. In various capacities he had previously worked in functions of Manufacturing, Technology, Production and Material Planning and spearheaded the successful establishment and indigenisation of frontline Naval equipment manufacturing at BHEL Haridwar. He has done B.Tech. in Production Engineering from Punjab Engineering College, Chandigarh. With his hands on, practical approach & vast experience, he will drive the Team-HMT to deliver the best.

Dr. Renuka Mishra

Dr. Renuka Mishra has been appointed as Government Nominee Director on the Board of HMT Machine Tools Limited w.e.f. 12.09.2022. She is presently posted as Economic Adviser in Ministry of Heavy Industries, Government of India. Dr. Renuka Mishra, PhD, MA (Economics), aged 50 years is an officer of Indian Economic Service (2003 Batch). She has previously served in offices of Government of India at Office of Development Commissioner (MSME), Department of Economic affairs, Department of Commerce, Ministry of Overseas Indian Affairs and Department of Higher Education. Dr. Renuka Mishra has been regular author of many articles/papers published in various journals/magazines on the areas covering taxation, forestry, renewal energy, climate change and vulnerability of women.

Familiarisation & training programmes for Directors

The Company has familiarized the Independent Director about the Company, its operations, policies and about their roles and responsibilities in the context of Companies Act, 2013. During the financial year, Smt. G. Vijaya Sunitha Reddy, Independent Director of the Company successfully undertaken cleared the online proficiency self assessment test mandatory for all Independent directors.

Committees of the Board

A. Audit Committee

The Audit Committee of the Company has been reconstituted on 16 December 2022 & 16th March 2023. During the year 2022-23, four Meetings of the Audit Committee were held on June 02, August 01, December 16 in the calendar year 2022 and on March 16 in the calendar year 2023. The composition of Directors and their attendance at the Committee Meetings 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. (Chairperson upto 26.01.2023	Chairperson	3	3	100%
Shri Rajesh Kumar (Chairperson w.e.f 26.01.2023)	Member / Chairperson	4	4	100%
Shri Pankaj Gupta (w.e.f 25.08.2022)	Member	2	2	100%
Shri A.K.Jain (upto 24.08.2022)	Member	2	2	100%

B. NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee of the Board has been reconstituted on 16 December 2022 & 16th March 2023. During the year 2022-23, One Meeting of the Committee was held on 16 March 2023 in the calendar year 2023. The composition of Directors and their attendance in the Committee 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. (Chairperson upto 26.01.2023)	Chairperson	0	NA	NA
Shri Rajesh Kumar (Chairperson w.e.f 26.01.2023)	Member / Chairperson	1	1	100%
Shri Pankaj Gupta (w.e.f 25.08.2022)	Member	1	1	100%
Shri A.K.Jain (upto 24.08.2022)	Member	0	NA	NA
Dr. Renuka Mishra (w.e.f 27.01.2023)	Member	1	1	100%

Remuneration of Directors

The details of remuneration of whole time Director is Nil,since Companyhas no wholetime director duringthe year ended 31.03.2023. 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/Commitee Meetings is reimbursed by the Company as per actuals. 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
2019-20	30.09.2020	11.00 A.M.	Registered Office at No. 59, Bellary Road, Bangalore -560032
2020-21	22.10.2021	10:30 A.M.	As above
2021-22	28.09.2022	12:30 P.M.	As above

Annual General Meeting for the current year is scheduled to be held in the month of September 2023 at the Registered Office of the Company.

Disclosures

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

The Company has filed the Annual Financial statement for the year 2021-22 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.

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Annexure to the Directors Report-Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

A. The details of conservation of energy, technology and absorption, foreign exchange earnings and outgo 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 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. Scheduling 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 consumption 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. Regular preventive maintenance of capacitors.

xx. Under loading of stress relieving furnace is avoided.

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

xxii. Maintaining power factor up to 0.98 and getting rebate in electricity bill.

xxiii. Maximized utilization of omegas and mixer thereby savings in energy.

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

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

Proposals to setup roof top photovoltaic solar power plants at all manufacturing units to meet captive power requirement of manufacturing unit, street lighting, residential colony, shopping complex are being re-evaluated.

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 centres 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 specific 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.

ii. Designed and developed CNC Heavy Duty Cylindrical Grinding Machine Model HCG 55 x 3000 CNC machine for grinding of railway axles for M/s DMW Patiala.

iii. Designed and developed CNC Centreless grinding machine Model GCL 60 for grinding of

Boron carbide Pallets for M/s BARC, Mumbai.

iv. In-house designed, developed and manufactured low cost, single lift, high speed & high accuracy CNC Mini-VTL with LM Rails and C-Axis, primarily to cater the requirement of Auto mobile, General Engineering & Defence sectors. This machine was displayed at IMTEX-2023.

v. HMT has stepped into the latest technological world of industrial revolution of industry 4.0 with "HMT I connect". Industry 4.0 is revolutionary tool for the manufacturing industries. With this application the customer can monitor the CNC machine in real time from anywhere.

vi. Diversified into a new area with the fabrication of Metallic Dummy Dome (BMS-X) for M/s BEL Bangalore (End customer: Myanmar Navy)

b) Technology enhancement / upgradation for product development:

i. New Pocket design released for 24 Tool BT-40 taper with MAS-403 standard pull stud for VMC800M CNC Machine for M/s MTPF, Ambernath.

ii. Inline Spindle having ISO -40 taper with 12000 rpm with FANUC CNC System for VMC1000M CNC Machine for M/s IISC, Bangalore.

iii. In-house designed, developed and manufactured CNC Double column VTL with table Dia. 2500 for BHEL, Trichy with Cross Rail mounted ATC for both turning and milling Tools, Table indexing with separate servomotor for Drilling and Tapping operations and live spindle with live tool arrangement for milling operation. This will open new market for 2500 to 3500 mm Double column VTL.

c) Development of existing machines:

i. For Radial Drilling Machine, Drill Head, successfully introduced VFT Drive in place of normal Gear Box with equivalent Torque by using Induction Motor.

ii. In-house designed, developed and manufactured SMC53 for GIF Jabalpur with Compliance industry 4.0 features and Automatic handling of customer components with zero gravity manipulators.

iii. HMT has revitalized iconic STC 25, the reliable, high precision, CNC turning centre with affordable price - computer optimized STC 25 Plus with augmented functionality. Machine Exhibited in IMTEX 2023.

iv. SBCNC40TT (Twin Turret) CNC axle turning lathe is first of its kind indigenously developed in India with higher productivity and quality

B1. Other Initiatives from company:

a. Greater emphasis on preventive maintenance and efficient spares management for plant & machinery to reduce breakdown and production loss.

b) Completely outsourcing of B & C class items.

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

d) The company under the skill development initiative of Govt. of India bagged orders from GTTC Karnataka and DET Tamil Nadu and contributed towards the skill development programme of Govt. of India. and successfully executed General Purpose Machine-NH18, 56 no.s, to GTTC Bangalore.

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

Efficiency of machines increased, production cycle reduced and developed new opportunity.

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) MoU with M/s. Cochin Shipyard Limited for association in the manufacturing of Propulsion Propellers, Shafting, Stabilization Plants, Steering gear and Rudder systems, Transverse Tunnel Thrusters, Azimuthal Thrusters, Ramps, Doors, Elevator Systems etc.

c) Development of New variants in Double Column CNC VTLs.

d) Discussions are going on for manufacturing of Defence and Railways sub-assemblies/ Components of BEML, BEL, RWF etc.

e) Engagement of Channel partners for Sales & Servicing of HMT Machine Tools.

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

a)	Capital	Rs. NIL
b)	Recurring	Rs. 149.23
	Total	**Rs. 149.23**

5. **Total R & D Expenditure:**

   1.06 % (as % of turnover)

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

   Dept. of Scientific and 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.	Foreign Exchange earned	417.90
2.	Outgo of Foreign Exchange (CIF value of imports)	361.16
3.	Expenditure in Foreign currency on Account of travelling	2.20
4.	Currencies on account of Royalty,	Nil
5.	Know-how / Professional Fees, Interest and other matters	Nil

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

On behalf of the Board of Directors

Place: Bengaluru **(Pankaj Gupta)**
Date: 27th September 2023 Chairman & Managing Director (Additional Charge)

FORM No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2023

[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, 2023 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, 2023, 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) Indian Contract Act, 1872
e) Transfer of Property Act, 1882

f) The RTI Act, 2005
g) Disaster Management Act, 2005 (During Covid-2019 time)
h) Legal Metrology Act, 2009.

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

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

1. Being a material subsidiary of a Listed Entity, there shall be at least one Independent Director of its Holding Company) on its Board under Regulation 24(1) of SEBI (LODR) Regulations 2015.The Company is yet to comply with this Regulation.
2. The Preference shares have been re-classified as Financial Liability. However, the Authorised Share Capital has not been shown as having Preference Shares leading to inconsistency in presentation of the Financial Statements to that extent.
3. During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions under Employees' Provident Funds and Miscellaneous Provisions Act,1952, Payment of Gratuity Act, 1972 etc. and received Notices from statutory Authorities. Besides, there are ongoing litigations with various courts of law.

We further report that:

The Board of Directors of the Company is constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors appointed by the Govt. of India as mandated for the Government Companies during the period under review. 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. During the financial year under review, the Independent Director, retired on 26th January 2023 and the vacancy caused has not filled till the date of this report.

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

Date: 20th July, 2023 Company Secretary
Place: Bengaluru C P No 4422
UDIN: F003031E000650249

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

'Annexure A'

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

Our report (2022-23) of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My/our responsibility is to express an opinion on these secretarial records based on our audit.
2. I/ We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on a test check basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I/we have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.
4. Wherever required, I/we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For S Kedarnath & Associates
Company Secretaries:

Date: 20th July, 2023
Place: Bengaluru

S. Kedarnath
Company Secretary
UDIN: F003031E000650249

ADDENDUM TO SECRETARIAL AUDIT REPORT FOR THE YEAR 2022-23 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31ST MARCH 2023

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	**Being a material subsidiary of a Listed Entity, there shall be at least one Independent Director of its Holding Company) on its Board under Regulation 24(1) of SEBI (LODR) Regulations 2015. The Company is yet to comply with this Regulation.**	The nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Guidelines. The subject matter of appointment of Independent director falls under the purview of the Government of India. The Administrative Ministry has been requested to appoint Directors to comply with the provisions of Companies Act 2013.
02	**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 2023-24 as observed.
03	**During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions under Employees' Provident Funds and Miscellaneous Provisions Act,1952, Payment of Gratuity Act, 1972 etc., and received Notice from statutory Authorities. Besides there are ongoing litigations with various courts of law.**	The company is incurring losses from several years, hence not able to make timely payment of the statutory dues as observed by the Auditors. The Company is taking all efforts to generate funds from Internal operations and address the timely payment of the statutory dues.

Place: Bengaluru
Date: 9th August 2023

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

CERTIFICATE OF CORPORATE GOVERNANCE

Corporate Identity Number: U02922KA1999GOI025572

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, 2023, 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) Appointment of atleast one Independent Director of HMT Limited in the Board of HMT MTL ;

b) Presentation of Authorised Share Capital in the Financial Statement

c) Default in timely payment of employee related statutory dues

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 R. VENKATA KRISHNA & Co
Chartered Accountants, FRN : 004605S

Place: Bengaluru
Date: 24.08.2023

(J. Ullas), Partner, M.No. 016397
UDIN: 23016397BGXGHR6716

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 the Board Members and Senior Management Personnel is in place.

The said Code of Conduct has been uploaded on the website of the Company and has also been circulated to the 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, 2023

Place: Bengaluru

Date : 27th September 2023

Sd/-

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

REVISED INDEPENDENT AUDITOR'S REPORT

(ISSUED CONSEQUENT TO PROVISIONAL COMMENTS BY DIRECTOR, CAG VIDE NO. DGCA/A/c/ Desk/2022-23/HMT(MT)/1.31/178 dated 30.08.2023 CONSIDERING CERTAIN MATTERS TO INCLUDE IN OUR REPORT BASED ON THE REPORTS OF THE BRANCH STATUTORY AUDITORS INCLUDING REVISED INDEPENDENT AUDIT REPORT DATED 30.08.2023 PERTAINING TO HMT Machine Tools Limited, Hyderabad (Including Foundry Division) & Press Division ("the division) AND THIS SUPERCEDES OUR INDEPENDENT AUDITOR'S REPORT ISSUED ON 26.06.2023)

THE MEMBERS OF
HMT MACHINE TOOLS LIMITED
BANGALORE
CIN: UO2922KA1000GOIO25572

REPORT ON THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Qualified Opinion:

We have audited the standalone Financial Statements of M/s HMT MACHINE TOOLS LIMITED, BANGALORE, ("the Company") which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statement")

We state that, the standalone financial statements of the Company includes the compilation of the eight divisional financial statements of HMT MBX Bangalore Complex, HMT Ajmer, HMT Pinjore, HMT Hyderabad, HMT Kalamassery, Praga Tools - Hyderabad, HMT Marketing Division - Bangalore and HMT Directorate -Bangalore which have been subjected to independent statutory audit appointed by CAG for each division except for HMT Directorate - Bangalore. Out of the same six units are audited by other Statutory Auditors, Marketing unit at Bangalore is audited by us and HMT Directorate -Bangalore 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 effects of the matters described in the Basis for Qualified opinion paragraph of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act"), 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, 2023, 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 Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provision of the Act and Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

1) MBX, Bangalore:

Non-compliance with Ind As, as per requirement of the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended on the following standards: -

a. a. Ind AS 2 – according to the details and information provided to us, the value of Raw Materials, Work-in- progress and Stock in Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and stock taking is on Weighted Average basis, however, due to non-availability of valuation report and detailed working of Inventories , we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also, the physical verification of stock has not been done at regular intervals.

2. MTA, Ajmer

a. Ind AS-36 : Impairment test not done by Ajmer Unit on various assets. Hence financial implication of not conducting impairment test could not be ascertained.

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

3) MTP Pinjore

i. As per Ind AS-19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2023. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS -19. Hence this is not in compliance with the Ind AS-19 ”Employee Benefits.

ii. As per Ind AS-36, Impairment of Assets, the objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures. However the company has failed to conduct an impairment test of assets, as otherwise advised to be conducted once annually.

