

# 71<sup>st</sup> ANNUAL REPORT 2023-24

 **hmt**  
HMT Limited



## Includes Annual Report of Subsidiaries

25th Annual Report of HMT Machine Tools Limited

50th Annual Report of HMT (International) Limited

25th Annual Report of HMT Watches Limited

Shri. H.D. Kumaraswamy,  
 Union Minister of Heavy Industries &  
 Steel, during a visit to HMT  
 Machine Tools Factory at  
 Hyderabad (MTH) with  
 Shri. Bhupathi Raju Srinivasa Varma,  
 Minister of State for Heavy Industries &  
 Steel and Shri. Rajesh Kohli,  
 Chairman and Managing Director,  
 (Addl. Charge), HMT Limited &  
 Subsidiaries.



71st Annual General Meeting of HMT Limited was conducted on 22nd November, 2024 through Video Conference. Shri. Rajesh Kohli, C&MD (Addl. Charge), Dr. Renuka Mishra, Economic Adviser, Ministry of Heavy Industries, Government Nominee Director & Nominee of the President of India, Smt. Aparna. R, Chief Financial Officer (CFO) & Shri. Kishor Kumar S, Company Secretary were on the dais while shareholders participated in the Meeting.

**CORPORATE MISSION**

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

**CORPORATE OBJECTIVES & GOALS**

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

## **ANNUAL REPORTS OF HMT LIMITED & SUBSIDIARY COMPANIES**

<b>SECTION</b>	<b>CONTENT</b>	<b>PAGE.NO</b>
<b>1</b>	<b>HMT LIMITED</b>	<b>1 - 246</b>
<b>2</b>	<b>HMT MACHINE TOOLS LIMITED</b>	<b>1 - 114</b>
<b>3</b>	<b>HMT (INTERNATIONAL) LIMITED</b>	<b>1 - 79</b>
<b>4</b>	<b>HMT WATCHES LIMITED</b>	<b>1 - 54</b>

## Chairman's Address

### 71st Annual General Meeting of HMT Limited

My Dear Shareholders,

It is an honour to present to you the Annual Report of HMT Limited for the year 2023-24. I take this opportunity to welcome you all on behalf of Board of Directors. This year has been marked with several shifts with respect to the market trends. However, considering the global standpoint, condition of the Indian economy and effect of various initiatives that impact the manufacturing sector, it is imperative that we work continuously towards overcoming the challenges.

#### Global Outlook:

Globally, the year began with the onslaughts of the ongoing geo-political issues, followed by a globally synchronised monetary policy tightening. Despite these gloomy events, the global scenario has witnessed a general growth of 3.2% year over year and the projected trends for the future years also suggest a stable growth for developing economies.

With the advancements in technology and continuous integration of AI based technologies, innovation and product development is the need of the hour. The global trends may be perceived as market opportunities, but they also present themselves as challenges which HMT Limited as a group may be tasked with in the future.

Despite the challenges we as a group need to hold true to our core strengths and be steadfast in our commitment to quality and customer satisfaction.

#### Indian Economy:

India has recorded an overall growth of 7.8% in GDP in the year 2023 and is projected to maintain a steady 6.5% growth in the coming years as per the World Economy Outlook, April 2024. Stemming from the industrial growth, Make-in-India initiative, FDI and domestic investment, government policies, Indian economy has demonstrated resilience and continued growth even when faced with global and domestic

challenges. HMT takes pride and assures its support in the nation's economic growth.

#### Manufacturing impact on the future of Indian Economy:

Historically, it may be viewed that the manufacturing sector has played a significant role in the country's growth during the post-independence era. That said, in the recent past the contributions from the manufacturing sector to the GDP have been overshadowed by the contributions from the services sector.

However, the government of India envisions the contributions of the manufacturing sector to increase in times ahead. With the manufacturing sector contributing to 14% of the GVA, this sector is a vital cog in development of Indian economy and in its transformation from an agrarian economy to an industrial powerhouse.

Through various initiatives such as the Make in India initiative, Productivity Linked Incentive (PLI) Schemes, policy support and infrastructure & global supply chain developments, Government of India tasks itself with an objective to place India amongst the leaders in the manufacturing sector. The constant growth in capacity utilisation in the manufacturing sector over the past years is a testament to the government's efforts in this regard.

With renewed focus on the manufacturing sector, HMT has the potential to play a significant role in country's plans to give a boost to manufacturing sector. The company is taking measures to maximise utilisation of the policies in place and support by the government in order to expand its business.

#### Performance & Business Accomplishments

HMT Limited on a standalone basis, achieved a revenue of Rs. 47.91 crores from operations in the year 2023-2024 vis-à-vis Rs. 51.59 crores in the year 2022-2023. Despite the dip in the revenue from

operations the company has witnessed a growth of 17% in the Profit Before Taxes during the year 2023-2024. HMT Limited recorded a PBT of Rs. 17.47 crores in the year 2023-2024 vis-à-vis Rs. 14.9 crores in the year 2022-2023.

HMT Group of Companies in the year 2023-2024 has recorded a revenue from operations of Rs. 163.39 crores vis-à-vis Rs. 203.8 crores in the year 2022-2023.

The growth in demand for dairy products and machinery in the dairy industry drives the desire of the company to expand its dairy machinery business. Further the contribution to turnover from sale of watches has witnessed an increase from 14% in the year 2022-2023 to 25% in the year 2023-2024. This demonstrates our ability to navigate through difficult times and emerge strong. Moving forward, product upgradation, collaborations, and turnkey projects are rudimentary for the company to maintain a strong foothold in the ever-growing market.

### **Initiatives at the Subsidiaries**

The Subsidiaries of the Company undertook several initiatives during the year 2023-24.

### **Machine Tools Business**

HMT Machine Tools Limited (HMT MTL) achieved sales of Rs. 99.70 crores in the year 2023-2024 in comparison to the Rs.142.24 crores sales achieved in the year 2022-2023. Net Profit figures remained negative (Rs.155) crores in the year 2023-2024 against the net loss of (Rs. 132) crores recorded in the year 2022-2023. Despite this, the Company is actively working towards strengthening its business and leveraging its strength to drive growth.

In this competitive world of manufacturing of complex machine tools where technology denial also plays a major role in crippling our growth, HMT MTL has designed and developed several import substitution machines over the years to provide flexible, accurate and cost-effective solutions to various strategic sectors. These machines are developed indigenously and priced at almost half the price of imported machines and are aligned with our Hon'ble Prime Minister's vision of 'ATMANIRBHAR BHARAT'.

The Company's growth strategies are multifaceted and formulated to enhance our market presence and expand our product offerings. One of the key areas is stocking General-Purpose Machines 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 its reach in the market. In line with the commitment to innovation, efforts for the development of new products have been intensified. By leveraging HMT MTL's manufacturing prowess and collaborating with academic institutions, the company is stretching its boundaries to the field of hi-tech machines. The Company's association with esteemed institutions like IIT BHU Varanasi and IISc, Bengaluru, serve as a testament to the company's dedication to fostering research and development of advanced technology. The company has also taken initiatives to expand its customer component manufacturing endeavours within crucial industries and sectors like railways, defence, and atomic energy.

### **Exports**

HMT (International) Limited, has observed a steady increase in sales over the past two years. In 2023-24, HMT(I) achieved sales of Rs.17.59 crores, vis-a-vis Rs.14.15 crores in the year 2022-23. This growth trajectory is a testament to the brand value that HMT holds globally and the company's ability to adapt to global market dynamics. Similarly, the PBT figures have shown improvement, with Rs.4.81 crores recorded in 2023-24 vis-à-vis Rs.0.31 crores recorded in the year 2022-23.

The company has submitted offers/proposals for setting up of Demonstration cum Training centres, MSME Production centres, Industrial Training centres, etc. and has initiated for becoming a Nodal Agency to the Ministry of External Affairs (MEA), Government of India for implementing MEA funded turnkey projects such as Vocational Training / Skill Development centres as part of the Government of India's grant-in-aid projects. These initiatives reflect the company's commitment to improve the performance of HMT

group of companies and globally position the company as a leading player in the industry.

## Future Outlook

### Dairy Machinery

The global dairy machinery market is projected to grow at a CAGR of around 5-7% over the coming years. The factors contributing to such robust growth include:

- The increasing demand for dairy products, particularly in emerging economies. With the rising population, urbanisation and income rise, there's a higher consumption of dairy products, which in turn boosts the need for advanced machinery to handle production efficiently.
- Innovations in dairy machinery, such as automation and smart technology, improved efficiency, reduced labour costs, and enhanced product quality which in turn shapes the future market. Modernisation of the dairy industry also entices newer investments from bigger parties leading to the increased demands.
- Economic conditions and Government support affect the investments in dairy machinery. With the global economic conditions poised to grow at a steady rate, and support from various government institutes in the form of subsidies and tax breaks the sustainable growth of the dairy machinery industry is on the cards.
- Changing consumer preferences: 'A2' milk represents the fastest-growing segment in the dairy market. Its growth is driven by the increasing consumer belief regarding its enhanced digestibility and potential health benefits compared to standard milk.

Overall future-outlook for the dairy machinery industry is positive. The company looks forward to implement strategic initiatives to solidify and enhance its market presence. With a global trend pushing for healthier life choices, the company is in the process of diversifying its product range to include options that are both health-centric and convenience-oriented, such as probiotic drinks, high-protein yogurts and lactose-free products.

Within India also, the dairy machinery industry is set for a progressive growth in the coming years. Company is pursuing to utilise technologies to boost production efficiency and optimise supply chains to align their offerings with the changing consumer needs and remain relevant in the market.

### Machine Tools

The global market is projected to grow at a CAGR of 5.41% from 2024 to 2031 and is estimated to reach a value of USD 145.82 billion by 2031. This growth will be driven by a number of factors, including:

- Industrial Automation and Technological Advancements: Increasing adoption of automation and smart technologies in manufacturing processes is driving demand for advanced machine tools. Innovations such as CNC (Computer Numerical Control) machines, 3D printing and advanced robotics contribute to market growth by improving production efficiency and capabilities.
- Manufacturing Growth: Expansion in various manufacturing sectors including automotive, aerospace and electronics, supports the need for high-precision and high-performance machine tools.
- Emerging Markets: Growth in emerging economies, where industrialization and infrastructure development are accelerating, is a significant driver for the machine tools market.
- Investment in Modernization: Investment in modernizing existing manufacturing facilities and adopting new technologies, fuel demand for advanced machine tools.

As is the case with any industry, the machine tools industry is also subject to the disruptions fuelled by new technologies, such as Artificial Intelligence (AI) and the Internet of Things (IoT). These technologies are being used to develop smarter and more connected machine tools that can operate more efficiently and autonomously.

In India, the machine tools industry is also poised for a steady growth which is evident from the government's Make in India initiative, push for Atma Nirbhar Bharat

and various PLI schemes. These initiatives are directed towards boosting domestic manufacturing and giving necessary support to domestic manufacturers. With the advent of newer technologies and demand for hi-tech machineries, the sector is witnessing a serious influx of investment in research and development by Indian machine tools companies.

The future of the machine tools industry is promising and HMT Machine Tools Limited is pursuing to tap the demand for machine tools. The company continues to work on developing indigenous substitutes for imported machines and make significant contributions to the Indian manufacturing scene. The Indian government hopes to have 25% of the economy's output from manufacturing by 2025 and HMT can be a name to reckon with in the industry.

### **Export Business**

The Company is gearing up to increase its revenues in the coming years by taking up export of HMT's products and other engineering goods to newer destinations and to take up more turnkey projects in underdeveloped and developing countries. HMT(I)'s pending orders stands at Rs. 24 crores as on 30.06.2024.

### **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 and Steel, Hon'ble Minister of State for Heavy Industries & Steel, the Secretary (Heavy Industries), Additional Secretary & Financial Adviser, the Joint Secretary, Economic Adviser and other Officers in the Ministry of Heavy Industries as well as the Ministry of External Affairs for their immense support and guidance rendered towards the Company. I am also grateful to the officers in the Ministry of Finance, the Comptroller & Auditor General of India, the Statutory Auditors etc., for all their support for the 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 their 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 continued support and patronage and assure them of our commitment to meet their expectations.

I also thank all the other stakeholders for their valuable support, co-operation 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!

**(Rajesh Kohli)**  
**Chairman & Managing Director**  
**Addl. Charge**  
**Bengaluru**

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**This does not purport to be a record of the proceedings of the 71<sup>st</sup> Annual General Meeting of the Company.**

# HMT LIMITED

## CONTENTS

Board of Directors.....	1
Performance Highlights .....	2
Directors' Report.....	3
Management Discussions and Analysis .....	20
Report on Corporate Governance .....	24
Secretarial Audit Report.....	52
CEO & CFO Certificate.....	71
Independent Auditor's Report.....	74
Comments of C & AG .....	95
Significant Accounting Policies .....	96
Balance Sheet .....	106
Profit & Loss Account .....	108
Cash Flow Statement .....	110
Notes Forming Part of Standalone Financial Statement .....	114
Consolidated Financial Statement.....	151





**BOARD OF DIRECTORS (As on 25.10.2024)**

Shri. Rajesh Kohli	Chairman & Managing Director (Addl. Charge) (w.e.f. 05.04.2024)
Ms. Arti Bhatnagar	Government Nominee Director
Dr. Renuka Mishra	Government Nominee Director (w.e.f. 23.07.2024)
Ms. Sameena Kohli	Director (Finance) (Addl. Charge) (w.e.f. 10.06.2024)

**CHIEF VIGILANCE OFFICER (As on 25.10.2024)**

Shri. Vikas Agarwal, ITS (1997) (w.e.f. 01.08.2024)

**CHIEF FINANCIAL OFFICER (As on 25.10.2024)**

Smt. Aparna R (w.e.f. 10.11.2023)

**COMPANY SECRETARY**

Shri. Kishor Kumar S

**STATUTORY AUDITOR**

M/s. NSVM & Associates  
Chartered Accountants  
No. 63/1, 1<sup>st</sup> Floor, Above Canara Bank,  
Railway Parallel Road, Kumara Park West,  
Bengaluru – 560 004

**SECRETARIAL AUDITOR**

D Venkateswarlu  
Practicing Company Secretary  
No.170, 2nd Floor, 2nd Cross, 1st Block,  
Koramangala, Bengaluru 560 034

**BANKERS**

UCO Bank

**REGISTERED OFFICE**

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

**CORPORATE IDENTIFICATION NUMBER**

L29230KA1953GOI000748

**REGISTRAR AND SHARE TRANSFER AGENTS**

KFin Technologies Ltd  
(Previously KFin Technologies Pvt Ltd)  
Selenium Building, Tower-B,  
Plot No 31 & 32, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad, Rangareddy,  
Telangana, India – 500032

**PERFORMANCE HIGHLIGHTS**

(₹ in lakhs)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>OPERATING STATISTICS</b>										
Sales	4791	5159	1258	2346	2613	1960	1480	1043	726	6155
Other Income *	5127	4838	6916	6510	4331	3731	1730	1634	10448	3239
Materials	3455	4286	473	1439	1738	1137	818	267	246	3805
Employee Costs	755	734	1012	1101	1375	1003	1194	1026	1106	10334
Other Costs	3893	3441	1730	1422	1010	1065	894	5042	470	2293
Depreciation	211	211	195	202	27	25	25	32	27	367
Earnings before Interest	1747	1504	4685	4888	2806	2595	578	(3728)	9348	(8174)
Interest	-	13	850	1730	2	29	212	288	297	1836
Earnings/(Loss) before Tax	1747	1491	3835	3158	2804	2566	366	(4016)	9051	(10010)
Taxation (net off withdrawal/ refunds)	(695)	785	(1)	409	-	-	-	(1861)	-	-
Discontinued Operations (Tractors)	-	-	-	-	22014	(841)	(1083)	(21794)	(10765)	-
Net Earnings	2442	706	3836	2749	24818	1725	(717)	(23949)	(1714)	(10010)
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	1206	1352	1117	1251	1393	1616	1723	1956	2229	2481
Current Assets	59742	58962	48648	44239	41552	32000	18983	18832	9345	64225
Current Liabilities & Provisions	19238	21045	11244	10896	10966	23981	11878	20950	35387	27723
Working Capital	40504	37917	37404	33343	30586	8019	7105	(2117)	(26041)	36502
Capital Employed	41710	39269	38521	34594	31979	9635	8828	(161)	(23812)	38983
Investments	71978	71978	71978	71978	71978	71978	72042	72029	76425	76425
Borrowings	64172	64172	64172	64172	64172	66206	67155	57948	15094	13846
Preference Share Capital (PSC)	3686	3686	3686	3686	3686	3686	3686	3686	3686	66000
Net Worth	45878	43393	42666	38714	36099	11721	10029	10234	33833	35562
<b>OTHER STATISTICS</b>										
Capital Expenditure	64	151	61	61	2	124	10	13	65	8
Internal Resources Generated	1958	1702	4030	3360	24845	1750	(692)	(25778)	(1687)	(9643)
Working Capital Turnover Ratio	0.12	0.14	0.03	0.07	0.09	0.24	-	-	-	0.17
Current Ratio	3.11	2.8	4.33	4.06	3.79	1.33	1.60	0.90	0.26	2.32
Return on Capital(%)	4.31	3.87	12.82	14.68	13.49	28.11	13.34	-	-	(18.65)
Employees (Nos)	55	63	66	81	91	101	103	118	128	1421
Per Capita Sales	87.11	81.89	19.06	28.96	28.71	19.41	14.37	8.84	5.67	4.33

\* Includes Extra Ordinary &amp; Exceptional Items

## DIRECTORS' REPORT

To  
The Members  
HMT Limited  
Bengaluru

Dear Members,

The Board of Directors take pleasure in presenting the 71st Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2023-24 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

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

Particulars	Rs. in Crores	
	2023-24	2022-23
Gross Revenue from Continuing Operations	47.91	51.59
Other Income	51.27	48.38
Total Income	99.18	99.97
Profit Before Depreciation and Finance Costs	19.58	17.15
Depreciation	2.11	2.11
Gross Profit/(Loss)	17.47	15.04
Finance Cost	-	0.13
Net profit before exceptional Items	17.47	14.91
Add: Exceptional Items	-	-
Net Profit before Tax	17.47	14.91
Provision for Tax	(6.95)	7.85
Net Profit After Tax	24.42	7.06
Profit/Loss from discontinued operations	-	-
Net Profit/(Loss) for the year	24.42	7.06
Other Comprehensive Income	0.43	0.21
Total Comprehensive Income	24.85	7.27

### OPERATING RESULTS

The company's main business portfolios included a product range of Food Processing Machines. The Food Processing Unit recorded a Production of Rs.8.31 Crore as against Rs. 7.00 Crore in the previous year, and Sales of Rs. 36.05 Crore (including Revenue from Powder Project Rs.26.80 Cr.) compared to Rs.43.55 Crore (including Revenue from Powder Project

Rs.36.80 Cr.) in the previous year. Auxiliary Business Division, Bangalore has registered a Production (Assembly of Watches) of Rs.7.95 Crore and registered Sales of Rs.11.86 Crore during the year 2023-24 against Rs.7.25 Crore and Rs.8.04 Crores during the previous year respectively and sales includes the Sale of Watches and tractor spare parts.

The Profit Before Tax during the year 2023-24 is Rs. 17.47 Crore as against Rs.14.91 Crore in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs. 108.46 Crore during the year 2023-24. Revenue from operations is reported as Rs.163.39 Crore for the year 2023-24 against Rs. 203.81 Crore of previous year. HMT Group has reported a Profit of Rs. 2550.76 Crore in the current year against a loss of Rs.122.90 Crore during the previous year. The increase in profit during the year is mainly on account of the waiver of Gol liabilities to the extent of Rs. 2693.78 Crore and Grant of Rs.837.47 Crores received from Gol towards payment of Income Tax on the waiver of Gol Liabilities consequent to closure of HMT Watches Limited.

### FUTURE OUTLOOK

#### Dairy Processing Equipment Market

The dairy industry in India has grown in size and has reached INR 16,792.1 billion in 2023. IMARC Group expects the market to reach INR 49,953.5 billion by 2032, exhibiting a growth rate (CAGR) of 13% during 2024-2032. The industry is experiencing robust growth, propelled by technological innovation, enhanced retail and e-commerce platforms, and improved cold chain infrastructure, meeting rising consumer demand with a diversified and quality-focused product range.

However, according to a report by Expert Market Research, the Indian dairy market size reached a value of approximately USD 203.3 billion in 2023. The Indian dairy market is expected to grow further at a CAGR of around 15.4% in the forecast period of 2024-2032, reaching a value of USD 472.7 billion by 2032.

India is the largest milk-producing country in the world, and the demand for dairy products is expected to increase in the future due to population growth, rising incomes, and changing dietary habits.

The government of India has also implemented several initiatives to support the dairy industry, such as promoting the use of modern machinery, providing subsidies to farmers for purchasing dairy equipment, and establishing milk processing plants.

The dairy machinery industry in India is also adopting new technologies to improve efficiency and productivity. For example, automated milking systems, advanced milk processing technologies, and IoT-based monitoring systems are being introduced to optimize the production process and reduce costs.

Moreover, the Indian dairy industry is also becoming more organized with the emergence of large dairy companies and cooperatives. These companies are investing in modern machinery and equipment to improve their processing capacity and meet the growing demand for dairy products.

In conclusion, the future outlook of the dairy machinery industry in India looks promising, driven by increasing demand for dairy products, government support, adoption of new technologies, and the emergence of organized players in the industry.

#### **Machine Tools Market:**

According to IMARC group, the Indian Machine Tool market size reached USD 1.5 Billion in 2023 and is expected to reach USD 3.2 Billion by 2032, exhibiting a growth rate (CAGR) of 8.2% during 2024-32.

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 labor 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.

#### **SHARE CAPITAL**

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

#### **DEPOSITS**

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

#### **DIVIDEND**

In view of the operating conditions of the Company, the Board has decided not to propose any dividend to the Shareholders. Dividend Distribution Policy is available at link <https://www.hmtindia.com/policies/>.

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

During the Financial year 2023-24, the Company has not received any complaints of Sexual Harassment and hence no cases are pending.

#### **FRAUD REPORTING**

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

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

The Board level CSR Committee was constituted on 12th August 2019. The composition of the CSR Committee is provided in the Corporate Governance Report. The CSR policy is placed on the website of the Company at <https://www.hmtindia.com/policies/>.

The average net profits of the Company during the three immediately preceding financial years is Rs.2827.72 Lakhs, as such, the Company is required to spend at least two per cent of Rs.2827.72 Lakhs, i.e., Rs.56.55 Lakhs on CSR activities during the

FY2023-24 as per the provisions of section 135 (5) of the Companies Act, 2013.

The CSR Annual report for FY 2023-24 is provided as **Annexure-1** in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments. Details of the CSR activities undertaken during FY2023-24 are enclosed as **Annexure-1A**.

## ENTERPRISE RISK MANAGEMENT

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

The Board of Directors of the Company constituted the Risk Management Committee of the Board on 12.07.2021. The composition of the Risk Management Committee is provided in the Corporate Governance Report.

## PARTICULARS OF EMPLOYEES

No employees of the Company received remuneration in excess of the limits prescribed under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the Financial Year 2023-24.

## SUBSIDIARY COMPANIES

### HMT Machine Tools Limited

The Subsidiary achieved Sales of Rs.99.70 Crore during 2023-24 against Rs. 142.24 Crore in the previous year and registered Production of Rs.92.20 Crore as against Rs. 116.58 Crore in the previous year. Net loss reported is Rs. 155.24 Crore during the year 2023-24 against reported loss of Rs. 131.65 Crore in the previous year.

### HMT (International) Limited

The Subsidiary achieved a turnover of Rs. 17.59 Crore during the year 2023-24 as against Rs.14.15 Crore recorded in the previous year 2022-23. The

Subsidiary reported Profit Before Tax (PBT) of Rs. 4.81 Crore against Rs. 0.31 Crore reported in previous year.

## SUBSIDIARY COMPANY UNDER CLOSURE

As per the Cabinet Committee of Economic Affairs (CCEA) decision during the year 2016, the operation of HMT Watches Limited, wholly owned Subsidiary Company, has been closed.

During FY2023-24, there are no operating sales or income as closure activities under process. The Company received Grant from Government of India amounting to Rs 837.47 Crore towards the payment of income tax on the waiver of GOI liability of Rs. 2693.78 Crore. Hence, there is an exceptional income of Rs. 3531.25 Crore and reported Profit after Tax of Rs. 2680.78 Crore.

## ASSOCIATE /JOINT VENTURE COMPANY

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

The Joint Venture Company could not transact any business during the year under review. For the Financial Year 2023-24, this company incurred Net Loss of Rs.1.14 lakhs

### Gujarat State Machine Tools Corporation Limited (GSMTC)

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

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

## INDIAN ACCOUNTING STANDARDS

The Financial 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 read with Companies (Indian Accounting Standard) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company and other provisions of the Act.

### REDUCTION IN SHARE CAPITAL

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

### CONSOLIDATED FINANCIAL STATEMENTS

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2023-24, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors’ Report on the same.

The financial information of each of the subsidiary companies has been furnished as part of the Consolidated Balance Sheet of the Company. Separate audited accounts of the subsidiary Companies will be made available upon request by any member of the Company interested in obtaining the same.

The annual accounts and other information of each of the subsidiary companies will be available for inspection by any member at the registered office of the Company & on the company’s website [www.hmtindia.com](http://www.hmtindia.com).

### HUMAN CAPITAL

The employee strength of the Company (HMT Limited) as on March 31, 2024, stood at 55 Nos. comprising of various categories of employees in manufacturing plants and other offices.

The number of employees on the rolls of the Company as on March 31, 2024 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	12
Scheduled Tribes	04
Other Backward Classes	10
Ex-Servicemen	0
Persons with Disabilities	0
Women employees	15
Minorities	03

### INDUSTRIAL RELATIONS

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

### IMPLEMENTATION OF OFFICIAL LANGUAGE

Continuous efforts are being made by the Company towards implementation of the Official Language Act, Rules & Policy as per the directives of the Government to enhance the levels of usage of Official Language in the Company. An Official Language Implementation Committee has been constituted in the Units of the Company and its Subsidiaries, including the Corporate Office at Bengaluru to monitor the implementation of the Official Language Act, Rules and Policy in the Company and its Subsidiaries. In order to propagate the usage of Hindi as the Official Language, “HINDI DIWAS/HINDI WEEK” was observed during the month of September 2023 at all units of the Company. Various competitions in Hindi such as Chitrarath, 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 a 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) and also attended the Meeting of "HINDI SALAHAKAR SAMITI" held in Mussoorie.

### VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the government of India heads the Corporate Vigilance Department of the Company. Ministry of Heavy Industry vide its order No. 5(47)/2010-P.E.X dated 25.04.2022 has 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 function in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

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

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

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

HMT Vigilance Manual was released on 30.03.2023 by Ms. Kalyani Sethuraman, IRAS (94) CVO-HMTL.

Vigilance Awareness Week (VAW) 2023, Preventive Vigilance Measures cum housekeeping activities was campaigned for 3 months from 16th Aug 2023 to 15th Nov 2023 as a precursor to VAW with the theme "**Say No to Corruption; Commit to Nation**" "भ्रष्टाचार का विरोध करें" ; राष्ट्र के प्रति समर्पित रहें " was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

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 improvement suggested are:

1. Suggested online filling of APAR of the officials.
2. Suggested online filling of property returns of the officials
3. Proposed to update HMT Purchase manual.
4. Digitalization of Old drawings, Record of Land, HR documents.
5. Online transaction for making payments and receipt of payment.
6. Maximizing procurement through GeM Portal.
7. Suggested Periodic inspection on Audit Report (Finance).
8. Management is being persuaded to adopt Integrity Pact. The matter was taken up in the 326th meeting of Board of Directors of HMTL held on 8.6.2017 and the decision of the board was "**Adoption of Integrity pact in HMT Limited**



and subsidiary companies and authorized the Chairman and Managing Director of the company to decide the basis for adoption of integrity pact and to do necessary acts and things as may be required for implementation of integrity pact and to inform the Board”

9. Recommended Allotment of township quarters to be made online.
10. Suggested more awareness initiatives (Training, Workshop etc.) on Vigilance to fight corruption in the organization.

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### CORPORATE GOVERNANCE

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

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Accounts) Rules, 2014 are appended as **Annexure-6**

### DIRECTORS RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual financial statements for the year ended 31.03.2024, 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;

### ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as on March 31, 2024 on its website at <https://www.hmtindia.com/investor-relation/ar/>.

### AUDITORS

M/s. N S V M & Associates, Chartered Accountants, Bengaluru were appointed as Statutory Auditors of the Company for the year 2023-24 by the Comptroller & Auditor General of India. M/s. R K Muley & Co., Chartered Accountants, was also appointed as Branch Auditor for the Food Processing Machinery Division, Aurangabad of the Company.

Replies to the observations by the Statutory Auditors in their Report are given as **Annexure-7**.

Replies to the Comments of the Comptroller & Auditor General of India are given as **Annexure-7A**.

## SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act 2013 and the rules made thereunder, the Company has appointed Shri. D. Venkateswarlu, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2023-24. The report of the Secretarial Auditor is appended as **Annexure-8** to this report. The replies to observations of Secretarial Auditor are attached as **Annexure-9**.

## SECRETARIAL AUDIT REPORT OF UNLISTED MATERIAL SUBSIDIARY

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Audit Report for the Financial Year 2023-24 of HMT Machine Tools Limited & HMT (International) Limited, an Unlisted Material Subsidiaries of the Company along with replies to observations are appended as **Annexure-10, 11, 12 & 13** to this report.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

As per BSE circular no. 20240510-48 & NSE circular no. NSE/CML/2024/11 dated: May 10, 2024, the BRSR can be provided as a LINK in the Annual Report of the Company instead of publishing the whole report. As such the BRSR 2023-24 can be accessed from the link [www.hmtindia.com/business-responsibility-and-sustainability-report/](http://www.hmtindia.com/business-responsibility-and-sustainability-report/).

## EVALUATION OF THE PERFORMANCE OF BOARD

Being a Government Company, HMT is exempted in terms of the MCA Notifications dated June 5, 2015 & July 5, 2017, from the evaluation of performance of all members of the Board of the Company which is being done by the Administrative Ministry i.e., the Ministry of Heavy Industries and/or by the Department of Public Enterprises (DPE).

## BOARD MEETINGS

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

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

The appointment/ remuneration in respect of KMPs and Senior Management Personnel are governed by the policies covered in HMT's personnel manual in line with DPE guidelines.

The following changes have taken place in composition of the Board of Directors / Key Managerial Personnel:

Ministry of Heavy Industries vide its order dated 24th August 2023 has entrusted the additional charge of the post of Director (Finance), HMT Limited to Ms. Rita Saxena, General Manager (Internal Audit), M/s. Bharat Heavy Electricals Limited for a period upto 24.05.2024 or till the appointment of a regular incumbent or till further orders, whichever is the earliest, subject to the approval of Appointments Committee of the Cabinet (ACC). Ms. Rita Saxena (DIN: 10294769), Director (Finance) has been inducted on the Board of Directors of the Company w.e.f 25th August, 2023 on her assumption of charge.

Ms. Mukta Shekhar (DIN: 10118859), Joint Secretary, Ministry of Heavy Industries was appointed as Government Nominee Director on the Board of HMT Limited with effect from 4th September 2023, until further orders vice Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries.

The Board of Directors of the Company has designated Smt. Aparna R., Manager (F&A) as the Chief Financial Officer (CFO) of the Company w.e.f 10th November 2023 until further orders, in place of Smt. Kamna Mehta, Deputy Manager (CF) in view of organizational changes.

Shri. Pankaj Gupta (DIN: 09716028), Executive Director, M/s Bharat Heavy Electricals Limited, ceases to be Chairman & Managing Director (Additional Charge) HMT Limited, on completion of term on 24th November 2023.

Ministry of Heavy Industries vide its order dated 29th December 2023 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, upto 24.11.2024, or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the approval of the Appointments Committee of the Cabinet (ACC). Shri. Rajeev Singh, (DIN: 10447679) Chairman & Managing Director (Additional Charge) has been inducted on the Board of Directors of the Company w.e.f 30th December, 2023 on his assumption of charge.

Ministry of Heavy Industries vide its order dated 4th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. K Ravishankar, Executive Director, Bharat Heavy Electricals Limited in place of Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the post till 24.08.2024 i.e., date of his superannuation or till the joining of a regular incumbent or until further orders whichever is earliest, subject to ex-post facto approval of Appointments Committee of the Cabinet (ACC). Shri. K. Ravishankar (DIN: 10540509), Chairman & Managing Director (Additional Charge) has been inducted on the Board of Directors of the Company w.e.f 08th March, 2024 (A/N) on his assumption of charge.

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

Ministry of Heavy Industries vide its order dated 26th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. Rajesh Kohli, Executive Director, Bharat Heavy Electricals Limited (BHEL), in place of Shri. K. Ravishankar, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the posts, for a period of one year or till the joining of a

regular incumbent, or until further orders, whichever is earliest, subject to the ex-post facto approval of the Appointments Committee of the Cabinet (ACC). Accordingly, Shri. Rajesh Kohli (DIN:10333951) has been inducted as Chairman & Managing Director (Additional Charge) on the Board of Directors of the Company w.e.f 5th April, 2024 (A/N) on his assumption of charge in place of Shri. K Ravishankar.