4) MTH Hyderabad

a. Property, Plant and Equipment: Our observation revealed that the division has not complied with “Component” based depreciation method as required by IND AS 16 despite the stated policy and necessary identification of components of an item of PPE has not been identified and depreciated accordingly. The impact of the such noncompliance on the loss and the accumulated depreciation could not be ascertained.

b. Employee Benefits: Our observation revealed that the division is not in compliance with para 57 of IND AS 19, as defined benefit plan does not include Current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such noncompliance on the loss and the current liabilities could not be ascertained.

c. Sale of goods includes Rs.16.43 crore pertaining to four machines dispatched to customers on Free-on-Road (FOR) basis at Customers premises. Though, the invoices in respect of the four contracts were raised on or before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023 as the contracts were on FOR customer premises basis. Recognition of sales revenue on invoice basis in FOR customer premise contracts without actual delivery at customer premises has resulted in overstatement of sales by 16.43 crore and understatement of stock in trade by Rs 12.19 crore with consequential understatement of Loss by Rs 4.24 crore.

d. Property Tax of Rs.25.21 Crores is payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township of HMT machine Tools Limited, Hyderabad (MTH). Since the stay order obtained by MTH on payment of property tax to GHMC was vacated in the month October 2022 by Hon'ble High Court of Telangana, GHMC raised (November 2022) demand on MTH for payment of property tax of ₹ 25.21 crore in respect of Factory and Township of MTH. However, the company has not made the necessary entries in this regard.

e. Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) has raised Rs 12.31 crore water and sewerage charges bill. However, the company has not made the necessary entries in this regard.

f. Southern Power Distribution Company of Telangana (TSSPDCL) has revised its earlier demand of Rs 1.84 crore to Rs 1.16 crore. Company has disclosed this amount as contingent liability but not made any provision in this regard.

5) MTK, Kalamassery:

a. Revenue from Operations (Note 20): Rs.57.04 Crores. Sale of goods: Rs.52.65 Crores:- Sale of goods includes ₹ 16.48 crore being the sale value of 45 machines dispatched to eight customers on Free-on-Road (FOR) basis at Customers premises. As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be 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 assumed the risks and rewards of ownership of the product or services. As per the shipping terms all the contracts listed in the Annexure were on FOR customer premises. Though the invoices in respect of the four contracts were raised on or before 31 March 2023, the risk and reward of ownership was not transferred before 31 March 2023 as the machines were received at customers site after 31 March 2023. Recognition of sales revenue on invoice basis in FOR (customer premises) contracts without actual delivery at customer premises has resulted in overstatement of Sales by ₹ 16.48 crore and understatement of Stock-in-Trade by ₹ 8.28 crore with consequential understatement of Loss by ₹ 8.20 crore. (Opinion based on CAG review under Provisional Comments 2 u/s 143(6)(B) of Financial Statements of HMT MACHINE TOOLS LIMITED, KALAMSERRY UNIT)

6) PTH, Hyderabad: Have No Qualified Opinion

7) MTM, Bangalore:

Compliance of Ind AS-36 Impairment of Assets : We draw attention towards Ind AS-36 Impairment of Assets in relation to the assessment of potential impairment loss of assets of the unit. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted in the FY 2020-2021, it is noted that, the unit is yet to take management approval for disposal of said assets as per the company's procedure and the quantum of impairment value is not available to report.

Emphasis of Matter

1. MBX, Bangalore:

We draw attention to the following matters:-

1. As informed to us, the Unit owns total land of 330.28 acres in Bangalore Complex, which were partly gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In addition, there exists vast area of open spaces. As, the title deeds of the land, physical verification, survey and demarcation of land is not provided, we are unable to comment on the ownership, accuracy of the area of land usage and encroachment if any.

2. As informed to us, a portion of the land used for Roads measuring approximately 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the Direction of the Court land compensation of Rs.18.93 Crores has been fixed, valuing the land @1.65 times the guidance value of land of Rs. 2.70 Crores per acre fixed by the Government of Karnataka.As at 31 March 2022, BBMP has paid adhoc compensation deposit of Rs.18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-14B. Since the land is not

transferred to BBMP following legal procedure the said land measuring 4.25 acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

Our opinion is not modified in respect of these matters.

2. **MTA Ajmer: No observation**
3. **MTP,Pinjore: No observation**
4. **MTH, Hyderabad: No observation**
5. **MTK Kalmassery:**

i) Land shown in note No.3A Property, Plant and Equipment and in Note 3B Investment Property comprises of 349 Acres as per the statement furnished by the unit.

As per the copies of records furnished to us, summarised hereunder, 781 Acres 26 Cents 266 sq links property was assigned to HMT Limited by Govt. of Kerala in 1973. Out of this 432 Acres 19 Cents and 126 Sq Links were surrendered/ gifted/given for various purpose as shown in the summary. Balance land in hand is 349 Acres 40 Cents and 140Sq links. All this land is in the name of HMT Limited and not in the name of HMT Machine Tools Limited.

Summary of Details of Land in the books of HMT Machine Tools Ltd

1) Land assigned by Government of Kerala to HMT Ltd

Sl.No	Particulars	Acres	Cents	Sq.Links	Hectares
1	Patta No.9310/30.10.1973	3	2	683	1.2249
2	Patta No.10015/30.10.1973	731	19	183	295.8015
3	Patta No.12398/30.10.1973	47	37	400	19.1718
	Total A	**781**	**59**	**266**	**316.1982**

2) Less :Land Surrendered/Allotted/Given /Gifted

Sl No.		Particulars	Acres	Hectares
1	Land surrendered to Kerala Gove vide GO(MS)No.207/2000/Dtd 04.07.2000		300	121.95
2	Land allotted to HMT Ltd (Holding Co) vide GO(MS) No:207/200 Dtd 04/07/2000		100	40.485
3	Land allotted to KSEB vide Chairman Sanction No. M 15/74 Dated 31/05/74		1.58	0.64
4	Land Surrendered to:			
	a)	Land given to KSEB for construction of watchman's cabin for substation vide Chairman's Sanction A/166/71 Dtd 25.08.1971	0.28	0.1133
	b)	Land given to NAD which was wrongly included in Patta No.13938, Dtd 30.10.1973. Later deleted by revenue authorities (see correction in Patta)	2.28	0.9225

	c)	Land surrendered to Kerala Govt for Ancillary Industrial Estate vide Form B Rule 7 Declaration dated 14.12.1990 and Chairman Sanction No. M 15/74 Dated 31.05.74	6.895	2.7902
	d)	Land given for Periyar Valley Canal (no Sanction seen)	0.13	0.0526
	e)	Land gifted to Postal authorities vide gift deed dated 02.09.1981 (draft copy only seen)	0.25	0.1012
	f)	Land surrendered to Kerala Govt for Irumpanam-Kalamassery Road Third Reach vide Form B Rule 7 declaration dated 18.04.1994	20.7726	8.408272
			432.19126	**175.4631**
	Balance Land In hand : A-B		**349.4014**	**140.7351**

As per the Land Revenue Receipt No.KL07021805119/2023 dated 29.03.2023, the extent of land is 162 Hectars 27 Ares 23 Sq. Metres equivalent to 401 Acres 10 Cents and 65 Sq links. Land tax of Rs.2,59,738/- is remitted for the said extent. Moreover, the land tax receipt is issued in the name of HMT Limited, Bangalore and is absorbed as an expense in HMT Machine Tools Limited. Latest Possession Certificate is also not made available for our verification.

As per Memorandum of Association of HMT Machine Tools limited, under Clause III A, The Main object to be persued by the company on its incorporation, in Paragraph 1, it is said as follows:

"To acquire all the assets, properties and liabilities of and takeover as a going concern, the business of HMT Limited, now carried on under its Machine Tools and Industrial Machinery Business Groups including all the manufacturing and assembly units, marketing offices/showrooms situated at different locations and to enter into and to carry into effect such modifications or alteration (if any) as may be agreed upon (whether before or after execution) based on any agreement/s, deeds with the said HMT Limited as may be necessary or as may be deemed necessary, advisable or proper and to pay for the same either in cash or loans or by allotment of shares or debentures or party in shares and party otherwise as specified to HMT Limited, Bangalore."

No Agreements/deeds or other evidences of takeover, showing the details of assets and liabilities taken over were provided for our verification.

In the light of the above discussion, we are unable to comment on whether the Company has absolute title to the land included in the books of account.

ii) 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 Honarable 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 389/2016 before the Honorable Supreme Court of India against order of the Honorable High Court of Kerala CRP No.1026/2002 dated 13.12.2014 challenging the observation of the Honorable High Court of Kerala stating that "the lands so held by a person under grant from the Government otherwise than by way of lease of license is declared to be a Government land under section 2(1)(d) and (e) of the Assignment Act. The lands in question were very much Government Land till it was assigned in favour of HMT by Patta No.10015 dated 30.10.1973 and 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 Honorable Supreme Court of India vide Order no.SLP386/2016 dated 15.01.2016 ordered to maintain status quo existing as on date until further orders. It is further noticed that the Appeal No.382/2016 filed before the Honorable Supreme Court of India is pending

Our Opinion is not qualified in respect of above Emphasis of Matters.

6. **PTH – Praga Tools Hyderabad**

1. The Division has not provided us the title deeds in respect of 1). Freehold land measuring 3,000 sq. yds situated at Kavadiguda, Secunderabad and 2). Freehold flat situated at Flat No.2, Ganeshdeep Co-op Housing Society, Building No.124/2, Erawada, Pune, Maharashtra. Hence we are not in a position to state that the Division has a clear marketable title for the said properties.

   Our Opinion is not qualified in respect of above Emphasis of Matters.

7. **MT Marketing, Bangalore - No observation**

8. **MTD Directorate Bangalore –** HMT Ltd has waived off Interest for the FY 2022-23 amounting to Rs.1,398.11 Lakhs on the loans provided to HMT Machine Tools Ltd. Company has accounted the same as Other Income.

Key Audit Matters

Going Concern: We draw your attention towards the losses incurred by all the divisions of the Company which is resulting in erosion of the net worth of the Company i.e, the continuous increase of accumulated losses over the capital infusion reported every year. We observed that, the company has sent various proposals to Ministry for Working Capital infusion and for payment of overdue Statutory dues, which are pending with Government of India. Further as all units are functioning with orders in hand, the standalone Financial Statements are prepared on the "Going concern" basis.

Management's Responsibility for the Financial Statements:

The Company'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 financial statements that give a true and fair view of the financial position, financial performance, of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2015, as amended.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, 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 statement , 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 are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statement:

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

-Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

-Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Matters

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 33,560.16 Lakhs (out of Rs.36,680.67 for HMT Machine Tools Ltd) as at 31ST March 2023, total revenue of Rs17,065.16 Lakhs (out of Rs.17,503.86 for HMT Machine Tools Ltd) for the year ended 31st March 2023, as considered in the standalone financial statements of the Company and MTD, Directorate has not been audited. These financial statements have been audited by other auditors by CAG whose reports have been furnished to us by the management and our opinion on the standalone, in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of subsections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid units, is based solely on the reports of the other auditors.

1) MBX BANGALORE :

a. Statutory Liabilities: TDS/TCS not filed for the period of April 2022 to March 2023.

b. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities as at 31st March 2023 and the same is non quantifiable. Further, no provision has been made for penalty/ damages, if any payable on non-settlement/ non-payment of gratuity dues as at 31st March 2023. We are unable to express an opinion on the impact of this non-provision on the financial statements.

c. According to the information provided to us and as per the GST Common portal, the unit has not filed GSTR-3B returns for the month of March’23. Therefore, GST as per the books of accounts and GSTR-3B returns for March’23 needs reconciliation.

d. A Unit is required to write off the balance of debtors outstanding for more than 3 years in its books. However, the unit has only created a provision for doubtful debt for debtors outstanding for more than 5 years

e. The Unit has not filed returns process of reconciliation of party balances is incomplete. Further it is observed that balance in certain accounts having no transactions for more than five years have been carried forward. Due to non-availability of confirmations of balance from parties, we are unable to express an opinion on the correctness of the balances stated and their impact on the financials.

2) MTA Ajmer:

a) Due to 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.

b) The Physical Verification of Stock should be carried out with more efficiency, accuracy and under proper supervision at reasonable intervals.

c) Internal control related to software should be reviewed at reasonable interval.

d) Short term provision includes ad-hoc wages / salary revision Rs. 1332311/- towards which amount advanced Rs 385535/- 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.

e) The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 2,00,62,661/- 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.

f) The Unit has shown overdue Loans & Advances as its non current assets and other financial assets which should be either written off or transferred to respective provision accounts. It unnecessarily increases the Current/non current Assets of the Unit which is actually non-performing asset.

g) Under ‘Trade payable’ 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.

h) Under ’Other Current Liabilities’, security deposit have been taken from the parties long back and no transaction has taken place since long time.

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

j) The Unit is paying Interest on late payment of its Statutory Dues. The same status was prevailing in previous years also. It is informed to us that the Unit is facing financial crunch since long.

k) Unit has not reversed GST Input for those supplies and services, the payment of which are outstanding as on 31.03.2023 for more than 180 days. The amount involved is Rs. 384692/-

l) 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.

m) 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.

n) Ajmer Unit has not paid any interest which has been due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the Interest specified under micro, small, and Medium Enterprises Development Act, 2006.

o) 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.

3) MTP Pinjore

a) 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 unit and accordingly this custom refund claim should be written off.

b) The unit has not written off the claim recoverable foreign of Rs. 1.55 lakhs which was pending since 2007 as informed by the management. However the unit has made the provision against the same of Rs. 1.55 Lakhs. The Unit has not obtained 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 unit and accordingly this custom refund claim should be written off.

c) Balance of Inventories, trade payables, receivables, margin money deposit and advances are subject to confirmation and reconciliation, the consequent effect on the financial statements is unascertainable.

d) Some of provisions have been made in the accounts of the unit as per advice by Machine Tools Directorate as follows:

   i) Interest on Government of India Loan

   ii) Gratuity

   iii) Leave Encashment

   iv) Settlement Allowance

We understand the correctness of these provisions is to be audited and checked during the statutory audit of the company as a whole at head office.

1) MTH Hyderabad

a. Reference is invited to Note No. 2(ii)(b) & 2(ii)(f) of the Notes forming part of financial statements which describes that depreciation on the property, plant & equipment is charged at 100% of the cost of asset over their useful life. The residual value for all the assets has been standardized at Re 1.

As informed to us that the accounting policy issued by the head office of HMT Limited, residual value of the assets can be Rs.1.

b. Books of accounts are not being maintained in all completeness on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary / suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.

c. Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updation of financial books.

d. The Company not following the E-invoicing process since the said provisions shall apply to those organization, whose turnover exceeds Rs.10 crore, vide Notification No. 17/2022, w.e.f From 1st October 2022.

e. GST receivables representing input tax credit balances has been reported. This balance is not reconciled with credit ledger on GSTIN portal as on the reporting date

f. Substantial delay / non fillings have been noticed in timely compliance with Income Tax Act,1961, Profession tax Act, 1987 and GST Act,2017 with respect to filling of quarterly/monthly filling of returns and payments of taxes due thereon including delay in contribution to the employee benefit trust which exposes the division to various penalties and late fee and other consequences under the respective Acts.

2) MTK Kalamassery :

i) i) Trade Payables, Receivables and Advances are subject to confirmation. Non-confirmation of these may have consequential effect on the financial statements which is not ascertainable. We also observed that there are very old outstanding balances in many ledger accounts in trade payables, receivables and advances. It was noted that the provision for expected credit loss has not been created for doubtful trade receivables. As per Ind AS 109, the company is required to recognize a loss allowance (i.e. Impairment) for expected credit losses on financial assets including trade receivables. The unit has not considered for impairment of Trade Receivables while preparing the financial statements. Company has created Provision for Doubtful Debts.

ii) Margin money deposits amounting to Rs.95,11,835/- has been classified as other bank balances. Out of the total margin money deposit, an amount of Rs21,23,838/- has been maintained by the head office as confirmed by them. In relation to the deposits maintained with UCO Bank as per Books of Account of the Unit, bank confirmation has been received for a sum of Rs.71,75,332/-,. Balance amount of Rs.2,24,665/- is not ascertainable.

iii) Other Assets – Current include Rs.3,08,98,217/- receivable from HMT (International) and Rs.2,28,14,889/- receivable from HMT Ltd by the unit. The details of transactions with HMT Limited and its subsidiaries are to be disclosed under the notes to accounts as “Related Party Disclosures”.

iv) As the Unit is yet to file GSTR1 and GSTR3B for the month of March 2023, the reconciliation of the turnover for the year ended 31.03.2023 with monthly returns filed under The Central Goods & Services Tax Act, 2017 could not be carried out.

v) The company has provided interest on MSME on simple interest basis on the annual outstanding balance. Also, in the case of some agreements, even if the terms of conditions specify payment within 30 days, unit has taken 45 days as the minimum days for calculation of MSME interest.

vi) We observed that many items in the financials are long outstanding. It is informed to us that many of the items included in Deposits/Debtors might have been collected in HO without making corresponding impact in the books of the Unit. Details of Miscellaneous recoveries amounting Rs. 1,61,568/- is not made available. This also seems to be very old entries being carried forward in the ledger.

vii) Material and components in Transit - Inventories is Rs. 14,95,429.00 This includes Rs.

12,96,967 being carried forward from 2016 and Rs.1,98,462/- being carried forward from 2019. This has either to be changed to inventory if it received in the company, or necessary action has to be taken to remove it.

3) PTH Hyderabad:

a. The current year statutory dues along with previous years' dues were not remitted in time and are outstanding. No provision has been made for penal interest on delayed payments of statutory dues.

b. The Division has not reconciled balances in the parties' accounts, including trade payables, trade receivables, advances and deposits. The balances in the accounts of these parties have been stated as appearing in the books of account.

c. The balances of Government of India Loans and the accumulated interest in the accounts of Division are as per the Head office advice. Interest on such loans provided as per the advice of Head Office.

d. As per the Management the GOI loans are past overdue and hence payable at the earliest instance. Hence the same are disclosed as current liabilities.

e. The Division has not reconciled the balances in GST portal with the returns filed, taxes paid, eligible inputs, utilization of inputs and other matters. The division has not provided for liability, if any, on account of interest, late fees and penalty.

f. Books of accounts are not being maintained on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary / suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.

g. Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updation of financial books.

h. Delay / non fillings have been noticed in timely compliance with Income Tax Act,1961, Profession tax Act, 1987 and GST Act,2017 with respect to filling of quarterly/monthly filling of returns and payments of taxes due thereon including delay in contribution to the employee benefit trust which exposes the division to various penalties and late fee and other consequences under the respective Acts.

Our opinion is not modified in respect of these matters.

7) MTM Bangalore

1. The disclosure requirements as per schedule III of the Companies Act 2013 read with Section 22 of the Micro, Small and Medium Enterprises Development Act,2006 in the financial statements.
2. The balance of trade receivables, advances to others, deposits paid, revenue received in advance and trade payables are subject to confirmations, due to non-availability of balance confirmations from the parties.
3. Interest on delayed Provident Fund remittance and loss of the fund for the FY 2022-23 has not been provided for as amount was not ascertainable.

8) MTD Bangalore

In FY 2023-24 steps must be initiated to ensure proper reconciliation and proper accounting treatment of old balances in Debtors and Creditors beyond 3 years in all units.

Report on other Legal & Regulatory Requirements:

1. As required by section 143(3) of the Act, based on our audit, we report that:

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

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

c) The Balance Sheet, the Statement of Profit and Loss, including other comprehensive income dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS Financial Statements dealt with by this report comply with Indian Accounting Standards specifies under section 133 of the Act read with relevant Rules issued thereunder as amended from time to time, except Ind AS- 2 Inventories, Ind AS -40 Investment Property and Ind-AS 36 Impairment of Assets;

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

f) NO dividend was declared or paid during the year by the company

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Amendment Rules 2021, our opinion and to the best of our information and according to the explanation given to us:

i. The pending litigation of the Company are disclosed in Contingent Liabilities of Financial Statement;

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 losses, if any, on long term contracts including derivatives contracts.

iii. The matter relating to transfer of amounts to the Investor education and Protection Fund is dealt at the Head-Office level.

iv. the management has represented that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

v. the management has represented, that, to the best of it’s knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the comp any from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

vi. Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (iv) and (v) contain any material mis-statement.

2. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure B”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

FOR R.VENKATA KRISHNA & CO
CHARTERED ACCOUNTANTS
FRN: 004605S

J. ULLAS
PARTNER
Membership No: 016397
UDIN: 23016397BGXGHX2925
Date: 05.09.2023

Annexure – A to the Independent Auditors' Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HMT MACHINE TOOLS LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of **HMT MACHINE TOOLS LIMITED BANGALORE as of March 31, 2023** in conjunction with our audit of the standalone financial statements of the unit 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 financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the unit'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 purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that-

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, two divisons viz.,1) HMT- Hyderabad & 2) Praga Tools –Hyderabad ,the following material weaknesses is identified in the company relating to inadequate internal financial controls over financial reporting as at March 31st 2023 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

A. In respect of HMT, Hyderabad Unit and PTH, Praga Tools Hyderabad

i) Books of accounts are not being maintained in all completeness on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary/ suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.

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

iii) Non – implementation of E-invoicing under GST wef 01.10.2022 whose turnover exceeds rs.10 crores.

B. In respect of HMT, Marketing Division

I. Non reconciliation of old items and clearance in a) Advance Received against sales A/c and b) EMD Received/Paid A/c

C. In respect of the whole Company:

i. Non reconciliation and non confirmation of Trade receivables, trade payables balances, deposits and old balances and advances.

ii. Substantial delay / non filings of statutory returns and delay/non payment of statutory dues exposes the Company to various late fees, penalties and other consequences under various statutes ex. IT Act, GST Act, Profession Tax Act, PF/ESI/ Gratuity Acts(Payments to Funds set up under the Acts), including Property Taxes which are not ascertainable and provided for in books of account in some instances.

iii. Lack of centralised control over recording and corrective legal/administrative actions in responding to and accounting of default/non-payment notices/ claims received from statutory bodies viz., Income Tax, TDS, GST, PF,etc

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Institute's annual financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has in all material aspects maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March 2023, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

FOR R.VENKATA KRISHNA & CO
CHARTERED ACCOUNTANTS
FRN: 004605S

J. ULLAS
PARTNER
Membership No: 016397
UDIN: 23016397BGXGHX2925
Date: 05.09.2023

Annexure – B to the Independent Auditor's Report

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 2023.

On the basis of such checks as we considered appropriate, according to the information and explanations given to us during 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) (A) In our opinion, the Company is maintaining proper records showing full particular including quantitive details and situation of its Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) As explained to us, the management has a policy of physically verifying the Property, Plant and Equipment once in three years and were conducted during the financial years 2021-22 and 2022-23 in all units and no material discrepancies were noticed during the said verification, other than the following old matters which were reported in the earlier reports:-

MBX, Bangalore:

i) As informed to us, the Unit owns total land of 330.28 acres in Bangalore Complex, which were partly Gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In addition, there exists vast area of open spaces. As, the title deeds of the land, physical verification, survey and demarcation of land is not provided, we are unable to comment on the ownership, accuracy of the area of land usage and encroachment if any.

ii) As informed to us, a portion of the land used for Roads measuring approximately 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As at 31 March 2018, BBMP has paid adhoc compensation deposit of Rs. 18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-18. Since the land is not transferred to BBMP following legal procedure the said land measuring 4.25 acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

c) The title deeds of immovable property disclosed in the financial statements are held in the name of the Company except in case of

MTA–Ajmer (where pending finalization of rates by Govt. of Rajasthan, provision of conversion charges for conversion of revenue land for industrial use at MTA is sub-judice and execution of lease deed is pending)

MTH-Hyderabad (According to the information and explanations given to us, the records examined by us and based on the examination 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.)

MTK-Kalamassery (According to the information and explanations given to us and on the basis of our examination of the records of the unit, the title deeds of immovable properties (other than immovable properties where the division is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Unit, except the details thereof in the format below and as explained in Emphasis of Matters Point No.(i)

Description of Property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period held- indicate rage, where appropriate	Reason for not being held in the name of Company*
Land in Property, Plant and Equipment	6,67,901.00	HMT Ltd	Holding Company	From inception	Refer point No. (i) in Emphasis of Matters in Main Audit Report.
Land in Investment Property	7,35,696.00	HMT Ltd	Holding Company	From inception	

d) The Company has not revalued its Property, Plant and Equipment during the year. Hence, reporting on the aspects related to revaluation does not arise.

e) There are no proceedings which has been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988. Hence, reporting whether the Company has appropriately disclosed in the financial statements or not does not arise.

2) a) According to the information and explanations given to us Physical verification of inventory has been carried out in units at regular intervals during the year except at MBX, PTH Hyderabad and MTH Hyderabad . Verification of inventory needs to be properly documented and procedures to be strengthened.

b) As per the explanations provided to us, the Company has not been sanctioned working capital limits in excess of Rs.Five crores, in aggregate, from banks or financial institutions on the basis of security of current assets during anytime during the financial year.

3) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties. Hence, further reporting under the sub-clauses (a) to (f) does not apply.

4) The Company has no loans, investments, guarantees and security. Hence compliance under section 185 and 186 of the Companies Act, 2013 does not arise.

5) According to the information and explanations given to us, the Company has not accepted any deposits. Hence reporting on clause (v) of the order is not applicable.

6) The Central Government has prescribed maintenance of cost records u/s. 148(1) of the Companies Act, 2013 for some products of the Unit. We have broadly reviewed the books of accounts relating to material, labour, and other items of cost maintained by the Unit pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed cost records have been made and maintained.

7) (a) According to the information and explanations given to us and as per books and records examined by us, the Unit is not regular in depositing the undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities within the due date. 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:

MBX Bangalore :

Nature of Dues	Total Dues	More than six months as at 31.03.2023
Provident Fund	25,39,33,325	23,76,81,692
Pension contbn & Admn. Charge	2,25,60,286	2,11,69,127
Gratuity	12,07,39,733	11,34,48,667
Property Tax	5,86,17,471	5,36,17,471
Total	**45,58,50,815**	**42,59,16,957**

MTA Ajmer:

On the basis of examination of the books of accounts, outstanding statutory dues of Gratuity as on 31/03/2023 for a period of more than six months from the date they became payable is Rs. 2,26,07,112/-.

MTH Hyderabad:

Name of the statute	Nature of the Dues	Period to which the amunt relates	Amount (Rs.)
GST Act, 2017	GST	2022-2023	44730592
Income Tax Act,1961	TDS Defaults	2015-2023	6088452
Employee Provident Fund	ESI	2022-2023	33517
Employee Provident Fund	Pension and EDLI	2019-2023	7677379
Employee Provident Fund	EPF	2016-2023	202439241
Professional Tax	Professional Tax	2016-2023	983900

MTK Kalamassery:

Sl. No.	Nature of Dues	Amount (Rs. In Lacs)
1.	Provident Fund,	256.98

MTP Pinjore:

Sl. No.	Nature of Dues	Amount (Rs. In Lacs)
1.	Provident Fund, Pension, VPF, CPF and loan incl. interest	2362.35
2.	Gratuity	736.99

PTH, Hyderabad:

Sl. No.	Nature of Dues	Amount
1	Provident Fund, ESIC, and employee benefits	28,98,36,062
2	CST	22,44,265
3	Central Excise Duty	12,02,395
4	TCS, TDS	3,24,389

MTM, Bangalore:

Sr. No	Nature of Dues	Total Amount Due (INR In Lacs)	Total Amount exceeding 6 months (INR In Lacs)
1.	Provident Fund, Pension, VPF, CPF and Loan including 7Q Interest and loss to PF Fund	166.86	120.52
2.	Gratuity including Interest	305.13	238.05

b) According to the information and explanation given to us and as per the records examined by us, the following are the statutory dues which are disputed by the Unit and not been deposited with the said statutory authorities:

MBX Bangalore:

SL. No	REGULATION	YEAR	NO. OF EMPLOYEES (Gratuity/ Gratuity Interest)	TOTAL AMOUNT In Rs. Lakhs	INTEREST in Rs. Lakhs	GRAND TOTAL IN Rs. Lakhs	REMARKS/ FORUM
1	Provident Fund Act	1	2082/2019	462.51		71.95	PF Commissioner's Claims as per PF Commissioner's attachment order
		2	169/2019	344.19		664.98	
		3	170/2019	664.98		344.19	
		4	171/2019	425.55		425.55	
		5	348(67)/2017	625.33		388.49	
		6	376(95)/2017	829.44		829.44	
		Sub Total				**2724.59**	
2	Sick Industrial Companies (Special Provisions) Act, 1985		1	69		69.00	City Civil Court
	Code of Civil Procedure		1	70		70.00	City Civil Court
		Sub Total				**139.00**	
3	Property Tax/ Revenue					2253.59	High Court of Karnataka
		Sub Total				**2253.59**	
4	Code of Civil Procedure		1			20.00	Criminal Court
		Sub Total				**20.00**	
5	Code of Civil Procedure	Case No	36	13.57	0	13.57	High Court of Karnataka
		Sub Total				**10.00**	
		TOTAL				**5150.75**	

MTH Hyderabad:

Name of the statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Remarks
Central Excise Act, 1944	Excise Duty	32.31 Lacs	2011-12	Commissioner (Appeals) Hyderabad however present status of the case related documents / communications have not been provided to us

MTK Kalamassery:

Name of the Statute	Nature of the Dues	Amount (Rs)	Period	Forum where dispute is pending
Then Central Sales Tax Act, 1956	Central Sales Tax	2,12,54,611/-	A.Y 2008-09	High Court of Kerala.

f) According to the information and explanations given to us and as per the records examined by us, there are no such transactions which are not recorded in the books of account and which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

g) a) As per the information and explanations given to us and on the basis of our examination of books and records, the Unit has defaulted in repayment of loans or other borrowings or in the payment of interest to the banks whose details are as follows:

MBX Bangalore:

Month	Nature of borrowing	Name of lender	Interest not paid on due date	Due date	Actual Payment date	Delay in Days
April 22-Mar 23	Cash Credit A/C	Uco Bank, KG Road, Bangalore - 560009	6.91 L (avg)	Monthly	23 days avg. delay	23

MTD Bangalore

The company has availed the loan from the Government of India and has defaulted in repayment of loans and borrowings 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	34,852.80	46,936.96	81,789.76

b) As per the information and explanations given to us, the Company is not a declared wilful defaulter by any bank or financial institution or other lender.

c) As per the information and explanations given to us and on the basis of examination of books and records, the term loans have been applied for the purpose for which the loans were obtained.

d) As per the information and explanations given to us and on the basis of our examination of books and records, the funds raised on short term basis have not been utilised for long term purposes.

e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

10) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, reporting on the clause with regard to application of such funds does not arise.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting on the compliance under Section 42 and Section 62 of the Companies Act, 2013 does not arise.