Ms. Rita Saxena (DIN: 10294769), General Manager (Internal Audit), M/s Bharat Heavy Electricals Limited, ceases to be Director (Finance) (Additional Charge), HMT Limited, on completion of term from 25th May, 2024.

Ministry of Heavy Industries vide its order dated 7th June, 2024 has entrusted the additional charge of the post of Director (Finance), HMT Limited, Bengaluru to Smt. Sameena Kohli, General Manager (Finance-SBD & ISG), BHEL, Bengaluru for a period of one year or till the joining of regular incumbent to the post or until further order, whichever is earliest, subject to the approval of Appointment Committee of Cabinet (ACC). Accordingly, Smt. Sameena Kohli (DIN: 10663362) has been inducted as Director (Finance), (Additional Charge) on the Board of Directors of the Company w.e.f 10th June, 2024 on her assumption of charge.

Ministry of Heavy Industries vide its order dated 23rd July, 2024 has appointed Dr. Renuka Mishra, Economic Adviser, Ministry of Heavy Industries as Government Nominee Director on the Board of HMT Limited with immediate effect and until further orders, vice Ms. Mukta Shekhar, ex-Joint Secretary, Ministry of Heavy Industries. Accordingly, Dr. Renuka Mishra (DIN: 08635835) has been inducted as Government Nominee Director on the Board of Directors of the Company w.e.f 23rd July, 2024.

Shri. Rajesh Kohli (DIN: 10333951), Dr. Renuka Mishra (DIN: 08635835) and Smt. Sameena Kohli (DIN: 10663362) are proposed for appointment as Director in terms of Article 67(4) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting.

The Nomination and Remuneration Committee has recommended their appointments.

Ms. Arti Bhatnagar, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. The Board recommends her re-appointment.

Shri. K. Ravishankar, Chairman and Managing Director (Additional Charge), Smt. Aparna R., Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the Key Managerial Personnel's (KMP's) as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2024.

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

During FY2023-24, there were no Independent Directors on the Board of the Company, hence declaration from Independent Directors & registration in the data bank maintained by IICA is not applicable to the Company.

#### **CODE OF CONDUCT**

A declaration by the Chairman & Managing Director (Additional Charge) for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended on March 31, 2024 is appended to this report as **Annexure-14**.

#### **INTERNAL FINANCIAL CONTROLS**

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

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

There are no Material changes and commitments affecting the financial position of the company which occurred between 31st March 2024 and date of signing of this Report.

#### **RELATED PARTY TRANSACTIONS**

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

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

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

During FY2023-24, there were no instances of providing Guarantees and making Investments covered under the provisions of Section 186 of the Companies Act, 2013. Details of Loans covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

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

There are no instances of one-time settlement during the financial year 2023-24.

#### **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 2023-24.

#### **OTHER DISCLOSURES**

The Register of Members and Share Transfer records both in respect of the shares held in physical and depository form are maintained by M/s. KFin

Technologies Limited, the Registrars & Share Transfer Agents of the Company.

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

As on 31st March 2024, no amount is required to be transferred to Investor Education and Protection Fund (IEPF).

During FY2023-24, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is applicable to the Company. Accordingly, such records have been made and maintained by the Company.

Place: Bengaluru  
Date: 25.10.2024

## ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

#### CSR Mission

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

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

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

### Main Features of the Policy

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

**2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri. Krishnaswami Ravishankar <sup>1</sup>	Chairman / Chairman & Managing Director (Addl. Charge)	-	-
2	Shri. Rajeev Singh <sup>2</sup>	Chairman / Chairman & Managing Director (Addl. Charge)	1	1
3	Ms. Arti Bhatnagar <sup>3</sup>	Member / Govt. Nominee Director	1	1
4	Shri. Pankaj Gupta <sup>4</sup>	Chairman / Chairman & Managing Director (Addl. Charge)	2	2
5	Ms. Mukta Shekhar <sup>5</sup>	Member / Govt. Nominee Director	1	1
6	Dr. Renuka Mishra <sup>6</sup>	Member / Govt. Nominee Director	2	2
7	Ms. Rita Saxena <sup>7</sup>	Member / Director (Finance) (Addl. Charge)	2	2

1. Appointed as Chairman w.e.f. 08.03.2024

2. Appointed as Chairman w.e.f. 30.12.2023 and Ceased to be Chairman w.e.f. 08.03.2024

3. Ceased to be Member w.e.f. 25.08.2023, Appointed as Chairman w.e.f. 25.11.2023 and Ceased to be Chairman w.e.f. 30.12.2023

4. Ceased to be Chairman w.e.f. 24.11.2023

5. Appointed as Member w.e.f. 04.09.2023

6. Ceased to be Member w.e.f. 04.09.2023

7. Appointed as Member w.e.f. 25.08.2023

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

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

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

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

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Not applicable

**5. (a) Average net profit of the company as per sub-section (5) of section 135: Rs. 28,27,72,328/-**

**(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 56,55,447/-**

**(c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: NIL #**

# Funds to be spent as part of on-going CSR projects of previous financial years are detailed in Table No.7. below.

**(d) Amount required to be set off for the financial year, if any: NIL**

**(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: Rs. 56,55,447/-**

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**

Rs. 56,25,447/-

**(b) Amount spent in Administrative Overheads:** Rs.30,000/-

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

**(d) Total amount spent for the Financial Year [(a)+(b)+(c)]:** Rs. 56,55,447/-<sup>@</sup>
<sup>@</sup> Total CSR amount earmarked during the reporting FY2023-24.

**(e) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (In Rs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
28,75,447/-*	27,80,000/-	29.04.2024	-	-	-

\*Amount spent pertaining to FY2023-24 as on 31.03.2024.

**(f) Excess amount for set-off, if any:**

Sl. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	56,55,447/-
(ii)	Total amount spent for the Financial Year	28,75,447/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

**7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.) *	Amount Spent in the Financial Year (in Rs) **	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs) ***	Deficiency, if any
					Amount	Date of Transfer		
1	2020-21	970000	Nil	Nil	Nil	Nil	NIL	Nil
2	2021-22	4103000	Nil	Nil	Nil	Nil	Nil	Nil
3	2022-23	4271260	4271260	4189241	Nil	Nil	82019	Nil

\* As on 01.04.2023, \*\* spent in the reporting FY \*\*\* After FY2023-24.



**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
N/A							

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: N/A**

Date: 25.10.2024

**Rajesh Kohli**

{Chairman & Managing Director (Addl. Charge)}

&

(Chairman, CSR Committee)

**Annexure - 1A**
**DETAILS OF THE CSR ACTIVITIES UNDERTAKEN DURING FY2023-24**
**(Status of On-going & other than On-going CSR projects)**

Sl. No.	CSR Amount allocated (In Rs.)	Name of the Project	Item from the list of activities in Schedule VII to the Act	Location of the project	Mode of Implementation	Project duration / Date of Completion
1	*2,50,000/-	Supply of Blazer/ Jackets to 115 girls students studying PUC in Karnataka Public School (GoK), Jalahalli, Bangalore	Item No. II (Education)	Bangalore, Karnataka	Direct	31.08.2024 --- On Going Project completed
2	*25,00,000/-	Supply of Cardiac Ambulance to Government Medical College & Hospital, Govt. of Maharashtra, Aurangabad	Item No. I (Health Care)	Aurangabad, Maharashtra	Direct	31.10.2024 --- On Going Project
3	28,75,447/-	Contribution to Prime Minister's National Relief Fund	Item No. VIII (Contribution to the prime minister's national relief fund)	-	Direct	30.03.2024
4	*30,000/-	Administrative Expenses				
	<b>56,55,447/-</b>					

*\*Balance amount remaining after completion of ongoing CSR projects for the FY2023-24 shall be transferred to any of the Central Government Fund as prescribed in Point No. VIII of Schedule VII of Companies Act 2013 to ensure completion of the project for the FY2023-24 and full utilization of CSR amount.*

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**Form AOC-1**

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

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

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

Sl. No.	Particulars	Details		
		01	02	03
1.	Sl. No.	HMT Machine Tools Limited	HMT (International) Limited	HMT Watches Limited
2.	Name of the subsidiary	09-08-1999	13-12-1974	09-08-1999
3.	The date since when subsidiary was acquired	NA	NA	NA
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in case of foreign subsidiaries	NA	NA	NA
6.	Share capital	27659.91	72.00	649.01
7.	Reserves & surplus (Accumulated Profit/(Losses))	(224862.58)#	3709.49	(649.01)
8.	Total assets	31338.53	5862.44	-
9.	Total Liabilities	228541.20	2080.95	-
10.	Investments	-	-	-
11.	Turnover	9969.99	1758.62	-
12.	Profit before taxation	(15524.17)	481.21	353064.78
13.	Provision for taxation	-	401.29	84986.12
14.	Profit after taxation	(15524.17)	79.92	268078.66
15.	Proposed Dividend	NIL	NIL	NIL
16.	Extent of shareholding (in percentage)	100%	100%	100%

#Includes Capital Reserve of Rs.2270.82 Lakhs

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year—NIL

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

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

(Rs in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2023	31.03.2024
2	Date on which the Associate or Joint Venture was associated or acquired	15-02-1975	05-09-1994
3	Shares of Associate held by the company on the year end		
	Nos.	2084050 of Rs. 1/- each	150000 of Rs. 10/- each
	Amount of Investment in Associates / Joint Venture	20.84	15.00
	Extent of Holding %	39.86%	50%
4	Description of how there is significant influence	Investment in the equity to the extent of 39.86% paid up capital	Investment in the equity to the extent of 50% paid up capital
5	Reason why the associate / joint venture is not Consolidated	Accounts of GSMTC are not yet finalized	N.A
6	Networth attributable to Shareholding as per latest audited Balance Sheet	Accounts of GSMTC are not yet finalized	18.20
7	Profit / Loss for the year		
	i. Considered in Consolidation	NIL	(0.57)
	ii. Not Considered in Consolidation	Accounts of GSMTC are not yet finalized	N.A

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

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### GLOBAL ECONOMIC ENVIRONMENT

The future of Global Dairy Processing Equipment Market looks promising on account of increase in demand for fresh dairy products due to population growth, rising incomes and dietary habits. As per Markets and Markets report, the global dairy processing equipment industry is projected to reach USD 14.4 billion by 2028 from USD 10.7 billion in 2023 at CAGR of 6.2% during the forecast period 2023-2028.

### INDUSTRY STRUCTURE AND DEVELOPMENT

The food processing industry is of great importance as it provides linkages between agriculture and industry. The Government of India has initiated several steps in the past few years to accelerate this sector.

Food processing has become an integral part of the food supply chain in the global economy, and India has seen growth in this sector in the last few years.

The India food processing market size reached INR 28,027.5 billion in 2023. IMARC Group expects the market to reach INR 61,327.5 billion by 2032, exhibiting a growth rate (CAGR) of 8.8% during 2024-2032.

### OUTLOOK OF DAIRY MACHINERY INDUSTRY IN INDIA

The dairy machinery industry in India is expected to grow at a CAGR of 15.4% from 2024-2032. This growth is being driven by a number of factors, including:

**Increasing milk production in India:** India is the world's largest milk producer, and milk production is expected to continue to grow in the coming years. This will in turn create a demand for dairy machinery to process and package the increased milk production.

**Rising disposable incomes:** As incomes rise in India, people are increasingly able to afford processed dairy products. This is creating a demand for new and innovative dairy machinery that can produce high-quality, safe and affordable dairy products.

**Growth export market:** India is a major exporter of dairy products, and the export market is expected to grow in the coming years. This will create a demand for dairy machinery that can meet the standards of international markets.

**Government support:** the Indian government is providing support to the dairy industry through schemes such as the National Dairy Development Board (NDDB).

In conclusion, the future outlook of the dairy machinery industry in India looks promising, driven by the increasing demand for dairy products, government support, adoption of new technologies, and the emergence of organized players in the industry.

### OPPORTUNITIES:

Food Processing Machinery Unit, Aurangabad (FPA) is capable of taking up turnkey projects for setting up of Dairy Processing Plants up to the capacity of 50,000 liters per day. During the year 2023-24, the company has received three orders for setting up of Dairy processing plants. Turnkey project for a dairy plant at Jorhat, Assam has been completed and the second dairy plant at Dibrugarh, Assam is in its final stage of commissioning. Next turnkey project for establishment of a Dairy plant at Shikarpur, Uttarakhand is in process of establishment and is expected to be commissioned by 15.12.2024.

### CHALLENGE:

Our dairy machineries are based on the technology achieved through Technical Collaboration with M/s. Fortschritt Landmaschinen, GDR (East Germany) in the year 1980. To upgrade the technology to compete with our competitors another technical collaboration or a joint working arrangement (JWA) with a reputed agency is required. We are pursuing joint working arrangement to absorb the latest technology.

Due to the lower pay scale, highly qualified and technical engineers are not joining the company.

Lack of marketing network for product sale and advertisement is also a big reason for low market share. Experienced designers and dairy experts are not available for the development of new products. Due to stiff competition in the market our products are sold at a very low profit margin.

### CONCERNS:

**Volatile input costs:** As a highly perishable product is being handled, stainless steel is one of the major raw materials for the Dairy Machinery. The cost of stainless steel has been very volatile in the market due to various reasons. The projects/contracts undertaken by the company are on a fixed-cost basis; however, due to the volatility of the raw material prices including that of stainless steel, the company is exposed to the risk of excess expenditure. To overcome this, the company at the time of placing bids, consider the expected volatility in raw material prices to safeguard its margins. The typical characteristic of the Dairy Machinery industry is that it is cyclically associated with Capital goods sector but its fortunes are closely linked to Dairy Industry. Thus, the debtor collection period is quite long, in excess of 100 days and also the operating margin, PBDIT is less ranging from 4 to 5%. Thus, any slight volatile change in raw material or any other input cost impacts the margin of the company immediately.

### RISK AND CONCERNS

Gaps in the supply chain are perhaps the biggest challenge faced by this industry. Pre-processing losses occur due to lack of awareness and a dearth of storage and pack-house facilities close to the production vicinity. Preparing inventories for the products pose big challenge due to highly competitive market and volatility of stainless steel prices.

### SEGMENT WISE / PRODUCT WISE PERFORMANCE

#### FOOD PROCESSING EQUIPMENT

- Automatic day-date models: Well received in the market because of the design and aesthetics. However, due to cost factor sales are low.

### WATCHES

- Quartz: Very good market for quartz watches as the price range starts from Rs. 650/- to Rs. 3500/-.
- Hand-wound Mechanical: Well accepted in the market, but due to unavailability of components, production of hand-wound mechanical watches are limited.

### RESEARCH & DEVELOPMENT

- The Company is planning to introduce Ladies watches in the quartz segment with latest design at different price ranges.

### FINANCIAL PERFORMANCE

The turnover of the Company for the year 2023-24 was Rs.47.91 crores with net profit of Rs.24.42 Crore.

Turnover decreased from Rs.43.55 crores for the previous year to Rs.36.05 crore during current year in respect of Food Processing Machinery Division, Aurangabad, which is mainly on account of Revenue from Powder project.

The total borrowing (loan) of the Company from Government of India were Rs.641.72 crores as on 31.3.2024.

### RATIO ANALYSIS

	2023-24	2022-23
Trade Receivables Turnover	113 days	125 days
Inventory Turnover	90 days	69 days
Interest Coverage Ratio	Nil	956.52
Net Profit Margin (%)	24.63%	7.06%
Return on Net Worth	5.32%	1.63%

Trade Receivables Turnover (in days) has decreased due to decrease in trade receivables on account of collections.

Inventory Turnover (in days) has increased due to an increase in inventory holding and reduction in turnover due to revenue from powder project.

No interest on the borrowings during the year and hence, interest coverage ratio is nil.

The increase in Net Profit Margin is mainly due to increase in Net profit during the year on account of the reversal of excess income tax provision made during the previous year.

Increase in return on Net worth is due to increase in PAT on account of the reversal of excess income tax provision made during the previous year.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

- Compliance with laws and regulations.

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

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

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

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

### **HUMAN RESOURCES**

As on 31.03.2024, the Company and its Subsidiaries had a total workforce of 714 employees, comprising various categories of employees in manufacturing plants and other offices in technical and other professional areas as detailed below.

**COMPANY AND SUBSIDIARY WISE QUALIFICATION DETAILS AS ON 31.03.2024**

SI No	Company and Subsidiary	IP as on 31.03. 2024	Engineering Graduates	Diploma Holders	Professionals		ITI/ NAC	General Graduates/ Post Graduates	Others
					HR	Finance			
1	HMT Limited	55	16	1	7	3	11	15	2
2	HMT Machine Tools Ltd	643	123	105	5	8	265	36	101
3	HMT Watches Ltd	0	0	0	0	0	0	0	0
4	HMT (International) Ltd	16	13	0	1	1	0	1	0
	<b>Total</b>	<b>714</b>	<b>152</b>	<b>106</b>	<b>13</b>	<b>12</b>	<b>276</b>	<b>52</b>	<b>103</b>

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

Sl. No	Organisation	No. of employees opted for VRS				
		2020-21	2021-22	2022-23	2022-24	Total
1	HMT Limited	-	-	-	-	-
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	-	-	-	-	-
4	HMT (International) Ltd.	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-

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

### **PERSONNEL AND INDUSTRIAL RELATIONS**

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

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951



## REPORT ON CORPORATE GOVERNANCE

### I COMPANY'S PHILOSOPHY

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

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

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

### II BOARD OF DIRECTORS

As per the listing requirements, the Board of Directors of the Company should consist of minimum

Six Directors out of which half shall comprise of Independent Directors including one Independent Woman Director. As on March 31, 2024, the Board of Directors comprised of Chairman & Managing Director (Additional Charge), two Government nominee Directors and Director (Finance) (Additional Charge). As Government of India is the appointing authority for Directors, they have been requested to appoint Independent Directors to comply with Listing requirements.

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

During the year 2023-24, Six (6) Board Meetings were held on May 17, July 20, August 14, September 1, November 10 in the calendar year 2023 and February 7 in the calendar year 2024.

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

Name	Category	Meetings held during respective tenure of Directors	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held as on 31.03.2024		
			Board Meetings	AGM/ EGM	Directorship	# Committee	
						Membership	Chairmanship
Krishnaswami Ravishankar (DIN: 10540509) (w.e.f. 08.03.2024)	C & MD	-	-	NA	3	1	-
Rajeev Singh (DIN: 10447679) (w.e.f. 30.12.2023 upto 08.03.2024)	C & MD	1	1	NA	3	1	-
Pankaj Gupta (DIN: 09716028) (upto 24.11.2023)	C & MD	5	5	Yes	3	1	-
Arti Bhatnagar (DIN: 10065528)	NENI	6	6	-	6	3	3

Mukta Shekhar (DIN: 10118859) (w.e.f. 04.09.2023)	NENI	2	2	Yes	8	-	-
Renuka Mishra (DIN: 08635835) (upto 04.09.2023)	NENI	4	4	NA	2	1	-
Rita Saxena (DIN: 10294769) (w.e.f. 25.08.2023)	ENI	3	3	Yes	-	-	-

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

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

No Director is holding equity shares in the Company as on 31.03.2024. None of the Directors had any relationship inter-se during the year 2023-24.

**Details of Directors holding Directorship in other Listed Entities and the category of their Directorship as on 31.03.2024:**

Name of Director	Name of Other Listed Entity where Directorship is held	Category of Directorship
Arti Bhatnagar	Bharat Heavy Electricals Limited	NENI
	MMTC Limited	NENI
	The State Trading Corporation of India Limited	NENI

*NENI: Non-Executive & Non-Independent*

**TRAINING PROGRAMMES FOR DIRECTORS & FAMILIARISATION PROGRAMME TO INDEPENDENT DIRECTORS**

Directors are apprised of the Company's business, nature of operations, and other important matters from time to time. A policy for training of the Board of Directors has been formulated. At the convenience of the Directors, they shall be nominated for various trainings, seminars, conferences, conventions etc.

During the financial year, there were no familiarization programmes imparted to Independent Directors as there were no Independent Directors on the Board.

**MATRIX ON SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD OF DIRECTORS**

HMT Limited being a Government Company, all the Directors on the Board are selected and appointed

by the Government of India as per a well laid down process for each category of Directors. The skills / expertise / competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of Directors of the Company is made by the Government as per its own process. At the time of recruitment of the Functional Directors, job description, desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates. Skills/Expertise/Competence of Board of Directors is below.

Sl. No.	Name of Director	Skills/Expertise/Competence
1	Krishnaswami Ravishankar (DIN: 10540509)	<p>Shri. K. Ravishankar was Executive Director in M/s. Bharat Heavy Electricals Limited (BHEL) / Corporate R &amp;D / Hyderabad. Shri. K. Ravishankar completed his B.E in Mechanical Engineering from Motilal Nehru Regional Engineering Collage Prayagraj, Uttar Pradesh in the year 1985, M.E in Manufacturing Technology from REC, Trichy in 1989, MBA from IGNOU, New Delhi in 1995 and M.A. (English) from Annamalai University, Tamil Nadu in the year 2016.</p> <p>Shri. K. Ravishankar joined BHEL as an Engineer Trainee at Tiruchirappalli Unit in October 1985. He has served in Product Engineering Department in various capacities in Pressure Parts &amp; Boiler Layout groups and in the Material Management group as head of procurement / Raw materials. He subsequently served as General Manager / Engineering/ Boilers from 2015 to 2018. In May 2018, he was transferred to BHEL- Corporate Office in the Mission Directorate for Advanced Ultra Super Critical Technology development constituted under Ministry of Heavy Industries , where he was responsible for development of projects for the Boiler Island technology establishment. He was also Head of Hydrogen Business Group under the new growth areas of Corporate Strategic Management wherein he addressed the business potential, the technology requirements and the road map for business development in BHEL. As Head of Corporate R&amp;D, he has been instrumental in focusing and addressing the technical development needs of the organization through in house Development and focusing on the new and upcoming business areas of Coal to Chemicals and Hydrogen value chain. In Nov 2023, he was elevated as Executive Director, Corporate R&amp;D.</p>
2	Rajeev Singh (DIN: 10447679)	<p>Shri. Rajeev Singh is Executive Director of M/s. Bharat Heavy Electricals Limited. (BHEL)</p> <p>Shri. Rajeev Singh is a Mechanical Engineering Graduate from REC, Bhopal and an MBA in Financial Management. Shri. Rajeev Singh joined BHEL in January 1988 at Corporate Office, New Delhi.</p> <p>He has served as Unit head of various business verticals/manufacturing Units viz. Heavy Plates and Vessels Plant-Vizag, Transmission Business Group-Noida, Boiler Auxiliary Plant - Ranipet. Under his dynamic leadership the teams at these Units were able to deliver their best, resulting in excellent financial performance for the Units. He has vast experience in the field of Hydro Turbines and Traction Machines.</p>
3	Pankaj Gupta (DIN: 09716028) (upto 24.11.2023)	<p>Shri Pankaj Gupta has 37 years of rich experience in wide range of business segments with working in various capacities at BHEL.</p> <p>Shri Pankaj Gupta was an Executive Director at BHEL heading the Solar Business Division (SBD) Bengaluru. Under his leadership, more than 270MW of Solar Plants were commissioned. 147MW of three floating solar plants were commissioned each having unique and state of the art anchoring &amp; mooring arrangements with distinction of commissioning of largest floating solar plant having capacity of 100MW at NTPC Ramagundam.</p>

		<p>Earlier as Head of Defence &amp; 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 &amp; MOUs with Russia and Ukraine for supply of Defence equipment.</p> <p>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 completed B. Tech. in Production Engineering from Punjab Engineering College, Chandigarh.</p>
4	Arti Bhatnagar (DIN: 10065528)	<p>Ms. Arti Bhatnagar is a Civil Servant of the Indian Defence Accounts Service of the 1990 batch. She is presently working as Additional Secretary &amp; Financial Adviser, Ministry of Commerce &amp; Industry, Ministry of Heavy Industry and Ministry of MSME. Ms. Arti Bhatnagar has a postgraduate degree in Economics and M. Phil in Defence Strategic Studies from Madras University. She is an alumni of the National Defence College.</p> <p>With about 25 years of experience in dealing with Finance, Accounts and Audit of the Defence Forces, her expertise is in handling defence acquisition and procurement contracts. Ms. Arti Bhatnagar has worked as Joint Secretary (Security), Cabinet Secretariat handling SPG for five years. Ms. Arti Bhatnagar has also worked as a Chief Vigilance Officer for Air India, Pawan Hans Ltd. and Airport Authority of India.</p>
5	Mukta Shekhar (DIN: 10118859)	<p>Ms. Mukta Shekhar worked as Joint Secretary, Ministry of Heavy Industries. Ms. Mukta Shekhar is an IRAS officer of 1994 batch. She has completed her M.Phil. in Defence and Strategic Studies from University of Madras at the National Defence College, New Delhi and Masters in History from St. Stephen's College, Delhi. Her area of expertise is Financial Management and project finance. She has worked at various levels in the Indian Railways, Government of India as Financial Adviser specializing in financial appraisal and project finance. She also worked at the Joint General Manager level in DMRC where she was the associate Finance Officer for projects of Phase II of DMRC.</p> <p>She has wide experience in the Public Private Partnership area having steered fund management and other contract related activities for pioneer PPP projects of Western Railway, Ministry of Railways, Government of India. Ms. Mukta Shekhar has also a varied experience in the International Cooperation arena and worked for 5 years in the Ministry of External Affairs wherein she was looking after implementation of projects under India's Development assistance programme with other countries, Investment and Trade promotion, international arbitration disputes, investment and trade agreements, and civil aviation matters. She also formulated modalities for innovative schemes like concessional financing packages for externally aided projects. Ms. Mukta Shekhar also worked as Joint Secretary in Department of Food, Ministry of Consumer Affairs, wherein she looked after International Cooperation which entailed interface with multi-lateral agencies, the edible oil sector, monitoring of prices of essential commodities and quality control of foodgrains procured under the Central pool stock in conjunction with other stakeholders</p>

6	Renuka Mishra (DIN: 08635835)	<p>Dr. Renuka Mishra is presently Economic Adviser in Ministry of Heavy Industries, Government of India.</p> <p>Dr. Renuka Mishra, PhD, MA (Economics) 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.</p> <p>Dr. Renuka Mishra has been regular author of many articles/papers published in various journals/magazines on the areas covering taxation, forestry, renewable energy, climate change and vulnerability of women.</p>
7	Rita Saxena (DIN: 10294769)	<p>Ms. Rita Saxena has 35 years of rich experience in wide range of Finance operations with working in various capacities at BHEL. She is a qualified Cost Accountant and postgraduate in Commerce.</p> <p>Ms. Rita Saxena was General Manager at BHEL heading the Internal Audit function of South based Units/Region/Divisions. Earlier as Head Finance of Industrial Systems Group of BHEL, she was instrumental in expeditious project execution and cost control through close monitoring and fast resolution of issues involved. In various capacities she had previously worked in finance functions of Project Engineering &amp; Management Division (PEM) and BHEL Corporate office and handled areas like Project Accounting, Indirect Taxation, Auditing, Receivable Management etc. She was instrumental in the computerization of finance function in PEM division of BHEL. She had also served as Associate Project Director (Fin) of prestigious Advance Ultra Super Critical (AUSC) R&amp;D project, a MHI funded project where BHEL was lead execution agency along with IGCAR &amp; NTPC and had experience of Total Project Management.</p>

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

Shri. Rajesh Kohli, Dr. Renuka Mishra and Smt. Sameena Kohli are proposed for appointment as Directors in terms of Article 67 of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Ms. Arti Bhatnagar, Government Nominee Director will be retiring by rotation and being eligible, offer herself for re-appointment at the ensuing AGM. The Nomination and Remuneration Committee & Board of Directors of the Company recommends the appointment/re-appointment of said Directors.

In terms of Regulation 36(3) of the Listing Regulations, brief resume of the Directors proposed

for appointment and re-appointment is appended to the notice of the AGM.

**III COMMITTEES OF THE BOARD**

**A. AUDIT COMMITTEE**

As on 31.03.2024, the Audit Committee consists of three Directors i.e., Ms. Mukta Shekhar, Government Nominee Director as Chairman, Shri. Krishnaswami Ravishankar, Chairman and Managing Director (Addl. Charge) and Ms. Rita Saxena, Director (Finance) (Addl. Charge) as members. The Company Secretary shall be the Convener of the Committee Meetings.

As and when the Independent Directors are appointed on the Board by the Government of India, Audit Committee of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act, 2013, the SEBI (LODR) Regulation, 2015 and DPE guidelines.

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

The terms of reference of Audit Committee are as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance which includes Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible, recommendation of remuneration of statutory auditors appointed by CAG, recommendation for appointment, remuneration and terms of appointment of internal auditors, approval of

payment to statutory auditors for any other services rendered by the statutory auditors, reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, reviewing, with the management, the quarterly financial statements before submission to the board for approval, Scrutiny of inter-corporate loans and investments, Valuation of undertakings or assets of the listed entity, wherever it is necessary, Evaluation of internal financial controls and risk management systems etc.

During the year 2023-24, Six (6) Audit Committee Meetings were held on May 17, July 20, August 14, September 1, November 10 in the calendar year 2023 and February 7 in the calendar year 2024.

#### **DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2023-24**

<b>Name of the Member</b>	<b>Category</b>	<b>Meetings held during respective tenure of Directors</b>	<b>No of Meetings attended</b>
Shri. Krishnaswami Ravishankar <sup>1</sup>	C & MD	-	-
Shri. Rajeev Singh <sup>2</sup>	C & MD	1	1
Ms. Arti Bhatnagar <sup>3</sup>	NENI	3	3
Shri. Pankaj Gupta <sup>4</sup>	C & MD	5	5
Ms. Mukta Shekhar <sup>5</sup>	NENI	2	2
Dr. Renuka Mishra <sup>6</sup>	NENI	4	4
Ms. Rita Saxena <sup>7</sup>	ENI	3	3

1. *Appointed as Member w.e.f. 08.03.2024*
2. *Appointed as Member w.e.f. 30.12.2023 and Ceased to be Member w.e.f. 08.03.2024*
3. *Ceased to be Member w.e.f. 25.08.2023, Appointed as Member w.e.f. 25.11.2023 and Ceased to be Member w.e.f. 30.12.2023*
4. *Ceased to be Member w.e.f. 25.11.2023*
5. *Appointed as Chairman w.e.f. 04.09.2023*
6. *Ceased to be Chairman w.e.f. 04.09.2023*
7. *Appointed as Member w.e.f. 25.08.2023*

#### **B. NOMINATION & REMUNERATION COMMITTEE**

As on 31.03.2024, the Nomination and Remuneration Committee consists of Three Directors i.e., Ms. Mukta Shekhar, Government Nominee Director as Chairman, Ms. Arti Bhatnagar, Government Nominee Director and Shri. Krishnaswami Ravishankar, Chairman and Managing Director (Addl. Charge) as members. The

Company Secretary shall be the Convener of the Committee Meeting.

As and when the Independent Directors are appointed on the Board by the Government of India, Nomination and Remuneration Committee of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act, 2013, the SEBI (LODR) Regulation, 2015 and DPE guidelines.

The Nomination and Remuneration Committee shall comply with the terms of reference as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the DPE guidelines on Corporate Governance which includes recommend to the Board of Directors matters relating to the appointment and remuneration of the key managerial personnel

and senior management personnel, Recommend on Performance Related Pay in line with relevant Guidelines of the Department of Public Enterprises, Recommend the annual bonus/ variable pay pool and policy for its distribution across executives and non-unionized supervisors and carrying out any other functions as enumerated under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015, DPE guidelines and directions of the Board of Directors of the Company.

During the year 2023-24, Two (2) Nomination and Remuneration Committee Meetings were held on September 1 and November 10 in the calendar year 2023.

### **DETAILS OF ATTENDANCE OF MEMBERS AT THE NOMINATION AND REMUNERATION COMMITTEE MEETING HELD DURING 2023-24**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Krishnaswami Ravishankar <sup>1</sup>	C & MD	-	-
Shri. Rajeev Singh <sup>2</sup>	C & MD	-	-
Ms. Rita Saxena <sup>3</sup>	ENI	-	-
Shri. Pankaj Gupta <sup>4</sup>	C & MD	2	2
Ms. Mukta Shekhar <sup>5</sup>	NENI	1	1
Dr. Renuka Mishra <sup>6</sup>	NENI	1	1
Ms. Arti Bhatnagar	NENI	2	2

1. *Appointed as Member w.e.f. 08.03.2024*

2. *Appointed as Member w.e.f. 30.12.2023 and Ceased to be Member w.e.f. 08.03.2024*

3. *Appointed as Member w.e.f. 25.11.2023 and Ceased to be Member w.e.f. 30.12.2023*

4. *Ceased to be Member w.e.f. 25.11.2023*

5. *Appointed as Chairman w.e.f. 04.09.2023*

6. *Ceased to be Chairman w.e.f. 04.09.2023*

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

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

Ministry of Corporate Affairs vide Notification dated June 5, 2015 provided that Section 178 (2), (3) & (4) of the Companies Act, 2013 with regard to performance evaluation of Directors shall not apply to Government Company.

#### **Remuneration to Directors**

During the Financial Year, Shri Pankaj Gupta, Executive Director, M/s. Bharat Heavy Electricals Limited was

entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited by the Ministry of Heavy Industries, Government of India upto 24.11.2023. Later, Shri. Rajeev Singh, Executive Director, M/s. Bharat Heavy Electricals Limited had been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f., 30.12.2023 to 08.03.2024 and Shri. Krishnaswami Ravishankar, Executive Director, M/s. Bharat Heavy Electricals Limited has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f., 08.03.2024 to 24.08.2024 i.e., date of his superannuation or till the joining of a regular incumbent or until further orders whichever is earliest, subject to ex-post facto approval of Appointments Committee of the cabinet (ACC).

Accordingly, Shri Pankaj Gupta, Shri. Rajeev Singh and Shri. Krishnaswami Ravishankar, Chairman & Managing Directors (Addl. Charge) were not

drawing any remuneration & perquisites from the Company during the Financial Year. Hence details of remuneration of Whole Time Directors are NIL as below.

Amount in Rs.

Particulars of Remuneration	Shri Pankaj Gupta	Shri. Rajeev Singh	Shri. Krishnaswami Ravishankar
Gross Salary	NIL	NIL	NIL
Value of perquisites / Commission / Stock Option	NIL	NIL	NIL
Total	NIL	NIL	NIL

Part-time Official (Government Nominee) Directors are not paid any remuneration or sitting fees for attending Board/Committee meetings.

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

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors.

Apart from receiving sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2023-24.

There were no Independent Directors during the financial year 2023-24. Hence, sitting fees paid to the Non-Official Independent Directors during the year 2023-24 is Nil.

### **C. SHAREHOLDER COMMITTEE:**

#### **(i) Share Transfer Sub-Committee**

During the FY 2023-24, the Share Transfer Sub-Committee comprised of Shri. Pankaj Gupta, Chairman and Managing Director (Additional Charge) upto 24.11.2023, Shri. Rajeev Singh, Chairman

and Managing Director (Additional Charge) w.e.f., 30.12.2023 upto 08.03.2024 and Shri Krishnaswami Ravishankar, Chairman and Managing Director (Additional Charge) w.e.f., 08.03.2024 as a single member to look after transfer/ transmission of shares issued by the Company etc. One (1) meeting was held during the FY 2023-24.

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

Shri Kishor Kumar S, Company Secretary

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

As on 31.03.2024, the Stakeholders Relationship Committee consists of three Directors i.e., Ms. Mukta Shekhar, Government Nominee Director as Chairman, Shri. Krishnaswami Ravishankar, Chairman and Managing Director (Addl. Charge) and Ms. Rita Saxena, Director (Finance) (Addl. Charge) as members. The Company Secretary is the Convener of the Committee Meeting.

As and when the Independent Directors are appointed on the Board by the Government of India, Stakeholders Relationship Committee of the Board shall be reconstituted accordingly to comply with the provisions of the SEBI (LODR) Regulation, 2015 & DPE guidelines.

During FY 2023-24, Two Meetings were held on September 01 in the calendar year 2023 and February 07 in the calendar year 2024.



**DETAILS OF ATTENDANCE OF MEMBERS AT THE STAKEHOLDER'S RELATIONSHIP COMMITTEE MEETING HELD DURING 2023-24**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Krishnaswami Ravishankar <sup>1</sup>	C & MD	-	-
Shri. Rajeev Singh <sup>2</sup>	C & MD	1	1
Ms. Arti Bhatnagar <sup>3</sup>	NENI	-	-
Shri. Pankaj Gupta <sup>4</sup>	C & MD	1	1
Ms. Mukta Shekhar <sup>5</sup>	NENI	1	1
Dr. Renuka Mishra <sup>6</sup>	NENI	1	1
Ms. Rita Saxena <sup>7</sup>	ENI	2	2

1. Appointed as Member w.e.f. 08.03.2024
2. Appointed as Member w.e.f. 30.12.2023 and Ceased to be Member w.e.f. 08.03.2024
3. Ceased to be Member w.e.f. 25.08.2023, Appointed as Member w.e.f. 25.11.2023 and Ceased to be Member w.e.f. 30.12.2023
4. Ceased to be Member w.e.f. 25.11.2023
5. Appointed as Chairman w.e.f. 04.09.2023
6. Ceased to be Chairman w.e.f. 04.09.2023
7. Appointed as Member w.e.f. 25.08.2023

The terms of reference would include review and timely redressal of all the grievance of security holders of the Company and carrying out any other function mentioned in the SEBI (LODR) Regulations, 2015.

During the financial year 2023-24, 31 Complaints were received from shareholders which has been resolved to the satisfaction during the year itself. There are no pending complaints.

Number of pending Share Transfers - NIL

**D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

To comply with the provisions of section 135 of the Companies Act, 2013, the Board of Directors has constituted the Corporate Social Responsibility Committee (CSR Committee).

As on 31.03.2024, CSR Committee consists of Three Directors i.e., Shri. Krishnaswami Ravishankar, Chairman and Managing Director (Addl. Charge) as

Chairman, Ms. Mukta Shekhar, Government Nominee Director and Ms. Rita Saxena, Director (Finance) (Addl. Charge) as Members of the Committee. The Company Secretary is the Convener of the Committee Meeting.

As and when the Independent Directors are appointed on the Board by the Government of India, CSR Committee of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act, 2013.

Terms of reference of the CSR Committee shall be as enumerated under the provisions of the Companies Act, 2013 & DPE Guidelines.

During the year 2023-24, Three (3) CSR Committee Meetings were held on July 20, September 1 in the calendar year 2023 and February 7 in the calendar year 2024.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE CSR COMMITTEE MEETING HELD DURING 2023-24**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Krishnaswami Ravishankar <sup>1</sup>	C & MD	-	-
Shri. Rajeev Singh <sup>2</sup>	C & MD	1	1
Ms. Arti Bhatnagar <sup>3</sup>	NENI	1	1
Shri. Pankaj Gupta <sup>4</sup>	C & MD	2	2
Ms. Mukta Shekhar <sup>5</sup>	NENI	1	1
Dr. Renuka Mishra <sup>6</sup>	NENI	2	2
Ms. Rita Saxena <sup>7</sup>	ENI	2	2

1. Appointed as Chairman w.e.f. 08.03.2024
2. Appointed as Chairman w.e.f. 30.12.2023 and Ceased to be Chairman w.e.f. 08.03.2024
3. Ceased to be Member w.e.f. 25.08.2023, Appointed as Chairman w.e.f. 25.11.2023 and Ceased to be Chairman w.e.f. 30.12.2023
4. Ceased to be Chairman w.e.f. 24.11.2023
5. Appointed as Member w.e.f. 04.09.2023
6. Ceased to be Member w.e.f. 04.09.2023
7. Appointed as Member w.e.f. 25.08.2023

**E. RISK MANAGEMENT COMMITTEE**

As on 31.03.2024, Risk Management Committee consists of Three Directors i.e., Ms. Mukta Shekhar, Government Nominee Director as Chairman, Shri. Krishnaswami Ravishankar, Chairman and Managing Director (Addl. Charge), Shri. S.K. Kadbe, General Manager (Operations & Marketing), HMT Limited as Members of the Committee. Company Secretary is the Convener of the Committee.

As and when the Independent Directors are appointed on the Board by the Government of India, Risk Management Committee of the Board shall be reconstituted accordingly to comply with the SEBI (LODR) Regulation, 2015 and DPE guidelines.

The terms of reference of the Risk Management Committee are as enumerated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which includes formulation of detailed risk management policy, to ensure appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems, etc.

During the year 2023-24, Two (2) Risk Management Committee Meetings were held on July 20 in the calendar year 2023 and January 4 in the calendar year 2024.

**DETAILS OF ATTENDANCE OF MEMBERS AT THE RISK MANAGEMENT COMMITTEE MEETING HELD DURING 2023-24**

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Krishnaswami Ravishankar <sup>1</sup>	C & MD	-	-
Shri. Rajeev Singh <sup>2</sup>	C & MD	1	1
Ms. Rita Saxena <sup>3</sup>	ENI	-	-
Shri. Pankaj Gupta <sup>4</sup>	C & MD	1	1
Ms. Mukta Shekhar <sup>5</sup>	NENI	1	1
Dr. Renuka Mishra <sup>6</sup>	NENI	1	1
Shri. S.K. Kadbe <sup>7</sup>	GM(O&M)	1	1
Shri. M.R.V Raja <sup>8</sup>	GM(O&M)	1	1

1. Appointed as Member w.e.f. 08.03.2024
2. Appointed as Member w.e.f. 30.12.2023 and Ceased to be Member w.e.f. 08.03.2024
3. Appointed as Member w.e.f. 25.11.2023 and Ceased to be Member w.e.f. 30.12.2023
4. Ceased to be Member w.e.f. 24.11.2023
5. Appointed as Chairman w.e.f. 04.09.2023
6. Ceased to be Chairman w.e.f. 04.09.2023
7. Appointed as Member w.e.f. 25.08.2023
8. Ceased to be Member w.e.f. 25.08.2023

**F. PARTICULARS OF SENIOR MANAGEMENT OF THE COMPANY DURING FY2023-24**

Name	Current Designation	Date of Joining	Date of Promotion / Designated to Senior Management	Date of Cessation (Changes if any, since the close of previous FY)
Shri. S.V. Subramanyam	General Manager (MTP) HMT Machine Tools Limited	25.08.1989*	06.10.2023	23.02.2024
Shri. M.R.V Raja	General Manager (Legal)	17.10.1988	01.01.2020	-
Shri. S.K. Kadbe	General Manager (Operations & Marketing)	01.02.1993	01.07.2022	-
Smt. Aparna R	Manager (Finance & Accounts)/ CFO	28.01.2016	10.11.2023	-
Shri. Kishor Kumar S	Manager (Company Secretary)	20.03.2017	08.06.2017	-
Smt. Kamna Mehta	Deputy Manager (Corporate Finance)/ CFO	17.12.2018	12.02.2019	09.11.2023

\*As per records of HMT Machine Tools Limited, wholly owned subsidiary of HMT Limited.

## INDEPENDENT DIRECTORS' MEETING

During FY 2023-24, Independent Directors' Meeting was not held as no Independent Directors were appointed on the Board.

## IV GENERAL BODY MEETINGS

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

Financial year	Date	Time	Venue
2020-2021*	29.10.2021	10.30 a.m.	Registered Office at No. 59, Bellary Road, Bengaluru-560 032.
2021-2022*	30.09.2022	10.30 a.m.	
2022-2023*	29.09.2023	10.30 a.m.	

\*Annual General Meeting was held through Video Conferencing. Deemed venue was Registered Office of the Company.

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

No Special Resolutions were passed during the last three years.

### c) POSTAL BALLOT

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

## V DISCLOSURES

- There were no transactions of a material nature with its Promoters, the Directors or the Management, their Subsidiaries or Relatives etc., which may have potential conflict of interest w.r.t Company at large.
- We affirm that no personnel were denied to access the audit committee. The personnel were also provided unrestricted access to the senior management in case of any complaints.
- Policy for determining 'material' subsidiaries & Policy on dealing with related party transactions were placed on the Company's website <https://www.hmtindia.com/policies/>.
- Details relating to fees paid to the Statutory Auditors were given in Note 31 to the Standalone Financial Statements and Note 31

to the Consolidated Financial Statements. The Auditors of subsidiary company and joint venture companies were appointed separately by them and were not the same auditors who conducted the audit of financial statements of HMT Limited.

- Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: NIL
- Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: NIL
- Disclosures with respect to demat suspense account/ unclaimed suspense account: NIL
- List of all credit ratings obtained by Company: NIL
- A Certificate received from Company Secretary in Practice is attached with this report as **Annexure-15** confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company.
- During the year 2023-24, the Board of Directors accepted all the recommendations of its committees which were mandatorily required.
- During the Financial year 2023-24, the Company did not receive any complaints of Sexual Harassment in the workplace and therefore there were no pending cases as on the end of financial year.
- Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): NA
- Management's reply to observations in Corporate Governance certificate:

Administrative Ministry has been requested to appoint four Independent Directors including one woman Independent Director on the Board of Directors of the Company and one Independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements. As and when the Independent Directors are appointed on the Board by the Government of India, Committee of the

Board shall be reconstituted accordingly to comply with the provisions of the Companies Act 2013, SEBI (LODR) Regulation, 2015 and DPE guidelines and shall ensure quorum of the Board/Committees Meeting in line with the SEBI (LODR) Regulations, 2015.

**xiv) Presidential Directives and Guidelines**

Your Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time.

Details of Presidential Directives issued by the Central Government to Company and their compliance during the year and also in the last three years - NIL

xv) No expenditure has been debited in books of accounts which are not for the purpose of business and no expenses were incurred & accounted which are personal in nature and incurred for the Board of Directors & Top Management.

xvi) Details of Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses and reasons for increase- Administrative and office expenses constitutes 2.37% of total expenses and financial expenses as a percentage of total expenses is NIL.

**VI RECONCILIATION OF SHARE CAPITAL AUDIT**

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirmed that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL except for 733420900 equity shares of Rs.10/- each which were allotted to President of India from the year 2005 to 2014 and Listing approval was obtained from Stock Exchanges. Corporate Action

and Trading approval from Stock Exchanges is under process.

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 had confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) had registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Limited". However, the process of reduction of share capital in the records of Stock Exchanges and Depositories are pending for procedural compliances which will be taken up subsequent to listing of equity shares in Stock Exchanges for trading. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

**VII SUBSIDIARY COMPANIES**

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

Details of material Subsidiary Companies & its Statutory Auditors are below:

Particular	Date and place of Incorporation	Name and date of appointment of Statutory Auditor
HMT Machine Tools Limited	09 <sup>th</sup> August 1999 Bengaluru	R Venkata Krishna & Co Chartered Accountants Date of Appointment: 21.09.2023
HMT (International) Limited	13 <sup>th</sup> December 1974 Bengaluru	P B M N & Co Chartered Accountants Date of Appointment: 21.09.2023

## VIII MEANS OF COMMUNICATION

The Company published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express, Hosa Digantha and Rajasthan Patrika. The above results were also displayed at the Company's website <https://www.hmtindia.com/investor-relation/pr/>. Pursuant to the directions of Securities & Exchange Board of India (SEBI), the Company has been submitting documents viz., Shareholding Pattern, Financial Results, Annual Report etc. The Company has not made any presentations to institutional investors or analysts.

## IX CEO AND CFO CERTIFICATION

In terms of the SEBI (LODR) Regulation, 2015, the Certification by the CEO (Chairman & Managing Director) and CFO on the Financial Statements and Internal controls relating to financial reporting for the financial year 2023-24 had been obtained and was placed before the Board. **(Refer Annexure – 16)**

## X. WHISTLE BLOWER POLICY

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

## XI GENERAL SHAREHOLDERS INFORMATION

### i) Annual General Meeting

Date 22<sup>nd</sup> November, 2024  
Time 11.00 A.M  
Venue The Company is conducting meeting through Video Conference/ Other Audio-Visual Means (VC/ OAVM) pursuant to the MCA Circular dated September 19, 2024 read with MCA Circular dated May 5, 2020. The deemed venue for the AGM shall be the registered office of the Company. For details, please refer to the Notice of this AGM

No dividends have been declared.

### ii) Financial Calendar

Financial Year: April 01, 2023 to March 31, 2024

### iii) Book Closure

Please refer to the Notice of the AGM

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

BSE Limited **Scrip Code: 500191**  
Phiroze Jeejeebhoy  
Towers  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai – 400 001

National Stock Exchange **Scrip Symbol: HMT**  
of India Limited  
“Exchange Plaza”,  
Bandra-Kurla Complex  
Bandra (E), Mumbai –  
400 051

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

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

### vi) Share Transfer System

In accordance with Regulation 40 of the Listing Regulations, as amended, the Company has stopped accepting any fresh transfer requests for securities held in physical form. Accordingly, securities of listed companies can be transferred only in dematerialised form.

Further, SEBI has, vide its circular dated 25th January 2022, mandated companies to issue its securities in demat form only while processing various service requests such as issue of duplicate share certificates, subdivision, consolidation, transmission, etc. to enhance ease of dealing in securities markets by investors. Members who are holding shares in physical form are hereby requested to convert their holdings to electronic mode to avail various benefits of dematerialization.

**vii) Mandatory & Non-Mandatory Requirements**

The Company is compliant to all the mandatory requirements specified in Listing Regulations on Corporate Governance, except to those non-compliances as observed in the Certificate on Corporate Governance and the Secretarial Audit Report. The reasons for non-compliance have been furnished separately as reply to the observations of Secretarial Auditors..

The status on the compliance with the discretionary non-mandatory recommendation in the Listing Regulations is as under:

The Company has the position of the Chairman & Managing Director (Addl. Charge) (Executive) & there is no Non-Executive Chairman. As the Company's financial results are submitted to Stock Exchanges, displayed on the website of the Company and published in the Newspapers, they are not separately circulated to all the shareholders. The Company is making endeavors to move towards a regime of financial statements with unmodified audit opinion. Internal Auditor reports to the Audit Committee.

**viii) Performance in comparison to broad-based indices**

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

**BSE - Company: HMT LTD. (SCRIP CODE – 500191)**  
**Period: April 2023 to March 2024**

BSE			Market Index (Close)
Month	High Price	Low Price	S&P BSE SENSEX
Apr-23	28.49	23.70	61112.44
May-23	29.85	24.50	62622.24
Jun-23	34.20	28.00	64718.56
Jul-23	29.00	27.00	66527.67
Aug-23	31.40	26.25	64831.41
Sep-23	46.02	30.51	65828.41
Oct-23	70.40	46.90	63874.93
Nov-23	55.43	45.91	66988.44
Dec-23	58.35	46.85	72240.26
Jan-24	71.88	49.40	71752.11
Feb-24	74.80	52.00	72500.30
Mar-24	58.00	42.64	73651.35

**NSE - Company: HMT LTD. (SCRIP SYMBOL – HMT)**  
**Period: April 2023 to March 2024**

NSE			Market Index (Close)
Month	High Price	Low Price	NSE NIFTY
Apr-23	28.00	23.50	18065.00
May-23	28.95	24.25	18534.40
Jun-23	34.80	27.80	19189.05
Jul-23	29.50	27.00	19753.80
Aug-23	31.75	26.75	19253.80
Sep-23	46.35	30.55	19638.30
Oct-23	70.40	47.30	19079.60
Nov-23	55.85	45.90	20133.15
Dec-23	58.50	46.75	21731.40
Jan-24	72.10	49.50	21725.70
Feb-24	73.40	53.00	21982.80
Mar-24	57.75	41.05	22326.90

**ix) \*Distribution of Shareholding:**

The shareholding distribution of Equity shares as of 30.03.2024 is given below:

HMT LIMITED					
Distribution of Shareholding as on 30/03/2024 (AMOUNT WISE TOTAL)					
Sl. No.	Category (Amount)	No. of Holders	% To Holders	Amount (Rs.)	% To Equity
1	1 - 5000	18381	89.10	20085200.00	0.17
2	5001 - 10000	1133	5.49	9423020.00	0.08
3	10001 - 20000	544	2.64	8410270.00	0.07
4	20001 - 30000	175	0.85	4482970.00	0.04
5	30001 - 40000	83	0.40	2987560.00	0.02
6	40001 - 50000	99	0.48	4703830.00	0.04
7	50001 - 100000	123	0.60	9103670.00	0.07
8	100001 and above	91	0.44	11981719880.00	99.51
	<b>TOTAL:</b>	<b>20629</b>	<b>100.00</b>	<b>12040916400.00</b>	<b>100.00</b>

<b>HMT LIMITED</b>					
<b>Distribution of Shareholding as on 30/03/2024 (SHARES WISE TOTAL)</b>					
<b>Sl. No</b>	<b>Category (Shares)</b>	<b>No. of Holders</b>	<b>% To Holders</b>	<b>No. of Shares</b>	<b>% To Equity</b>
1	1 - 5000	20415	98.96	5009285	0.42
2	5001 - 10000	123	0.60	910367	0.07
3	10001 - 20000	44	0.21	642102	0.05
4	20001 - 30000	21	0.10	506842	0.04
5	30001 - 40000	9	0.04	317706	0.03
6	40001 - 50000	3	0.02	129177	0.01
7	50001 - 100000	9	0.04	548078	0.05
8	100001 and above	5	0.03	1196028083	99.33
	<b>TOTAL:</b>	<b>20629</b>	<b>100.00</b>	<b>1204091640</b>	<b>100.00</b>

<b>HMT LIMITED</b>				
<b>Shareholding Pattern as on 30/03/2024 (Total)</b>				
<b>Sl. No.</b>	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	Clearing Members	1	500	0.00
2	H U F	387	522965	0.04
3	Indian Mutual Funds	10	18900	0.00
4	Insurance Companies	1	100	0.00
5	Bodies Corporates	154	68000261	5.65
6	Mutual Funds	1	100	0.00
7	NBFC	1	2750	0.00
8	Non-Resident Indians	91	59170	0.00
9	Non-Resident Indian Non Repatriable	84	53629	0.00
10	Promoters	2	1128056626	93.69
11	Resident individuals	19897	7376639	0.61
	<b>Total:</b>	<b>20629</b>	<b>1204091640</b>	<b>100.00</b>

\*Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 confirmed/ approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies, Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural

compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA. Shareholding Pattern after considering Reduction of Share Capital is below

<b>HMT LIMITED</b>				
<b>Shareholding Pattern as on 30/03/2024 (Total)</b> <b>(After considering Reduction of Share Capital)</b>				
<b>Sl. No.</b>	<b>Description</b>	<b>No. of Cases</b>	<b>Total Shares</b>	<b>% Equity</b>
1	Clearing Members	1	500	0.00
2	H U F	387	522965	0.15
3	Indian Mutual Funds	10	18900	0.01
4	Insurance Companies	1	100	0.00
5	Bodies Corporates	154	68000261	19.12
6	Mutual Funds	1	100	0.00
7	NBFC	1	2750	0.00
8	Non-Resident Indians	91	59170	0.02
9	Non-Resident Indian Non Repatriable	84	53629	0.01
10	Promoters	2	279566626	78.62
11	Resident Individuals	19897	7376639	2.07
	<b>Total:</b>	<b>20629</b>	<b>355601640</b>	<b>100.00</b>

### **x) Compliance**

The Company has duly complied with the Regulations 17 to 27 and clause (b) to (i) of Regulation 46 (2) of SEBI (LODR) Regulations except the following:

1. The Board of Directors of the Company should consist of minimum six Directors out of which half of the Board of Directors shall comprise of Independent Directors including one Independent Woman Director. Strength of the Board of Directors in the beginning of the financial year was Three consisting of Chairman and Managing Director (Addl. Charge), two Government Nominee Directors and was increased to Four by the end of the financial year due to the appointment of Director (Finance) (Addl. Charge) on 25.08.2023. The Composition of the Board and the quorum for the subsequent meetings is not in compliance with the SEBI (LODR) Regulation.
2. Due to vacancy of required number of Independent Directors on the Board of the Company, there was no validly constituted Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee and non-compliance with the quorum requirement except for Stakeholders Relationship Committee

& Risk Management Committee.

3. One Independent Director of Company (Listed Entity) has not been appointed as Director on the Board of unlisted material subsidiary Companies as per Regulation 24 of SEBI (LODR) Regulation, 2015.
4. Delay in submission of annual results as per the requirement of SEBI (LODR) Regulations, 2015

Due to some of the above instances of non-compliance by the Company, penalties, strictures were imposed on the Company by the Stock Exchanges. The Company has sought a waiver of the penalties with Stock Exchanges.

### **xii) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount**

No loans and/or advances in the nature of loans are given to firms/companies in which Directors are interested other than Subsidiaries.

### **xiii) REGISTRAR AND SHARE TRANSFER AGENTS**

Name: KFin Technologies Limited  
(Formerly KFin Technologies Pvt Limited)



Address: Selenium Building, Tower-B,  
Plot No 31 & 32, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad, Rangareddy, Telangana, India – 500 032.  
Email ID: einward.ris@kfintech.com  
Toll Free/ Phone Number: 1800 309 4001  
WhatsApp Number: (91) 910 009 4099  
KPRISM (Mobile Application): <https://kprism.kfintech.com/>  
KFINTECH Corporate Website: <https://www.kfintech.com>  
RTA Website: <https://ris.kfintech.com>  
Investor Support Centre (DIY Link): <https://ris.kfintech.com/clientservices/isc>

### **xii) Dematerialization of Shares:**

The Company's Shares are compulsorily traded in the electronic mode from June 26, 2000. The Company's shares are admitted into both the depositories i.e., National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31<sup>st</sup> March 2024, the Company's Shares representing 760227891 equity shares were held in dematerialized form and the balance 443863749 shares were in the physical form. Under the Depository

System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE262A01018.

### **xiii) Investor Education and Protection Fund (IEPF)**

In terms of the provisions of the Companies Act, 2013 and read with rules made thereunder, as on 31st March, 2024, no amount and shares are required to be transferred to IEPF.

### **xiv) Plant Locations**

#### **(1) Food Processing Machinery Division**

H-2, MIDC, Chikalthana I.A.  
Post Box No. 720, Aurangabad - 431 210

#### **(2) Auxiliary Business Division**

Jalahalli, Bengaluru – 560 013

### **xv) Address for correspondence:**

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

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE****To the Members of HMT Limited -**

1. We, NSVM & Associates, Chartered Accountants, the Statutory Auditors of HMT Limited (the 'Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2024, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

**Managements' Responsibility**

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

**Auditors' Responsibility**

3. Our responsibility is limited to examining the Procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far

as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has Complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (1) of regulation 46(2) and Para C and D of Schedule-V of the Listing Regulations during the year ended March 31, 2024 subject to:
  - (a) Non-Compliance of the provisions of SEBI Regulation 17(1)(b), wherein at least half of the Board of directors of the listed entity shall consist of independent directors whereas the Board of directors of the company has not been constituted with 50% of independent directors as on 31-03-2024.
  - (b) Non-Compliance of provisions of SEBI Regulation 18(1)(b) wherein at least two-thirds of the members of audit committee shall be independent directors whereas the company did not have Independent director during the financial year 2023-24.
  - (c) Non-Compliance of provisions of SEBI Regulation 18(1)(d) wherein the

chairperson of the audit committee shall be an independent director and he/she shall be present at Annual general meeting to answer shareholder queries whereas the Audit committee does not have independent director as Chairperson of the Audit Committee throughout the year.

- (d) Non-Compliance of provisions of SEBI Regulation 18(2)(b) wherein the quorum for audit committee meeting shall either be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors whereas the Audit Committee did not have any independent director during the financial year 2023-24.
- (e) Non-Compliance of provisions of SEBI Regulation 19(1)(c) wherein at least two-thirds of the directors shall be independent

directors whereas there are no independent directors during the financial year 2023-24.

- (f) Non-Compliance of provisions of SEBI Regulation 19(2) wherein the chairperson of the nomination and remuneration committee shall be an independent director whereas there are no independent director in the company during the FY 2023-24.
  - (g) Non-Compliance of provisions of SEBI Regulation 20(2A) wherein at least one independent director shall be member of the Stakeholders Relationship Committee whereas the committee did not have independent director during the FY 2023-24.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

*for N S V M & Associates*  
**Chartered Accountants**  
**Firm registration number: 0100725**

**G C S Mani**  
*Partner*  
Membership No: 036508  
UDIN: 24036508BKDEVH6204

Place: Bengaluru  
Date: 30-08-2024

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

### A. CONSERVATION OF ENERGY:

#### (i) The steps taken or impact on conservation of energy

- New LED Street light fittings (58 nos.), Energy saving LED bulbs (37 nos.) & LED tube lights (50 nos.) have been installed in place of old non-functional LED lights. Presently, there are no sodium vapour lamps or mercury vapour lamps in the township.
- Existing old rheostat type fan regulators (15 nos.) have been replaced with electronic fan regulators.
- 7 Nos of Air conditioners in Auxiliary Business Division, watch assembly and watch showroom, were upgraded to air conditioners with 5 star BIS ratings.

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

- We have taken decision for installation of Rooftop Solar plant as well as to set up Solar plant on open spaces.

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

- Under initial stage & will be intimated later.

### B. TECHNOLOGY ABSORPTION:

#### (i) Efforts made towards technology absorption:

- Based on the Collaboration Agreement Technology for Food Processing Machinery division, various products have been manufactured over the years. The design of the FPA products needs upgradation to compete with technologically upgraded products that are already developed and made available in the market.

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

- Food processing Unit, Aurangabad has developed Continuous Butter Making Machine of 1000kg/h capacity, Milk Silo of 60kL capacity, Milk Homogenizer of 250L/h capacity and Road Milk tankers of 9kL & 15kL capacities.
- We have updated manufacturing methods & technology to enhance production and to reduce product cost.

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

- The company has not imported any technology during the last three years due to financial constraint.

(iv) The expenditure incurred on Research and Development: NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total Foreign Exchange earnings and outgo

- Earnings: Rs.51.30 Lakhs
- Outgo: Nil

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**MANAGEMENT'S REPLIES TO THE OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

Audit Observations	Management Replies
<p><b>1. Food Processing Machinery Unit, Aurangabad</b></p> <p>a. As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates and therefore, cost could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of the Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.</p> <p>b. The revenue as per the Statement of profit and loss for the year ended March 2024 is Rs 3604.75 lakhs. This includes a sum of Rs 105.88 lakhs being the value of sales invoices accounted in the month of March 2024 (F.Y 2023-24), raised by HMT Limited food processing machinery unit Aurangabad, on its customers. However as per the records, the said invoices were raised during the period, but dispatches were made after 31-3-2024. The customer therefore has not got control of the assets before 31-3-24. This is in contravention of revenue recognition as per Ind As 115, resulting in the overstatement of revenue by Rs 105.88 lakhs, with consequent overstatement of profit and understatement of finished goods.</p>	<p>The inventory is valued using the weighted average cost method except in the case of consumables comprising of low value items which is valued on estimated basis. Accounting Software is going to be installed in the store department. However, there is no material impact in the valuation of inventories.</p> <p>Audit observation is noted, and necessary action will be taken to avoid such discrepancies in future.</p>

<b>Audit Observations</b>	<b>Management Replies</b>
<p><b>2. Auxiliary Business Division, Bengaluru</b></p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>b. The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.</p> <p>c. Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p> <p>The unit was formed to look after the Estate maintenance of the units at Bangalore. Consequently, due to an increase in the maintenance cost of the estate, the unit start generating the income. Post subsidization in 2000 of the Company the Land and buildings have been transferred to M/s. HMT Machine Tools Limited, in line with the scheme of Arrangement. Hence the land and buildings are not recorded in the books of accounts of the unit. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Limited, in the revenue records to this effect. Fresh Lease deeds in respect of Land are pending for the execution.</p> <p>Since the ABD is looking after estate and employees of Bangalore based offices including HMT Machine Tools Division, Bangalore, the rental income recorded in the unit books to maintain the estate etc.</p> <p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024. Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory.</p>
<p><b>3. Corporate Head Office and Company as a whole</b></p> <p>(a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p>

<b>Audit Observations</b>	<b>Management Replies</b>
<p>(b) INDAS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.</p>	<p>The subject property is a owner-occupied property i.e. owned and occupied by the Company. The purpose of short term let out is to earn rental to meet the cost of its maintenance. The same is not held even for capital appreciation. Hence, being an owner-occupied property, it has been treated as PPE as per Ind AS16.</p>
<p>(c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p>	<p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024 and disclosed in Financials statement No. no.38(B) Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory.</p>
<p>(d) Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p>	<p>There is no component of time value of money involved while recognising the revenue. However, the provisions against trade receivables are recognised as per best judgement of the management based on the current available information. Provision made in the books are reviewed on an ongoing basis.</p>
<p>(e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.</p>	<p>HMT Machine Tools Limited is having huge land bank and the market value of these land is much higher than the long outstanding receivable from them, ever considering the guidance value. The same will be recovered from the proceeds on sale of land. As such there is no ECL.</p>
<p>(f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.</p>	<p>The liabilities towards the procurements have been classified under Trade Payable and other than procurement as “Accrued expenses” grouped under Other Current Liabilities. The practice is being followed consistently. However, the same will be reviewed and will accordingly be classified during 2024-25</p>



Audit Observations	Management Replies
(g) We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions	There are no transactions with struck off Companies u/s 248 of the Companies Act 2013 during the year as per the available information.