11) (a)As per information and explanations given to us and on the basis of our examinations of books and records, there were no frauds by the Company or on the Company that has been noticed or reported during the year.

b) As there were no frauds noticed or reported during the year, filing of report under sub-section (12) of section 143 of the Companies Act by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government does not arise.

(c)As per information and explanations given to us and on the basis of our examinations of books and records, there were no whistle-blower complaints received during the year by the Unit.

12) This is not a Nidhi Company, hence reporting under clause (xii) does not apply.

13) As per information and explanations given to us and on the basis of our examinations of books and records, all the transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) a) The Company has an Internal Audit system which is commensurate with the size and nature of its business.

b) The reports of the Internal Auditor for the period under audit has been considered.

15) The Company has not entered into any non-cash transactions with directors or persons connected with them and hence reporting on this clause is not applicable.

16) a) The Company is not required to be registered under section 45, IA of the Reserve Bank of India Act, 1934. Further, reporting on sub clause (b) to (d) does not apply.

17) The Company has incurred cash losses in the financial year and has incurred cash losses in the immediately preceding financial year as follows:

Particulars	**FY 2022-23**	**FY 2021-22**
Cash Losses (Amt in Lakhs)	12,540.21	13,796.27

18) There has been no resignation of the statutory auditors during the year.

19) According to the information and explanations given to us and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Unit is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20) Since the Company does not come within the purview of Section 135 of the Companies Act 2013, reporting under this clause does not apply.

21) We have given an unmodified opinion other than basis for Qualified Opinion which need to be looked upon, hence this clause does not apply.

FOR R.VENKATA KRISHNA & CO
CHARTERED ACCOUNTANTS
FRN: 004605S

J. ULLAS
PARTNER
Membership No: 016397
UDIN: 23016397BGXGHX2925
Date: 05.09.2023

Annexure C to the Independent Auditor's Report
Directions under Section 143(5) of the Companies Act, 2013

1. Whether the Company has system in place to process all the implications of processing of 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 has a system in place to process all the accounting transactions through IT system through Tallly and other software and the accounting transactions outside IT system have also been integrated which does not have financial implications. However MTKalamassery Unit needs to replace outdated Oracle System which is being used. MT Hyderabad lack of adequate system to process all accounting transactions. Management to address the issue of accounting system and necessary staff to process all transactions.

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 except one time waiver of interest of Rs.1398.11 Lakhs against interest due to Holding Company M/s HMT Ltd during FY 2022-23

3. Whether funds (grants/subsidy etc) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation.

   As per the explanations and information provided to us, the Company has received a grant of Rs. 190 lakhs (none received during in FY 2022-23)_ which includes:

a) Rs.152 lakhs of Department of Heavy Industries grant (Received in March 2021)
b) Rs.15.2 Lakhs contribution by HMT MTL Ltd
c) Rs.22.8 Lakhs contribution by HMT Ltd

   For the development of web-based technology Innovations 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.

   Out of which Rs.47.07 Lakhs has been utilised as at 31st March 2022 and Rs.55.01 Lakhs has been utilised during FY 2022-23 and balance of Rs.92.93 (incl. interest) remains in Escrow Account. The grant has been properly accounted as per Indian Accounting Standards for Government Grants- Ind AS 20.

FOR R.VENKATA KRISHNA & CO
CHARTERED ACCOUNTANTS
FRN: 004605S

CA J. ULLAS
PARTNER
Membership No: 016397
UDIN: 23016397BGXGHX2925
Date: 05.09.2023

Addendum to Directors Report for the year 2022-23 in respect of observations made by the Statutory Auditors on the accounts of HMT Machine Tools Limited for the year ended 31st March 2023

	Statutory Auditor's Observations	Company's Reply
1)	**MBX, Bangalore:**	
a.	Ind AS 2 – according to the details and information provided to us, the value of Raw Materials, Work-in- progress and Stock in Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and stock taking is on Weighted Average basis, however, due to non-availability of valuation report and detailed working of Inventories, we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also, the physical verification of stock has not been done at regular intervals.	Unit will submit all the documents to Branch Auditor evidencing the compliance of Ind AS 2, during the Interim Audit for the FY 2023-24. Unit will also ensure that physical verification of stock is done at regular intervals.
2)	**MTP, Pinjore:**	
a.	As per Ind AS -19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2023. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS -19. Hence this is not in compliance with the Ind AS-19 "Employee Benefits	Unit will do the needful in consultation with MTD to ensure compliance of Ind AS - 19, for the FY 2023-24
b.	As per Ind AS-36, Impairment of Assets, the objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures. However the company has failed to conduct an impairment test of assets, as otherwise advised to be conducted once annually	Unit will do the needful to comply with Ind AS-36 in the FY 2023-24

3)	**MTH, Hyderabad:**	
a.	Property, Plant and Equipment: Our observation revealed that the division has not complied with "Component" based depreciation method as required by IND AS 16 despite the stated policy and necessary identification of components of an item of PPE has not been identified and depreciated accordingly. The impact of the such noncompliance on the loss and the accumulated depreciation could not be ascertained.	Unit will do the needful to comply with Ind AS 16 for the FY 2023-24
b.	Employee Benefits: Our observation revealed that the division is not in compliance with para 57 of IND AS 19, as defined benefit plan does not include Current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such noncompliance on the loss and the current liabilities could not be ascertained.	Unit will do the needful in consultation with MTD for the FY 2023-24 to comply with Ind As 19.
c.	Sale of goods includes Rs.16.43 crore pertaining to four machines dispatched to customers on Free-on-Road (FOR) basis at Customers premises. Though, the invoices in respect of the four contracts were raised on or before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023 as the contracts were on FOR customer premises basis. Recognition of sales revenue on invoice basis in FOR customer premise contracts without actual delivery at customer premises has resulted in overstatement of sales by 16.43 crore and understatement of stock in trade by Rs 12.19 crore with consequential understatement of Loss by Rs 4.24 crore.	The company installed the all the four machines and the payment and installation certificate also received.
d.	Property Tax of Rs.25.21 Crores is payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township of HMT machine Tools Limited, Hyderabad (MTH). Since the stay order obtained by MTH on payment of property tax to GHMC was vacated in the month October 2022 by Hon'ble High Court of Telangana, GHMC raised (November 2022) demand on MTH for payment of property tax of ₹ 25.21 crore in respect of Factory and Township of MTH. However, the company has not made the necessary entries in this regard.	1. The company not considered the,GHMC raised (November 2022) demand on MTH for payment of property tax of ₹ 25.21 crore in respect of Factory and Township of MTH. 2. The company considered Rs 23.71 only, as contingent liability 3. The company will review the transactions during the FY 2022-23 and pass the necessary entries or create contingent liability during the FY 2022-23 4. The Company assures to consider the Rs 25.21 cr during the FY 2023-24 as contingent liability 5. This does not effect the profit and loss and Balance sheet of the Company.

e.	Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) has raised Rs 12.31 crore water and sewerage charges bill. However, the company has not made the necessary entries in this regard.	1. Against the HMWSSB bill of ₹ 12.31 crore, HMT Machine Tools Limited, Hyderabad (MTH) disclosed ₹ 1.25 crore as contingent liability. 2. The company review the transactions during the FY 2022-23 and make necessary entries or make a contingent liability during FY 2022-23 3. The company assure to consider Rs 12.31 cr as contingent liability for the FY 2023-24
f	Southern Power Distribution Company of Telangana (TSSPDCL) has revised its earlier demand of Rs 1.84 crore to Rs 1.16 crore. Company has disclosed this amount as contingent liability but not made any provision in this regard.	1. Based on the request received from HMT Machine Tools Limited, Hyderabad (MTH) and as per the directions of Hon'ble High Court, TSSPDCL revised the earlier demand of ₹ 1.84 crore to ₹ 1.16 crore. 2. However, MTH instead of creating a clear liability for ₹ 1.16 crore, disclosed the same as Contingent Liability. 3. The Company will review the transactions and make necessary entries in the books of accounts during the FY 2022-23.
4)	**MTA, Ajmer**	
a.	Ind AS-36 : Impairment test not done by Ajmer Unit on various assets. Hence financial implication of not conducting impairment test could not be ascertained.	Unit will comply with Ind AS-36 for the FY 2023-24
b	We are unable to comment on the applicability of AS – 116 to the unit since the required information are not made available to us.	Unit will provide all required information to the Branch Auditor during FY 2023-24 to ensure compliance of Ind AS 116
5)	**MTK, Kalamassery:**	
	Revenue from Operations (Note 20): Rs.57.04 Crores. Sale of goods: Rs.52.65 Crores:- Sale of goods includes ₹ 16.48 crore being the sale value of 45 machines dispatched to eight customers on Free-on-Road (FOR) basis at Customers premises. As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be 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 assumed the risks and rewards of ownership of the product or services. As per the shipping terms all the contracts listed in the Annexure were on FOR customer premises. Though the invoices in respect of the four contracts were raised on or before 31 March 2023, the risk and reward of ownership was not transferred before 31 March 2023 as the machines were received at	As per the provision of the Finance Act, GST is payable at the time invoicing. Hence as and when the Invoice is raised the income should be recognized and the GST is payable on 20th of succeeding month. Hence the same has been recognized as income in the books of accounts. However, we will look into the subject matter in the coming years and would take necessary corrective action.

	customers site after 31 March 2023.Recognition of sales revenue on invoice basis in FOR (customer premises) contracts without actual delivery at customer premises has resulted in overstatement of Sales by ₹ 16.48 crore and understatement of Stock-in-Trade by ₹ 8.28 crore with consequential understatement of Loss by ₹ 8.20 crore. (Opinion based on CAG review under Provisional Comments 2 u/s 143(6)(B) of Financial Statements of HMT MACHINE TOOLS LIMITED, KALAMSERRY UNIT)	
6.	**MTM, Bangalore:**	
	Compliance of Ind AS-36 Impairment of Assets : We draw attention towards Ind AS-36 Impairment of Assets in relation to the assessment of potential impairment loss of assets of the unit. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted in the FY 2020-2021, it is noted that, the unit is yet to take management approval for disposal of said assets as per the company's procedure and the quantum of impairment value is not available to report	Unit will do the needful to comply with Ind As 36 for the FY 2023-24

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 2023

The preparation of financial statements of HMT Machine Tools Limited for the year ended 31 March 2023 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 05 September 2023 which supersedes their earlier Audit Report dated 26 June 2023.

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 2023 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

Place: Hyderabad
Date: 12 September 2023

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

Significant Accounting Policies for the year ended March 31, 2023

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 de-recognizes 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.

On de-recognition of any financial assets in its entirety, the difference between Carrying amount (on date of de-recognition) and any consideration received (including difference between any new asset and new liability assumed) shall be recognized in profit or loss.

A financial liability (or a part of a financial liability) is de-recognized when the obligation specified in the contract is discharged or canceled 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 the Actuarial Valuation. The Measurement of the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Expenses on non-accumulating compensated absences are recognized in the period in which the absences occur. Service cost, net interest on the net defined benefit liability (asset), re-measurements of the net defined benefit liability (asset) and other expenses related to long term benefit plans are recognized in the Statement of Profit & Loss.

The measurement of 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 recognized in Other Comprehensive Income

d) *Fair value measurement of financial instruments:*

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

BALANCE SHEET AS AT 31.03.2023

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
ASSETS			
1. Non-current Assets			
(a) Property, Plant and Equipment	3A	**2,885.35**	2,768.10
(b) Capital work in progress	3A	**412.50**	683.45
(c) Investment Property	3B	**28.03**	28.59
(d) Non Current Assets held for Sale	3C	**0.00**	0.00
(e) Financial Assets			
(i) Investments	4	**-**	-
(ii) Other Financial Assets	9	**297.87**	273.94
(f) Intangible Assets	3D	**0.00**	984.28
(g) Intangible Assets under development	3E	**-**	-
(h) Machinery and Equipment's in transit	3F	**-**	-
(i) Other Assets	10	**308.23**	307.68
Other Non- Current Assets		**-**	-
		3,931.97	**5,046.04**
2. Current assets			
(a) Inventories	5	**10,420.23**	13,465.36
(b) Financial Assets			
(i) Trade Receivables	6	**15,393.52**	14,167.51
(ii) Cash and cash equivalents	7A	**1,611.67**	1,029.39
(iii) Bank balances other than cash and cash equivalents	7B	**1,658.62**	1,648.91
(iv) Loans	8	**-**	-
(v) Other Financial Assets	9	**0.07**	0.00
(c) Other Assets	10	**3,664.58**	3,575.39
(d) Current Tax Assets (net)	10A	**-**	-
		32,748.69	**33,886.56**
TOTAL ASSETS		**36,680.66**	**38,932.60**
EQUITY AND LIABILITIES			
1. Equity			
(a) Share Capital	11	**27,659.91**	27,659.91
(b) Other Equity	12	**-209,331.60**	-196,133.57
Total Equity		**-181,671.68**	**-168,473.66**

BALANCE SHEET AS AT 31.03.2023

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
2. Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	-	-
(ii) Non-current Financial Liability	14	-	-
(b) Provisions			
(i) Provision for Employee Benefits	15	**3,534.87**	4,020.00
(c) Deferred Tax Liabilities (net)		-	-
(d) Other Non-Current Liabilities	14A	**90.71**	136.47
		3,625.58	**4,156.47**
3. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	**30,379.37**	27,823.24
(ii) Trade Payables	16		-
Dues to Micro, Small & Medium Enterprises		**546.77**	872.36
Dues to Other than Micro, Small & Medium Enterprises		**6,288.05**	6,940.32
(iii) Other Financial Liabilities	17	**126,089.76**	119,881.65
Government Grant	15		-
(b) Other Current Liabilities	18	**48,818.64**	43,792.51
(c) Provisions			
(i) Provision for Employee Benefits	15	**2506.76**	3,733.85
(ii) Others	19	**97.42**	205.85
		214,726.77	**203,249.78**
Total Liabilities		**218,352.35**	**207,406.25**
TOTAL EQUITY AND LIABILITIES		**36,680.66**	**38,932.60**

Significant Accounting Policies and Notes forming part of Accounts

For and on behalf of the Board of Directors of HMT Machine Tools Ltd

As per our Report of Even date

(Pankaj Gupta)
Chairman & Managing Director (Addl. Charge)
DIN 09716028

(Rajesh Kumar)
Director
DIN 09403746

for R. VENKATA KRISHNA & Co
Chartered Accountants
FRN : 004605S

(Harikumar M)
DGM (Finance)