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 25.10.2024

**(Rajesh Kohli)**

Chairman & Managing Director

(Addl. Charge)

DIN: 10333951

**MANAGEMENT’S REPLIES TO THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

Ref.	C&AG Comments pertaining to HMT Machine Tools Limited – a wholly owned subsidiary of HMT Limited	Management Replies
A)	<p><b>A. Comments on Profitability</b></p> <p><b>A.1. Notes forming part of Financial Statements</b></p> <p><b>Contingent Liabilities (Note 35)</b></p> <p>Audit observed from Board Agenda Notes that as on 1 September 2023 cases pending in various Courts included one at Supreme Court, 24 cases at High Court and 9 cases relating to Commercial and other matters. However, MTK Unit has not provided the data on pending court cases and in the absence of the data, Audit could not verify the financial impact on MTK Unit.</p>	<p>List of Court cases was presented to Board. The Cases will be reviewed in line with Ind AS-37 and disclosure will be made under Contingent liability or provision will be recognized during FY 2024-25</p>
B	<p><b>B. Comments on Cash Flow</b></p> <p><b>B.1 Cash Flow Statement: Significant Accounting Policies Cash and Cash Equivalents</b></p> <p>Cash and cash equivalents of Rs. 1499.88 lakhs included an amount of Rs. 72.59 lakhs pertaining to escrow accounts which was incorrectly shown as Rs 49.92 lakh. The amount of Rs 72.59 lakh pertains to unspent balances of grant received from the Government of India for the Technology Innovation Programme, (SURGE). As these balances are not freely available to the company, disclosure is required to be made in this regard in the Cash Flow Statement. This resulted in a non-compliance to provisions of para 48 of IND AS-7.</p>	<p>The Company has shown SURGE related accounts separately Rs.49.92 Lakhs in escrow account and Rs.22.67 Lakhs included in total Current accounts of Rs.1197.93 Lakhs under cash and cash equivalent, in Note Number 7-A. Footnote has already been inserted under both Cash &amp; Cash equivalent and Cash Flow statement in Annual Report FY 23-24.</p>

<b>C</b>	<p><b>C. Comments on Accounting Policies</b></p> <p>C.1 As per the terms of contracts, 10 <i>per cent</i> of payment is to be released to the MTK unit of the Company after installation, testing of machines and their being found to be working satisfactorily. Further, the unit has to assist in finalization of civil works drawing required for machinery foundations. However, the unit has recognized revenue for the entire amount of the order without completing its performance obligations. This has resulted in incorrect revenue recognition by the unit as well as the Company. Further, the Company needs to rectify its policy in this regard.</p>	<p>The Company will review and issue necessary guidelines on revenue recognition by Units.</p>
<b>D</b>	<p><b>D. Comments on Disclosure</b></p> <p><b>D.1 Notes to Accounts</b></p> <p>a) The Government of Kerala issued (04 November 2015) orders for surrender of excess land of 251.40 acres as per Hon'ble High Court orders. However, HMT Machine Tools Limited, Kalamassery Unit (MTK) had filed a special leave petition before the Hon'ble Supreme Court, challenging the Government of Kerala Revenue department order for resumption of 251.40 acres of land from MTK and Hon'ble Supreme Court passed (15.01.2016) the order to maintain status quo until further orders. The matter is pending at Court as of March 2024 but the same was not disclosed in the notes to financial statements. Non-disclosure of pending case at Court has resulted in notes to financial statements being deficient to that extent.</p> <p>b) The Roads and Bridges Development Corporation of Kerala Limited requested (30 November 2019) the MTK Unit for transfer of a portion of above land for construction of Airport — Seaport Highway Phase-II based on Govt. of Kerala resumption orders.</p>	<p>a. Necessary disclosure will be made under notes forming part of standalone financial statement during the FY 2024-25. Presently, the case is still pending at Supreme Court.</p> <p>b. Necessary disclosure will be made under notes forming part of standalone financial statement during the FY 2024-25. Supreme Court under a modified interim order has permitted construction of road subject to Govt of Kerala depositing the compensation with High Court of Kerala.</p>

	<p>Subsequently, Govt of Kerala requested (16.06.2019) the Department of Heavy Industry, Gol for allowing the construction activities and for transfer of land admeasuring 1.6352 hectare on urgent basis. MTK Unit arrived at land compensation of ₹16.34 crore for transferring the above land. However, status in this regard was not disclosed by the unit.</p> <p>c) As per the disclosure requirement of Para No. 139 (b) of Ind AS-19, an entity shall disclose a description of the risks to which the defined benefit plan exposes the entity, focused on any unusual, entity specific or plan specific risks, and of any significant concentrations of risk. However, Management has not made any disclosures in this regard.</p>	<p>c. The Company is doing actuarial valuation of defined benefits but clearing all the defined liabilities as per availability of Funds. The same will be disclosed during the FY 2024-25.</p>
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For and on behalf of the  
Comptroller & Auditor General of India

For and on behalf of the Board of Directors

**(C. Sailaja)**  
Director General of Commercial Audit

Date: 21.10.2024  
Place: Hyderabad

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951  
Date: 25.10.2024  
Place: Bengaluru

**Form No. MR-3****Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2024**

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

**To****The Members****H.M.T. LIMITED****(CIN: L29230KA1953GOI000748)****HMT Bhavan, 59 Bellary Road, Bangalore 560032**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by H.M.T. Limited (CIN: L29230KA1953GOI000748) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2024 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by H.M.T. Limited for the financial year ended on 31<sup>st</sup> March 2024 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the audit period)**;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable during the audit period)**;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period)**;
- f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not applicable during the audit period)**;
- g. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - **(Not applicable during the audit period)**
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **(Not applicable during the audit period)** and
- j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (LODR).

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that having regard to the compliance system prevailing in the Company and on the examination of relevant documents and records in pursuance thereof, on test-check basis, compliance certificates made by the heads of the departments and submitted to the Board of Directors of the Company, the Company has substantially complied with the following applicable laws/ guidelines / rules applicable specifically to the Company:

- i. Guidelines issued by the Department of Public Enterprises (DPE)
- ii. Guidelines issued by the Ministry of Heavy Industries
- iii. Orders/Regulations issued by Government of India from time to time

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

**A) Observations / Non-Compliances / Adverse Remarks / Qualifications in respect of Companies Act, 2013 and Rules made there under are as follows:**

- i. the company has not complied with the provisions of requirements of Section 149 (4) of the Act Companies Act, 2013, with respect to composition of Board of Directors of the Company for not having sufficient independent directors on the Board during the FY 2023-24.*
- ii. The Company has not complied with the provisions of Section 177 (2) of the Companies Act, 2013 with respect to the composition of Audit Committee of the Board during the FY 2023-24.*
- iii. The Company has not complied with the provisions of Section 178 (1) of the Companies Act, 2013 with respect to the composition of Nomination and Remuneration Committee of the Board during the FY 2023-24.*
- iv. The Company has not complied with the provisions of Section 135 (1) of the Companies Act, 2013 with respect to the composition of CSR Committee of the Board during the FY 2023-24.*

**B) Observations / Non-Compliances / Adverse Remarks / Qualifications in respect of Compliance with SEBI (Listing Obligations & Disclosure Requirements) (LODR) Regulations, 2015 are as follows:**

- i. The Company has not complied with the provisions of Regulation 17 (1) of SEBI (LODR) 2015 with respect to Composition of Board of Directors of the Company {for not having sufficient independent directors including appointment of independent woman director on the Board} during the FY 2023-24.*
- ii. The Company has not complied with the provisions of Regulation 17 (2A) of SEBI (LODR) 2015 with respect to Quorum of Board meetings held during the FY 2023-24.*
- iii. The Company has not complied with the provisions of Regulation 18 (1) & 18 (2) (b) of SEBI (LODR), 2015 with respect to composition of Audit Committee, Chairperson of Committee & Quorum during the FY 2023-24.*
- iv. The Company has not complied with the provisions of Regulation 19(1)/ 19(2) of SEBI (LODR), 2015 with respect to composition & Chairperson of Nomination and Remuneration Committee during the FY 2023-24.*
- v. The Company has not complied with the provisions of Regulation 20 (2A) of SEBI (LODR), 2015 with respect to composition of Stakeholders Relationship Committee during the FY 2023-24.*
- vi. The Company has not complied with the provisions of Regulation 21(2) of SEBI (LODR), 2015 with respect to composition of Risk Management Committee during the FY 2023-24.*
- vii. The Company has not complied with the provisions of Regulation 33 of SEBI (LODR), 2015 with respect to submission of Audited Financial Results for the 2022-23 to the Stock Exchanges by submitting with a delay of 51 days.*
- viii. The Company has not complied with the provisions of Regulation 24(1) of SEBI (LODR), 2015 of appointing atleast one Independent Director of the listed entity on the Board of its unlisted material subsidiary.*

I further report that:

- a. The Board of Directors of the Company is duly constituted subject to the observations mentioned herein above and 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 Companies Act, 2013.
- b. Adequate notice was given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. All decisions at Board Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors as the case may be.
- d. I further report that as represented by the Company and relied upon by me there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e. I further report that during the audit period, there are no such events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, Standards taken place. However, some of the events took place during the year are enlisted below:
  1. The issued capital of the Company was reduced from Rs.1,204.09 Crores to Rs.355.60 Crores vide NCLT Order dated 16th October 2018. However, the reduction of share capital has not been updated in the records of Stock Exchanges / Depositories. They are pending for procedural compliances which are in the process.
  2. Pursuant to the approval of the Cabinet Committee of Economic Affairs, Government of India, the closure of its subsidiary viz., HMT Watches Limited is under process.
  3. During the year under review, BSE & NSE has imposed an aggregate fine of Rs. 58,68,140/- each for non-compliance under Regulation(s) 17(1), 17(2A), 18(1) & 18 (2) (b), 19(1) / 19 (2), 20(2) / 20 (2A), 21(2) & 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to composition of Board, Committees of the Board and Delay in submission of audited financial results to the Stock Exchanges.

The Company has submitted representation to both the stock exchanges for waiver of fines as the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Department of the Government of India and also for delay in submission of audited financial results to the Stock Exchanges. The waiver applications were pending before both the exchanges.

Place: Bengaluru  
Date: 24<sup>th</sup> August 2024

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 :: C P No. 7773  
**UDIN: F008554F001036218**  
**PR No: 1617 / 2021**

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



**To**  
**The Members**  
**H.M.T. LIMITED**  
**(CIN: L29230KA1953GOI000748)**  
**HMT Bhavan, 59 Bellary Road, Bangalore 560032**

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

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

Place: Bengaluru  
Date: 24<sup>th</sup> August 2024

**D VENKATESWARLU**  
Company Secretary  
FCS No. 8554 :: C P No. 7773  
**UDIN: F008554F001036218**  
**PR No: 1617 / 2021**

**MANAGEMENT'S REPLIES TO THE OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	MANAGEMENT REPLIES
A) i)	The Company has not complied with the provisions of requirements of section 149 (4) of the Companies Act, 2013, with respect to composition of Board of Directors of the Company for not having sufficient independent directors on the Board during the FY 2023-24.	<p>The term of Shri. Vishweshwar Bhat &amp; Shri. Ramji Lal as Independent Directors completed on 26.01.2023. Administrative Ministry has been requested to appoint requisite number of Independent Directors on the Board of Directors of the Company to comply with the provisions of the Companies Act, 2013.</p> <p>As and when the Independent Directors will be appointed on the Board of Directors, Audit Committee, Nomination and Remuneration Committee &amp; CSR Committee of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act, 2013.</p>
ii)	The Company has not complied with the provisions of Section 177 (2) of the Companies Act, 2013 with respect to the composition of Audit Committee of the Board during the FY 2023-24	
iii)	The Company has not complied with the provisions of Section 178 (1) of the Companies Act, 2013 with respect to the composition of Nomination and Remuneration Committee of the Board during the FY 2023-24.	
iv)	The Company has not complied with the provisions of Section 135 (1) of the Companies Act, 2013 with respect to the composition of CSR Committee of the Board during the FY 2023-24.	
B) i)	The Company has not complied with the provisions of Regulation 17 (1) of SEBI (LODR) 2015 with respect to Composition of Board of Directors of the Company {for not having sufficient independent directors including appointment of independent woman director on the Board} during the FY 2023-24.	<p>Term of Smt. Neera Tomar as Independent Women Director completed on 17<sup>th</sup> February 2022. Further, the term of Shri. Vishweshwar Bhat &amp; Shri. Ramji Lal as Independent Directors completed on 26.01.2023. Administrative Ministry has been requested to appoint four Independent Directors including one Independent Woman Director on the Board of Directors of the Company. On appointment, the quorum shall be ensured in Board Meetings to comply with requirements of Listing Regulations.</p>
ii)	The Company has not complied with the provisions of Regulation 17 (2A) of SEBI (LODR) 2015 with respect to Quorum of Board meetings held during the FY 2023-24.	

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	MANAGEMENT REPLIES
iii)	The Company has not complied with the provisions of Regulation 18 (1) & 18 (2) (b) of SEBI (LODR), 2015 with respect to composition of Audit Committee, Chairperson of Committee & Quorum during the FY 2023-24.	As and when the Independent Directors will be appointed on the Board of Directors, Committees of the Board shall be reconstituted & quorum shall be ensured with the attendance of Independent Directors in the Committee Meetings to comply with Listing Regulations.
iv)	The Company has not complied with the provisions of Regulation 19(1)/ 19(2) of SEBI (LODR), 2015 with respect to composition & Chairperson of Nomination and Remuneration Committee during the FY 2023-24.	
v)	The Company has not complied with the provisions of Regulation 20 (2A) of SEBI (LODR), 2015 with respect to composition of Stakeholders Relationship Committee during the FY 2023-24.	
vi)	The Company has not complied with the provisions of Regulation 21(2) of SEBI (LODR), 2015 with respect to composition of Risk Management Committee during the FY 2023-24.	
vii)	The Company has not complied with the provisions of Regulation 33 of SEBI (LODR), 2015 with respect to submission of Audited Financial Results for the 2022-23 to the Stock Exchanges by submitting with a delay of 51 days.	HMT Limited & its Subsidiaries have units across India in Bengaluru, Pinjore, Aurangabad, Hyderabad, Kalamassery, Ajmer and Ranibagh. Audit at various units were under progress and the Company made its best efforts to complete and submitted the financial results to the exchanges on 20 <sup>th</sup> July, 2023. Hence, there was delay of 51 days in submission of Audited Financial Results for the quarter and year ended 31.03.2023.
viii)	The Company has not complied with the provisions of Regulation 24(1) of SEBI (LODR), 2015 of appointing atleast one Independent Director of the listed entity on the Board of its unlisted material subsidiary.	Administrative Ministry has been requested to appoint one Independent Director of the Company as Director on the Board of unlisted material subsidiary to comply with Listing Regulations.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**FORM NO. MR 3****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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

To  
The Members  
HMT Machine Tools Limited  
No. 59, Bellary Road, Bangalore, Karnataka, India – 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 bearing CIN: U02922KA1999GOI025572 having its registered office at No. 59, Bellary Road, Bangalore – 560032, (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 thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 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 March 31, 2024, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder – Not applicable to the Company, as it is an unlisted public company.
- (iii) The Depositories Act, 1996 and the Regulations and byelaws framed thereunder – Not applicable to the Company, as company's equity shares are maintained in physical form during the audit period under review.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings, if any.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company held no such events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

In general, it was observed that the Company, being a Government Company and subject to audit by the Comptroller and Auditor General of India, is maintaining all the required records properly and have established systems and procedures for complying with various applicable laws.

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. 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.*

For S Kedarnath & Associates

Swayambhu Kedarnath  
M. No.: F3031 | CoP No.: 4422  
ICSI FRN: S2010KR128100  
ICSI PRN: 1437/2021  
ICSI UDIN: F003031F001105176

Date: September 02, 2024

Place: Bengaluru

**This report is to be read with our letter annexed to the secretarial audit report and forms an integral part of the report.**

**ANNEXURE TO SECRETARIAL AUDIT REPORT  
ISSUED BY COMPANY SECRETARY IN PRACTICE**

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

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

For S Kedarnath & Associates

Swayambhu Kedarnath  
M. No.: F3031 | CoP No.: 4422  
ICSI FRN: S2010KR128100  
ICSI PRN: 1437/2021  
ICSI UDIN: F003031F001105176

Date: September 02, 2024  
Place: Bengaluru

## Annexure - 11

**MANAGEMENT'S REPLIES TO THE OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31ST MARCH 2024**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	MANAGEMENT REPLIES
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 made 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	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.	The company is incurring losses from several years and hence unable 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.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**Form No. MR 3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (LODR) 2015]

To,

The Members,

**H.M.T. (INTERNATIONAL) LIMITED**

No.59, Bellary Road, Bangalore- 560032, Karnataka, India

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March 2024 (hereinafter referred to as ("the audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner 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 31<sup>st</sup> March 2024, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Depositories Act, 1996 and the Rules made thereunder; **Not applicable to the Company, as company's equity shares are maintained in physical form for the period under review.**
- iii. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not applicable for the period under report.**
- iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; **Not applicable to the Company, as company's equity shares are maintained in physical form for the period under review.**
- v. Other laws as applicable to the Company; As reported to us, the company being a trading Company has complied with all the applicable laws during the period under review including Sexual Harassment of Women at Workplace (Prevention and Prohibition and Redressal) Act, 2013.

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



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

Being an unlisted public company during the period under review, the following Acts, Rules, Guidelines and Regulations were **Not Applicable**:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder including amendments thereof;
- ii. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including amendment thereof;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including amendment thereof;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 including amendment thereof;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 including amendment thereof;
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 including amendment thereof;
  - g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and amendment thereof;
  - h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendment thereof;
  - i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 including amendment thereof and
  - j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulation, 2013 and including amendment thereof.

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

- a) Applicable financial laws, like direct and indirect tax laws, maintenance of financial records, etc., since the same have been subject to review by statutory (financial) auditors, tax auditors and other designated professionals.
- b) Listing Agreement with the Stock Exchange(s), as the company is an Unlisted Public Company, and is a wholly owned subsidiary of a Listed Government Company and a material subsidiary of HMT Limited.

- c) As informed by the company the Industry specific laws / general laws as applicable to the company has been complied with. The management has also represented and confirmed that all the laws, rules, regulations, orders, standards and guidelines as are specifically applicable to the Company relating to Industry / Labour, etc., have been complied with.

We further report that -

The Board of Directors of the Company was duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the following:

***During the year under report, it was observed that pursuant to Regulation 24(1) of the SEBI (LODR) Regulations, 2015, at least one independent director on the Board of Directors of the listed entity to be a director on the board of directors of an unlisted material subsidiary was not complied with.***

***However, Smt. Anju Makhija was appointed by the Company as an Independent Director effective from 10.06.2023 as per the Government of India, Ministry of Heavy Industries Order dated 08<sup>th</sup> June, 2023. Earlier, Shri. Velpandian ceased to be a Director (Independent Director) of the company from 26.01.2023 due to retirement of his term.***

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

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

There were no amendment/modification of the Memorandum and Articles of Association of the Company during the period under report.

We also report that based on the information provided and representations made by the Company, there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

**For G Haritha & Associates**

Place: Bengaluru  
Date: 26<sup>th</sup> June, 2024

G. Haritha  
Company Secretary in Practice  
FCS 5521 - CP No.10749  
PR: 1434/2021  
UDIN: F005521F000623556

Note:

This Report is to be read with 'Annexure - A' which forms an integral part of this Report.

To,  
The Members,  
**H.M.T (INTERNATIONAL) LIMITED**  
No.59, Bellary Road, Bangalore- 560032, Karnataka, India

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, GST, Customs, etc.
4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. The audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by them or obtained from the Company electronically and also the information provided by the company and its officers by audio and/or visual means.

**For G Haritha & Associates**

Place: Bengaluru  
Date: 26<sup>th</sup> June, 2024

G. Haritha  
Company Secretary in Practice  
FCS 5521 - CP No.10749  
PR: 1434/2021  
UDIN: F005521F000623556

**MANAGEMENT'S REPLIES TO THE OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT (INTERNATIONAL) LIMITED FOR THE YEAR ENDED 31ST MARCH 2024**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	MANAGEMENT REPLIES
01	<p>During the year under report, it was observed that pursuant to Regulation 24(1) of the SEBI (LODR) Regulations, 2015, at least one independent director on the Board of Directors of the listed entity to be a director on the board of directors of an unlisted material subsidiary was not complied with.</p> <p>However, Smt. Anju Makhija was appointed by the Company as an Independent Director effective from 10.06.2023 as per the Government of India, Ministry of Heavy Industries Order dated 08th June, 2023. Earlier, Shri. Velpandiyan ceased to be a Director (Independent Director) of the company from 26.01.2023 due to retirement of his term.</p>	<p>Administrative Ministry has been requested to appoint one Independent Director of HMT Limited, Holding Company as Director on the Board of HMT (International) Limited, unlisted material subsidiary to comply with listing regulations. However, during the FY2023-24, there are no Independent Directors on the Board of HMT Limited.</p>

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 25.10.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR**

WITH THE COMPANY'S CODE OF CONDUCT

This is to certify that:

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

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

All Board Members, both Full time and Part-time and the Senior Management have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2024.

Date: 25.10.2024  
Place: Bengaluru

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

**(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members of

**H.M.T. LIMITED**

**(CIN: L29230KA1953GOI000748)**

**HMT Bhavan, 59 Bellary Road,**

**Bangalore-560032**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of H.M.T Limited having CIN: L29230KA1953GOI000748 and registered office at HMT Bhavan, 59 Bellary Road, Bangalore-560032 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my knowledge and based on the information and explanations furnished to me by the Company & its officers and according to the following verifications made:

- i. Documents available on the website of the Ministry of Corporate Affairs;
- ii. Verification of Directors Identification Number (DIN) status on the website of the Ministry of Corporate Affairs;
- iii. Disclosures provided by the Directors to the Company; and
- iv. Debarment list of the Bombay Stock Exchange and the National Stock Exchange,

I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March 2024 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority as on 31<sup>st</sup> March 2024.

S No	Name of the Director	DIN	Date of appointment in the Company
1.	Mr. Pankaj Gupta <sup>1</sup>	09716028	25/08/2022
2.	Dr. Renuka Mishra <sup>2</sup>	08635835	12/09/2022
3.	Ms. Arti Bhatnagar	10065528	14/02/2023
4.	Ms. Rita Saxena <sup>3</sup>	10294769	25/08/2023
5.	Ms. Mukta Shekhar <sup>4</sup>	10118859	04/09/2023
6.	Mr. Rajeev Singh <sup>5</sup>	10447679	30/12/2023
7.	Mr. Krishnaswami Ravishankar <sup>6</sup>	10540509	08/03/2024

1. Ceased from the post of Chairman & Managing Director (Additional Charge) w.e.f. 25.11.2023
2. Ceased from the post of Government Nominee Director w.e.f. 04.09.2023
3. Appointed as the Director (Finance) (Additional Charge) w.e.f. 25.08.2023
4. Appointed as Government Nominee Director w.e.f. 04.09.2023
5. Appointed as Chairman & Managing Director (Additional Charge) w.e.f. 30.12.2023 & ceased w.e.f. 08.03.2024
6. Appointed as Chairman & Managing Director (Additional Charge) w.e.f. 08.03.2024

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru

Date: 24-08-2024

**D VENKATESWARLU**  
**Practicing Company Secretary**  
**FCS: 8554 :: CP: 7773**  
**UDIN: F008554F001036119**  
**PR No: 1617 / 2021**

## CEO & CFO CERTIFICATION

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

- (a) We have reviewed the Financial Statements and the cash flow statement for the year 2023-24 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee regarding:
  - (i) Any significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HMT Limited

**Aparna R, CFO**  
Date: 09<sup>th</sup> August, 2024

**Rajesh Kohli, CMD/CEO**





***STANDALONE  
FINANCIAL  
STATEMENTS***

## REVISED INDEPENDENT AUDITORS' REPORT

(Issued consequent to provisional comments by Director, Indian Audit and Accounts Department, office of the Director General of Commercial Audit, Hyderabad vide DGCA/A/C/Desk/2023-24/HMT/1.19/516 dated 18-09-2024 and it supersedes our Independent Audit report dated 09-08-2024)

### To the Members of HMT Limited -

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

##### Qualified Opinion:

We have audited the standalone financial statements of HMT Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income) for the year then ended 31 March 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the basis of Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of

- (a) Standalone Balance Sheet, of the state of affairs of the standalone as at 31<sup>st</sup> March, 2024 and
- (b) Statement of Profit and Loss (including Other Comprehensive Income), of the profit for the year ended on that date.
- (c) Standalone Statement of Changes in Equity, the changes for the year ended on that date.
- (d) Standalone Cash flow statement of the flow of cash in the Company for year ended on that date.

### Basis for Qualified Opinion:

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

- (a) As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates and therefore, cost could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.
- b) The revenue as per the Statement of profit and loss for the year ended March 2024 is Rs 3604.75 lakhs. This includes a sum of Rs 105.88 lakhs being the value of sales invoices accounted in the month of March 2024 (F.Y 2023-24), raised by HMT Limited food processing machinery unit Aurangabad, on its customers. However as per the records, the said invoices were raised during the period, but dispatches were made after 31-3-2024. The customer therefore has not got control of the assets before 31-3-24. This is in contravention of revenue recognition as per Ind As 115, resulting in

the overstatement of revenue by Rs 105.88 lakhs, with consequent overstatement of profit and understatement of finished goods.

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

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.
- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.

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

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.

- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.
- (d) Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.
- (e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.
- (f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.
- (g) We draw your attention to Note No.53 wherein the Company has stated that it has

no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.

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

**Key Audit Matters:**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the financial year ended 31<sup>st</sup> March 2024. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

<b>Key Audit Matters</b>	<b>How our audit addressed the key matter</b>
<b>Revenue Recognition from Operating Leases as per IND AS 116 - Leases</b>	
<p>The company earns rental income from leasing out properties on a commercial and residential basis. As the rental income earned forms a significant part of the total income earned, the matter is considered as key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> <li>• We have obtained the information such as Number of residential quarters and shops, occupancy, Tenant name, Date of occupancy and vacancy.</li> <li>• We have verified lease agreements on sample basis</li> <li>• We have verified journal entries passed with the rental income to be recognized as per lease agreements.</li> <li>• We have verified the impact of Ind AS 116 on the rent received by the entity.</li> </ul>

<b>Revenue recognized from Sale of watches</b>	
<p>The entity is engaged in sale of watches and earns a major part of revenue. And hence, considered this as a key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> <li>• We have obtained an understanding of how the invoicing for the sales made at the showrooms and sales made through e-Commerce website is done.</li> <li>• We were provided with the transaction log in the e-commerce website against which the invoices are generated.</li> <li>• We have obtained an understanding based on recording the income from sale of watches in the books of accounts.</li> <li>• The sale of watches recorded in books was selected on sample basis and verified against the invoices generated.</li> <li>• We have checked the sequential order for the invoices generated against the sales made.</li> <li>• We have obtained an explanation in respect to the cancelled invoices.</li> </ul>
<b>Loan given to HMT Machine Tools Limited</b>	
<p>The entity had given loan to it's wholly owned subsidiary HMT Machine Tools Limited having a balance of Rs. 30,582.41 lakhs. The amount given as loan to this entity forms a major part of Current Assets and hence, considered as a key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> <li>• We have obtained the Minutes of Meeting of Board Committee and Board resolutions in respect to the approval of loan given to HMT Machine Tools Ltd.</li> <li>• We have verified the rate of interest at which the loan was given.</li> <li>• We have verified the sources of funds for the loan given.</li> <li>• We have verified the reasons for which the loans were given.</li> <li>• We have verified the impact of Section 185 and Section 186 of Companies Act, 2013 on such loan given.</li> <li>• We were provided with the interest workings in respect of interest income recorded on such loan.</li> </ul>
<b>Inventory valuation</b>	
<p>Inventory is considered as a key audit matter as the valuation and determination of its impairment require usage of several key assumptions and estimates that may have a material impact on the Standalone Financial Statements.</p>	<p>Our Audit Procedures include –</p> <ul style="list-style-type: none"> <li>• We have obtained the Inventory Valuation reports from the management.</li> <li>• We have obtained the Quantitative details in respect of type of Inventory held by the entity.</li> <li>• We have obtained an understanding on the accounting policy followed by the entity to measure the Inventory on the closing date.</li> <li>• We have analyzed and verified the disclosure requirements as per Ind AS -2 and Schedule III of Companies Act, 2013.</li> </ul>

**Emphasis of Matter Paragraph**

- (a) We draw you attention to Note No. 49 of Standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2024 wherein HMT Limited has invested Rs.15 lakh (50% of equity shares) comprising 1,50,000 equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bengaluru (M/s. Sudmo - HMT). M/s. Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/ July 2021) for closure of the defunct joint venture company (M/s. Sudmo- HMT) and submitted the closure proposal to Administrative Ministry (July 2021) for approval.
- (b) We draw you attention to Note No. 50 of Standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2024 wherein HMT Limited has invested Rs.20.84 lakh (39% of equity shares) comprising 20,84,050 equity shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavanagar (M/s. GSMTC). The Board of HMT Ltd gave (March 2021) in principle approved for liquidation of M/s. GSMTC and issued the consent letter to Gujarat Industrial Investment Corporation Limited (GIIC), GIIC approved (September 2021) liquidation of M/s. GSMTC and submitted (October 2021) the proposal to Industries & Mines Department. HMT Ltd submitted (April 2022) the liquidation proposal to Administrative Ministry.
- (c) We draw you attention to Note No. 51 of Standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March, 2024 wherein HMT Limited has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Mchine Tools Limited, Nigeria (M/s. NMTL). The Board of HMT Ltd gave (February 2020) approval for divestment of stake in M/s. NMTL and sought approval from Administrative Ministry.
- (d) We draw your attention to Note No. 3C- Additional Information (d)&(e), Note No. 22- Additional Information and Note No. 34 (ii) of Standalone Ind AS financial statements for the

financial year ended 31<sup>st</sup> March, 2024 relating to transfer of land to Raman Research Institute and Government of Uttarakhand (transferee) wherein the Company (transferor) has received entire sale consideration and has given the possession of the land in the earlier years resulting in performance of contract by both the parties. The Company had made a provision for taxation of Rs. 980 lakhs which has been reversed in the current year. However, the recognition of profit/ loss on transfer of land will be considered in the year of registration of sale deed.

Our opinion on the above matters is not modified.

**Other Matters**

1. The previous year figures in the financial statements of the company were audited by SSB & Associates whose report has been furnished to us in which the auditor have provided a qualified opinion on the Standalone Financial Statements as on 31-03-2024. The Qualified opinion given by the previous auditor is given as **"Annexure A"**.
2. We did not audit the financial statements/ information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 2440.32 lakhs as at March 31, 2024 and total revenues of Rs. 3,682.11 lakhs for the year ended on that date. The financial statements/ information of this standalone has been audited by the branch auditor M/s R.K. Muley & Co, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such standalone auditor.
3. The physical share certificates of 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Limited whose cost is Rs.26,089.90 lakhs and Rs.44,300.00 lakhs respectively are not in possession of the Company as at 31<sup>st</sup> March 2024.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management for the Financial Statements**

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

the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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



misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, except for the matter described in the Basis for Qualified opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, except for the matter described in the Basis for Qualified opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. The entity is a government entity and in the terms of notification reference No.G.S.R. 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs for Government

Companies, sub-section (2) of Section 164 of Companies Act, 2013 regarding disqualification for appointment of director is not applicable. Hence, Comment on the same does not arise.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure C"**.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the financial statements.
  - ii. The company did not have any long term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect to material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. a) The Management of the company has represented that, to the best of their knowledge and belief, that the Company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including

foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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.

b) The Management of the company has represented that, to the best of their knowledge and belief, other than that as disclosed in the notes to the accounts, that the Company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule (e), as provided under (a) and (b) above, contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year ended 31st March 2024, and therefore, compliance with section 123 of the Companies Act, 2013 is not applicable.

- vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has not been operated throughout the year for all relevant transactions recorded in the software.
3. As required by Section 143(5) of the Act, our submissions are as under :
- We give in the “Annexure D”, a statement on the compliance to Directions issued by the Comptroller and Audit General of India.

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEVL5456

Place: Bengaluru

Date: 20-09-2024

## Annexure A to Independent Auditor's Report

**The Annexure A referred to in the Independent Auditor's Report to the Members of HMT Limited ('the Company') for the year ended 31 March 2024, the qualified opinion given on the previous year figures in the financial statements as on 31 March 2024 is as follows :**

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

As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.

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

Consequent to Non-receipt of confirmation of balances of Debtors and Creditors, the impact on financial statements cannot be quantified.

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

- a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities

and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.

- b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31<sup>st</sup> March, 2023. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
- c. We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.
- d. Company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEV15456

Place: Bengaluru

Date: 20-09-2024

**The Annexure B referred to in the Independent Auditor’s Report to the Members of HMT Limited (‘the Company’) for the year ended 31 March 2024, we report that:**

(i)a) (A) The Company has maintained proper records showing full quantitative details and the situation of Property, Plant and Equipment.

(B) The Company does not own any Intangible Assets and hence, the reporting under paragraph 3(i)(a)(B) is not applicable to the company.

b) According to the information and explanations given to us, the Property, Plant and Equipment are physically verified once in three years which is considered reasonable considering the size of the company.

The physical verification of Fixed Assets in Auxiliary Business Division was carried out during the FY 2022-23 and the Tractor division which is discontinued and merged with Auxiliary Business Division was carried out during the FY 2016-17. No material discrepancies were found in the case of Property, Plant and Equipment of Auxiliary Business Division.

As we are not provided with the latest Physical verification report of Tractor Division (merged with Auxiliary Business Division, Bengaluru), we are unable to comment on the discrepancy, if any, on Property, Plant and Equipment of Tractor Division.