(Om Prakash Singh)
Company Secretary

(J. Ullas)
Partner
M.No.016397
UDIN:-23016397BGXGHC5325

Place : Bangalore
Date : 26.06.2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

Particulars	Notes	Year Ended 31.03.2023	Year Ended 31.03.2022
CONTINUING OPERATIONS			
Sale of goods		**13,380.56**	14,318.42
Rendering of services		**843.49**	934.34
Revenue from Operations	20	**14,224.06**	**15,252.76**
Other income	21	**3,279.81**	889.51
Total Income		**17,503.86**	**16,142.28**
EXPENSES			
Cost of raw materials consumed	22	**5,941.62**	6,470.10
Purchase of Stock In Trade	22A	**-**	-
Changes in Inventories of finished goods, Stock in trade and work-in-progress	23	**3,357.21**	2,341.86
Employee benefits expense	24	**7,573.93**	8,170.56
Depreciation and amortization expense	25	**708.78**	776.61
Finance costs	26	**8,287.07**	8,424.01
Other expenses	27	**5,275.74**	4,795.37
Less: Jobs Done for Internal Use	28	**391.49**	263.35
Total expense		**30,752.85**	**30,715.16**
Profit / (loss)before exceptional items and tax from continuing operations		**-13,248.99**	**-14,572.88**
Exceptional items		**83.83**	-
Profit/(loss)before and tax from continuing operations		**-13,165.15**	**-14,572.88**
(1) Current tax		**-**	-
(2) Deferred tax		**-**	-
		-	-
Profit / (Loss) for the year from continuing operations		**-13,165.15**	**-14,572.88**
DISCONTINUED OPERATIONS			
Profit / (loss) before tax for the year from discontinued operations		**-**	-
Tax Income / (expense) of discontinued operations		**-**	-
Profit / (loss) from discontinued operations		**-**	-
Profit / (loss) for the year		**-13,165.15**	**-14,572.88**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2023

Particulars	Notes	As at 31.03.2023	As at 31.03.2022
OTHER COMPREHENSIVE INCOME		-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		**-**	-
Re-measurement gains (losses) on defined benefit plans		**-32.87**	82.05
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-32.87**	**82.05**
		-32.87	**82.05**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**-13,198.03**	**-14,490.83**
Earnings per share for continuing operations			
◆ Basic, profit from continuing operations attributable to equity holders of the parent		**(4.76)**	(5.27)
◆ Diluted, profit from continuing operations attributable to equity holders of the parent		**(4.76)**	(5.27)
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		**(4.76)**	(5.27)
◆ Diluted, profit for the year attributable to equity holders of the parent		**(4.76)**	(5.27)

Significant Accounting Policies and Notes forming part of Accounts

For and on behalf of the Board of Directors of HMT Machine Tools Ltd

As per our Report of Even date

(Pankaj Gupta)
Chairman & Managing Director (Addl. Charge)
DIN 09716028

(Rajesh Kumar)
Director
DIN 09403746

for R. VENKATA KRISHNA & Co
Chartered Accountants
FRN : 004605S

(Harikumar M)
DGM (Finance)

(Om Prakash Singh)
Company Secretary

(J. Ullas)
Partner
M.No.016397
UDIN:-23016397BGXGHC5325

Place : Bangalore
Date : 26.06.2023

CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2023

Rs. in Lakhs

Particulars	As at 31.03.2023	As at 31.03.2022
Operating activities		
Profit/(Loss) before tax from continuing operations	**(13,165.15)**	(14,572.88)
Profit/(loss) before tax from discontinued operations	**-**	-
Profit/(Loss) before tax	**(13,165.15)**	**(14,572.88)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	**567.74**	635.57
Amortisation of Intangible Assets	**140.61**	140.61
Depreciation of investment properties	**0.43**	0.43
Gain on disposal of property, plant and equipment	**(5.27)**	(25.24)
Finance income	**(90.04)**	(79.45)
Finance costs	**8,287.07**	8,424.01
Prior Period Item	**-83.83**	-
Working capital adjustments:		
Movements in provisions	**(1,853.53)**	(1,011.91)
(Increase)/Decrease in trade and other receivables and prepayments	**(1,339.75)**	457.70
(Increase)/Decrease in inventories	**3,045.13**	2,590.16
Increase/(Decrease) in trade and other payables	**4,048.28**	4,080.01
	(448.31)	**639.02**
Income tax paid/reversed		
Net cash flows from operating activities	**(448.31)**	**639.02**
Investing activities		
Proceeds from sale of property, plant and equipment	**5.27**	25.24
Purchase of property, plant and equipment	**429.76**	(410.48)
Interest received /Exceptional item	**173.87**	79.45
Receipt/(Application) of Grant in Aid	**(45.76)**	(38.33)
Deposits in bank	**(9.71)**	**163.16**
Net cash flows used in investing activities	**553.42**	(180.96)
Financing activities		
Interest Paid	**(2,078.96)**	(2,215.91)
Proceeds/(Repayment) from borrowings	**2,556.13**	1,370.30
Net cash flows from/(used in) financing activities	**477.17**	**(845.61)**
Net increase in cash and cash equivalents	**582.28**	(387.55)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	**1,029.39**	**1,416.95**
Cash and cash equivalents at year end	**1,611.67**	**1,029.39**

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7
Significant Accounting Policies and Notes forming part of Accounts

For and on behalf of the Board of Directors of HMT Machine Tools Ltd

(Pankaj Gupta)
Chairman & Managing Director (Addl. Charge)
DIN 09716028

(Rajesh Kumar)
Director
DIN 09403746

(Harikumar M)
DGM (Finance)

(Om Prakash Singh)
Company Secretary

As per our Report of Even date

for R. VENKATA KRISHNA & Co
Chartered Accountants
FRN : 004605S

(J. Ullas)
Partner
M.No.016397
UDIN:-23016397BGXGHC5325

Place : Bangalore
Date : 26.06.2023

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

3A. PROPERTY, PLANT AND EQUIPMENT

	Land & Land Development	Buildings	Factory Buildings	General Building	Plant and Machinery	Furniture, Fittings & Office Appliances	Air conditioning and ventilations	Computers and data process	Electrical installations	Measuring Equipment	Factory Equipment	Water supply and sanitations	Vehicles	Special Tools	Interior Partitions	Road Wall and Fencing	Total
Gross carrying value																	
As At 1 April 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	24.31	1,348.02	8.63	40.74	31,885.96
Additions	-	-	-	-	186.66	0.88	-	1.86	-	-	1.89	9.32	-	105.39	-	-	305.99
Disposals	-	-	-	-	-62.19	-0.00	-	-	-	-	-0.22	-	-	-	-	-	-62.42
As At 31 March 2022	**101.23**	**1,446.72**	**479.84**	**241.34**	**21,255.56**	**520.83**	**488.59**	**1,409.84**	**875.91**	**708.82**	**2,899.45**	**174.32**	**24.31**	**1,453.41**	**8.63**	**40.74**	**32,129.54**
As At 1 April 2022	101.23	1,446.72	479.84	241.34	21,255.56	520.83	488.59	1,409.84	875.91	708.82	2,899.45	174.32	24.31	1,453.41	8.63	40.74	32,129.54
Additions	0.13	-	-	-	451.87	1.29	-	5.25	2.23	-	3.64	-	-	227.03	-	-	691.43
Disposals	-	-	-	-	-0.67	-2.67	-	-128.89	-	-	-2.83	-	-	-	-	-	-135.06
As At 31 March 2023	**101.36**	**1,446.72**	**479.84**	**241.34**	**21,706.76**	**519.45**	**488.59**	**1,286.20**	**878.14**	**708.82**	**2,900.25**	**174.32**	**24.31**	**1,680.44**	**8.63**	**40.74**	**32,685.91**
Accumulated Depreciation																	
As At 1 April 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
Depreciation charge for the period	-	3.33	4.48	1.36	456.89	2.23	3.65	41.52	0.26	-	9.60	1.77	-	110.48	-	-	635.57
Deduct/Adjust	-	-	-	-	-61.59	-	-	-	-	-	-0.22	-	-	-	-	-	-61.81
As At 31 March 2022	-	**1,353.53**	**445.01**	**224.65**	**19,079.22**	**507.01**	**482.52**	**1,383.58**	**874.95**	**686.50**	**2,862.64**	**163.50**	**24.31**	**1,224.64**	**8.63**	**40.74**	**29,361.44**
As At 1 April 2022	-	1,353.53	445.01	224.65	19,079.23	507.01	482.52	1,383.58	874.95	686.50	2,862.64	163.50	24.31	1,224.64	8.63	40.74	29,361.44
Depreciation charge for the period	-	3.33	4.06	1.23	417.03	2.20	0.22	2.14	0.44	0.00	6.06	2.02	-	129.01	-	-	567.74
Deduct/Adjust	-	-	-	-	-0.67	-2.67	-	-122.46	-	-	-2.83	-	-	-	-	-	-128.63
As At 31 March 2023	-	**1,356.86**	**449.07**	**225.88**	**19,495.60**	**506.54**	**482.74**	**1,263.26**	**875.39**	**686.50**	**2,865.86**	**165.52**	**24.31**	**1,353.65**	**8.63**	**40.74**	**29,800.55**
Net carrying value																	
As At 31 March 2023	**101.36**	**89.86**	**30.77**	**15.46**	**2,211.16**	**12.91**	**5.85**	**22.94**	**2.75**	**22.32**	**34.39**	**8.80**	-	**326.79**	-	-	**2,885.35**
As At 31 March 2022	**101.23**	**93.19**	**34.83**	**16.69**	**2,176.33**	**13.82**	**6.07**	**26.26**	**0.96**	**22.32**	**36.81**	**10.82**	-	**228.77**	-	-	**2,768.10**

3B. CAPITAL WORK IN PROGRESS

	31.03.2023	31.03.2022
As At 1st April 2022	683.45	578.11
Additions	16.20	114.66
Disposals/adjusted	-287.16	-9.32
As At 31 March 2023	**412.50**	**683.45**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Agewise details as at the end of current financial year:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC HORIZONTAL MACHINING CENTRE	-	-	-	-	-
CNC CYLENDRICAL GRINDING MACHINE	-	-	-	-	-
CONSTRUCTION OF NEW HANGER	-	-	11.59	-	11.59
Diesel Generator	16.20				16.20
Projects temporarily suspended	-	-	-	-	-
Projects in progress	-	110.00	-	274.70	384.70
	16.20	**110.00**	**11.59**	**274.70**	**412.50**

Age wise details as at the end of previous financial year:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC HORIZONTAL MACHINING CENTRE	-	-	170.00	-	170.00
CNC CYLENDRICAL GRINDING MACHINE	-	-	117.16	-	117.16
CONSTRUCTION OF NEW HANGER	-	11.59	-	-	11.59
Effluent Treatment Plant		-			-
Projects temporarily suspended	-	-	-	-	-
Projects in progress	110.00		65.00	209.70	384.70
	110.00	**11.59**	**352.16**	**209.70**	**683.45**

(Details of CWIP completion schedule as at the end of current financial year) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan

Particulars	To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years
Plant and Machinery		110.00		
HMT CNC HORIZONTAL MACHINING CENTRE, HMC-1000	170.00			
HMT CNC LATHE STALLION 200 UL	38.98			
REXROTH MAKE EXTERNAL GEAR PUMP	0.72			
Projects in progress	-			65.00
	209.70	**110.00**	**-**	**65.00**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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. In Khasra No: 6767(2.17 Bighas / 0.87 Acres of land) has not been transferred in the name of HMT Machine Tools Limited, Ajmer. Since 1976. Vacant possession of this land has not been given so far by the Govt. Though the compensation for land has been paid to land owner but the compensation for built-up Pakka/Khaccha houses situated in this land has not been paid till the amount of compensation is finalized by the Govt as per the agreement.

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 227.30 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

3B. INVESTMENT PROPERTY **(Rs. In Lakhs)**

PARTICULAR	Land	Buildings	Total
Cost or valuation			
At 31 March 2022	**7.49**	**26.17**	**33.65**
Additions	-	-	-
Assets Held for Disposal	-	-	-
Disposal/Adjustment	**(0.13)**	-	(0.13)
At 31 March 2023	**7.36**	**26.17**	**33.52**
Depreciation and Impairment			
At 31 March 2022	-	**5.07**	**5.07**
Depreciation charge for the period	-	0.43	0.43
Adjustments during the period	-	-	-
Deduction/Adjustment	-	-	-
Assets Held for Disposal	-	-	-
At 31 March 2023	-	5.50	5.50
Net book value			
At 31 March 2023	**7.36**	**20.67**	**28.03**
At 31 March 2022	**7.49**	**21.10**	**28.59**

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, 2023 is Rs. 53,163.63 Lakhs (previous year it was Rs. 61,416.84 Lakhs)

iii) The Company is in possession of Gift land located at Kalamassery gifted by the State Government measuring 182.83 Acres nominally valued at Rs. 1 each.

Information regarding income and expenditure of Investment property **(Rs. In Lakhs)**

Particulars	31-Mar-23	31-Mar-22
Rental income derived from investment properties	8.26	7.41
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	8.26	7.41
Less – Depreciation	0.43	0.43
Profit arising from investment properties before indirect expenses	7.83	6.98

NOTES FORMING PART OF BALANCE SHEET

3D. Non Current Assets Held for Sale **(Rs. In Lakhs)**

Particulars	31-Mar-23	31-Mar-22
Plant and Machinery	0.00	0.00
Factory Equipment	-	-
	0.00	**0.00**

3E. Intangible Assets **(Rs. In Lakhs)**

Cost	
At 31 March 2022	1,494.48
Additions / Deletion	-1406.12
At 31 March 2023	**88.36**
Amortisation and Impairment	
At 31 March 2022	510.20
Amortisation	140.61
Additions / Deletion	562.45
At 31 March 2023	**88.36**
Net book value	
At 31 March 2023	**-0.00**
At 31 March 2022	**984.28**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

	As at 31.03.2023	As at 31.03.2022
5. Inventories		
Raw Materials and Components	**2,372.60**	2,326.93
Material and Components in Transit	**22.91**	56.56
Work-in-Progress	**4,147.67**	4,987.67
Finished Goods #	**3,382.02**	5,821.07
Stores and Spares	**1,410.59**	1,411.44
Tools and Instruments	**217.37**	262.73
Scrap	**95.28**	173.44
	11,648.45	**15,039.83**
Less: Provision for Non-moving Inventories	**1,228.22**	1,574.48
	10,420.23	**13,465.36**
6. Trade Receivables	**-**	-
Secured, considered good	**15,393.52**	14,167.51
Unsecured, considered good	**7,920.98**	7,386.40
Doubtful	**23,314.49**	**21,553.91**
Allowance for doubtful debts		
Unsecured, considered doubtful	**7,920.98**	7,386.40
	15,393.52	**14,167.51**

6A Trade Receivables Agewise details as at the end of current financial year.