Fixed Asset Verification report was not provided for verification in case of Food Processing Unit, Aurangabad and we are unable to comment on the discrepancy, if any, on the Property, Plant and Equipment of Food Processing Unit, Aurangabad.

c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee), as disclosed under Property, Plant and Equipment in the financial statements are held in the name of the Company except in the following cases:

Description of Property	Gross carrying value	Held in name of	Whether held by promoter, director, or their relative or employee	Period held	Reason for not being held in the name of the Company
Leasehold Land from CIDCO	Rs. 5,00,000	CIDCO	No		The said land is encroached, and the matter is pending with the Honorable High Court

d) The Company has not revalued its Property, Plant and Equipment or Intangible Assets during the year.

e) According to the information and explanations given by the management, no proceedings has been initiated or are pending against the Company for holding any benami property under the Benami

Transactions (Prohibition) Act, 1988 and the rules made thereunder.

(ii) a) As explained to us, inventory of the company has been physically verified during the year by the management at regular intervals. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on such physical verification.

b) According to the information and explanations given to us by the management and based on our examination of the books of accounts in the normal course of audit, the Company has not been sanctioned working capital limits in excess of five crore rupees in aggregate, from bank or financial institutions on the basis of security of current assets. Thus, paragraph 3(ii)(b) of the Order is not applicable to the Company.

has not made any investments in, nor provided any loans or advances in nature of loans or stood guarantee or provided security to any entity. Thus, paragraph 3(iii) of the Order is not applicable to the Company.

a) (A) According to the information and explanations given to us and based on the audit procedures performed by us, during the year the Company has not provided any loans or advances in nature of loans, or stood guarantee or provided security to its subsidiaries, joint ventures and associates other than that disclosed below:

(iii) According to the information and explanation given to us and based on the audit procedures performed by us, during the year the Company

Particulars	Loans	Advances in nature of Loan	Guarantee	Security
Aggregate amount during the year				
- Subsidiaries	Rs.3111.98 lakhs	Rs.154.31 lakhs	-	-
- Associate	-	-	-	-
- Joint Venture	-	Rs.3.40 lakhs	-	-
Balance outstanding as at the year end:				
- Subsidiaries	Rs.30582.41 lakhs	Rs.1599.53 lakhs	-	-
- Associate	-	-	-	-
- Joint Venture	-	Rs.3.40 lakhs	-	-

(B) According to the information and explanations given to us and based on the audit procedures performed by us, during the year the Company has not provided any loans or advances in nature of loans, or stood guarantee or provided security to any parties other than subsidiaries, Associate and joint venture.

investments made, guarantee provided and the terms and conditions of loans granted by the Company are prima facie not prejudicial to the interest of the company.

c) According to the information and explanation provided to us and based on the audit procedures conducted by us, the principal and interest of the loans granted by the Company, the repayment of loan is over due as on 31st March 2024. The details for which are as below:

b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the

Name of Entity	Amount (Rs.)	Due date	Extent of Delay	Remarks, if any
HMT Machine Tools Limited	Rs.506.99 lakhs	31-03-2019	1827 days	-
HMT Machine Tools Limited	Rs.1,345.47 lakhs	31-03-2020	1461 days	-
HMT Machine Tools Limited	Rs.1,640.73 lakhs	31-03-2021	1096 days	-
HMT Machine Tools Limited	Rs.1,828.65 lakhs	31-03-2022	731 days	-

In respect of advances in the nature of loans, there is no stipulation as to repayment of principal and interest amount relating to such advances and hence, we are unable to comment on the same.

conducted by us, in respect of loans and advances in the nature of loans, there is an amount which is overdue for more than ninety days as at the balance sheet date in respect of loans given to it's wholly owned subsidiary i.e., HMT Machine Tools Limited as indicated in below table-

d) According to the information and explanation provided to us and based on the audit procedures

Number of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks(if any)
HMT Machine Tools Limited	Rs.30,582.41 lakhs	Rs.5,321 lakhs	Rs.35,903.41 lakhs	-

e) According to the information and explanation provided to us, there is no loan given falling due during the year, which has been renewed or extended or granted fresh loans to settle the over dues of existing loans given to the same party.

f) According to the information and explanation provided to us and based on the audit procedures conducted by us, the Company has granted loan or advance in nature of loan to any parties under a agreement which does not stipulate the terms and period of repayment which are as follows

	All Parties	Promoters	Related Party
Aggregate of loans/advances in nature of loan			
- Repayable on Demand	Rs.3,266.29 lakhs	-	Rs.3,266.29 lakhs
- Agreement does not specify any terms or period of repayment	-	-	-
Percentage of loans/advances in nature of loan to the total loans	9.86%		9.86%

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans, deposit and investments made.

(vi) The Central government has not prescribed maintenance of cost records under section 148(1) of the Act for any of the products/services of the Company. Thus paragraph 3(vi) of CARO is not applicable to the Company.

(v) The Company has not accepted any deposits or has any amounts which are deemed to be deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act rules framed thereunder and the directions issued by the RBI are applicable. Hence paragraph 3 (v) of CARO is not applicable to the company.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services tax, Cess and other material statutory dues have not generally been regularly deposited during

the year by the Company with the appropriate authorities though there have been serious delays in case of filing GST Returns and payment of taxes.

According to the information and explanations give to us, no undisputed amounts payable in

respect of Provident Fund, Employees' State Insurance, Income tax, Duty of Customs, Goods and Services tax, cess and any other material statutory dues were in arrears as at 31 March 2024 except the following, for a period of more than six months from the date they became payable –

Statement of Undisputed Dues			
Sl.No	Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)
1	Greater Hyderabad Municipal Corporation	Property Tax	723.65
2	Employee State Insurance	Employee State Insurance	2.34
3	VAT/CST	Interest on VAT/CST	1.24
4	GST	Interest on GST	0.16
5	Bruhat Bengaluru Mahanagara Palike	Property Tax	19.98
6	Excise Duty	Excise Duty	59.14

In the case of Food Processing Machinery Unit, Aurangabad, there were lapses in collection of TCS, non-

deduction of TDS and short deduction of TDS. The amount of undisputed statutory dues arising from such cases is not quantifiable.

b) According to the information and explanations

given to us and based on the audit procedures conducted by us, there are no dues of income tax, Goods and Service Tax, custom duty, and cess which have not been deposited of account of any dispute other than that stated below:

Statement of Disputed Dues					
Name of the statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Haryana Local Area Development Tax Ordinance, 2000	Haryana Local Area Development Tax	486.17	From 2005 to 2017	Honourable High Court of Punjab and Haryana	-
GST	GST under Appeal before Tribunal	62.72	For the year 2019-2020	Appellate Tribunal	-
GST	GST under Assessment	25.35	For the year 2020-2021	GST Department	-
Professional Tax	Professional Tax	0.04	For the year 2023-2024	Professional Tax Department	-
Employee Provident Fund	Provident Fund	1210.48	Various years	Employee Provident Fund Appellate Tribunal	-



(viii) Based on our audit procedure and on the information and explanation given to us by the management, no transaction has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) Based on our audit procedure and on the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of loans or other borrowing to its lender other than that stated below:

<b>Nature of Borrowing including debt securities</b>	<b>Name of lender</b>	<b>Amount not paid on due date</b>	<b>No of days of delay or unpaid</b>
Government of India Loan (Interest Free) dated 21.01.2017	Government of India	Rs.6,073.60 lakhs sue since 21.01.2018	2261 days
		Rs.6,073.60 lakhs sue since 21.01.2019	1896 days
		Rs.6,073.60 lakhs sue since 21.01.2020	1531 days
		Rs.6,073.60 lakhs sue since 21.01.2021	1165 days
		Rs.6,073.60 lakhs sue since 21.01.2022	800 days
Government of India Loan (Interest Free) dated 16.02.2017	Government of India	Rs.4,800.00 lakhs sue since 16.02.2018	2235 days
		Rs.4,800.00 lakhs sue since 16.02.2019	1870 days
		Rs.4,800.00 lakhs sue since 16.02.2020	1505 days
		Rs.4,800.00 lakhs sue since 16.02.2021	1139 days
		Rs.4,800.00 lakhs sue since 16.02.2022	774 days
Government of India Loan (Interest Free) dated 29.04.2017	Government of India	Rs.1,958.00 lakhs sue since 29.04.2018	2163 days
		Rs.1,958.00 lakhs sue since 29.04.2019	1798 days
		Rs.1,958.00 lakhs sue since 29.04.2020	1432 days
		Rs.1,958.00 lakhs sue since 29.04.2021	1067 days
		Rs.1,958.00 lakhs sue since 29.04.2022	702 days

(b) According to the information and explanation given to us by the management, the Company is not declared as willful defaulter by any bank or Financial Institution or other lenders.

(c) According to the information and explanation given to us by the management, the Company has not obtained any term loan during the year and hence comment on the same does not arise.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

(e) According to the information and explanations given to us and on an overall examination of the balance sheet of the company/ examination of the cash flow statement of the Company, we report that 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 as defined under Companies Act, 2013.

(f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- (x)(a) According to the information and explanation given to us and based on audit procedure performed, no money was raised by the way of public issue/follow-on-offer (including debt instruments).
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi)(a) Based upon audit procedure performed and information and explanation given by the management, we report that no fraud by the company or any fraud on the company has been noticed or reported during the year.
- (b) Based upon audit procedure performed and information and explanation given by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed by us or by other auditors of the Company.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The company is not a Nidhi Co. and therefore clause 3(ix) of the order is not applicable to the company.
- (xiii) In our opinion, all transactions with the related parties entered into by the Company during the year are in compliance with section 177 and section 188 of the Companies Act of 2013 and the details thereof have been disclosed in the Financial Statement as required by the Accounting standards and Companies Act, 2013.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We were unable to obtain Internal Audit Reports of the two branches i.e., Auxiliary Business Division, Bengaluru and Food Processing Machinery Unit, Aurangabad, hence the Internal Audit Reports have not been considered by us. In case of Corporate Head office, We have obtained and considered the Internal Audit Reports.
- (xv) On the basis of the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) According to the information and explanation given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) Based on the audit procedure performed, the Company has not conducted any Non-Banking Financial or Housing Finance activities as per the Reserve Bank of India Act, 1934.
- (c) Based in audit procedure performed, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) Based in audit procedure performed, the Company or any of the companies in the group are Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (xvii) The Company has not incurred any cash losses in the financial year and in the preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is 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.

- (xx) (a) The company does not have unspent amount in respect of other than ongoing projects in the financial year in compliance with second proviso to sub-section (5) of section 135
- (b) In respect of ongoing projects, the company has transferred unspent amount to a Special Account, within a period of 30 days from the end of the financial year in compliance with Sec.135(6) of the said Act, as per the details given below:

Financial Year	Amount unspent on CSR activities for "On going Projects"	Amount Transferred to Special Account within 30 days from the end of the Financial Year	Amount Transferred after the due date (specify the date of deposit)
(a)	(b)	(c)	(d)
2023-2024	27,80,000	27,80,000	-

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEVL5456

Place: Bengaluru

Date: 20-09-2024

## **Annexure – C to the Independent auditor’s report of even date on the financial statements of “HMT LIMITED” on the financial statements for the year ended 31 March 2024.**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (herein referred as “the Act”)**

We have audited the internal financial controls over financial reporting of “HMT Limited” as of March 31, 2024, in conjunction with our audit of the Standalone financial statements for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **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”) issued by the Institute of Chartered Accountants of India, and the Standards on Auditing, as prescribed under section

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, with reference to the financial statement.

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 Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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**

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company has adequate internal

control over financial reporting and whether such internal control was operating effectively as on 31st March, 2024.

Based on the limited audit procedures performed by us during the course of our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31<sup>st</sup> March, 2024:

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

- (a) The branch does not have an appropriate internal control system for inventory as there is no integration between the financial accounting module and inventory module.
- (b) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.
- (c) The branch has not maintained proper records and reconciliations of GST, TDS on GST Liability, which have a material impact on the financial reporting of such amounts in the financial statements. Further, the branch does not have adequate internal control on the payments of statutory dues i.e., GST, TDS, PF, PT ESIC etc. within due dates.

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

- (a) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/ procurements.

- (b) The Branch does not have appropriate internal control with respect to Inventory and valuation of inventory.
- (c) The Branch does not have a proper system of control over invoicing, sales and inventory from different outlets.

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

- (a) The company does not have an adequate internal control system for obtaining balance confirmations from Sundry Debtors, Sundry Creditors and other parties. This may result in material misstatement in the standalone financial statements.

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

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit procedures applied in our audit of the financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company, and we have issued a qualified opinion on the financial statements.

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEVL5456

Place: Bengaluru

Date: 20-09-2024

**“ANNEXURE D” referred to in paragraph 3 under the heading “report on other legal and regulatory requirements” of our report directions indicating the arears to be examined by statutory auditors during the course of audit of annual accounts of HMT limited for the financial year 2023-24 issued by the comptroller & auditor general of India (“C&AG”) under section 143 (5) of the Companies Act, 2013**

Sl.No	Directions	Audit Observations
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the management, it has a system where accounting vouchers are processed and prepared manually, due authorizations are obtained which are later entered into IT System i.e., the accounting software maintained by the company. The company has adequate control to ensure the integrity of the accounting 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 to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as onetime interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.28.24 crores as on 31.03.2024 out of the Loan received from GOI of Rs. 641.58 crores.

**for N S V M & Associates**

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

Partner

Membership No: 036508

UDIN: 24036508BKDEVL5456

Place: Bengaluru

Date: 20-09-2024

## 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 LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of HMT Limited for the year ended 31 March 2024 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 under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 20<sup>th</sup> September 2024 which supersedes their earlier Audit Report dated 09 August 2024.

I, on behalf of the Comptroller of Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Limited for the year ended 31 March 2024 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*  
26/09/24

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

Place: Hyderabad  
Date : 26 September 2024



## Standalone significant accounting policies for the year ended March 31, 2024

### 1. Background:

HMT Limited (“the Company”) is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company’s shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Food Processing Machineries.

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

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

##### a) Use of estimates:

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management’s best knowledge

of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revision to accounting estimates is recognized prospectively.

##### b) Property, Plant & Equipment

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

(a) on disposal; or

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

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

Special Tools:

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

### c) Leases

#### The Company as a lessor

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

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

#### *Operating Leases as a Lessor*

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

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

#### The Company as a lessee

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

a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.

c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

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

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

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of

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

**d) Borrowing Cost:**

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

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

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

**e) Investment Property:**

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

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

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

**f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their

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

- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.
- iv) Research and Development Expenditure:

*Research Phase:*

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

*Development Phase:*

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

**g) Depreciation and Amortisation:**

Depreciation on PPE is provided on straight line basis over the useful life of the various assets as

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

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

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

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

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

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

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

**i) Government Grants:**

Government Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be

complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expenses. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

**j) Inventories:**

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

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

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

**k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

*i) Sale of goods:*

Revenues are recognised at the point in time that the customer obtains control of the goods or services which is when it has taken title to the products and assumed the risks and rewards of

ownership of the product or services. Generally, the transfer of title and risks and rewards of ownership of goods are governed by the contractually defined shipping terms.

*ii) Rendering of services:*

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

*iii) Rental Income:*

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

*iv) Dividend Income:*

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

*v) Interest Income:*

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

*vi) Warranty:*

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

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

*vii) Extended Warranties:*

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

**l) Foreign Currency Translation:**

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

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

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

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

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

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

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

Gratuity is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation. Annual contributions are made, to the extent required, to a trust constituted and administered by the Life Insurance Corporation of India under which the Gratuity is fully covered for all eligible employees.

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

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

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

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

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

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

**n) Income taxes:**

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

*i) Current taxes:*

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

*ii) Deferred Taxes:*

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

**o) Provisions:**

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

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

**p) Impairment:**

*i) Financial assets:*

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

*ii) Non-financial assets:*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount

of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

**q) Financial Instruments:**

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

*i) Cash & cash equivalents:*

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

*ii) Financial assets at amortised cost:*

Financial assets are subsequently measured at amortized cost if these financial assets are held

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

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

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

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

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

*v) Financial Liabilities:*

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

*vi) De-recognition of financial instruments:*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-

recognition under Ind AS 109. On derecognition of any financial assets in its entirety, the difference between Carrying amount (on date of derecognition) 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 derecognized when the obligation specified in the contract is discharged or cancelled or expires.

*vii) Fair value of financial instruments:*

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

*Fair value hierarchy:*

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

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

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



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

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

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

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

**i) Judgements:**

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

*a) Operating lease– Company as lessor:*

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

*b) Discontinued Operations:*

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of

the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

*c Property, plant & equipment:*

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

**ii) Estimates and assumptions:**

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

*a) Deferred Taxes*

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

*b) Defined Benefit Obligations:*

The cost of the defined benefit gratuity plan, provident fund and Settlement Allowance and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual

developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

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

*c) Other Long-Term Employee Benefits:*

Other Long-Term Employee Benefits like Earned Leave Encashment is determined through 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), remeasurements 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 Remeasurement 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.

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	As at 31-03-2024	As at 31-03-2023
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	3A	768.27	896.29
Investment Property	3B	141.20	160.13
Financial Assets			
Investments	4	71,977.91	71,977.91
Other Financial Assets	11	127.70	1,415.99
Deferred Tax Asset (Net)	5	47.93	4.28
Other Non Current Assets	13	71.74	67.98
		<b>73,134.75</b>	<b>74,522.58</b>
<b>Current assets</b>			
Inventories	6	1,174.90	974.81
Financial Assets			
Trade Receivables	7	1,482.98	1,767.31
Cash and Cash Equivalents	8	651.69	7,638.04
Bank balances other than Cash and Cash Equivalents	9	16,807.94	10,230.86
Loans	10	30,582.41	27,470.43
Other Financial Assets	11	5,703.43	5,661.12
Current Tax Assets (Net)	12	583.70	965.48
Other Current Assets	13	2,555.61	2,769.51
		<b>59,542.66</b>	<b>57,477.56</b>
<b>Non Current Assets Held for Sale</b>	3C	<b>296.15</b>	<b>296.15</b>
		<b>296.15</b>	<b>296.15</b>
<b>TOTAL ASSETS</b>		<b>1,32,973.56</b>	<b>1,32,296.29</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	14	35,560.16	35,560.16
Other Equity	15	10,317.79	7,832.74
<b>Total Equity</b>		<b>45,877.95</b>	<b>43,392.90</b>
<b>Non-current Liabilities</b>			
Financial liabilities			
Non-current Financial Liability	17	-	-
Provisions			
Provision for Employee Benefits	18	90.87	241.01
		<b>90.87</b>	<b>241.01</b>

**STANDALONE BALANCE SHEET AS AT 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	As at 31-03-2024	As at 31-03-2023
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	16	<b>64,171.74</b>	64,171.74
Trade Payables	19		
<i>Total outstanding dues to Micro, Small &amp; Medium Enterprises</i>		<b>150.90</b>	10.52
<i>Total outstanding dues of creditors other than Micro, Small &amp; Medium Enterprises</i>		<b>1,693.70</b>	417.56
Other Financial Liabilities	20	<b>3,686.00</b>	3,686.00
Other Current Liabilities	21	<b>16,687.31</b>	19,065.62
Provisions			
Provision for Employee Benefits	18	<b>256.82</b>	130.93
Others	23	<b>288.19</b>	285.35
Current Tax Liabilities (Net)	22	<b>70.08</b>	894.66
		<b>87,004.74</b>	<b>88,662.38</b>
<b>Total Liabilities</b>		<b>87,095.61</b>	<b>88,903.39</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,32,973.56</b>	<b>1,32,296.29</b>

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For NSVM & Associates**
*Chartered Accountants*

F.R.N : 010072S

**Rajesh Kohli**

Chairman and Managing Director

(Addl. Charge)

DIN 10333951

**Sameena Kohli**

Director, Finance

(Addl. Charge)

DIN 10663362

**GCS Mani**
*Partner*

Membership No : 036508

UDIN: 24036508BKDEVC1090

Place : Bangalore

Date : August 9, 2024

**Kishor Kumar Shankar**

Company Secretary

**Aparna R**

Chief Financial Officer

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-03-2024	Year Ended 31-03-2023
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	24	4,791.24	5,159.25
Other Income	25	5,126.72	4,837.33
<b>Total Income</b>		<b>9,917.96</b>	<b>9,996.58</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	26	3,455.23	4,285.60
Changes in Inventories of finished goods, Stock in trade and work-in-progress	27	(143.36)	(178.80)
Employee Benefits Expense	28	754.87	734.27
Depreciation and Amortization Expense	29	210.54	210.84
Finance Costs	30	0.32	12.69
Other Expenses	31	3,893.02	3,441.37
<b>Total expense</b>		<b>8,170.62</b>	<b>8,505.97</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>1,747.34</b>	<b>1,490.61</b>
Exceptional items	32	-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>1,747.34</b>	<b>1,490.61</b>
(1) Current tax		320.00	1,180.00
(2) Deferred tax		(35.07)	13.39
(3) Adjustment of tax relating to earlier periods		(980.00)	(408.60)
		<b>(695.07)</b>	<b>784.79</b>
<b>Profit/(loss) for the year from continuing operations</b>		<b>2,442.41</b>	<b>705.82</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit/(loss) for the year</b>		-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<b>2,442.41</b>	<b>705.82</b>

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-03-2024	Year Ended 31-03-2023
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		<b>34.06</b>	27.70
Tax expense/(income)		<b>(8.58)</b>	6.97
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>42.64</b>	<b>20.73</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>2,485.05</b>	<b>726.55</b>
Earnings per share for continuing operations	39		
i) Basic, profit from continuing operations attributable to equity holders		<b>0.69</b>	0.20
ii) Diluted, profit from continuing operations attributable to equity holders		<b>0.69</b>	0.20
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders		-	-
ii) Diluted, profit from discontinued operations attributable to equity holders		-	-
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders		<b>0.69</b>	0.20
ii) Diluted, profit for the year attributable to equity holders		<b>0.69</b>	0.20

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For NSVM & Associates**  
*Chartered Accountants*  
 F.R.N : 010072S

**Rajesh Kohli**  
 Chairman and Managing Director  
 (Addl. Charge)  
 DIN 10333951

**Sameena Kohli**  
 Director, Finance  
 (Addl. Charge)  
 DIN 10663362

**GCS Mani**  
*Partner*  
 Membership No : 036508  
 UDIN: 24036508BKDEVC1090  
 Place : Bangalore  
 Date : August 9, 2024

**Kishor Kumar Shankar**  
 Company Secretary

**Aparna R**  
 Chief Financial Officer

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Year Ended 31-03-2024	Year Ended 31-03-2023
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	1,747.34	1,490.61
<b>Profit before tax</b>	<b>1,747.34</b>	<b>1,490.61</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	191.61	191.12
Depreciation of investment properties	18.93	19.72
Amortisation of government grant	-	(11.13)
Profit on disposal of property, plant and equipment	-	(76.48)
Interest Income	(2,781.26)	(2,106.67)
Finance costs	0.32	12.69
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity and government grants	(37.64)	3,891.28
Increase in trade and other receivables and prepayments	240.45	(727.37)
(Increase)/Decrease in inventories	(195.57)	(104.35)
Increase in trade and other payables	(961.79)	8,978.03
	<b>(1,777.61)</b>	<b>11,557.45</b>
Income tax (paid)/reversed	217.20	(377.42)
<b>Net cash flows from operating activities</b>	<b>(1,560.41)</b>	<b>11,180.03</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	-	76.52
Purchase of property, plant and equipment	(63.59)	(446.55)
Deposits with Banks	(6,577.08)	(4,352.78)
Interest received	1,215.05	860.45
<b>Net cash flows used in investing activities</b>	<b>(5,425.62)</b>	<b>(3,862.36)</b>
<b>Financing activities</b>		
Interest Paid	(0.32)	(1.56)
Repayment of borrowings	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>(0.32)</b>	<b>(1.56)</b>

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Year Ended 31-03-2024	Year Ended 31-03-2023
<b>Net increase in cash and cash equivalents</b>	<b>(6,986.35)</b>	7,316.11
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	<b>7,638.04</b>	321.93
<b>Cash and cash equivalents at year end</b>	<b>651.69</b>	<b>7,638.04</b>

**Significant Accounting Policies and Notes forming part of Accounts**

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7

2) The Cash and Cash equivalents has been considered as per Note No.8

**As per our Report of even date attached****For and on behalf of the Board of Directors of HMT Limited****For NSVM & Associates***Chartered Accountants*

F.R.N : 010072S

**Rajesh Kohli**

Chairman and Managing Director

(Addl. Charge)

DIN 10333951

**Sameena Kohli**

Director, Finance

(Addl. Charge)

DIN 10663362

**GCS Mani***Partner*

Membership No : 036508

UDIN: 24036508BKDEVC1090

Place : Bangalore

Date : August 9, 2024

**Kishor Kumar Shankar**

Company Secretary

**Aparna R**

Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY**
**A. EQUITY SHARE CAPITAL**

As at 31st March 2024

(Rs. In lakhs)

Balance as at 1st April 2023	Changes in Equity Share Capital during the year	Balance as at 31st March 2024
35,560.16	-	35,560.16

As at 31st March 2023

(Rs. In lakhs)

Balance as at 1st April 2022	Changes in Equity Share Capital during the year	Balance as at 31st March 2023
35,560.16	-	35,560.16

**B Other Equity**

As at 31st March 2024

(Rs. in lakhs)

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
Balance as of 1st April 2023	13,453.11	(3,879.55)	-	(1,740.82)	7,832.74
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset	-	-	-	42.64	42.64
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	2,442.41	-	-	2,442.41
Balance as at 31 March 2024	13,453.11	(1,437.14)	-	(1,698.18)	10,317.79

**As at 31st March 2023**

(Rs. in lakhs)

	Reserves and Surplus		Other Comprehensive Income		Total equity attributable to equity holders of the Company
	General Reserve	Retained earnings	Equity Instruments through OCI	Other Items	
<b>Balance as of 1st April 2022</b>	13,453.11	(4,585.37)	-	(1,761.55)	<b>7,106.19</b>
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset	-	-	-	20.73	<b>20.73</b>
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	705.82	-	-	<b>705.82</b>
<b>Balance as at 31 March 2023</b>	<b>13,453.11</b>	<b>(3,879.55)</b>	-	<b>(1,740.82)</b>	<b>7,832.74</b>

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For NSVM & Associates**
*Chartered Accountants*

F.R.N : 010072S

**Rajesh Kohli**

Chairman and Managing Director

(Addl. Charge)

DIN 10333951

**Sameena Kohli**

Director, Finance

(Addl. Charge)

DIN 10663362

**GCS Mani**
*Partner*

Membership No : 036508

UDIN: 24036508BKDEVC1090

Place : Bangalore

Date : August 9, 2024

**Kishor Kumar Shankar**

Company Secretary

**Aparna R**

Chief Financial Officer

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**3A. PROPERTY, PLANT AND EQUIPMENT**

(Rs. in lakhs)

	Furniture, Fittings & Office Appliances							Total
	Land & Land Development	Buildings	Plant and Machinery	Special Tools	Transport Vehicles	Land-Leasehold		
<b>Gross carrying value</b>								
<b>As At 1 April 2022</b>	<b>158.19</b>	<b>759.84</b>	<b>10,834.20</b>	<b>465.27</b>	<b>623.99</b>	<b>63.55</b>	<b>17.09</b>	<b>12,922.13</b>
Additions	-	131.57	16.51	2.41	-	-	-	150.49
Disposals	-	-	(40.01)	(0.09)	-	-	-	(40.10)
<b>As At 31 March 2023</b>	<b>158.19</b>	<b>891.41</b>	<b>10,810.70</b>	<b>467.59</b>	<b>623.99</b>	<b>63.55</b>	<b>17.09</b>	<b>13,032.52</b>
Additions/Adjustment	-	48.26	13.98	1.35	-	-	-	63.59
Disposals	-	-	(0.34)	0.34	-	-	-	-
<b>As At 31 March 2024</b>	<b>158.19</b>	<b>939.67</b>	<b>10,824.34</b>	<b>469.28</b>	<b>623.99</b>	<b>63.55</b>	<b>17.09</b>	<b>13,096.11</b>
<b>Accumulated Depreciation</b>								
<b>As At 1 April 2022</b>	-	<b>370.19</b>	<b>10,462.21</b>	<b>457.96</b>	<b>620.91</b>	<b>63.55</b>	<b>10.35</b>	<b>11,985.17</b>
Depreciation charge for the year	-	60.96	128.63	1.40	-	-	0.13	191.12
Disposals/Adjustment	-	-	(39.97)	(0.09)	--	-	-	(40.06)
<b>As At 31 March 2023</b>	-	<b>431.15</b>	<b>10,550.87</b>	<b>459.27</b>	<b>620.91</b>	<b>63.55</b>	<b>10.48</b>	<b>12,136.23</b>
Depreciation charge for the year	-	89.44	99.75	2.30	-	-	0.12	191.61
Disposals/Adjustment	-	-	(1.06)	1.06	-	-	-	-
<b>As At 31 March 2024</b>	-	<b>520.59</b>	<b>10,649.56</b>	<b>462.63</b>	<b>620.91</b>	<b>63.55</b>	<b>10.60</b>	<b>12,327.84</b>
<b>Net carrying value</b>								
<b>As At 31 March 2024</b>	<b>158.19</b>	<b>419.08</b>	<b>174.78</b>	<b>6.65</b>	<b>3.08</b>	-	<b>6.49</b>	<b>768.27</b>
As At 31 March 2023	158.19	460.26	259.83	8.32	3.08	-	6.61	896.29
<b>Net carrying value</b>	<b>31-03-2024</b>	<b>31-03-2023</b>						
Plant Property and Equipment	<b>768.27</b>	896.29						

**Additional Information:**

(a) Quantum of loss accounted due to Impairment of Assets as per IND AS-36 - Nil

**Land:**

(b) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.

(c) The carrying amount of temporarily idle property, Plant and Equipment : - NIL

(d) The Gross carrying amount of any fully depreciated property, Plant and equipment that is still in use Rs.10873.48 lakhs.

(e) The Carrying amount of Property, Plant and Equipment retired from active use and not classified as held for sale in accordance with Ind AS 105 in Auxillary Business Division amounting to Rs.53.49 lakhs

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
<b>3B. INVESTMENT PROPERTY</b>			
<b>Gross carrying value</b>			
As at 1 April 2022	10.75	1,444.97	1,455.72
Additions	-	-	-
Deduct/adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
Additions	-	-	-
Deduct/adjustment	-	-	-
<b>As at 31 March 2024</b>	<b>10.75</b>	<b>1,444.97</b>	<b>1,455.72</b>
<b>Depreciation and impairment</b>			
As at 1 April 2022	-	1,275.87	1,275.87
Depreciation	-	19.72	19.72
Deduct/adjustment	-	-	-
<b>As at 31 March 2023</b>	<b>-</b>	<b>1,295.59</b>	<b>1,295.59</b>
Depreciation	-	18.93	18.93
Deduct/adjustment	-	-	-
<b>As at 31 March 2024</b>	<b>-</b>	<b>1,314.52</b>	<b>1,314.52</b>
<b>Net carrying value</b>			
As at 31 March 2024	10.75	130.45	141.20
As at 31 March 2023	10.75	149.38	160.13

**Additional Information:**

- i) The Company has classified certain land & building as investment property which is not a owner occupied property.
- ii) The Company has not obtained any fair valuation of the investment property from Registered Valuer. However, based on the guidance value, the fair value of the investment property as at March 31, 2024 is Rs.4,32,935.93 lakhs (as at March 31, 2023 Rs. 2,27,020.15 Lakhs)
- iii) **Land:**
  - (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at Rs1/- each.
  - (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Honourable Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**Additional Information:**
**Information regarding income and expenditure of Investment property**

Rs. in Lakhs

Particulars	31-Mar-24	31-Mar-23
Rental income derived from investment properties	382.25	380.26
Direct operating expenses (including repairs and maintenance) generating rental income	(312.89)	(355.66)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.54)	(2.47)
<b>Profit/(loss) arising from investment properties before depreciation and indirect expenses</b>	<b>66.82</b>	<b>22.13</b>
Less – Depreciation	18.93	19.72
<b>Profit arising from investment properties before indirect expenses</b>	<b>47.89</b>	<b>2.41</b>

**3C. Non Current Assets Held for Sale**

Rs. in Lakhs

Nature of Asset	As at 31-Mar-24	As at 31-Mar-23
Land	24.13	24.13
Buildings	272.02	272.02
<b>Total</b>	<b>296.15</b>	<b>296.15</b>

**Additional Information:**

- (a) The Company owning 5.80 acres of land at Bangalore which is classified as Assets Held for Sale, is pending for hearing with the Hon'ble Supreme Court of India due to Government of Karnataka filing an Interlocutory Application (IA) during the year 2020-21. The same shall be dealt upon final outcome of the case.
- (b) In line with the approval of Government of India, the Immovable Assets of HMT Watches Ltd (under closure) have been transferred to HMT Limited at the book value of Rs.296.06 lakhs during the year 2022-23, the rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of these properties till their disposal and ensure the transfer of the sale proceeds to the Government of India after deduction of applicable expenses and taxes.
- (c) The Company is in possession of gift land located at Bangalore admeasuring 89.74 acres of which 7.0 acres of land has been encroached upoh and the matter has been taken up with the Government of Karnataka to shift the un-authorized occupants
- (d) The Company has allowed possission of land measuring 45.622 acres and received entire sale consideration of Rs.7202.10 lakhs and is pending for registration.
- (e) The sale proceeds from the above stated land should be transferred to Government of India after incurring applicable taxes.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>4. Financial assets</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture at Cost:</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (Previous year: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	<b>15.00</b>	15.00
<b>Investments in Associates</b>		
20,84,050 (Previous year: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Investment in Subsidiaries</b>		
7,20,000 (Previous year: 7,20,000) Equity Shares {including 6,90,000 (Previous year: 6,90,000) Bonus Shares} of Rs.10 each fully paid up in HMT (International) Ltd, Bangalore	<b>3.00</b>	3.00
27,65,99,137 (Previous year: 27,65,99,137) Equity Shares of Rs.10 each fully paid up in HMT Machine Tools Ltd, Bangalore	<b>27,659.91</b>	27,659.91
64,90,100 (Previous year: 64,90,100) Equity Shares of Rs.10 each fully paid up in HMT Watches Ltd, Bangalore	<b>649.01</b>	649.01
<b>Total Investment in Equity instruments in Subsidiaries and Joint Venture</b>	<b>28,326.92</b>	<b>28,326.92</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>Investments in Preference Shares</b>		
<b>Investment in Subsidiaries</b>		
4,43,00,000 (Previous year: 4,43,00,000) 3.5% Redeemable Preference Shares of Rs.100 each fully paid up in HMT Machine Tools Ltd, Bangalore (Subsidiary Company)	<b>44,300.00</b>	44,300.00
<b>Total Investment in Preference Shares</b>	<b>44,300.00</b>	<b>44,300.00</b>
<b>Total</b>	<b>72,626.92</b>	<b>72,626.92</b>
Less: Allowance for Investments in Subsidiaries		
HMT Watches Ltd, Bangalore	<b>649.01</b>	649.01
	<b>649.01</b>	<b>649.01</b>
<b>Total Investments</b>	<b>71,977.91</b>	<b>71,977.91</b>
<b>Current</b>		
<b>Non Current</b>	<b>71,977.91</b>	71,977.91
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	<b>72,626.92</b>	72,626.92
Aggregate amount of impairment in value of investments	<b>649.01</b>	649.01

**Additional Information:**

HMT Machine Tools Ltd, Bangalore is a BIFR referred Company, and has sought for exemption from payment of Stamp Duty from Government of Karnataka for issue of share certificates in respect of 26,08,99,037 Equity Shares and 4,43,00,000, 3.5% Preference Shares. Pending receipt of order, the share certificates are still not issued by the Company.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>5. Deferred Tax Assets (Net)</b>		
Deferred Tax Asset	73.69	79.80
Less: Deferred Tax Liability	25.76	75.52
	<b>47.93</b>	<b>4.28</b>
<b>6. Inventories</b>		
Raw Materials and Components	210.12	162.90
Work-in-Progress	326.65	279.44
Finished Goods	57.64	167.75
Stock in Trade	799.52	593.26
Stores and Spares	24.64	21.41
Tools and Instruments	30.21	28.45
Scrap	0.69	0.69
	<b>1,449.47</b>	1,253.90
Less: Provision for Non-moving Inventories	274.57	279.09
	<b>1,174.90</b>	<b>974.81</b>
<b>7. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	1,482.98	1,767.31
Doubtful	7,610.77	9,933.52
	<b>9,093.75</b>	11,700.83
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	7,610.77	9,933.52
	<b>1,482.98</b>	<b>1,767.31</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**7A Age-wise details**
*As at the end of current financial year.*

(Rs. in lakhs)

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	704.52	670.66	74.86	17.68	15.26	<b>1,482.98</b>
Undisputed - Considered doubtful					93.69	<b>93.69</b>
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	7,517.08	<b>7,517.08</b>
	<b>704.52</b>	<b>670.66</b>	<b>74.86</b>	<b>17.68</b>	<b>7,626.03</b>	<b>9,093.75</b>

*As at the end of previous financial year.*

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	1,705.71	23.47	7.68	4.80	25.65	<b>1,767.31</b>
Undisputed - Considered doubtful					93.69	<b>93.69</b>
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	9,839.83	<b>9,839.83</b>
	<b>1,705.71</b>	<b>23.47</b>	<b>7.68</b>	<b>4.80</b>	<b>9,959.17</b>	<b>11,700.83</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>8. Cash and Cash Equivalents:</b>		
Current Accounts	615.56	307.76
Deposits with maturity of three months or less	-	7,330.08
Cash and Cheques on hand	36.13	0.20
	<b>651.69</b>	<b>7,638.04</b>
<i>*Includes Rs. 9.79 lakhs payable to minority Share holders of HMT Bearings Ltd. (in Escrow Account)</i>		
<b>9. Bank balances other than Cash and Cash Equivalents:</b>		
Deposits with maturity more than three months but less than twelve months	15,693.95	9,839.52
Deposits having remaining maturity less than twelve months	1,113.99	391.34
	<b>16,807.94</b>	<b>10,230.86</b>
<b>10. Loans</b>		
<b>Unsecured</b>		
<b>Loans to subsidiaries</b>		
<b>Considered Good</b>		
HMT Machine Tools Ltd	30,582.41	27,470.43
<b>Total</b>	<b>30,582.41</b>	<b>27,470.43</b>
<b>11. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	120.75	1,388.83
Interest accrued and due	6.95	27.16
	<b>127.70</b>	<b>1,415.99</b>
<b>Current</b>		
Interest accrued and due on Bank Deposits	381.58	289.27
Interest accrued and due on Loans to Subsidiaries	5,321.85	5,371.85
	<b>5,703.43</b>	<b>5,661.12</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>12. Current Tax Asset/(Liability) (Net)</b>		
Advance tax/TDS Receivables	652.78	1,034.56
Less: Current Tax provision	69.08	69.08
	<b>583.70</b>	<b>965.48</b>
<b>13. Other Current Assets</b>		
<b>Non-Current</b>		
Deposits	71.74	67.98
	<b>71.74</b>	<b>67.98</b>
<b>Current</b>		
<b>Advances to subsidiary companies</b>		
HMT Machine Tools Ltd	1,288.02	1,198.30
HMT International Ltd	311.51	246.92
	<b>1,599.53</b>	<b>1,445.22</b>
<b>Advances and Other Receivables</b>		
Advances recoverable in cash or in kind		
<b>Secured</b>		
Considered Good	-	-
<b>Unsecured</b>		
Considered Good #	778.55	1,162.72
Considered Doubtful	362.27	378.18
	<b>1,140.82</b>	<b>1,540.90</b>
Less: Allowance for Doubtful Advances	362.27	378.18
	<b>778.55</b>	<b>1,162.72</b>
Interest on Trade Receivable	8,217.64	5,924.75
Less: Allowance for interest on Trade Receivable	8,217.64	5,924.75
	-	-
Collector of customs	-	-
Deposits	177.53	161.57
	<b>2,555.61</b>	<b>2,769.51</b>

**Additional Information:**
**# Includes**

- (a) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2024 an amount of Rs.4.99 lakhs (Rs.4.99 lakhs Previous year) is due from HSIIDC.
- (b) Advances to Joint Ventures Rs.3.40 lakhs (Rs.8.70 lakhs Previous Year)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In lakhs)

	As at 31-March-24		As at 31-March-23	
	No	Amount	No	Amount
<b>14 Equity Share Capital</b>				
<b>Authorised Share Capital:</b>				
<i>Equity shares of Rs.10 each</i>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>
<b>Issued, Subscribed &amp; Paid up:</b>				
<i>Equity shares of Rs.10 each</i>				
At the beginning of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	<b>35,56,01,640</b>	<b>35,560.16</b>
Issued during the year	-	-	-	-
Reduction during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	<b>35,56,01,640</b>	<b>35,560.16</b>

*Additional Information:*
**1 Equity Shares:**

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

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

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	<b>27,95,66,626</b>	<b>78.62%</b>	<b>27,95,66,626</b>	<b>78.62%</b>
Special National Investment Fund	<b>6,75,38,614</b>	<b>18.99%</b>	<b>6,75,38,614</b>	<b>18.99%</b>

**3 Shares held by promoters at the end of the year**

Promoter Name	No. of Share at the beginning of the year	No. of Share at the end of the year	% of total Shares	% change during the year
Hon'ble President of India	<b>27,95,66,626</b>	<b>27,95,66,626</b>	<b>78.62%</b>	-

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>15 Other Equity:</b>		
<b>i) General Reserve:</b>		
As per last Balance Sheet	13,453.11	13,453.11
<b>ii) Retained Earnings:</b>		
As per last Balance Sheet	(3,879.55)	(4,585.37)
Adjustments:		
Amount transferred from Statement of Profit & Loss	2,442.41	705.82
	<u>(1,437.14)</u>	<u>(3,879.55)</u>
<b>iii) FVTOCI Reserve:</b>		
As per last Balance Sheet	(1,740.82)	(1,761.55)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	42.64	20.73
	<u>(1,698.18)</u>	<u>(1,740.82)</u>
<b>Total</b>	<u><u>10,317.79</u></u>	<u><u>7,832.74</u></u>
<b>16. Borrowings</b>		
<b>Current</b>		
<b>Unsecured</b>		
Current maturities of long-term Debts	-	-
Loan from Govt. of India (Defaulted) (Refer foot note 1 below)	64,158.00	64,158.00
Interest free loan from Government of India (Defaulted) (refer foot note 2 below)	13.74	13.74
<b>Total current borrowings</b>	<u>64,171.74</u>	<u>64,171.74</u>
<b>Aggregate Secured loans</b>	-	-
<b>Aggregate Unsecured loans</b>	64,171.74	64,171.74

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

1. Period and amount of Default are as follows:

<b>Nature of Borrowing [Interest Free]</b>	<b>Name of the lender</b>	<b>Amount of installment and period of default (Rs. In Lakhs)</b>	<b>No of Days Delay or Unpaid</b>
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018.	2,260
		b) Rs.6,073.60 Lakhs due since 21.01.2019.	1,895
		c) Rs.6,073.60 Lakhs due since 21.01.2020.	1530
		d) Rs.6,073.60 Lakhs due since 21.01.2021.	1164
		e) Rs.6,073.60 Lakhs due since 21.01.2022.	799
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800 Lakhs due since 16.02.2018.	2,234
		b) Rs.4,800 Lakhs due since 16.02.2019.	1869
		c) Rs.4,800 Lakhs due since 16.02.2020.	1504
		d) Rs.4,800 Lakhs due since 16.02.2021.	1,138
		e) Rs.4,800 Lakhs due since 16.02.2022.	773
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1,958 Lakhs due since 29.04.2018.	2,162
		b) Rs.1,958 Lakhs due since 29.04.2019.	1797
		c) Rs.1,958 Lakhs due since 29.04.2020.	1431
		d) Rs.1,958 Lakhs due since 29.04.2021.	1,066
		e) Rs.1,958 Lakhs due since 29.04.2022	701

2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industries whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

	As at 31-Mar-24	As at 31-Mar-23
<b>17. Non current financial liability</b>		
Deferred Government Grant	-	-
<b>18. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	(118.93)	(10.99)
Earned Leave Encashment	134.10	135.51
Settlement Allowance	33.81	41.36
Provident Fund	41.89	75.13
	<b>90.87</b>	<b>241.01</b>
<b>Current</b>		
Gratuity	140.48	46.02
Earned Leave Encashment	52.68	27.97
Settlement Allowance	8.78	2.06
Wage and Salary Revision arrears (1992-1995)	54.88	54.88
	<b>256.82</b>	<b>130.93</b>
<b>19. Trade payables</b>		
Total outstanding dues to Micro, Small & Medium Enterprises	150.90	10.52
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	1,693.70	417.56
<b>Total</b>	<b>1,844.60</b>	<b>428.08</b>

**19A Agewise details**
*As at the end of current financial year:*

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	150.00	0.59	-	0.31	150.90
Others	1,265.03	279.95	2.25	146.47	1,693.70
Disputed dues - MSME					-
Disputed dues - Others					-
	<b>1,415.03</b>	<b>280.54</b>	<b>2.25</b>	<b>146.78</b>	<b>1,844.60</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

*As at the end of Previous financial year:* (Rs. In Lakhs)

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	10.52	-	-	-	<b>10.52</b>
Others	266.82	3.10	4.20	143.44	<b>417.56</b>
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>277.34</b>	<b>3.10</b>	<b>4.20</b>	<b>143.44</b>	<b>428.08</b>

The details of amounts outstanding to Micro, Small and Medium Enterprises ("MSMED") based on information available with the Company is as under:

Particulars	31-Mar-24	31-Mar-23
Principal amount due and remaining unpaid	<b>150.90</b>	10.52
Interest due on above and the unpaid interest	<b>2.00</b>	2.00
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid *	-	-
Interest accrued and remaining unpaid at the end of the accounting year.	<b>2.00</b>	2.00

\* includes amount reversed on account of final settlement made with MSMED vendors.

**20. Other Financial Liabilities**

3.5% preference Share Capital (Defaulted)	<b>3,686.00</b>	3,686.00
<b>Total</b>	<b>3,686.00</b>	<b>3,686.00</b>

*Additional information:*

**1. 3.5% Preference Share Capital**

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) has been extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed.



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. In Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>21. Other Liabilities</b>		
<b>Current</b>		
Dues to subsidiary companies	-	-
Revenue received in advance	90.79	1,007.12
Advance received against sale of land [(Ref: Note No.3C- Additional information (d) &(e)]	8,128.74	8,128.74
Accrued Expenses	1,510.99	1,558.38
Other liabilities (Earnest Money Deposit, Statutory dues, etc.,)	6,956.79	8,371.38
<b>Total</b>	<b>16,687.31</b>	<b>19,065.62</b>

**22. Current Tax Liabilities**

Current Tax provision	320.00	1,180.00
Less: Advance tax/TDS Receivables	249.92	285.34
<b>Total</b>	<b>70.08</b>	<b>894.66</b>

**23. Provisions - others**

	Warranty Claims	Provision for Indirect Taxes	Others	Total
<b>As At 1 April 2023</b>	<b>7.04</b>	<b>1.25</b>	<b>277.06</b>	<b>285.35</b>
Arising during the year	2.84	-	-	2.84
Utilised	-	-	-	-
Unused amounts reversed	-	-	-	-
<b>As At 31 March 2024</b>	<b>9.88</b>	<b>1.25</b>	<b>277.06</b>	<b>288.19</b>
Current	9.88	1.25	277.06	288.19
	-			
<b>As At 1 April 2022</b>	<b>6.39</b>	<b>1.25</b>	<b>277.31</b>	<b>284.95</b>
Arising during the year	4.50	-	-	4.50
Utilised	(3.85)	-	(0.25)	(4.10)
Unused amounts reversed	-	-	-	-
<b>As At 31 March 2023</b>	<b>7.04</b>	<b>1.25</b>	<b>277.06</b>	<b>285.35</b>
Current	7.04	1.25	277.06	285.35

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

	(Rs. in lakhs)	
Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>24. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	764.34	575.12
Watches	1,158.66	726.22
Spares and Accessories	108.69	151.37
Revenue from Powder Project	2,679.58	3,679.63
	<u>4,711.27</u>	<u>5,132.34</u>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	79.97	12.21
Packing / Forwarding charges	-	14.70
	<u>79.97</u>	<u>26.91</u>
<b>Revenue from Operations</b>	<u>4,791.24</u>	<u>5,159.25</u>
<b>25. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	1,206.97	693.89
Interest income on Holding Company loans	1,544.11	1,412.40
Interest from Dealers/Others	30.18	0.38
	<u>2,781.26</u>	<u>2,106.67</u>
<b>Dividend Income</b>		
Dividend received from subsidiaries	-	-
<b>Other Income</b>		
Recoveries from Staff/Others	357.14	345.70
Royalties from Subsidiaries	8.82	3.86
Rental Income	1,776.56	1,973.18
Profit on Sale of Property, Plant and Equipment	-	76.48
Provisions Written back	84.47	125.77
Amortisation of Govt. Grant	-	11.13
Other non operating Income	118.47	194.54
	<u>2,345.46</u>	<u>2,730.66</u>
<b>Total Other Income</b>	<u>5,126.72</u>	<u>4,837.33</u>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>26. Cost of Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year	162.90	194.49
Add: Purchases	3,480.16	4,190.09
	3,643.06	4,384.58
Less: inventory at the end of the year	210.12	162.90
Cost of raw material and components consumed	3,432.94	4,221.68
Consumption of Stores, Spares, Tools & Packing Materials	22.29	63.92
Total raw materials and components consumed	3,455.23	4,285.60
<b>Particulars of Materials Consumed</b>		
Steel	107.44	82.47
Non-ferrous Castings	14.46	10.66
Standard parts & components	2,571.65	4,115.65
Others	739.39	12.90
<b>Total</b>	3,432.94	4,221.68
<b>27. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	167.75	131.26
Less: inventory at the end of the year	57.64	167.75
<b>Changes in Inventory</b>	110.11	(36.49)
<b>Work in Progress</b>		
Inventory at the beginning of the year	279.44	268.71
Less: inventory at the end of the year	326.65	279.44
<b>Changes in Inventory</b>	(47.21)	(10.73)
<b>Stock in Trade</b>		
Inventory at the beginning of the year	593.26	461.68
Less: inventory at the end of the year	799.52	593.26
<b>Changes in Inventory</b>	(206.26)	(131.58)
<b>Scrap</b>		
Inventory at the beginning of the year	0.69	0.69
Less: inventory at the end of the year	0.69	0.69
<b>Changes in Inventory</b>	-	-
<b>Total</b>	(143.36)	(178.80)

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>28. Employee benefits expense</b>		
Salaries,Wages and Bonus	609.86	585.15
House Rent Allowance	25.62	28.74
Gratuity	18.53	19.47
Contribution to PF & FPS	61.25	60.38
Deposit Linked Insurance	0.17	1.01
Welfare Expenses	39.44	39.52
	<b>754.87</b>	<b>734.27</b>
<b>29. Depreciation and amortization</b>		
Depreciation of tangible assets	191.61	191.12
Depreciation on Investment Properties	18.93	19.72
	<b>210.54</b>	<b>210.84</b>
<b>30. Finance costs</b>		
<b>Interest Expense</b>		
Interest Expense (Gol Loans)	-	11.13
Others	0.01	0.01
<b>Other Borrowing Cost</b>		
Discounting Charges	0.31	1.55
<b>Total finance costs</b>	<b>0.32</b>	<b>12.69</b>
<b>31. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	29.94	30.65
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	8.15	7.04
Carriage outwards	9.17	2.94
<b>Establishment Expenses</b>		
Rent	27.28	-
Rates and Taxes	452.56	276.87
Insurance	11.16	11.98
Water and Electricity	366.40	364.07
Printing and Stationery	13.06	10.21
Auditors Remuneration #	2.52	2.69
Provision for Doubtful Debts,Loans and Advances	-	191.84
Warranty claims	2.84	4.50

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
Loss sustained by PF Trust	10.11	39.17
Bad Debts	1,549.57	1,398.11
Travelling Expenses	26.96	28.01
Repairs and Maintenance-Other than Machinery	461.22	345.24
Security Charges	227.58	198.54
Casual Labour charges	363.88	348.80
Corporate Social Responsibility	56.55	60.91
Other Expenses	332.36	187.92
Less: Recovery of Common Expenses from Subsidiary Companies	(58.29)	(68.12)
	<b>3,893.02</b>	<b>3,441.37</b>
# As auditor	2.07	2.07
For taxation matters	0.20	0.20
For other services	0.25	0.42
	<b>2.52</b>	<b>2.99</b>

**Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

i) Amount required to spend during the year	56.55	60.91
ii) Shortfall amount from the previous year	42.71	41.83
	<b>99.26</b>	<b>102.74</b>
iii) Amount spent during the year		
- on the project in Health and Nutrition Sector- supply of		
> Water Purifier & health care products to Govt. Schools at Yadgir District	-	0.80
> HB Testing Machines and HBD Testing Strips, Yadgir District	-	14.67
> Ambulance to KC General Hospital, Bangalore	-	21.19
> Oxygen Cylinder to " Mandya Institute of Medical Sciences, Mandya	-	4.58
> Mid day meal plan, the Akshya Patra Foundation, Ajmer	-	5.00
> Reusable Sanitary Napkins to Women, Yadgir District	0.75	10.90

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
> Artificial Aids and Assistive Divices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Bangalore	20.70	2.30
> Artificial Aids and Assistive Divices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Chikkamangaluru	15.00	-
> Musical Instruments, Bilnd walking sticks etc. to M/s Bless Society of Rural and Urban Development & M/s Swavalamban Angavikala Seva Charitable Trust, Bangalore	5.00	-
> Administrative expenses	0.44	-
- Transfer to PM National Relief Fund	28.75	0.59
<b>Total amount spent during the year</b>	<b>70.64</b>	<b>60.03</b>
iv) <b>CSR Reserve</b> (amount c/f i.e. shortfall at the end of the year {inclusive of administrative expenses})	<b>28.62</b>	<b>42.71</b>

Reasons for Shortfall: The Company has identified certain CSR ongoing activities in the area of Health , Nutrition, Education etc as referred below:

- a) Reusable Sanitary Napkins to Women, Aritificial Aids and Assistive divices
- b) Supply of Blazer / Jackets to Girl Students in Karnataka Public School, Bangalore
- c) Supply of Cardiac Ambulance to Government Medical College, Aurangabad

**32. Exceptional Items**

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**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	(Rs. in lakhs)	
	As at 31-03-2024	As at 31-03-2023
<b>33 Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debt:</b>		
a) Tax related claims pending in appeal		
i) Sales Tax	-	53.64
ii) Income Tax	<b>37.92</b>	37.92
b) Non receipt of related Forms against levy of concessional Sales Tax	-	-
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	<b>52.64</b>	52.64
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	<b>4154.95</b>	4,154.95
e) Various legal cases relating to employees and other contingent liabilities pertaining to HMT Watches Ltd (Ref: Note No.52)	<b>9,896.80</b>	9,896.80
f) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	<b>23.89</b>	23.89
g) Guarantees and Counter Guarantees and LCs issued [(including Rs.8045.00 Lakhs and Rs.9454.00 lakhs (previous year) against Corporte Guarantee of Rs.12272 lakhs issued to HMT Machine Tools Ltd)]	<b>8,127.61</b>	9,649.58
h) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	<b>79.12</b>	79.40
i) Disputed Lease Rentals in respect of premises occupied by the Company upto April 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	<b>311.77</b>	311.77
j) Stock Exchanges have levied penalties to Company for the certain Non-Compliances under the SEBI (LODR) Regulations, 2015 like Composition of Board of Directors, Committees, delay in submission of accounts etc. As per the circulars of Stock Exchanges, listed entities are required to comply with the provisions of the Exchange circular before filing the waiver applications to the Exchange. Accordingly, in some of the cases, Company has got waiver of penalties from stock exchanges. The Company has again requested for waiver of penalties from Stock Exchanges. Total penalty amount (approx.):	<b>508.47</b>	394.77

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>34 Other Disclosures:</b>		
i) (a) The GOI had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs.100 lakhs) & Loan (Rs.100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. 10/- each (Rs. 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
ii) Other Liabilities Includes an advance received against sale of land represents Rs.926.64 lakhs from M/s Raman Research Insitute (RRI) towards sale of land and buildings at Bangalore and Rs.7202.10 lakhs (including TDS) from the Government of Uttarkhand (GOUK) the value of the land has been included under Non-current assets held for sale. Though the Company has executed an Agreement to sell and possession of land given to the purchaser in respect of RRI and part possession of land to the purchaser in respect of GOUK, the transaction has not been recongised as sale pending approval from the Concerned Authorities for execution of Sale Deed.		
<b>35 Preference Share Capital:</b>		
(i) Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of `Rs.44,300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL. However, as per the CCEA approval 40614000 No. of Shares has been extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
(ii) Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	<b>5,607.63</b>	5,607.63
<b>36 Advances:-</b>		
Advances include		
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>24.29</b>	24.29



**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year Ended	Year Ended
	31-Mar-24	31-Mar-23
<b>37 Transactions with Key Managerial Personnel</b>		
<i>Compensation of key management personnel of the Company</i>		
i) Short-term employee benefits	<b>23.24</b>	20.80
ii) Post - employment benefits	<b>3.26</b>	2.91
iii) Other long term benefits	<b>1.79</b>	1.48
<b>Total compensation paid to key management personnel</b>	<b>28.29</b>	<b>25.19</b>

**38 A Fair Values**

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

	Carrying amount		Fair value	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
<b>Financial assets</b>				
Loans - Fair value through Profit & loss	<b>30,582.41</b>	27,470.43	<b>30,582.41</b>	27,470.43
<b>Total</b>	<b>30,582.41</b>	<b>27,470.43</b>	<b>30,582.41</b>	<b>27,470.43</b>
<b>Financial liabilities</b>				
Fair value through profit & loss	-	-	-	-
Interest Free Government of India Loan	<b>64,171.74</b>	64,171.74	<b>64,171.74</b>	64,171.74
<b>Total</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>	<b>64,171.74</b>

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

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest

The company has defaulted 3.5% preference shares which are already matured for redemption and hence no fair valuation has been made in the accounts.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 38B Fair value Hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2024, 31 March 2023 are as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2024 (Rs in Lakhs)

Particulars	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>				
<b>FVTOCI financial investments:</b>				
<b>Unquoted equity shares</b>				
Nigeria Machine Tools Ltd	-	-	-	-
<b>Assets for which fair values are disclosed</b>				
Investment properties				
Land*	31-Mar-24	4,32,935.93		4,32,935.93
<b>Financial Liability</b>				
Interest Free Government of India Loan	31-Mar-24	64,171.74		64,171.74

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023 (Rs in Lakhs)

Particulars	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
<b>Assets measured at fair value:</b>					
<b>FVTOCI financial investments:</b>					
<b>Unquoted equity shares</b>					
Nigeria Machine Tools Ltd	-	-	-	-	-
<b>Assets for which fair values are disclosed</b>					
<u>Investment properties</u>					
Land*	31-Mar-23		2,27,020.15		2,27,020.15
<b>Financial Liability</b>					
Interest Free Government of India Loan	31-Mar-23	8% Effective Rate of Interest used	64,171.74		64,171.74
<b>* Based on guidance value not restated in the financial statements since Investment property</b>					

A) Nigeria Machine Tools Ltd is a company incorporated outside India, and as per its latest audited balance sheet dated 31-12-2020 net worth is completely eroded and hence the fair value at Rs. NIL is considered.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rs. in lakhs)	
	31-Mar-24	31-Mar-23
<b>39. Earnings per share (EPS)</b>		
<b>Profit attributable to equity holders:</b>		
Continuing operations	2,442.41	705.82
Discontinued operations	-	-
<b>Profit attributable to equity holders for basic earnings</b>	<b>2,442.41</b>	<b>705.82</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>2,442.41</b>	<b>705.82</b>
Weighted average number of Equity shares for basic EPS	<b>35,56,01,640</b>	35,56,01,640
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders	<b>0.69</b>	0.20
ii) Diluted, profit from continuing operations attributable to equity holders	<b>0.69</b>	0.20
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	-	-
ii) Diluted, profit from discontinuing operations attributable to equity holders	-	-

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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

<b>i) Defined Contribution Plan:</b>	(Rs. In Lakhs)	
<b>Particulars</b>	<b>Year Ended 31-Mar-24</b>	<b>Year Ended 31-Mar-23</b>
Employer's Contribution to Pension Fund	<b>4.54</b>	5.40

**ii) Defined Benefit Plans:**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	%	%
Discount rate:		
Gratuity plan	<b>7.23</b>	7.52
Settlement Allowance	<b>7.23</b>	7.52
Future salary increases:		
Gratuity plan	<b>10.00</b>	10.00
Settlement Allowance	<b>10.00</b>	10.00

<b>Summary of Demographic Assumptions</b>	<b>Gratuity Plan</b>		<b>Settlement Allowance</b>	
	<b>31-Mar-24</b>	<b>31-Mar-23</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM (2012-14) Ult. Mortality Table}	<b>100%</b>	100%	<b>100%</b>	100%
Disability Rate (as % of above mortality rate)	<b>0%</b>	0%	<b>0%</b>	0%
Withdrawal Rate	<b>1% to 3%</b>	1% to 3%	<b>1% to 3%</b>	1% to 3%
Attrition Rate				
Normal Retirement Age	<b>60 yrs</b>	60 yrs	<b>60 yrs</b>	60 yrs
Average Future Service	<b>18.48</b>	19.81	<b>18.48</b>	19.81

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 40 Employee Benefits (Contd.):

#### A. Employee Benefit Obligations

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

#### 1) Gratuity

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

Particulars	01-Apr-23	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31-Mar-24		
		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
Defined benefit obligation	(365.32)	(15.90)	(26.72)	(42.62)	19.99	(7.11)	(5.26)	37.27	24.90	(363.05)		
Fair value of plan assets	330.29		24.09	24.09	(19.99)	7.11			7.11	341.50		
<b>Benefit liability</b>	<b>(35.03)</b>			<b>(18.53)</b>	-				<b>32.01</b>	<b>(21.55)</b>		

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

31 March 2023 changes in the defined benefit obligation and fair value of plan assets (Rs. In lakhs)

Particulars	Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31-Mar-23	
	01-Apr-22	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation	(596.38)	(15.94)	(33.45)	(49.39)	272.66	(20.69)	4.82	23.66	7.79	-	(365.32)
Fair value of plan assets	543.41	29.92	29.92	29.92	(272.66)	20.69			20.69	8.93	330.29
<b>Benefit liability</b>	<b>(52.97)</b>			<b>(19.47)</b>					<b>28.48</b>	<b>8.93</b>	<b>(35.03)</b>

**2) Settlement Allowance:**

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

Particulars	Defined Benefit cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31-Mar-24	
	01-Apr-23	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation	(43.42)	-	(3.19)	(3.19)	1.97		(1.56)	3.61	2.05		(42.59)
Fair value of plan assets											
<b>Benefit liability</b>	<b>(43.42)</b>			<b>(3.19)</b>	<b>1.97</b>				<b>2.05</b>	<b>-</b>	<b>(42.59)</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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

(Rs. In lakhs)

Particulars	Defined Benefit cost charged to profit or loss		Benefits paid	Remeasurement gains/(losses) in other comprehensive income				Contributions by employer	31-Mar-23	
	Service cost	Net interest expense		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments			Sub-total included in OCI
Defined benefit obligation	(51.94)	-	(3.34)	(3.34)	11.99	1.57	(1.70)	(0.13)	(43.42)	
Fair value of plan assets										
<b>Benefit liability</b>	<b>(51.94)</b>			<b>(3.34)</b>	<b>11.99</b>			<b>(0.13)</b>	<b>-</b>	<b>(43.42)</b>

### 3) Provident Fund (interest shortfall):

The Company's Contribution paid / payable to Provident Fund and the liability / obligation is recognised on accrual basis. The Company's Provident Fund Trust is exempted u/s section 17 of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The condition for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the fund and return on investment.

The Company has recognised the obligation on the basis of Actuarial Valuation carried out during the year. The present value of obligation due to difference between the expected interest rate to be earned by the Trust and expected future EPFO interest rate, being the interest shortfall of Rs.41.89 Lakhs as on 31.3.2024 and Rs. 75.13 lakhs as on 31.3.2023.