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	8,638.30	926.71	2,019.80	1,248.15	2,560.55	15,393.52
Undisputed-Considered doubtful	0.14	18.24	31.21	121.41	5,539.89	5,710.89
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	2,210.09	2,210.09
	8,638.44	**944.96**	**2,051.02**	**1,369.55**	**10,310.52**	**23,314.49**

6B Trade Receivables Agewise details as at the end of previous financial year.

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed - Considered good	7,840.22	416.96	2,292.49	1,788.35	1,829.49	14,167.51
Undisputed-Considered doubtful	10.25	21.70	151.55	91.38	4,998.93	5,273.81
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	2,112.59	2,112.59
	7,850.47	**438.66**	**2,444.04**	**1,879.73**	**8,941.01**	**21,553.91**

Note: Inter Units transactions if any to be shown separately

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

	As at 31.03.2023	As at 31.03.2022
7. Cash and Cash equivalents		
A.Cash and Cash Equivalents		
Balances with banks:		
– On current accounts	**1,276.75**	600.28
– Escrow accounts	**92.93**	144.56
– Deposits with maturity three months or less	**239.75**	281.75
– Cash and Cheques on hand	**2.24**	2.80
	1,611.67	**1,029.39**
B. Other Bank Balances	**-**	-
Deposits with maturity more than three months but less than twelve months	**1,658.62**	1,648.91
	1,658.62	**1,648.91**
8. Loans		
Unsecured	**-**	**-**
Loans to subsidiaries	**-**	**-**
Considered Good	**-**	**-**
Total	**-**	**-**
9. Other Financial Assets		
Current		
Interest Accrued and Due	**0.07**	0.00
Non-Current		
With Scheduled Banks in Deposit Account - Margin Money	**297.58**	273.74
Deposits with Banks exceeding twelve months of maturity	**0.30**	0.20
Total	**297.95**	**273.94**
10. Other Assets		
10. Other Assetss Non-Current		
Capital Advances	**1.97**	1.97
Less: Provision for Doubtful Advances	**-1.97**	-1.97
	-	-
Security Deposits	**308.23**	307.68
	308.23	**307.68**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

	As at 31.03.2023	As at 31.03.2022
Current		
Advances to subsidiary companies	**-**	-
HMT International Ltd.	**256.73**	107.57
	256.73	107.57
Advances other than Capital Advances		
Considered Good	**3,086.00**	**3,276.13**
Considered Doubtful	**755.50**	**748.15**
	3,841.50	4,024.27
Less : Provision for Doubtful Advances	**755.50**	748.15
	3,086.00	**3,276.13**
Withholding of taxes and other tax receivables*	**300.24**	172.64
Security Deposits	**21.60**	**19.05**
	321.85	**191.69**
Total Other Assets	**3,664.58**	**3,575.39**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

Statement of changes in Equity

11. Share capital

Authorised Share capital **Equity Shares**

	Number	Amount
Authorised Capital		
35,50,00,000 Equity Shares of Rs.10 each	35,500.00	35,500.00
Issued, Subscribed and fully Paid-up Capital		
27,65,99,137 Equity Shares of Rs.10 each	**27,659.91**	**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"

The formalities of filing Return of Allotment with ROC and and issue of Share Certificates in respect of 26,08,99,037 Equity Shares are not completed by the Company, in view of pending order from State Government for exemption from payment of stamp duty"

Details of shareholders holding more than 5% shares in the company				
	As at 31 March 2023		**As at 31 March 2022**	
Name of the Share Holder	**No of Shares**	**% holding**	**No of Shares**	**% holding**
Equity shares of INR10 each fully paid HMT Limited	27,65,99,137	100%	27,65,99,137	100%

Statement of changes in Equity

12.Other Equity

Nature and Purpose of Reserves

a. **Capital Reserve**

Towards difference in the face value of Equity Shares held by Governor of Andhra Pradesh and Government of India in Praga Tools Ltd. which is merged with the Company and the consideration of Rs. 1 to be paid to each of them as per the Scheme of merger sanctioned by BIFR

b. Other Comprehensive Income Other Comprehensive Income are those gains or losses which are not yet realised and excluded from the statement of profit and loss. It mainly consists of remeasurement of the net defined benefit liability/ asset (net of tax)

HMT MACHINE TOOLS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2023

A. Equity Share Capital

(Rs in Lakhs)

Particulars	Note No	2022-23	2021-22
Balance at the beginning of the year	11	27,659.91	27,659.91
Changes in Equity Share Capital during the year	-	-	
Balance at the end of the year		27,659.91	27,659.91

B. Other Equity

(Rs in Lakhs)

Description (Note No 12)	Reserves and Surplus		Other Comprehensive Income		Total other Equity
	Capital reserve	Retained earnings	Equity Instuments through OCI	Other Items	
Balance as of 1st April 2021	**2,270.82**	**-1,78,652.82**	**-**	**-5,260.51**	**-1,81,642.51**
Change in Accounting Policy or Prior Period Error	-	-	-	-	-
Restated Balance as of 1st April 2021	2,270.82	-1,78,652.82	-	-5,260.51	-1,81,642.51
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	82.05	82.05
Profit for the period	-	-14,573.11	-	-	-14,573.11
Balance as at 31 March 2022	**2,270.82**	**-1,93,225.93**	**-**	**-5,178.46**	**-1,96,133.57**
Changes in accounting policy or prior period errors	-	-	-	-	-
Reinstated Balance as of 1st April 2022	**2,270.82**	**-1,93,225.93**	**-**	**-5,178.46**	**-1,96,133.57**
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-32.87	-32.87
Profit for the period	-	-13,165.15	-	-	-13,165.15
Balance as at 31 March 2023	**2,270.82**	**-2,06,391.09**	**-**	**-5,211.33**	**-2,09,331.60**

(Pankaj Gupta)
Chairman & Managing Director (Addl. Charge)
DIN 09716028

(Rajesh Kumar)
Director
DIN 09403746

for R. VENKATA KRISHNA & Co
Chartered Accountants
FRN : 004605S

(Harikumar M)
DGM (Finance)

(Om Prakash Singh)
Company Secretary

(J. Ullas)
Partner
M.No.016397
UDIN:-23016397BGXGHC5325

Place : Bangalore
Date : 26.06.2023

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

		As at 31.03.2023	As at 31.03.2022
13. Borrowings			
Non-current			
Non-current Unsecured			
Current			
Current Secured			
Cash Credit		**4,290.79**	2,997.89
Loan from holding company		**26,088.58**	24,573.58
Emergency Credit Loan		**-**	251.77
		30,379.37	**27,823.24**
15. Provision for employee benefits			
Non Current			
Gratuity		**2,438.69**	2,805.46
Earned Leave Encashment		**970.14**	1,070.71
Settlement Allowance		**126.04**	143.84
		3,534.87	**4,020.00**
Current			
Gratuity		**794.15**	1,114.76
Earned Leave Encashment		**258.13**	333.75
Settlement Allowance		**41.91**	54.24
Wage and Salary Revision (1992)		**1,412.58**	2,231.10
		2,506.76	**3,733.85**
	Total	**6,041.63**	**7,753.85**
16. Trade payables			
Dues to Micro, Small & Medium Enterprises		**546.77**	872.36
Dues to Other than Micro, Small & Medium Enterprises		**6,288.05**	6,940.32
	Total	**6,834.83**	**7,812.68**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

16A Trade Payable Agewise details as at the end of current financial year:

Particulars	Outstanding for the following periods from due date of payment				
	Less than 1 year	**1 - 2 years**	**2 - 3 years**	**more than 3 years**	**Total**
MSME	350.26	111.73	23.62	61.16	546.77
Others	3,742.28	643.78	663.42	1,238.58	6,288.05
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	4,092.54	**755.51**	**687.04**	**1,299.74**	**6,834.83**

16B TradePayable Agewise details as at the end of previous financial year:

Particulars	Outstanding for the following periods from due date of payment				
	Less than 1 year	**1 - 2 years**	**2 - 3 years**	**more than 3 years**	**Total**
MSME	498.97	74.61	48.60	250.19	872.36
Others	3,803.97	1,168.12	425.29	1,542.94	6,940.32
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	4,302.93	**1,242.72**	**473.89**	**1,793.14**	**7,812.68**

NOTES FORMING PART OF BALANCE SHEET

(Rs. in Lakhs)

		As at 31.03.2023	As at 31.03.2022
17. Other Financial Liabilities			
Current maturities of long-term Debts			
4,43,00,000 3.5% Redeemable Preference Shares of `100/- each **		**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%		**782.00**	782.00
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%		**16,070.61**	16,070.61
Term Loan for a period of 5 Yrs. (Working Capital) carrying rate of interest @13.50%)		**7,500.00**	7,500.00
Term Loan for a period of 5 Yrs. (Bridge Loan-1997 pay scales) carrying rate of interest @7.00%)		**6,104.00**	6,104.00
Interest accrued and due on borrowings			
Loans from Government of India		**44,884.66**	38,676.55
Interest accrued but not due on borrowings			
Loans from Government of India		**2,052.30**	2,052.30
(*Period & amount of GoI Loan default is shown in Note 38)			
	Total	**126,089.76**	**119,881.65**
18. Other Current Liabilities			
Non Current			
Government Grant from GOI- Deferred Income		**67.91**	**113.67**
Aid from HMT Limited		**22.80**	22.80
		90.71	**136.47**
Current			
Machine Tools Bangalore Complex (MBX)		**30,560.62**	26,935.07
Machine Tools Division, Pinjore (MTP)		**24,353.55**	22,003.33
Machine Tools Division, Kalamassary (MTK)		**374.09**	-178.57
Machine Tools Division, Hyderabad (MTH)		**25,335.58**	22,889.78
HMT Praga Tools, Hyderabad (PTH)		**12,004.53**	11,238.15
Machine Tools Division, Ajmer (MTA)		**7,595.26**	5,607.54
Machine Tools Marketing Division, Bangalore (MTMD)		**2,707.23**	3,046.95
Machine Tools Directorate, Bangalore (MTD)		**-93,841.16**	-66,259.81
Machine Tools Directorate, Bangalore (MTD) Res & Surp (Dep)		**-9,089.69**	-25,282.44
Dues to Holding Company and its subsidiaries			
HMT Ltd		**7,952.00**	7,871.16
EMD Deposit Received		**1,908.90**	1,909.10
Revenue received in advance		**4,730.72**	4,397.37
Sundry creditors- Dues		**931.32**	503.72
Other liabilities		**33,295.69**	29,111.15
Total		**48,818.64**	**43,792.51**

** The formalities of Return of allotment with ROC and issue of share certificate are not completed by the company in view of pending order from State Government for exemption from payment of stamp duty.

NOTES FORMING PART OF BALANCE SHEET

	Warranty Claims	Provision for pay/ wage revision	Total
19. Provisions - others			
At 1 April 2022	**95.46**	**110.40**	
Arising during the period	64.02	0.00	
Utilised	-17.77	-110.40	
Unused amounts reversed	-44.28	-	
At 31 March 2023	**97.42**	**-**	**97.42**
Current	97.42	-	97.42
At 1 April 2021	**63.11**	**110.40**	
Arising during the year	80.09	-	
Utilised	-33.75	-	
Unused amounts reversed	-13.99	-	
At 31 March 2022	95.46	110.40	205.85
Current	**95.46**	**110.40**	**205.85**
Non-current	-		-

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

	For the Year ended 31.03.2023	For the Year ended 31.03.2022
20. Revenue from operations		
Sale of Products		
Sale of Machine Tools	**11,643.98**	11,235.57
Sales of Accessories	**1,736.58**	3,082.85
	13,380.56	**14,318.42**
Sale of Services		
Sundry Jobs and Miscellaneous Sales	**463.03**	671.15
Packing / Forwarding charges	**55.63**	67.85
Sale of services	**324.83**	195.35
	843.49	934.34
Revenue from Operations	**14,224.06**	**15,252.76**
21. Other income		
A. Other Income		
Recoveries from Staff/Others	**51.86**	49.17
Recovery of Freight and Insurance	**3.49**	-
Rent Received	**566.21**	311.34
Conveyance Recovered	**0.29**	0.01
Water Charges Recovered	**0.97**	0.30
Electricity Charges Recovered	**11.66**	6.56
Miscellaneous Income	**364.49**	190.13
Gains on Sale of Property, Plant and Equipment	**5.27**	25.24
Provisions Withdrawn	**538.63**	96.92
Govt. Grant	**45.76**	38.33
Sale of scrap	**173.76**	89.97
Training expenses recovered	**3.29**	2.09
Interest on CHO loan waived off	1,398.11	-
Creditors Wrtitten back	**25.98**	**-**
Total Other Income	**3,189.77**	**810.07**
B. Interest Income		
Interest income on Bank Deposits	**83.20**	73.71
Interest from Dealers/Others	**6.84**	5.74
	90.04	**79.45**
Total Other Income (A+B)	**3,279.81**	**889.51**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

	For the Year ended 31.03.2023	For the Year ended 31.03.2022
22 Cost of Raw Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year/ Qter	**2,326.93**	2,736.15
Add: Purchases	**4,545.52**	4,711.64
	6,872.45	**7,447.80**
Add/Less: Inter Factory Transfer	**-**	0.33
Less: inventory at the end of the year/ Qter.	**2,372.60**	2,326.93
Cost of raw material and components consumed	**4,499.85**	**5,120.54**
Consumption of Stores, Spares, Tools & Packing Materials	**1,441.77**	1,349.56
Total raw materials and components consumed	**5,941.62**	**6,470.10**
23. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year/Qtr.	**5,821.07**	8,400.24
Less: inventory at the end of the year	**3,382.02**	5,821.07
Changes in Inventory	**2,439.06**	2,579.16
Work in Progress		
Inventory at the beginning of the year/Qtr.	**4,987.67**	4,708.48
Less: inventory at the end of the year	**4,147.67**	4,987.67
Changes in Inventory	**839.99**	-279.19
Goods In Transit		
Inventory at the beginning of the year/Qtr.	**-**	-
Less: inventory at the end of the year	**-**	-
Changes in Inventory	**-**	-
Scrap		
Inventory at the beginning of the year/r	**173.44**	215.33
Less: inventory at the end of the year	**95.28**	173.44
Changes in Inventory	**78.16**	41.89
Total	**3,357.21**	**2,341.86**
24. Employee benefits expense		
Salaries,Wages and Bonus	**5,016.15**	5,138.87
House Rent Allowance	**96.13**	116.75
Gratuity	**511.53**	629.33
Contribution to PF & FPS	**497.05**	530.28
Deposit Linked Insurance	**37.06**	38.99
Contribution to ESI	**4.00**	4.22
Welfare Expenses	**1,412.02**	1,712.12
	7,573.93	**8,170.56**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