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

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

**(i) Gratuity (Rs. In lakhs)**

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>17.13</b>	<b>20.27</b>	17.56	20.45
Change in rate of salary increase	<b>9.73</b>	<b>8.50</b>	9.60	8.84
Change in withdrawal rates	<b>1.07</b>	<b>1.27</b>	0.80	0.99

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>4.97</b>	<b>6.88</b>	5.43	6.88
Change in rate of salary increase	<b>5.12</b>	<b>6.29</b>	5.57	6.90
Change in withdrawal rates	<b>5.36</b>	<b>6.25</b>	5.84	7.45

**C.** The expected contributions for Gratuity for the next financial year Rs.21.55 Lakhs and Settlement allowance Nil.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**41 RELATED PARTY TRANSACTIONS & DISCLOSURE U/S 186 OF THE COMPANIES ACT, 2013**

Sr. No.	Name of Related Party	Relationship
1	HMT Machine Tools Ltd, Bangalore (MTL)	Subsidiary
	HMT Watches Ltd, Bangalore (HWL)	
	HMT (International) Ltd, Bangalore (HMT(I))	
2	SUDMO HMT Process Engineers (India) Ltd, Bangalore	Joint Venture
3	Gujarat State Machine Tools Corporation, Bhavnagar	Associate
4	Mr. Pankaj Gupta (w.e.f. 25.08.2022 upto 24.11.2023)	Key Managerial Persons (KMP)
	Mr. Rajeev Singh (w.e.f. 30.12.2023 upto 08.03.2024)	
	Mr. Krishnaswami Revishankar (w.e.f. 08.03.2024)	
	Ms. Arti Bhatnagar (w.e.f. 14.02.2023)	
	Dr. Renuka Mishra (w.e.f. 12.09.2022 upto 04.09.2023)	
	Ms. Mukta Shekhar (w.e.f. 04.09.2023)	
	Ms. Rita Saxena (w.e.f. 25.08.2023)	
	Mr. S. Kishor Kumar	
	Ms. Aparna R (w.e.f. 10.11.2023)	
	Ms. Kamna Mehta (upto 09.11.2023)	

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

Transactions during the year with Related Parties:

Loans and Advances given and repayment thereof:

(Rs. In Lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	transfers	Closing Balance
<b>a) Loans</b>						
HMT Machine Tools Ltd	Current year	27,470.43	3,111.98		-	30,582.41
	Previous year	24,573.58	1,515.00		1,381.85	27,470.43
Interest accred & due on HC Loan	Current year	5,371.85	-	-	(50.00)	5,321.85
	Previous year					

**b) Advances (Dr / (Cr))**

Name of Related Party	As at	Opening Balance	Advance Given (Net) *	Advance taken (Net)	transfers	Closing Balance
SUDMO HMT Process Engineers (India) Ltd	Current year	8.70	3.40	-	(8.70)	3.40
	Previous year	4.83	3.87			8.70
HMT Machine Tools Ltd	Current year	1,198.30	89.72	-	-	1,288.02
	Previous year	7,871.16	80.84	-	(6,753.70)	1,198.30
HMT Watches Ltd	Current year	-	76.13	-	(76.13)	-
	Previous year	(987.83)	2,403.49	-	(1,415.66)	-
HMT (International) Ltd	Current year	246.92	64.59	-	-	311.51
	Previous year	190.22	56.70	-	-	246.92

\* Advance includes reimbursement of expenses payable

**c) The investments in related parties i.e. Subsidiaries, associates and Joint Venture are detailed under Note No.4**

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

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**d) Name of the Transacting Related Party**

(Rs. In Lakhs)

		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
<b>Revenue from Operations</b>	Current year	-	-	-	39.83	-	39.83
	Previous year	-	-	-	-	-	-
<b>Other Income:</b>	Current year	1544.11	5.38	-	-	-	1,549.49
	Previous year	1398.11	31.93	-	-	-	1,430.04
<b>Dividends</b>	Current year	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-
<b>Purchases</b>	Current year	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-
<b>General Expenses:</b>							
<b>Other Expenses</b>	Current year	1544.11	-	-	-	-	1,544.11
	Previous year	1398.11	-	-	-	-	1,398.11
<b>Recovery of Expenses</b>	Current year	(19.05)	-	-	(39.24)	-	(58.29)
	Previous year	(12.58)	(3.90)	-	(51.64)	-	(68.12)
<b>Interest</b>		-	-	-	-	-	-

(Rs. In Lakhs)

**e) Transactions with Key Managerial Persons:**

	Current Year	Previous Year
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**Remuneration paid to KMP**

- S.Kishore Kumar	<b>15.87</b>	14.63
- Kamna Mehta	<b>6.84</b>	10.56
- Aparna R	<b>5.58</b>	-
	<b>28.29</b>	<b>25.19</b>

**Directors sitting fees**

- Vishweshwar Bhatt	-	0.66
- Ramji Lal	-	0.91
	-	<b>1.57</b>

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**
**42 Ratio Analysis**

Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reason for Variance for more than 25%
1 Current Ratio	Current Assets	Current Liabilities	0.68	0.65	4.62%	
2 Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.48	1.56	-5.13%	
3 Debt Service Coverage Ratio	Earnings available for debt service(EBITDA)	Debt service (Interest + Principal)	0.03	0.03	0.00%	
4 Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	5.47%	1.64%	233.59%	Due to increase in Profit after tax on account of reduction in material consumption and withdrawal of tax provision during the year
5 Inventory turnover ratio	Sales	Average Inventory	4.46	5.69	-21.73%	Increase in Sales
6 Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	2.95	5.16	-42.92%	Increase in Trade receivable
7 Trade payables turnover ratio	Net Credit Purchases/Services	Average Trade Payables	3.08	13.97	-77.94%	Increase in Trade payables
8 Net capital turnover ratio	Net Sales	Average Working Capital	(0.16)	(0.15)	7.28%	Increase in Net Sales
9 Net profit ratio	Net Profit before taxes	Revenue	50.98%	13.68%	272.62%	Due to increase in Profit after tax on account of reduction in material consumption and withdrawal of tax provision during the year
10 Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Network + Total Debt	1.54%	1.34%	14.61%	
11 Return on Investment	Not applicable	Not applicable				As there is no return on investment therefore Nil

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 43 SEGMENT REPORTING:

As per Ind AS - 108 "Operating Segment", segment information has been provided under the notes to consolidated financial statements.

During the year Food Processing Division has made a sale of Rs.2679.58 Lakhs to one customers which exceed 10% of the revenue.

### 44 Deferred Tax

Provision for income taxes has been made in terms of Ind AS 12 -Income Taxes.

<b>Movement in deferred tax asset/(liability)</b>	(Rs. In lakhs)	
<b>Particulars</b>	<b>31.3.2024</b>	<b>31.3.2023</b>
Net deferred Tax asset/(liability) at the beginning of the year	4.28	24.64
Add: deferred Tax benefits / (charges) for the year	43.65	(20.36)
Net deferred Tax asset/liability at the end of of the year	47.93	4.28

**The net Deferred Tax Asset as at 31st March 2024 comprises the tax impact arising from the timing differences on account of:**

<b>Particulars</b>	<b>31.3.2024</b>	<b>31.3.2023</b>
Depreciation	(25.76)	(75.52)
Provision for employee benefits	73.69	79.80

The Company has not recognised deferred tax asset on unusable tax losses in the absence of reasonable certainty of future business profits.

- 45 Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared the financial statements on the basis of going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.
- 46 A charge by ID 80046855 is still open in the Index of charge on the Website of Ministry of Corporate Affairs pertains to State Bank of India. The Company has already discharged the debt of State Bank of India long back. Since the issue is almost twenty five years old, efforts will be made in co-ordination with State Bank of India for obtaining the necessary documents for satisfaction of charge .
- 47 The Investment in Gujrat State Machine Tools Corporation being an Associate Company, has been fully provided in books of Accounts as the Net Worth of the Company is completely eroded based on the latest information available with HMT Limited. Hence the fair value is shown as Nil.
- 48 The Company has accounted Bad Debts under other expenses, amounting to Rs.1544.11 lakhs being the unrealisable Interest income for the year on the Loans given to HMT Machine Tools Ltd, pursuant to Board of Directors approval.
- 49 The Company has invested Rs.15 lakhs (50% of Equity Shares) comprising 1,50,000 equity shares of Rs.10/- each fully paid up in Sudmo HMT Process Engineers (India) Ltd, Bangalore (M/s Submo-HMT). M/s Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/July 2021) for closure of the defunct Joint Venture Company and submitted closure proposal to the Administrative Ministry on July 2021 for approval. Awaiting further communication from the Ministry.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

- 50** The Company has invested Rs.20.84 lakhs (39% of Equity Shares) comprising 20,84,050 equity shares of Rs.1/- each fully paid up in Gujarat State Machine Tools Corporation, Bhavanagar (M/s. GSMTC). The Board of HMT Ltd gave (March 2021) in principle approval for liquidation of M/s GSMTC. and issued a consent letter to Gujarat Industrial Investment Corporation Ltd (GIIC). GIIC approved (Sept. 2021) liquidation of M/s GSMTC and submitted (October 2021) the proposal to Industries and Mines Department, Govt. of Gujarat. HMT Limited submitted (April 2022) the liquidation proposal to the Administrative Ministry for approval. Awaiting further communication from the Ministry.
- 51** The Company has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria (M/s NMTL.) The Board of HMT Ltd approved (February 2020/July 2021) for disinvestment of stake in M/s NMTL and sought approval from Administrative Ministry. Awaiting further communication from the Ministry.
- 52** The Company has no transactions with struck off Companies under section 248 of the Companies Act, 2013.
- 53** The amendments in Indian Accounting Standards which are applicable to the Company are not expected to have any significant impact on the Company's Financial Statements
- 54** Balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities are subject to confirmation, although confirmation has been sought in most of the cases.
- 55** The company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 56** The company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 57** The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

***CONSOLIDATED  
FINANCIAL  
STATEMENTS***



## REVISED INDEPENDENT AUDITORS' REPORT

**(Issued consequent to provisional comments by Director, Indian Audit and Accounts Department, office of the Director General of Commercial Audit, Hyderabad vide DGCA/A/C/Desk/2023-24/HMT/1.19/516 dated 18-09-2024, and revision of Independent Auditors report of HMT Machine Tools Limited, the subsidiary company, by its Statutory Auditor dated 20-09-2024. This supersedes our Independent Audit report dated 09-08-2024)**

**To the Members of HMT Limited**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Qualified Opinion**

We have audited the consolidated financial statements of HMT Limited (hereinafter referred to as the "the Holding Company"), its subsidiaries, its associate and joint ventures (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Balance Sheet as at 31st March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income) for the year then ended 31 March 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the basis of Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of

- (a) Consolidated Balance Sheet, of the state of affairs of the group as at 31<sup>st</sup> March, 2024 and
- (b) Statement of Profit and Loss (including Other Comprehensive Income), of the profit for the year ended on that date.
- (c) Consolidated Statement of Changes in Equity, the changes for the year ended on that date.

- (d) Consolidated Cash flow statement of the flow of cash in the group for year ended on that date.

#### **Basis for Qualified Opinion**

##### **I. HMT Limited**

1. Food Processing Machinery Unit, Aurangabad
  - (a) As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates and therefore, cost could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.
  - (b) The revenue as per the Statement of profit and loss for the year ended March 2024 is Rs 3604.75 lakhs. This includes a sum of Rs 105.88 lakhs being the value of sales invoices accounted in the month of March 2024 (F.Y 2023-24), raised by HMT Limited food processing machinery unit Aurangabad, on its customers. However as per the records, the said invoices were raised during the period, but dispatches were made after

31-3-2024. The customer therefore has not got control of the assets before 31-3-24. This is in contravention of revenue recognition as per Ind As 115, resulting in the overstatement of revenue by Rs 105.88 lakhs, with consequent overstatement of profit and understatement of finished goods.

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

- (a) Non-receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.
- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.

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

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental

income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.

- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.
- (d) Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.
- (e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.
- (f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities

must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.

- (g) We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.

## **II. HMT Machine Tools Limited (“MTL”)**

### **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.
- (b) 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 March 31, 2024, 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 March 31, 2024. We are unable to express an opinion on the impact of this non-provision on the financial statements.
- (c) In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the 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 financial statements.

- (d) 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.
- (e) Other Income - Rs 780.99 lakh - Recoveries from Staff/ Others Rent received – Others Rs 528.24 lakh This includes Rs 254.24 lakh, which was erroneously accounted for the year 2023-24 as part of other income, instead of accounting under Liabilities as on 31st March 2024. HMT MT Ltd received Rs.300 lakh (excluding GST and Income Tax TDS) during July 2023 to October 2023 as non-refundable facilitation fees towards Robotic and Autonomous System (RAS) received from ARTPARK (I-Hub for Robotics and Autonomous Systems Innovation Foundation) for a period of 4 years and 11 months (from the agreement date) as part of the Collaboration Agreement executed on 4th July 2023 between HMTMT Ltd and ARTPARK for leasing (operating lease) the premises (5 acre land) of HMT Ltd located in MBX unit. Thus, the amount of Rs. 300 lakh was received for a period of 59 months (4 years and 11 months) and an amount

of Rs 45.72 lakh (Rs 300 lakh/59 months = Rs 5.08 lakh per month X 9 months from July 2023 to March 2024 = Rs 45.72 lakh) only should have been included as part of Other Income for the year 2023-24. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs 254.24 lakh.

- (f) Statement of Profit and Loss for the year ended 31st March 2024 - Revenue from operations Rs 1,668.02 lakh. This includes Rs 334.89 lakh, being the value of Sales invoices accounted in the month of March 2024 (F.Y. 2023-24) raised by HMT MT MBX unit, Bengaluru on its customers. However, as per the records, e-way bills for the said invoices were issued during the period April 2024 to June 2024 (F.Y. 2024-25). As per the requirements of IND AS 115 – Revenue from Operations, even though the invoiced products were dispatched against the e-way bills during the period April 2024 to June 2024 (F.Y. 2024-25) by MBX unit, the sales were erroneously accounted in the month of March 2024 (F.Y. 2023-24) itself instead of F.Y. 2024-25. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs.334.89 lakhs

## 2. MTP Pinjore

- (a) The unit has created provision for the Customs refund claims amounting to Rs.8.78 lakhs and Claim recoverable (Foreign) amounting to Rs.1.55 lakhs but there is no certainty of recovering the same and had to be written off.
- (b) 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 2024. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up by 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”

- (c) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (d) HMT Machine Tools Limited, Pinjore Unit recognized revenue of Rs.1.54 crore in respect of goods which were delivered at customers’ premises in 08.04.2024 and 12.04.2024. Accounting of Rs. 1.54 crore as sales without reaching the customers destination has resulted in overstatement of revenue from operations and understatement of loss by Rs. 1.54 crore. This accounting treatment is in contravention to IND AS 115 and the Company’s own accounting policy.

## 3. MTK, Kalamassery

- (a) As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be recognized 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 there are certain FOR (customer premises) contracts at the year end. Though the invoices in respect of the eight contracts were raised on or before 31 March 2024, the risk and reward of ownership was not transferred before 31 March 2024 as the machines were received

at customers site after 31 March 2024. 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 Rs.1,33,68,730/-.

- (b) Notes No.10 Other Assets include Rs. 1,59,61,090/- being ADHOC-ADVANCE (APRIL 2019)-PS and Rs. 1,31,34,286/- being ADHOC-ADVANCE (APRIL 2019)-WG disclosed under Advance to Suppliers/ Employees Including Advance No. III – considered good. This is monthly ad hoc payment to the employees of HMT Machine tools Ltd vide office order NO021(M)/19 dated 30th September 2019. The payment was made pursuant to approval of Administrative Ministry vide letter No 1-0501/3/2019+P.E.X(E198595) dated 19th September 2019, where the employees of HMT Machine tools Limited has been paid an additional monthly ad hoc amount equal to 10% of the running Basic Pay plus dearness allowance of the month, with effect from 1st April 2019 (HMT Machine tools Limited made profits during 2018-19 ). The ad hoc payment attracts Income Tax. Further the ad hoc payment made was not adjusted while settling retired employees. We are of the opinion that this is in the nature of expenditure and should be charged to the Statement of Profit and loss account, as this is an employee benefit payment for which Income tax is applicable. Had it been an advance, it should have been deducted while settling retired employees. Hence, Other Assets are overstated to this extent. (Note: Necessary rectification entry has been passed in Machine Tools Directorate Books.)
- (c) Land shown in Note No.3A Property, Plant and Equipment and in Note No. 3B Investment Property comprises of 349 Acres as per the statement furnished by the unit.

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

- (d) Margin money deposits amounting to Rs. 84,97,769/- has been classified as other bank balances. Out of the total margin money deposit, amount of Rs. 24,64,346.00/- are subject to confirmation and reconciliation, the consequent effect on the financial statement is unascertainable.
- (e) The Unit has provided interest on MSME on a 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, the unit has taken 45 days as the minimum days for calculation of MSME interest.

#### **4. MTH, Hyderabad**

- (a) Division has disclosed the amount of Rs.23.71 crores under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to property tax payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township and it is a clear liability.
- However, the division has not disclosed current year arrears of Rs.8.26 crores under contingent liabilities also. The total liability of Rs.32.63 crores (including up to previous years) has not recognised in Division's Profit & Loss of account that resulted in underestimation of loss for Rs.32.63 crores.
- (b) Division has not provided for the clear liability of Rs.12.31 crore under "Expenses" head relating to water and sewerage charges

bill raised by Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) for supply of water, instead shown Rs.1,24,59,308/- crore under contingent liability.

- (c) The division has made an excess provision of Rs.1.41 crores on account of Non- moving Raw material, Stores and Spares and Tools up to year ended 31st March 2023 which is continuing in books for the financial year ended 31 March, 2024. This has led to understatement of Inventories in the financial statements.

#### **5. MTA, Ajmer**

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) The company has not provided for interest for delay in payment to MSME's as per Micro, small, and Medium Enterprises Development Act, 2006 which in turn results in understatement of expenses and liabilities in the financial statements.

#### **6. PTH, Praga Tools Hyderabad and MTD, Bengaluru**

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.

#### **Basis for Disclaimer Opinion**

The Auditor of MTH, Hyderabad, a branch of HMT Machine Tools Limited has expressed Disclaimer Opinion regarding the financial statements of the division on the basis that the auditor was not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Turnover of MTH, Hyderabad to Total Turnover of HMT Machine tools Limited is 23.19%. Assets of MTH, Hyderabad to Total Assets of HMT Machine tools Limited is 25.22%

The branch auditor has summarised the basis for disclaimer based on the following observations-

- (a) Property, Plant, and Equipment: According to the information available to us, the Division has immovable property transferred to it on lease from the Government of India, but it is not in compliance with IND AS 116 as the lease deeds were not provided. With reference to Note 3A of the financial statements, the Division charges 100% of its cost to depreciation over the useful life of the asset with a residual value of Rs. 1. Upon examining the asset register, we noticed that the dates of purchase of the assets were not available, which raises doubts about the remaining useful life of these assets. However, division following this as per instructions given by head office
- (b) Capital Work in Progress: We draw an attention to Note 3B of the financial statements which discloses capital work in progress (CWIP) of Rs.1,10,00,000. During the course of audit, no details in respect of CWIP provided. In the absence of the details of the same, we are unable to form an opinion on the existence, completions and valuation of the Capital Work in Progress.
- (c) Inventory Valuation: We draw attention to Notes 5 and 25 of the financial statements. The division disclosed its inventory at Note No.5 Rs.37,12,74,054 for the year ending 31.03.2024 (Pr.Year: 39,05,51,467) for which we were unable to obtain sufficient and appropriate audit evidence regarding the existence, title, and value of the inventory as on that date. Further, during the year under consideration, a provision against non-moving inventories made of Rs.1,19,86,909 and charged to the profit & loss account under "Other Expenses - Note No.25" which carrying the total provision made for the year ending 31.03.2024 is of Rs.4,82,89,601 (Pr.Year

3,63,02,692) disclosed under Note No.5. There is no base is provided except the system generated report, due to which we are unable to form an opinion on the correctness of the provision made against the non-moving inventories.

(d) Trade Receivables: We draw attention to Note 6 of the financial statements, which discloses trade receivables amounting to Rs.35,51,88,038 (Pr.year Rs.32,80,05,797). Customer-wise balance confirmations were not provided for the year ended March 31, 2024. In the absence of confirmation letters from customers, we are unable to confirm and satisfy ourselves regarding trade receivables. Additionally, customer-wise and transaction-wise ageing of trade receivables was not produced for audit. Consequently, we are unable to confirm the ageing of trade receivables as disclosed in Note 6A.

(e) Allowance for Credit Loss: We draw attention to Notes 6, 6A and 25 of the financial statements in respect of allowance for expected credit loss against the Trade Receivables. During the year ending 31.03.2024 an amount of Rs. 69,68,182 (PY.Rs.1,74,34,928) is charged to the profit & loss account on account of 'allowance for expected credit loss' under Note No.25 "Other Expenses". The total amount (provision) of 'allowance for expected credit loss' is carrying at Note No.6 is Rs.22,79,77,008 (Pr.year Rs.22,10,08,826). The division fails to justify the provision made for 'expected credit loss' against the Trade Receivables and for the carrying amount as at the year end. Therefore, we are unable to form an opinion on whether the provision made during the year for 'expected credit loss' and the carrying amount for 'expected credit loss' is sufficient

(f) Other Current Assets: We draw attention to Note 9- "Other Current assets" of the financial statements, the division disclosed the advances given to the suppliers and employees which amounting to Rs.6,97,85,415 (PY Rs.7,37,82,623).

The division fails to maintain the details of the suppliers & employees to whom the advances given which is the primary responsibility of the division in maintenance of the accounting records. In the absence of the same we are unable to form an opinion on the same. Additionally, the division provided a provision for 'impairment of doubtful advances' against these suppliers and employees advances which amounting to Rs.2,08,15,692 (Pr.year Rs.2,08,15,692). The division fails to justify the provision made against the supplier and employees advances. Consequently, we are unable to comment on the same.

(g) Borrowings & Other financial liabilities: We draw attention to Note 13.B and Note 15 of the financial statements, which discloses that the Division availed a term loans from the Government of India amounting to Rs. 90,73,05,000 (PY Rs.90,73,05,000) with interest accrued and due disclosed in the Note No.15 amounting to Rs.130,98,82,874 (PY. Rs.1,15,98,29,947) respectively. Additional information regarding the security and terms of repayment was not provided or disclosed in the financial statements. Due to non-disclosure of required information which is a violation of Schedule III. Further, we are unable to form an opinion on the current and non-current portions of the liability disclosed under Other Financial Liabilities. Additionally, we are unable to conclude the position of these loans as no third-party confirmation was provided for the audit except a letter from head office showing interest and principle amount outstanding.

(h) Trade payables: We draw attention to Note 14 of the financial statements, which discloses the amounts due to vendors amounting to Rs.24,50,18,324 (Pr.Year Rs.21,17,65,745). In the absence of confirmation letters from vendors, we are unable to confirm and satisfy ourselves regarding trade payables. Further, the following amounts included in the 'Trade payable

under Note No.14' that have remained static / continuing compared to the previous year without justification:

- Liability of OSL Expense: Rs.5,96,88,819
- Hyderabad Metro Water: Rs.8,18,37,775
- Liability for SCR Expense: Rs.79,70,164

In the absence of which we are unable to form an opinion the same.

With reference to the amount disclosed in Note No.14A of the financial statements which Discloses of 'amounts due to Micro enterprises and small enterprises' of the division as per MSMED Act,2006. Division has not been provided the recognition criteria for MSME vendors for the purpose of our audit, which rise doubt on the correctness of the disclosure given in financial statements. Additionally, vendor-wise and transaction-wise ageing of trade payables is not provided to confirm the ageing of trade payables as disclosed in Note 14B.

- (i) Revenue received in advance: We draw attention to Note 16 of the financial statements under 'Other current liabilities' which includes 'revenue received in advance' amounting to Rs. 10,45,70,143 (Pr.Year Rs.10,33,72,324). The division fails to provide the details of the amounts received from the respective customers, and their confirmation letters. In the absence of the same, we are unable to form an opinion on the same.
- (j) Statutory dues: We also draw attention to the same Note No. 16 of the financial statements under 'Other liabilities' which includes 'statutory dues' amounting to Rs.69,96,09,510 (Pr. Year. Rs.67,36,07,948); "With holding of Taxes and Other Tax Payables" amount to Rs.2,37,35,260 (Pr.Year. Rs.3,69,97,253). Significant portion of these amounts are due from earlier years. The division has not been provided the timelines for the amounts due to various statutory authorities, and any assessment orders for the said dues. Consequently, we are unable to form an opinion on these amounts.

- (k) Other Liabilities: We further also draw an attention to the same Note 16 of the financial statements, 'Other liabilities' includes following liabilities:

- Miscellaneous Recoveries : Rs. 1,20,89,855
- Advance Received Against Rent : Rs. 25,93,974
- SCR Expenses : Rs. 52,69,152

The division has not been provided the details of the parties to whom these amounts are payable / due and the confirmation letters from the respective parties. Consequently, we are unable to form an opinion on these amounts.

- (l) Other expenses: With reference to Note 25 of the financial statements - 'Other expenses' which includes PF Trust Loss Rs.1,25,00,000 (Pr. year Rs.1,25,00,000). For the same, the division explained that the Division had opted to pay Provident Fund to its Trust but has defaulted in payment of contribution to the PF trust. Consequently, the Division has shared a loss of Rs. 1,25,00,000/- by the PF Trust due to this default. This amount is carried to the Balance sheet under Statutory dues and disclosed in 'Other Current liabilities' at Note No.16. The division has not been provided any basis for said amounts. Consequently, we are unable to form an opinion on the amounts charged to the Statement of Profit and Loss and carrying to the balance sheet under liabilities.
- (m) Contingent liabilities: We draw attention to Note 26 of the financial statements, which discloses contingent liabilities related to pending litigations and various cases against the Division. We are unable to assess the reliability of these disclosures in the financial statements, nor can verify the status of the litigations and cases presented. Consequently, we are unable to measure the impact of these contingent liabilities on the financial statements, as the current status of many cases could not be tracked due to insufficient information.



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

### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance

in our audit of the standalone financial statements for the financial year ended 31st March 2024. These matters were addressed in the context of our audit of the standalone financial statements, and in forming our opinion thereon, and we do not provide a separate opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters	How our audit addressed the key matter
<b>1. HMT Limited</b>	
<b>Revenue Recognition from Operating Leases as per IND AS 116 - Leases</b>	
<p>The company earns rental income from leasing out properties on a commercial and residential basis.</p> <p>As the rental income earned forms a significant part of the total income earned, the matter is considered as key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> <li>➤ We have obtained the information such as Number of residential quarters and shops, occupancy, Tenant name, Date of occupancy and vacancy.</li> <li>➤ We have verified lease agreements on sample basis</li> <li>➤ We have verified journal entries passed with the rental income to be recognized as per lease agreements.</li> <li>➤ We have verified the impact of Ind AS 116 on the rent received by the entity.</li> </ul>

**Revenue recognized from Sale of watches**

The entity is engaged in sale of watches and earns a major part of revenue.

And hence, considered this as a key audit matter.

Our Audit Procedures include the following –

- We have obtained an understanding of how the invoicing for the sales made at the showrooms and sales made through e-Commerce website is done.
- We were provided with the transaction log in the e-commerce website against which the invoices are generated.
- We have obtained an understanding based on recording the income from sale of watches in the books of accounts.
- The sale of watches recorded in books was selected on sample basis and verified against the invoices generated.
- We have checked the sequential order for the invoices generated against the sales made.
- We have obtained an explanation in respect to the cancelled invoices.

**Loan given to HMT Machine Tools Limited**

The entity had given loan to it's wholly owned subsidiary HMT Machine Tools Limited having a balance of Rs. 30,582.41 lakhs.

The amount given as loan to this entity forms a major part of Current Assets and hence, considered as a key audit matter.

Our Audit Procedures include the following –

- We have obtained the Minutes of Meeting of Board Committee and Board resolutions in respect to the approval of loan given to HMT Machine Tools Ltd.
- We have verified the rate of interest at which the loan was given.
- We have verified the sources of funds for the loan given.
- We have verified the reasons for which the loans were given.
- We have verified the impact of Section 185 and Section 186 of Companies Act, 2013 on such loan given.
- We were provided with the interest workings in respect of interest income recorded on such loan.

**Inventory valuation**

Inventory is considered as a key audit matter as the valuation and determination of its impairment require usage of several key assumptions and estimates that may have a material impact on the Standalone Financial Statements.

Our Audit Procedures include –

- We have obtained the Inventory Valuation reports from the management.
- We have obtained the Quantitative details in respect of type of Inventory held by the entity.
- We have obtained an understanding on the accounting policy followed by the entity to measure the Inventory on the closing date.
- We have analyzed and verified the disclosure requirements as per Ind AS -2 and Schedule III of Companies Act, 2013.

**Emphasis of Matter Paragraph**
**1. HMT Limited**

(a) We draw you attention to Note No. 49 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested Rs.15 lakh (50% of equity shares) comprising 1,50,000 equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bengaluru (M/s. Sudmo - HMT). M/s. Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/ July 2021) for closure of the defunct joint venture company (M/s. Sudmo- HMT) and submitted the closure proposal to Administrative Ministry (July 2021) for approval.

(b) We draw you attention to Note No. 50 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested Rs.20.84 lakh (39% of equity shares) comprising 20,84,050 equity shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavanagar (M/s. GSMTC). The Board of HMT Ltd gave (March 2021) in principle approved for liquidation of M/s.

GSMTC and issued the consent letter to Gujarat Industrial Investment Corporation Limited (GIIC), GIIC approved (September 2021) liquidation of M/s. GSMTC and submitted (October 2021) the proposal to Industries & Mines Department. HMT Ltd submitted (April 2022) the liquidation proposal to Administrative Ministry.

(c) We draw you attention to Note No. 51 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Machine Tools Limited, Nigeria (M/s. NMTL). The Board of HMT Ltd gave (February 2020) approval for divestment of stake in M/s. NMTL and sought approval from Administrative Ministry.

(d) We draw your attention to Note No. 3C- Additional Information (d)&(e), Note No. 22- Additional Information and Note No. 34 (ii) of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 relating to transfer of land to Raman Research Institute and Government of Uttarakhand (transferee) wherein the Company (transferor) has received entire sale consideration and has given the

possession of the land in the earlier years resulting in performance of contract by both the parties. The Company had made a provision for taxation of Rs. 980 lakhs which has been reversed in the current year. However, the recognition of profit/ loss on transfer of land will be considered in the year of registration of sale deed.

Our opinion on the above matters is not modified.

## 2. HMT Machine Tools Limited (“MTL”)

### (a) MBX, Bangalore

i. As informed to us, a portion of the land used for the 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 March 31, 2024, 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 procedures, 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.

### (b) MTA Ajmer

i. 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.

## 3. HMT Watches Limited

### (a) Note No. 2.8(a)

We draw attention to the Note No.2.8(a) of the “Notes to the financial statements” regarding the closure of HMTWL due to discontinued manufacturing operations in the year 2016-2017 and line of approval of the Government of India, all the moveable assets being disposed-off to meet the closure liabilities. By MHI vide letter dated 05-05-2022, MHI directed to transfer all immovable assets from books of HMTWL (under closure) to the books of HMT Ltd, the Holding Company at book value. The rights of transfer of immovable assets have been granted an aid of Rs.837.47 crores towards meeting Income tax liability on account of writing off of GOI Loan amounting to Rs.2,69,378.75/- lakhs in the books of HMTWL to enable filing closure application of HMTWL u/s 248 of the Companies Act, 2017.

### (b) Note No.2.22

We draw attention to the Note No.2.22 of the “Notes to financial statements” regarding the write off of Government of India Loan amounting to Rs.2,69,278.75/- lakhs. The said amount was due to Government of India and as per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13-01-2017, 08-05-2023 and 06-02-2024, the company has written off the GOI Loans to amounting to Rs.2,69,278.75 lakhs.

### (c) Note No.2.29

We draw attention to Note No.2.29 of the “Notes to financial statements” regarding preparation of financial statements on liquidation basis. The management of the company intends to close down the

company as the company has suffered huge losses and its net worth has been eroded. The stakeholders, in view of losses, have decided to close the company and apply for voluntary winding up of the company. In the view of the same, the accounts of the company are not prepared on Going Concern basis.

## Other Matters

### 1. Group as a Whole

- (a) The previous year figures in the financial statements of the company were audited by SSB & Associates whose report has been furnished to us in which the auditor have provided a qualified opinion on the Consolidated Financial Statements as on 31-03-2024. The Qualified opinion given by the previous auditor is given as **“Annexure A”**.
- (b) We did not audit the financial statements of the three subsidiaries whose financial statements reflect total assets at March 31, 2024 and total revenues (including revenue from discontinued operations) for the year ended on that date are as follows:

Name of the Subsidiary	Total Assets (Rs.) (in lakhs)	Total Revenue (Rs.) (in lakhs)
HMT Machine Tools Limited	31,338.53	13,131.83
HMT (International) Limited	5,862.44	1,969.86
HMT Watches Limited	-	61.21

as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the

Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

- (c) The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2024, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
- (d) Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture for the year ended March 31, 2024 in which share of loss of the Group was Rs.0.57 lakhs has been considered for preparation of these Consolidated Ind AS financial statements.
- (e) The holding company has not received financial statements of Nigeria Machine Tools Limited for the year ended March 31, 2024, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

### 2. HMT Limited

- (a) The physical share certificates of 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Limited whose cost is Rs.26,089.90 lakhs and Rs.44,300.00 lakhs respectively are not in possession of the Company as at 31st March 2024.

### Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information

comprises the information included in the Annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and of its associate and joint venture'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint venture's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures,

and whether the consolidated 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, associate companies and joint venture companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure B" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture as noted in the 'other matter' paragraph we report, to the extent applicable, that:

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

- (a) We/the other auditors whose reports we have relied upon, 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 of the aforesaid consolidated financial statements;

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors of the Holding as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies, associate and joint venture none of the directors of the Group and of its associate and joint venture is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries and of its associate and joint venture and the operating effectiveness of such controls, refer to our separate report in **"Annexure C"**, and
- (g) With respect to the other matters to be included in the Auditors' Report in

accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and of its associate and joint venture as notes in 'Other Matter' paragraph;

- i. The consolidated financial statements has disclosed the impact of pending litigations on its consolidated financial position—Refer Note 37 to the Consolidated financial statements.
- ii. The Group and of its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group and of its associate and joint venture.
- iv. a) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, 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 Group, associates and joint ventures to or in any other person or entity, 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 Group, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds have been received by the Group, associates and joint ventures from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Group, associates and joint ventures 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
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that
- has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement;
- v. The Holding Company, its subsidiaries, associates and joint venture companies incorporated in India have not declared or paid any dividend during the year and therefore, compliance with section 123 of the Companies Act, 2013 is not applicable.
- vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, except for the HMT Limited (the holding company), HMT Machine Tools Limited and HMT Watches Limited, the company, subsidiaries, associates and joint ventures have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries, associates and joint ventures did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company and above referred subsidiaries, associates and joint ventures as per the statutory requirements for record retention.