	For the Year ended 31.03.2023	For the Year ended 31.03.2022
25. Depreciation and amortization		
Depreciation of Property, Plant and Equipment	**567.74**	635.57
Amortization of Intangible assets	**140.61**	140.61
Depreciation on Investment Properties	**0.43**	0.43
	708.78	776.61
26. Finance costs		
Government of India Loans	**6,208.10**	6,208.10
Cash Credit loans from Banks	**680.85**	387.25
Inter Corporate Loan	**1,398.11**	1,828.66
Total finance costs	**8,287.07**	**8,424.01**
Note 27. Other expenses		
Manufacturing Expenses		
Power and Fuel	**776.66**	756.97
Repairs to machinery	**36.79**	61.80
Provision for Non Moving Inventories	**58.39**	87.76
Selling & Distribution Expenses		
Advertisement and Publicity	**2.92**	2.45
Carriage outwards	**188.01**	128.19
Establishment Expenses		
Rent	**31.71**	29.42
Rates and Taxes	**109.87**	124.11
Insurance	**33.31**	40.54
Service Charges Paid	**50.22**	64.43
Training Expenses - Skill Development	**6.30**	1.12
Water and Electricity	**76.93**	132.98
Repairs to building	**36.96**	25.56
Printing and Stationery	**29.16**	24.20
Conference , Seminars and Training	**5.39**	0.41
Auditors Remuneration #	**6.37**	6.30
Provision for Doubtful Debts,Loans and Advances	**624.68**	720.69
Warranty claims	**64.02**	80.09
Interest on delayed payment of statutory dues	**93.42**	99.25
Travelling Expenses	**177.57**	203.65
Exchange Diferrence	**1.14**	0.50
Interest On Others	**1,278.69**	195.71
Bank Charges	**182.08**	340.86
Interest on delayed remittance	**123.49**	387.34

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

	For the Year ended	
	31.03.2023	31.03.2022
Remb of Exp - Holding Company	**12.58**	13.84
Technology Platform "SURGE" Expenses	**44.70**	38.31
Other Expenses	**1,224.34**	1,228.89
	5,275.74	4,795.37
Statutory Audit	**3.45**	3.45
Tax Audit	**1.88**	**1.61**
Cost Audit	**1.04**	**1.24**
	6.37	6.30
	263.35	**108.85**
Note 28. Jobs Done for Internal Use		
Shop manufactured Special Tools	**391.49**	263.35
	391.49	263.35
Note 29. Exceptional Items		
Reversal of differential depreciation charged against NUM & SAP)	83.83	-
	83.83	**-**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

(Rs. in Lakhs)

32. Earning Per Share (EPS)

Particulars	31-Mar-23 Rs.In Lakhs	31-Mar-22 Rs.In Lakhs
Profit attributable to Equity holders:		
Continuing Operations	₹ (13,165.15)	₹ (14,572.88)
Discontinued Operations		
Profit attributable to Equity holders for basic earnings	**₹ (13,165.15)**	**₹ (14,572.88)**
Interest on convertible Preference shares		
Profit attributable to Equity holders of the parent adjusted for the effect of dilution	**₹ (13,165.15)**	**₹ (14,572.88)**
Weighted average number of Equity shares for basic EPS*	276,599,137	276,599,137
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	**276,599,137**	**276,599,137**
Earnings per share for continuing operations		
Basic, profit from continuing operations attributable to equity holders of the parent	**₹ (4.76)**	**₹ (5.27)**
Diluted, profit from continuing operations attributable to equity holders of the parent	**₹ (4.76)**	**₹ (5.27)**

* 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

Note 33 . As per Ind AS19 - "Employee Benefits", the disclosures as defined are given below

1. Defined Contribution Plan:

(Rs. in Lakhs)

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
Employer's Contribution to Pension Fund	107.41	119.75

2. Defined Benefit Plans:

The Company contributes to Provident Fund Trust, Gratuity and Settlemenent Allowance to the employees which are defined benefits plans.

The Company has not obtained the actuarial valuation report from the independent actuary for Provident Fund The principal assumptions used in determining gratuity and post-employement benefits obligations for the company's plan is shown below

	31-Mar-23 %	31-Mar-22 %
Discount rate:		
Gratuity plan	7.27	6.58
Settlement Allowance	7.27	6.58
Earned Leave Encashment	7.27	6.58
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 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022
Mortality Rate (as % of IALM (2012-14) (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	12.82	11.68	12.82	11.68		
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

TThe 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 2023 changes in the defined benefit obligation and fair value of plan assets

		Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-23
	1-Apr-22	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		
	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	(5,218.24)	(184.31)	(311.83)	(496.14)	1,469.27			105.47	(171.13)	-65.66		(4,310.77)
Fair value of plan assets	1,298.02		84.49	84.49	(1,469.27)	23.53				23.53	1,141.17	1,077.94
Benefit Liability	**(3,920.22)**	**(184.31)**	**(227.34)**	**(411.65)**	**0.00**	**23.53**	**0.00**	**105.47**	**(171.13)**	**(42.13)**	**1,141.17**	**(3,232.83)**

31 March 2022 changes in the defined benefit obligation and fair value of plan assets

		Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-22
	1-Apr-21	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		
	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	(5,851.75)	(201.98)	(375.37)	(577.35)	1,113.59			-143.78	241.05	97.27		(5,218.24)
Fair value of plan assets	1,241.84		78.61	78.61	(1,113.59)	(22.43)				-22.43	1,113.59	1,298.02
Benefit Liability	**(4,609.91)**	**(201.98)**	**(296.76)**	**(498.74)**	**0.00**	**-22.43**	**0.00**	**-143.78**	**241.05**	**74.84**	**1,113.59**	**(3,920.22)**

B. Earned Leave Encashment

31 March 2023 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						Contri-butions by em-ployer	31-Mar-23
	1-Apr-22	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 as-sumptions	Experi-ence adjust-ments	Sub-total in-cluded in OCI		
	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	(1,404.46)	(103.81)	(84.85)	(188.66)	312.43		0.00	51.42	1.00	52.41		(1,228.27)
Fair value of plan assets	0.00											0.00
Benefit Liability	**(1,404.46)**	**(103.81)**	**(84.85)**	**(188.66)**	**312.43**	**0.00**	**0.00**	**51.42**	**1.00**	**52.41**	**0.00**	**(1,228.27)**

31 March 2022 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						Contri-butions by em-ployer	31-Mar-22
	1-Apr-21	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 as-sumptions	Experi-ence adjust-ments	Sub-total in-cluded in OCI		
	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	(1,597.82)	(118.10)	(89.45)	(207.55)	400.91		0.00	24.63	-24.63	0.00		(1,404.46)
Fair value of plan assets	0.00											0.00
Benefit liability	**(1,597.82)**	**(118.10)**	**(89.45)**	**(207.55)**	**400.91**	**0.00**	**0.00**	**24.63**	**-24.63**	**0.00**	**0.00**	**(1,404.46)**

C. Settlement Allowance

31 March 2023 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						Contri-butions by em-ployer	
	1-Apr-22	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 as-sumptions	Experi-ence adjust-ments	Sub-total in-cluded in OCI		31-Mar-23
	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	(198.08)	(21.97)	(11.25)	(33.22)	54.09		0.00	5.69	3.57	9.26		(167.95)
Fair value of plan assets	0.00											0.00
Benefit liability	**(198.08)**	**(21.97)**	**(11.25)**	**(33.22)**	**54.09**	**0.00**	**0.00**	**5.69**	**3.57**	**9.26**	**0.00**	**(167.95)**

31 March 2022 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						Contri-butions by em-ployer	
	1-Apr-21	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 as-sumptions	Experi-ence adjust-ments	Sub-total in-cluded in OCI		31-Mar-22
	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	(233.43)	(23.83)	(12.22)	(36.05)	64.19		0.00	3.66	3.55	7.21		(198.08)
Fair value of plan assets	0											0.00
Benefit liability	**(233.43)**	**(23.83)**	**(12.22)**	**(36.05)**	**64.19**	**0.00**	**0.00**	**3.66**	**3.55**	**7.21**	**0.00**	**(198.08)**

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 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	155.93	137.91	152.73	141.45
Change in rate of salary increase	109.33	105.98	103.60	118.20
Change in withdrawal rates	23.85	20.33	4.73	6.04

(ii) Settlement Allowance **(Rs. In Lakhs)**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	8.42	7.38	7.84	7.33
Change in rate of salary increase	7.46	8.36	6.59	7.78
Change in withdrawal rates	8.07	9.15	7.08	8.13

(iii) Earned Leave Encashment **(Rs. In Lakhs)**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	76.25	66.22	60.27	66.30
Change in rate of salary increase	68.55	77.48	68.75	71.50
Change in Attrition Rates	3.47	3.05	1.86	2.03

NOTES FORMING PART OF FINANCIAL STATEMENTS

Segment reporting

Year ended 31 March 2023

(Rs. In Lakhs)

	31-Mar-23	31-Mar-22
Revenue from external customers		
India	1,706.68	3,356.96
Outside India	-	-
Total revenue per consolidated Statement of profit or loss	**1,706.68**	**3,356.96**

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

Revenue from one customer amounted to 1706.68 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2023.

Revenue from one customer amounted to 3356.96 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2022.

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2023

Note 35. Contingent Liabilities

(Rs. in Lakhs)

	PARTICULARS	As at 31.03.2023	As at 31.03.2022
1	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	213.55	213.55
	iii) Property Tax	4,945.11	4,667.75
	iv) Disputed Income Tax		
	B. Employee related claims relating to lockouts, back wages, incentive & Annual bonuse etc., pending adjudication, to the exetent ascertainable	1,539.51	390.97
	C. Others (As shown in Annexure-A)	9,674.20	9,614.82
2	Non receipt of related forms against levey of concessional sales Tax	54.40	54.40
3	Estimated amount of contracts remaining to be executed on capital account and not provide for	65.00	525.48

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note 36. Other Disclosures

	PARTICULARS	As at 31.03.2023	As at 31.03.2022
4	**Inventories include:**		
4.1	Usable, slow/non moving and surplus stores and materials/Work-in-Progress and Stock-in-Trade:	818.08	1,002.91
5	**Trade Receivables include:**		
5.1	Dues towards erection and commissioning for a period exceeding one year.	856.14	273.50
6	**Advance include:**		
6.1	Amounts recoverable from employees, advances, bonus etc., pending adjudication /negotiations.	2.75	2.75
6.2	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.	152.63	943.05
7	**Current liabilities**		
7.1	Dues to Micro and small enterprisses based on the information available with the Company		
a	i) Principal	546.77	872.36
	ii) interest	64.98	66.96
b	Amount of Interest paid	2.16	1.88
c	Amount of interest accrued and remaining unpaid at the end of each accounting year	125.41	65.08
8	Balances under 'Trade Receivables', 'Loans & Advances' and 'Trade Payables' are subject to confirmation, although confirmation has been sought in most of the cases		
	Sales	-	-
9	Sales are net of Sales Returns		-
	(Sales returns for the year)		
10	Other Income includes interest on loan for the FY 2022-23, waived off by HMT Limited	1,398.11	-
11	Expenditure on Research & Development	149.23	155.68
12	Previous year's figures have been reclassified wherever necessary to conform to this year's classification.		

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2023

Note 35. Contingent Liabilities **Annexure A**

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	291.29
2	PF / EPS / ESI Cases	Demands raised by PF / EPS /ESI Authorities	4,684.41
3	A.P. Central Power Distribution Corporation Limited & Water Board	Amount claimed towards development charges, appeal pending with Andhra Pradesh Electricity Regulatory Commission.	774.74
4	Risk purchase claim by GAIL	Claims towards risk purchase clause by GAIL of the year 1996-97	8.09
5	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.	17.75
6	Suppliers Claim	Disputed claims relating to supply of Material, its payment	301.32
7	Employees Co-op. Society	Interest on loan recoveries	31.17
8	Customer Claim	Customer / Court cases	2,135.68
9	Gratuity Cases& Interest	Cases filed before ALC(Central) Hyd	347.05
10	Goods & Service Tax, TDS/TCS	GST on GST interest	1,022.47
11	Deposits	Deposits pending long back with Customers	60.21
	Total		**9,674.20**

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

** Brief descripton of the case

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2023

Note 36. Transactions with Key Managerial Personnel

Compensation of Key Management Personnel of the Company (Rs. in Lakhs)

PARTICULARS	Year Ended 31.03.2023	Year Ended 31.03.2022
i) Short-term employee benefits	20.66	18.43
ii) Post-employment benefits	3.04	2.75
III) Other long term benefits	0.73	0.70
Total Compensation paid to Key Management Personnel	**24.44**	**21.88**

Note 37. Related Party Transactions & Disclosure U/S 186 of the Companies Act, 2013

Name of the Related Party	Relationship
HMT Limited	Holding Company
HMT (International) Limited	Fellow Subsidiary
Mr. A.K.Jain (upto 24.08.2022)	Key Managerial Persons (KMP)
Mr. Pankaj Gupta (w.e.f.25.08.2022)	
Mr. Vijay Mittal (upto 12.09.2022)	
Dr. Renuka Mishara (w.e.f.12.09.2022)	
Dr. Rajesh Kumar	
Smt. G.Vijaya Sunitha Reddy (upto 26.01.2023)	
Mr. Harikumar M	
Mr. Omprakash Singh	

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH 2023

Transactions during the year with Related Parties

a) Loans and Advances Received and repayment thereof: (Rs. In Lakhs)

Name of Related Party	As at	Opening Balance	Loans Received	Repayment	Interest	Closing Balance
a) Loans						
HMT Limited	Current year	24,573.58	1,515.00	-	-	26,088.58
	Previous year	22,864.82	1,700.00		8.76	24,573.58

Name of Related Party	As at	Opening Balance	Advance Given (Net)*	Advance Taken (Net)	Transfers	Closing Balance
b) Advances (Dr / (Cr))						
HMT Limited	Current year	-7,871.16	-	-80.84	-	-7,952.00
	Previous year	-5,934.35	-	-1,936.81	-	-7,871.16
HMT (International) Ltd	Current year	107.57	149.16	-	-	256.73
	Previous year	228.63	-	-	121.06	107.57

* Advance includes reimbursement of expenses payable

c) Name of the Transacting Related Party		HMTL	HMT (I)	Total
Revenue from Operations				
	Current year	-	417.90	417.90
	Previous year	-	27.70	27.70
Other income				
	Current year	1398.11		1398.11
	Previous year	-	-	-
General Expenses: (Reimbursement of expenses)				
	Current year	12.58	-	12.58
	Previous year	13.84	-	13.84
Interest				
	Current year	1,398.11	-	1,398.11
	Previous year	1,828.66	-	1,828.66

(d) Transactions with Key Managerial Persons:	Current Year	Previous Year
Remuneration paid to KMP		
- Harikumar M	13.32	11.85
- Omprakash Singh	11.12	10.03
	24.44	**21.88**
Directors Sitting Fees		
- G.Vijaya Sunitha Reddy	0.37	0.24
	0.37	**0.24**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2023

Note 38. Details of Defaulted Loans

Nature of Borrowing	Name of the Lender	Amount of Installment a nd period of default	No. of days Delay or Unpaid
CAPEX Loan @ 15.50% Interest dated 30.03.2006	Government of India	1) Rs. 79 Lakhs due from 02.04.2007 2) Rs. 79 Lakhs due from 02.04.2008 3) Rs. 79 Lakhs due from 02.04.2009 4) Rs. 79 Lakhs due from 02.04.2010 5) Rs. 79 Lakhs due from 02.04.2011	5,842 5,476 5,111 4,746 4,381
VRS Loan @ 3.5% interest dated 01.11.2007	Government of India	1) Rs. 556.95 Lakhs due from 27.12.2008 2) Rs. 556.95 Lakhs due from 27.12.2009 3) Rs. 556.95 Lakhs due from 27.12.2010 4) Rs. 556.95 Lakhs due from 27.12.2011 5) Rs. 556.95 Lakhs due from 27.12.2012	5,207 4,842 4,477 4,112 3,746
For payment of Statutory Dues @ 15.50% Interest dated 29.03.2007	Government of India	1) Rs. 156.40 Lakhs due from 30.03.2008 2) Rs. 156.40 Lakhs due from 30.03.2009 3) Rs. 156.40 Lakhs due from 30.03.2010 4) Rs. 156.40 Lakhs due from 30.03.2011 5) Rs. 156.40 Lakhs due from 30.03.2012	5,479 5,114 4,749 4,384 4,018
VRS Loan @ 3.5% interest dated 31.12.2008	Government of India	1) Rs. 243.29 Lakhs due from 15.01.2010 2) Rs. 243.29 Lakhs due from 15.01.2011 3) Rs. 243.29 Lakhs due from 15.01.2012 4) Rs. 243.29 Lakhs due from 15.01.2013 5) Rs. 243.29 Lakhs due from 15.01.2014	4,823 4,458 4,093 3,727 3,362
For payment of Statutory Dues @ 13.50% Interest dated 24.07.2012	Government of India	1) Rs. 888.52 Lakhs due from 01.08.2013 2) Rs. 888.52 Lakhs due from 01.08.2014 3) Rs. 888.52 Lakhs due from 01.08.2015 4) Rs. 888.52 Lakhs due from 01.08.2016 5) Rs. 888.52 Lakhs due from 01.08.2017	3,529 3,164 2,799 2,433 2,068
For payment of Statutory Dues @ 13.50% Interest dated 18.03.2014	Government of India	1) Rs. 392 Lakhs due from 21.03.2015 2) Rs. 392 Lakhs due from 21.03.2016 3) Rs. 392 Lakhs due from 21.03.2017 4) Rs. 392 Lakhs due from 21.03.2018 5) Rs. 392 Lakhs due from 21.03.2019	2,932 2,566 2,201 1,836 1,471
For payment of Statutory Dues @ 13.50% Interest dated 23.09.2014	Government of India	1) Rs. 480 Lakhs due from 04.10.2015 2) Rs. 480 Lakhs due from 04.10.2016 3) Rs. 480 Lakhs due from 04.10.2017 4) Rs. 480 Lakhs due from 04.10.2018 5) Rs. 480 Lakhs due from 04.10.2019	2,735 2,369 2,004 1,639 1,274
Working Capital Loan @ 13.50 Interest dated 23.09.2014	Government of India	1) Rs. 500 Lakhs due from 04.10.2015 2) Rs. 500 Lakhs due from 04.10.2016 3) Rs. 500 Lakhs due from 04.10.2017 4) Rs. 500 Lakhs due from 04.10.2018 5) Rs. 500 Lakhs due from 04.10.2019	2,735 2,369 2,004 1,639 1,274

For payment of Statutory Dues @ 13.50% Interest dated 09.10.2014	Government of India	1) Rs. 378.2 Lakhs due from 11.10.2015 2) Rs. 378.2 Lakhs due from 11.10.2016 3) Rs. 378.2 Lakhs due from 11.10.2017 4) Rs. 378.2 Lakhs due from 11.10.2018 5) Rs. 378.2 Lakhs due from 11.10.2019	2,728 2,362 1,997 1,632 1,267
For Payment of Salaries & Wages @ 13.50% Interest dated 09.10.2014	Government of India	1) Rs. 548.6 Lakhs due from 11.10.2015 2) Rs. 548.6 Lakhs due from 11.10.2016 3) Rs. 548.6 Lakhs due from 11.10.2017 4) Rs. 548.6 Lakhs due from 11.10.2018 5) Rs. 548.6 Lakhs due from 11.10.2019	2,728 2,362 1,997 1,632 1,267
For Implementation of 1997 Pay Revision @ 7% Interest dated 06.02.2015	Government of India	1) Rs. 586.8 Lakhs due from 10.02.2016 2) Rs. 586.8 Lakhs due from 10.02.2017 3) Rs. 586.8 Lakhs due from 10.02.2018 4) Rs. 586.8 Lakhs due from 10.02.2019 5) Rs. 586.8 Lakhs due from 10.02.2020	2,606 2,240 1,875 1,510 1,145
Working Capital Loan @ 13.50 Interest dated 06.02.2015	Government of India	1) Rs. 1000 Lakhs due from 10.02.2016 2) Rs. 1000 Lakhs due from 10.02.2017 3) Rs. 1000 Lakhs due from 10.02.2018 4) Rs. 1000 Lakhs due from 10.02.2019 5) Rs. 1000 Lakhs due from 10.02.2020	2,606 2,240 1,875 1,510 1,145
For payment of Statutory Dues @ 13.50% Interest dated 31.03.2015	Government of India	1) Rs. 526.8 Lakhs due from 31.03.2016 2) Rs. 526.8 Lakhs due from 31.03.2017 3) Rs. 526.8 Lakhs due from 31.03.2018 4) Rs. 526.8 Lakhs due from 31.03.2019 5) Rs. 526.8 Lakhs due from 31.03.2020	2,556 2,191 1,826 1,461 1,095
For Implementation of 1997 Pay Revision @ 7% Interest dated 30.09.2015	Government of India	1) Rs. 634 Lakhs due from 03.10.2016 2) Rs. 634 Lakhs due from 03.10.2017 3) Rs. 634 Lakhs due from 03.10.2018 4) Rs. 634 Lakhs due from 03.10.2019 5) Rs. 634 Lakhs due from 03.10.2020	2,370 2,005 1,640 1,275 909

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH 2023

(Rs. in Lakhs)

1 CONSUMPTION OF RAW MATERIALS AND COMPONENTS

	Year Ended 31.03.2023			Year Ended 31.03.2022		
	Unit	**Qty**	**Value**	**Unit**	**Qty**	**Value**
Steel	MT	303.60	321.58	MT	429.15	384.28
Non-ferrous Metals	MT	1.02	2.63	MT	1.28	1.82
Ferrous Castings	MT	660.71	810.60	MT	654.52	531.37
Non-ferrous Castings	MT	32.40	42.64	MT	45.40	46.67
Forgings	MT	20.35	26.95	MT	73.71	81.44
Standard Parts			**2,369.07**			**3,034.23**
Components			593.47			590.33
Others	MT		332.91	MT		450.40
			4,499.85			**5,120.54**

2 TURNOVER

2 TURNOVER	Unit	Qty	Value	Unit	Qty	Value
Machine Tools	Nos.	309.00	11,622.62	Nos.	294.00	11,159.73
Die-casting and Plastic machinery	Nos.			Nos.	-	
Presses	Nos.			Nos.	-	
Printing Machines	Nos.	1.00	21.37	Nos.	3.00	75.84
Cutter & Grinder	Nos.			Nos.	-	
Thread Rolling Machines	Nos.			Nos.	-	
CNC Lathe	Nos.			Nos.	-	-
Sale of Services			324.83		-	195.35
Accessories			1,736.58		-	3,082.85
Sundry Jobs and Misce. Sales			463.03		-	671.15
Packing , forwarding & Other charges			55.63		-	67.85
			14,224.06			**15,252.76**

HMT MACHINE TOOLS LIMITED

Additional Disclosure to P&L account (Rs in Lakhs)

Point No.	Particulars	As at 31.03.2023		As at 31.03.2022	
3	INFORMATION REGARDING IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY/ EXHANGE AND CONSUMPTION				
	(a) CIF VALUE OF IMPORTS:				
	Raw Materials		197.72		381.17
	Components and Spare Parts		163.44		255.36
	Capital Goods		-		-
	Technology Transfer		-		-
	(b) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF TRAVELLING EXPNS. (ON PAYMENT BASIS)		2.20		-
	(c) CONSUMPTION OF RAW MATERIALS, COMPONENTS, STORES & SPARE PARTS				
	Imported	8%	464.80	10%	618.31
	Indigenous	92%	5,476.82	90%	5,851.79
		100%	**5,941.62**	**100%**	**6,470.10**
	(d) EARNINGS IN FOREIGN EXCHANGE EXPORTS				
	Routed through HMT(International) Ltd.,		417.90		0.88
	OTHERS		-		-

Annexure-1

Hmt Machine Tools Limited

(Rs in Lakhs)

Miscellaneous Income

Particulars	2022-23	2021-22
Hospital Income	184.73	126.53
Training Expenses Recovered	14.24	0.15
Misc.income- HMT Township	-	0.61
Misc.income general(OBS,WAGES,IBS)	4.32	9.32
Ground rent	-	25.50
Bad Debts Recovery	-	2.36
VRS/LIC claim received	56.93	-
Fire insurance claim	40.73	-
TOTAL	**300.95**	**164.47**

RATIO ANALYSIS

Ratio	Numerator	Denominator	FY 2021-23	FY 2020-22	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	0.15	0.17	-0.09	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	-1.20	-1.23	-0.02	
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	-0.06	-0.08	-0.23	Increase in Loan in 2022-23
Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	-8%	-9%	-0.17	
Inventory turnover ratio	Cost of goods sold or Sales	Average Inventory	1.61	1.45	0.11	
Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	0.96	1.06	-0.09	
Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	0.82	0.77	0.07	
Net capital turnover ratio	Net Sales	Average Working Capital	-8%	-9%	-0.14	
Net profit ratio	Net Profit before taxes	Revenue	-75%	-90%	-0.17	
Return on Capital employed/ Return on Investment	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	-0.03	-0.04	-0.26	Increase in negative capital employed

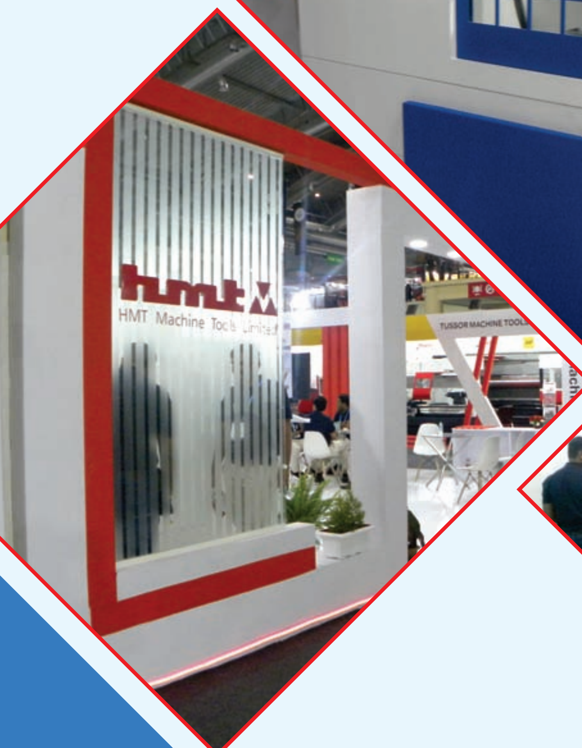
Note: Alongwith Numerator and Denominator. Explanation to be provided for the ratios changes more than 25% compare to previous year\

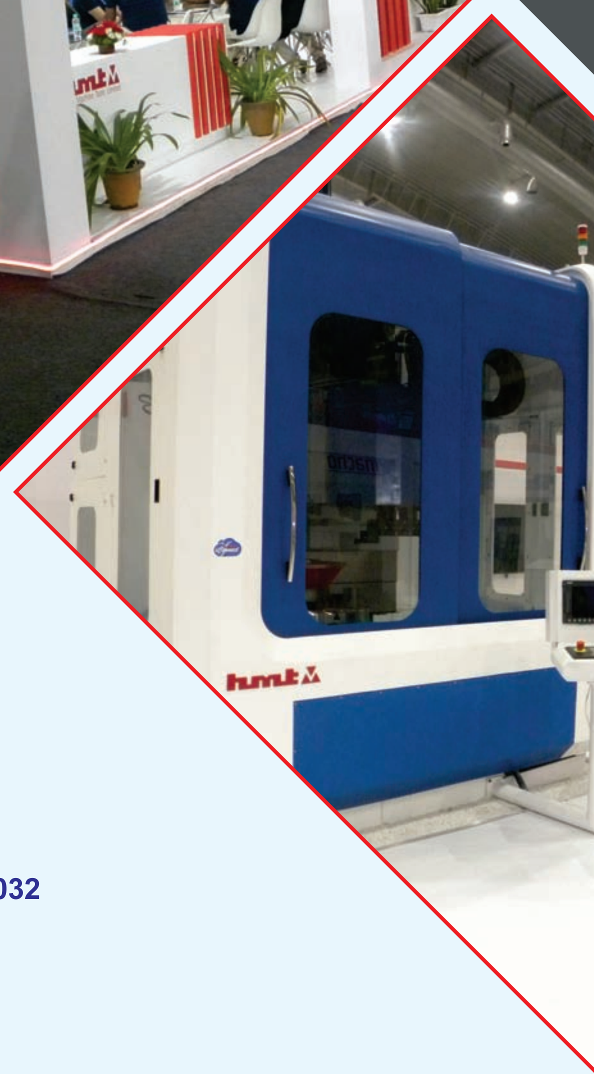
Inauguration of HMT Pavillion at IMTEX 2023, Bengaluru by Shri Pankaj Gupta, Chairman & Managing Director (Additional Charge) in the presence of senior officials.

Shri Pankaj Gupta, CMD briefing to Dr. Mahendra Nath Pandey, Hon'ble Minister of Heavy Industries at HMT Pavillion at IMTOS-23, New Delhi. Shri Y.K. Vaish, GM(O&M)-HMT(I), Shri M R V Raja, then GM(O&M)-HMT Limited are also seen with other officials.

Execution of MoU for setting up of Centre of Excellence(COE) on Machine Tools Design at IIT BHU(Varanasi) in the presence of Dr. Mahendra Nath Pandey Hon'ble Minister of Heavy Industries, Shri Vijay Mittal, Joint secretary, MHI, Prof. Pramod Kumar Jain, Director, IIT BHU and Shri Pankaj Gupta, CMD

Hindi Diwas 2022 Celebration at Corporate Office, Bengaluru





HMT Machine Tools Limited

(A wholly owned subsidiary of HMT Limited)

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