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEVM3702

Place: Bengaluru

Date: 20-09-2024

## Annexure A to Independent Auditor's Report

The Annexure A referred to in the Independent Auditor's Report to the Members of HMT Limited ('the Holding Company') for the year ended 31 March 2024, the qualified opinion given on the previous year figures (by previous Auditors) is as follows :

### I. HMT Limited.

(a) Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31<sup>st</sup> March, 2023. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.
3. We draw your attention to Note No.63 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions. Indian Accounting Standards
4. Company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements. The effect on revenue on all the above transactions are not ascertained.

(b) Food Processing Machinery Unit, Aurangabad:

1. As per information and explanation given to us with regards to the Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method of valuation adopted by company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS financial statements.

### II. HMT Machine Tools Limited ("MTL"):

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.

(a) MBX, Bangalore:

1. 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: 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. 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 31<sup>st</sup> 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 31<sup>st</sup> March 2023. We are unable to express an opinion on the impact of this nonprovision on the financial statements.

**(b) MTA, Ajmer**

1. 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.
2. We are unable to comment on the applicability of Ind AS-116, Leases to the unit since the required information are not made available to us.
3. 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.
4. 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.

**(c) MTP, Pinjore:**

1. 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 31<sup>st</sup> 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.
2. 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.

**(d) MTH, Hyderabad**

1. Property, plant & equipment is charged at 100% of the cost of asset over their useful life. The residual value for all the assets has been standardized at Re 1. The Division has not appropriately justified and disclosed in the Notes to Accounts for charging depreciation at 100% of the cost of asset over their useful life. In our opinion this is a departure from the Schedule II of the Companies Act, 2013 where it is stated that Residual value should be 5% for the tangible assets and depreciation should be charged at ninety five percent of the cost of asset over their useful life. The Impact of such non-compliance on the loss, Assets and liabilities could not be ascertained. Our observation revealed that the division has not complied with "Component" based depreciation method as required by Ind AS 16 despite the stated policy and necessary identification of components of an item of PPE has not been identified and depreciated accordingly. The impact of such noncompliance on the loss and the accumulated depreciation could not be ascertained.
2. 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 non compliance on the loss and the current liabilities could not be ascertained.
3. 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.

4. 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.
5. Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) has raised Rs.12.31 crore water and sewerage charges bill. However, the company has not made necessary entries in this regard.
6. 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.

**(e) MTM, Bangalore**

1. 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

Financial Year 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.

2. Interest on delayed Provident Fund remittance and loss of the fund for the Financial Year 2022-23 has not been provided for as amount was not ascertainable.
3. 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.

## II. HMT Watches Limited ("HWL")

### (a) Going Concern Status:

1. A material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the financial statements do not adequately disclose this matter.
2. The Board of Directors in its 72nd board meeting held as on 18.01.2016 have decided to close down the company after getting the approval from cabinet committee of Economic Affairs.
3. The accumulated losses of the company as at the close of 31<sup>st</sup> March 2023 amounted

to Rs.2,68,727.66 lakhs against which the paid up capital of the company is Rs.649.01 lakhs and the losses has totally eroded the net worth of the company.

4. The company has been incurring continues losses for the past many years.
  5. The total liabilities of the company as at the close of 31<sup>st</sup> March 2023 is Rs. 2,69,382.96 lakhs (Previous year Rs. 2,72,473.57/- lakhs) against which the Fixed and current assets book values are only Rs. 1,304.31 lakhs (Previous year Rs.4,245.30 lakhs).
- (b) As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted / written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakhs during the financial year 2022-23. However, as per the minutes of 79th meeting of Board of Directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016. Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs.2,69,378.75 lakhs and overstated the negative balance of Other Equity (Note 2.10) by Rs.2,68,378.75 lakhs. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.

for **N S V M & Associates**

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

Partner

Membership No: 036508

UDIN: 24036508BKDEVM3702

Place: Bengaluru

Date: 20-09-2024

## Annexure B to the Independent Auditor's Report

### HMT Limited

The Annexure B referred to in the Independent Auditor's Report to the Members of HMT Limited ('the holding Company') for the year ended 31 March 2024, we report that:

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sl. No.	Name of Company	CIN	Relation	Clause number of the CARO report which is qualified or is adverse
1	H M T Limited	L29230KA1953GOI000748	Holding Company	Clause (i) (b) Clause (i) (c) Clause(iii) (a) (A) Clause(iii) (c) Clause(iii) (d) Clause(iii) (f) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a) Clause (xiv) (b)
2	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary Company	Clause (i) (b) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a) Clause (xvii)
3	HMT Watches Limited	U33301KA1999GOI25573	Subsidiary Company	-
4	HMT (INTERNATIONAL) Limited	U3309KA1974GOI002707	Subsidiary Company	-

for N S V M & Associates  
Chartered Accountants  
Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEV3702

Place: Bengaluru

Date: 20-09-2024

## Annexure C to the Independent Auditors' Report

on the Consolidated Financial Statements of HMT Limited for the period ended 31 March 2024

### **Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

(Referred to paragraph 1(f) under 'Report on other regulatory requirements' Section of our report to the members of HMT Limited of even date)

We have audited the internal financial controls over financial reporting of "HMT Limited" as of March 31, 2024, in conjunction with our audit of the Consolidated financial statements for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial controls and the Standards on Auditing, issued by Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

### 1. Qualified Opinion of HMT Limited

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company has adequate internal control over financial reporting and whether such internal control was operating effectively as on 31<sup>st</sup> March, 2024.

Based on the limited audit procedures performed by us during the course of our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial control over financial reporting as at 31<sup>st</sup> March, 2024:

- (i) **Food Processing Machinery Unit, Aurangabad**
  - (a) The branch does not have an appropriate internal control system for inventory as there is no integration between the financial accounting module and inventory module.
  - (b) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.
  - (c) The branch has not maintained proper records and reconciliations of GST, TDS on GST Liability, which have a material impact on the financial reporting of such amounts in the financial statements. Further, the branch does not have adequate internal control on the payments of statutory dues



i.e., GST, TDS, PF, PT ESIC etc. within due dates.

**(ii) Auxiliary Business Division, Bengaluru**

- (a) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/ procurements.
- (b) The Branch does not have appropriate internal control with respect to Inventory and valuation of inventory.
- (c) The Branch does not have a proper system of control over invoicing, sales and inventory from different outlets.
- (iii) Corporate Head Office and Company as a whole
  - (a) The company does not have an adequate internal control system for obtaining balance confirmations from Sundry Debtors, Sundry Creditors and other parties. This may result in material misstatement in the standalone financial statements.

**2. HMT Machine Tools Limited (“MTL”)**

In our opinion, to the best of our information and according to the explanations given to us, two divisions viz., 1) HMT- Hyderabad (Disclaimer Opinion as above) & 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 2024 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).

(i) In respect of PTH, Praga Tools Hyderabad

- (a) The company did not have adequate appropriate internal controls for reconciling inventories resulting into im-proper update to the financial books, physical verification of inventory and Fixed Assets, obtaining balance confirmation from sundry debtors, sundry creditors and other parties. The company is incurring cash losses from more than “3” years, not able to serve the Govt. Of India loans. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.
- (b) The company does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/ procurements. And adequate internal control is not initiated in respect of payment of statutory dues within due dates and filing of statutory dues under various statutes in turn resulting in various penalties, late fees and other consequences under different statutes.

(ii) In respect of MTA Ajmer

- (a) The company does not have adequate internal control in regard to physical verification of inventory which shall have a material impact on the financial statements.
- (b) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.

- (c) The company does not have adequate internal financial control on keeping sufficient cash balances with it in order to pay the statutory dues within due dates which has led the entity to incur penalties and late fees under various statutes.
- (d) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/ procurements.
- (iii) In respect of MBX, Bengaluru
- (a) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/ procurements.
- (b) The Branch does not have adequate internal control on filing the statutory returns and paying the statutory dues within due dates which exposes the company to various late fees, penalties and other consequences under various statutes.
- (iv) In respect of MTP, Pinjore
- (a) The branch does not have adequate internal controls for reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.
- (v) In respect of MTH, Hyderabad
- (a) The branch does not have an appropriate internal control in regard to maintenance of books of accounts and a proper Accounting and Finance matrix is not adopted in regard to accounting entries passed, modified, deleted in the Books of Accounts. This may pose a severe threat on the accuracy of the financial statements.
- (b) The branch does not have an adequate internal control in respect of compliance to Statutory dues within due dates which in return expose the division for various penalties, late fees and other consequences.
- (vi) In respect of MTD, Bengaluru
- (a) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors, deposits, advances and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors, deposits, advances and other parties.
- (b) The branch does not have an adequate internal control in respect of filing of statutory returns and payments of statutory dues under various statutes which exposes the company to various late fees, penalties and other consequences under various statutes.
- (vii) In respect of the HMT Machine Tools Limited
- (a) Non reconciliation and non-confirmation of Trade receivables, trade payables balances, deposits, Advance Received against Sales account, EMD Received and Paid A/c and other old balances and advances.
- (b) 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.

- (c) Lack of centralised control over recording and corrective legal/administrative actions in responding to an accounting of default/non-payment notices/claims received from statutory bodies viz., Income Tax, TDS, GST, PF, etc.
- (d) Need effective centralised management control over computerisation, accounting and inventory system with proper staffing of accounts dept at units and Directorate.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the

company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit procedures applied in our audit of the financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company, and we have issued a qualified opinion on the financial statements.

### **Other Matter**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, in so far as it relates to the three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries to the extent made available to us.

*for N S V M & Associates*

Chartered Accountants

Firm registration number: 010072S

**G C S Mani**

*Partner*

Membership No: 036508

UDIN: 24036508BKDEVM3702

Place: Bengaluru

Date: 20-09-2024

## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 20 September 2024 which supersedes their earlier Audit Report dated 09 August 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of HMT Limited for the year ended 31 March 2024 under Section 143(6) (a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of HMT Machine Tools Limited and HMT Watches Limited (subsidiaries) but did not conduct supplementary audit of the financial statements of HMT International Limited (subsidiary) and Gujarat State Machine Tools Corporation Limited (associate company) for the year ended on that date. Further, Section 139(5) and 143(6) (b) of the Act are not applicable to the joint venture Sudmo HMT Process Engineers (India) Limited, Bangalore being private entity. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

### **Comments pertaining to HMT Machine Tools Limited – a wholly owned subsidiary of HMT Limited**

#### **A. Comments on Profitability**

##### **A1. Notes forming part of Financial Statements**

###### **Contingent Liabilities (Note 35)**

Audit observed from Board Agenda Notes that as on 1 September 2023 cases pending in various Courts included one at Supreme Court, 24 cases at High Court and 9 cases relating to Commercial and other matters. However, MTK Unit has not provided the data on pending court cases and in the absence of the data, Audit could not verify the financial impact on MTK Unit.

#### **B. Comments on Cash Flow**

##### **B.1 Cash Flow Statement: Significant Accounting Policies Cash and Cash Equivalents**

Cash and cash equivalents of Rs. 1499.88 lakhs included an amount of Rs. 72.59 lakhs pertaining to escrow accounts which was incorrectly shown as Rs 49.92 lakh. The amount of Rs 72.59 lakh pertains to unspent

balances of grant received from the Government of India for the Technology Innovation Programme, (SURGE). As these balances are not freely available to the company, disclosure is required to be made in this regard in the Cash Flow Statement. This resulted in a non-compliance to provisions of para 48 of IND AS-7.

### C. Comments on Accounting Policies

C.1 As per the terms of contracts, 10 per cent of payment is to be released to the MTK unit of the Company after installation, testing of machines and their being found to be working satisfactorily. Further, the unit has to assist in finalization of civil works drawing required for machinery foundations. However, the unit has recognized revenue for the entire amount of the order without completing its performance obligations. This has resulted in incorrect revenue recognition by the unit as well as the Company. Further, the Company needs to rectify its policy in this regard.

### D. Comments on Disclosure

#### D.1 Notes to Accounts

- a) The Government of Kerala issued (04 November 2015) orders for surrender of excess land of 251.40 acres as per Hon'ble High Court orders. However, HMT Machine Tools Limited, Kalamassery Unit (MTK) had filed a special leave petition before the Hon'ble Supreme Court, challenging the Government of Kerala Revenue department order for resumption of 251.40 acres of land from MTK and Hon'ble Supreme Court passed (15.01.2016) the order to maintain status quo until further orders. The matter is pending at Court as of March 2024 but the same was not disclosed in the notes to financial statements. Non-disclosure of pending case at Court has resulted in notes to financial statements being deficient to that extent.
- b) The Roads and Bridges Development Corporation of Kerala Limited requested (30 November 2019) the MTK Unit for transfer of a portion of above land for construction of Airport — Seaport Highway Phase-II based on Govt. of Kerala resumption orders. Subsequently, Govt of Kerala requested (16.06.2019) the Department of Heavy Industry, Gol for allowing the construction activities and for transfer of land admeasuring 1.6352 hectare on urgent basis. MTK Unit arrived at land compensation of ₹.16.34 crore for transferring the above land. However, status in this regard was not disclosed by the unit.
- c) As per the disclosure requirement of Para No. 139 (b) of Ind AS-19, an entity shall disclose a description of the risks to which the defined benefit plan exposes the entity, focused on any unusual, entity specific or plan specific risks, and of any significant concentrations of risk. However, Management has not made any disclosures in this regard.



(C. SAILAJA)  
Director General

Date: 21st October 2024

## Consolidated significant accounting policies for the year ended March 31, 2024

### 1. Background:

HMT Limited (“the Company”) is a public limited company domiciled in India and is incorporated in 1953 under the provisions of the Companies Act, 1913, having Registered Office at HMT Bhavan, 59, Bellary Road, Bangalore-560 032. The Company’s shares are listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The Company is engaged in the manufacturing of Food Processing Machineries etc.

### 2. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

#### ii) Basis of Consolidation:

The consolidated financial statements of HMT Limited (“Parent Company”), subsidiary companies, associates and joint venture (collectively referred as “the Group”) used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2022. The financial statement of the associate company has not received by the parent company and the networth

of the said associate is completely eroded. Accordingly, losses have been consolidated to the extent of the value of the investments.

#### iii) Principles of consolidation and equity accounting:

- a) The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.
- c) Eliminate the carrying amount of the parent’s investment in each subsidiary and the parent’s portion of equity of each subsidiary
- d) Non Controlling Interest’s share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Non Controlling Interest’s share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.
- f) Investment in Associate and Joint Venture has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- g) The Company accounts for its share of post acquisition changes in net assets of associate and joint venture, after eliminating unrealised profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its Consolidated Statement

of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

**iv) Summary of Significant Accounting Policies:**

**a) Use of estimates:**

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

**b) Property, Plant & Equipment**

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

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

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

Special Tools:

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

**c) Leases**

**The Company as a lessor**

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

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

*Operating Leases as a Lessor*

- a) Rental income from operating leases is generally recognised on a straight-line basis

over the term of the relevant lease except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

- b) Operating lease payments in case of intermediate lease are recognized as an expense in the Profit and Loss Account on a straight line basis over the term of the relevant lease.

### The Company as a lessee

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

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

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date

plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

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

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

### d) Borrowing Cost:

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

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

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

### e) Investment Property:

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

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



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

#### **f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

#### **iv) Research and Development Expenditure:**

##### *Research Phase:*

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

##### *Development Phase:*

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

#### **g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

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

Cost of work in progress, finished goods and goods-in-transit comprises direct materials, direct labour and an appropriate portion of

variable and fixed overhead being allocated on the basis of normal operating capacity.

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

**k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

*i) Sale of goods:*

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

*ii) Rendering of services:*

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

*iii) Rental Income:*

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease except where the rentals are structured solely to increase in line with

expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

*iv) Dividend Income:*

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

*v) Interest Income:*

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

*vi) Warranty:*

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

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

*vii) Extended Warranties:*

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

**l) Foreign Currency Translation:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income tax expense comprises current tax expense and the net change in the deferred tax

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

#### *i) Current taxes:*

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

#### *ii) Deferred Taxes:*

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

#### **o) Provisions:**

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to

settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Impairment:**

*i) Financial assets:*

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

*ii) Non-financial assets:*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in

use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

**q) Financial Instruments:**

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

*i) Cash & cash equivalents:*

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

*ii) Financial assets at amortised cost:*

Financial assets are subsequently measured at amortized cost if these financial assets

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

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

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

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

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

*v) Financial Liabilities:*

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

*vi) De-recognition of financial instruments:*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. *On derecognition of any financial assets in its entirety, the difference between Carrying amount (on date of derecognition) 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 derecognized when the obligation specified in the contract is discharged or cancelled or expires.

*vii) Fair value of financial instruments:*

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

Fair value hierarchy:

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

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

that is significant to the fair value measurement is unobservable

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

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

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

**i) Judgements:**

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

*a) Operating lease– Company as lessor:*

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

properties and accounts for the contracts as operating leases.

*b) Discontinued Operations:*

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties.

*c) Property, plant & equipment:*

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

**ii) Estimates and assumptions:**

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

*a) Deferred Taxes*

Deferred Tax Assets must be recognised to the extent that it is probable that future

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

*b) Defined Benefit Obligations:*

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

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

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

*c) Other Long-Term Employee Benefits:*

Other Long-Term Employee Benefits like Earned Leave Encashment is determined

through 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), remeasurements 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 Remeasurement 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.



vi) The consolidation of financial statement (CFS) present the consolidated accounts of HMT Limited with its following subsidiaries and associates:

Name of the Company	Nature of relationship	Country of Incorporation	Proportion of Ownership	
			Current Year	Previous Year
HMT Machine Tools Limited	Subsidiary	India	100%	100%
HMT Watches Limited	Subsidiary	India	100%	100%
HMT (International) Limited	Subsidiary	India	100%	100%
Gujarat State Machine Tools Corporation Limited	Associate	India	39%	39%
Sudmo HMT Process Engineers (India) Limited	Joint Venture	India	50%	50%

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	As at 31-Mar-24	As at 31-Mar-23
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3A	3,863.57	4,208.30
Capital work in progress	3A	331.29	412.50
Investment Property	3B	168.80	188.16
Intangible assets	3C	-	-
Financial Assets			
Investments	4	18.20	18.77
Other Financial Assets	9	429.21	1,713.86
Other Non Current Assets	11	384.18	376.21
		<b>5,195.25</b>	<b>6,917.80</b>
<b>Current assets</b>			
Inventories	5	11,601.64	11,780.37
Financial Assets			
Trade Receivables	6	13,389.87	18,577.42
Cash and Cash Equivalents	7	3,250.34	9,553.46
Bank balances other than Cash and Cash Equivalents	8	21,461.48	15,949.98
Other Financial Assets	9	444.99	361.96
Current Tax Assets (net)	10	747.97	1,577.14
Other Current Assets	11	3,972.75	4,599.89
		<b>54,869.04</b>	<b>62,400.22</b>
Non Current Assets Held for Sale	3D	296.15	296.15
<b>TOTAL ASSETS</b>		<b>60,360.44</b>	<b>69,614.17</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	12	35,560.16	35,560.16
Other equity	13	(2,10,763.35)	(4,65,873.73)
<b>Equity attributable to equity holders of the parent</b>		<b>(1,75,203.19)</b>	<b>(4,30,313.57)</b>
Non-controlling interests		-	-
<b>Total equity</b>		<b>(1,75,203.19)</b>	<b>(4,30,313.57)</b>

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	As at 31-Mar-24	As at 31-Mar-23
<b>Non-current Liabilities</b>			
Financial liabilities			
Borrowings	14	-	-
Non Current Financial Liability	15	-	-
Other non current liabilities	20	70.36	90.71
Provisions			
Provision for Employee Benefits	16	3,437.14	3,864.83
Deferred tax liability (net)	17	0.17	42.68
		<b>3,507.67</b>	<b>3,998.22</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	14	1,02,937.50	3,72,694.09
Trade payables	18		
<i>Total outstanding dues to Micro, Small &amp; Medium Enterprises</i>		<b>670.08</b>	934.50
<i>Total outstanding dues of creditors other than Micro, Small &amp; Medium Enterprises</i>		<b>8,864.01</b>	7,262.21
Other financial Liabilities	19	56,831.05	50,622.95
Other Current Liabilities	20	59,708.94	60,461.03
Provisions			
Provision for Employee Benefits	16	2,597.17	2,677.31
Others	22	370.33	382.77
Current Tax Liabilities (net)	21	76.88	894.66
		<b>2,32,055.96</b>	<b>4,95,929.52</b>
<b>Total liabilities</b>		<b>2,35,563.63</b>	<b>4,99,927.74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>60,360.44</b>	<b>69,614.17</b>

**Significant Accounting Policies and Notes forming part of Accounts**
**As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited**

**For NSVM & As sociates**  
Chartered Accountants  
F.R.N : 010072S

**Rajesh Kohli**  
Chairman and Managing Director  
(Addl. Charge)  
DIN 10333951

**Sameena Kohli**  
Director, Finance  
(Addl. Charge)  
DIN 10663362

**GCS Mani**  
Partner  
Membership No : 036508  
UDIN: 24036508BKDEVD6248

**Kishor Kumar Shankar**  
Company Secretary

**Aparna R**  
Chief Financial Officer

Place : Bangalore  
Date : August 9, 2024

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>CONTINUING OPERATIONS</b>			
Revenue from Operations	23	16,338.68	20,380.86
Other Income	24	5,397.39	5,464.41
<b>Total Income</b>		<b>21,736.07</b>	<b>25,845.27</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	25	8,939.03	9,331.58
Purchase of Stock In Trade	26	536.24	1,136.43
Changes in inventories of finished goods, Stock-in -Trade and Work-in-progress	27	337.07	2,796.83
Employee Benefits Expense	28	7,582.17	7,746.72
Depreciation and Amortization Expense	29	827.88	932.65
Finance Costs	30	6,806.01	6,901.65
Other Expenses	31	10,307.57	9,154.40
Less: Jobs Done for Internal Use	32	(298.91)	(391.49)
<b>Total expense</b>		<b>35,037.06</b>	<b>37,608.77</b>
<b>Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations</b>		<b>(13,300.99)</b>	<b>(11,763.50)</b>
Share of profit/(loss) of an associate and a joint venture	34	(0.57)	(0.79)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>(13,301.56)</b>	<b>(11,764.29)</b>
Exceptional items	33	-	83.83
<b>Profit/(loss) before tax from continuing operations</b>		<b>(13,301.56)</b>	<b>(11,680.46)</b>
(1) Current tax		458.75	1,186.50
(2) Deferred tax		(33.93)	17.38
(3) Adjustment of tax relating to earlier periods		(718.60)	(408.60)
	35	(293.78)	795.28
<b>Profit for the year from continuing operations</b>		<b>(13,007.78)</b>	<b>(12,475.74)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations	36	3,53,070.16	185.45
Tax Income/ (expense) of discontinued operations		(84,986.12)	-
<b>Profit/(loss) from discontinued operations</b>		<b>2,68,084.04</b>	<b>185.45</b>
<b>Profit/(loss) for the year</b>		<b>2,55,076.26</b>	<b>(12,290.29)</b>

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED  
31 MARCH 2024**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/ (losses) on defined benefit plans		25.54	(0.49)
Income tax effect - (Credit)/debit		(8.58)	6.97
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>34.12</b>	<b>(7.46)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>2,55,110.38</b>	<b>(12,297.75)</b>
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders		2,55,076.26	(12,290.29)
Non-controlling interests		-	-
<b>Other Comprehensive Income</b>			
<b>Attributable to:</b>			
Equity holders		34.12	(7.46)
Non-controlling interests		-	-
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders		2,55,110.38	(12,297.75)
Non-controlling interests		-	-
Earnings per share for continuing operations	47		
i) Basic, profit from continuing operations attributable to equity holders		(3.66)	(3.51)
ii) Diluted, profit from continuing operations attributable to equity		(3.66)	(3.51)
Earnings per share for discontinued operations			
i) Basic, profit from discontinued operations attributable to equity holders		75.39	0.05
ii) Diluted, profit from discontinued operations attributable to equity holders		75.39	0.05
Earnings per share from continuing and discontinued operations			
i) Basic, profit for the year attributable to equity holders		71.73	(3.46)
ii) Diluted, profit for the year attributable to equity holders		71.73	(3.46)

**Significant Accounting Policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For NSVM & Associates**  
 Chartered Accountants  
 F.R.N : 010072S

**Rajesh Kohli**  
 Chairman and Managing Director  
 (Addl. Charge)  
 DIN 10333951

**Sameena Kohli**  
 Director, Finance  
 (Addl. Charge)  
 DIN 10663362

**GCS Mani**  
 Partner  
 Membership No : 036508  
 UDIN: 24036508BKDEVD6248

**Kishor Kumar Shankar**  
 Company Secretary

**Aparna R**  
 Chief Financial Officer

 Place : Bangalore  
 Date : August 9, 2024

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 MARCH 2024**

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>Operating activities</b>		
Profit/(loss) before tax from continuing operations	(13,301.56)	(11,680.46)
Profit/(loss) before tax from discontinued operations	3,53,070.16	185.45
<b>Profit before tax</b>	<b>3,39,768.60</b>	<b>(11,495.01)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	808.52	771.89
Depreciation of investment properties	19.36	20.15
Amortisation of intangible assets	-	140.61
Impairment of Intangible assets	-	843.68
Gain on disposal of property, plant and equipment	(23.09)	(81.75)
GOI liabilities waived off	(2,69,378.75)	-
Grant received from GOI	(83,747.00)	-
Finance income (including fair value change in financial instruments)	(1,535.97)	(951.70)
Finance costs (including fair value change in financial instruments)	6,806.01	6,901.65
Share of (profit)/ loss of an associate and a joint venture	0.57	0.79
<b>Working capital adjustments:</b>		
Movements in provisions	1,210.54	(1,095.10)
Increase in trade and other receivables and prepayments	5,539.68	1,896.97
Decrease in inventories	4.94	2,905.46
Increase in trade and other payables	564.94	10,944.06
	<b>38.35</b>	<b>10,801.70</b>
Income tax (paid)/reversed	(84,714.88)	(508.79)
<b>Net cash flows from operating activities</b>	<b>(84,676.53)</b>	<b>10,292.91</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	23.06	88.22
Purchase of property, plant and equipment	(382.55)	(575.27)
Deposits with Banks	(5,511.50)	(3,589.54)
Interest received	1,473.15	1,308.86
<b>Net cash flows used in investing activities</b>	<b>(4,397.84)</b>	<b>(2,767.73)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 MARCH 2024**

Particulars	(Rs. in lakhs)	
	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>Financing activities</b>		
Interest Paid	(597.91)	(682.42)
Proceeds from borrowings (net)	-	1,041.13
Grant received from GOI	83,747.00	-
Repayment of borrowings(net)	(377.84)	-
<b>Net cash flows from/(used in) financing activities</b>	<b>82,771.25</b>	<b>358.71</b>
<b>Net increase in cash and cash equivalents</b>	<b>(6,303.12)</b>	7,883.89
Net foreign exchange difference	-	-
Cash and cash equivalents at the beginning of the year	9,553.46	1,669.57
<b>Cash and cash equivalents at year end*</b>	<b>3,250.34</b>	<b>9,553.46</b>

**Significant Accounting Policies and Notes forming part of Accounts**

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

2) The Cash and Cash equivalents has been considered as per Note No.7

\*Includes Rs.9.79 lakhs in HMT Ltd, payable to minority Shareholders of HMT Bearings Ltd (in Escrow Account) and Rs.72.59 lakhs in HMT Machine Tools Ltd in respect of SURGE (Rs.49.92 lakhs in Escrow Account and Rs.22.67 lakhs in current account) as on 31.03.2024.

**As per our Report of even date attached**
**For and on behalf of the Board of Directors of HMT Limited**
**For NSVM & Associates**
*Chartered Accountants*

F.R.N : 010072S

**Rajesh Kohli**

Chairman and Managing Director

(Addl. Charge)

DIN 10333951

**Sameena Kohli**

Director, Finance

(Addl. Charge)

DIN 10663362

**GCS Mani**
*Partner*

Membership No : 036508

UDIN: 24036508BKDEVD6248

**Kishor Kumar Shankar**

Company Secretary

**Aparna R**

Chief Financial Officer

Place : Bangalore

Date : August 9, 2024

## STATEMENT OF CHANGES IN EQUITY

### A. Equity Share Capital

As at 31st March 2024		(Rs. In lakhs)	
Balance as at 1st April 2023	Changes in Equity Share Capital during the year	Balance as at 31st March 2024	
35,560.16	-	35,560.16	

As at 31st March 2023		(Rs. In lakhs)	
Balance as at 1st April 2022	Changes in Equity Share Capital during the year	Balance as at 31st March 2023	
35,560.16	-	35,560.16	

### B. Other Equity

Particulars	Reserves and Surplus					Other Comprehensive Income			Total equity holders of the company	Non-controlling interests	Total equity
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company			
Balance as of 1st April 2023	2,270.82	(4,77,696.35)	16,600.97	1.37	-	-	(7,050.54)	(4,65,873.73)	-	-	(4,65,873.73)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Balance as of 1st April 2023	2,270.82	(4,77,696.35)	6,600.97	1.37	-	-	(7,050.54)	(4,65,873.73)	-	-	(4,65,873.73)
Discontinued operations	-	2,68,084.04	-	-	-	-	-	2,68,084.04	-	-	2,68,084.04
Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	34.12	34.12	-	-	34.12
Total Comprehensive Income for the year	-	(13,007.78)	-	-	-	-	-	(13,007.78)	-	-	(13,007.78)
At 31 March 2024	2,270.82	(2,22,620.09)	16,600.97	1.37	-	-	(7,016.42)	(2,10,763.35)	-	-	(2,10,763.35)



Particulars	Reserves and Surplus					Other Comprehensive Income				
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Equity component of Financial Liability	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company	Non-controlling interests	Total equity
<b>Balance as of 1st April 2022</b>	<b>2,270.82</b>	<b>(4,65,406.06)</b>	<b>16,600.97</b>	<b>1.37</b>	-	-	<b>(7,043.08)</b>	<b>(4,53,575.98)</b>	-	<b>(4,53,575.98)</b>
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
<b>Balance as of 1st April 2023</b>	<b>2,270.82</b>	<b>(4,65,406.06)</b>	<b>16,600.97</b>	<b>1.37</b>	-	-	<b>(7,043.08)</b>	<b>(4,53,575.98)</b>	-	<b>(4,53,575.98)</b>
Discontinued operations	-	185.45	-	-	-	-	-	185.45	-	185.45
Dividend Distribution	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(7.46)	(7.46)	-	(7.46)
Total Comprehensive Income for the year	-	(12,475.74)	-	-	-	-	-	(12,475.74)	-	(12,475.74)
<b>At 31 March 2023</b>	<b>2,270.82</b>	<b>(4,77,696.35)</b>	<b>16,600.97</b>	<b>1.37</b>	-	-	<b>(7,050.54)</b>	<b>(4,65,873.73)</b>	-	<b>(4,65,873.73)</b>

**Significant Accounting Policies and Notes forming part of Accounts**

As per our Report of even date attached

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

**For NSVM & Associates**  
*Chartered Accountants*  
 F.R.N : 0100725

**Rajesh Kohli**  
 Chairman and Managing Director  
 (Addl. Charge)  
 DIN 10333951

**Sameena Kohli**  
 Director, Finance  
 (Addl. Charge)  
 DIN 10663362

**GCS Mani**  
*Partner*  
 Membership No : 036508  
 UDIN: 24036508BKDEVD6248

**Kishor Kumar Shankar**  
 Company Secretary

**Aparna R**  
 Chief Financial Officer

Place : Bangalore  
 Date : August 9, 2024

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**3A. PROPERTY, PLANT AND EQUIPMENT** (Rs. in lakhs)

Particulars	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land-Leasehold	Total
<b>Gross carrying value</b>								
As at 1 April 2022	259.42	3,645.23	38,647.30	1,138.12	2,077.40	103.53	17.09	45,888.09
Additions	0.13	131.57	479.49	8.13	227.03	-	-	846.35
Transferred to Investment Property	-	-	-	-	-	-	-	-
Disposals	-	-	(172.40)	(2.76)	-	-	-	(175.16)
<b>At 31 March 2023</b>	<b>259.55</b>	<b>3,776.80</b>	<b>38,954.39</b>	<b>1,143.49</b>	<b>2,304.43</b>	<b>103.53</b>	<b>17.09</b>	<b>46,559.28</b>
Additions	-	48.26	113.01	3.58	298.91	-	-	463.76
Transferred from Investment property	-	-	(18.02)	0.32	-	-	-	(17.70)
Disposals/Adjust	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>259.55</b>	<b>3,825.06</b>	<b>39,049.38</b>	<b>1,147.39</b>	<b>2,603.34</b>	<b>103.53</b>	<b>17.09</b>	<b>47,005.34</b>
<b>Accumulated Depreciation</b>								
As at 1 April 2022	-	2,677.09	35,995.74	1,115.52	1,845.55	103.53	10.35	41,747.78
Depreciation charge for the year	-	80.86	556.54	5.35	129.01	-	0.13	771.89
Disposals/Adjust	-	-	(165.93)	(2.76)	-	-	-	(168.69)
<b>At 31 March 2023</b>	<b>-</b>	<b>2,757.95</b>	<b>36,386.35</b>	<b>1,118.11</b>	<b>1,974.56</b>	<b>103.53</b>	<b>10.48</b>	<b>42,350.98</b>
Depreciation charge for the year	-	110.29	519.86	6.29	171.96	-	0.12	808.52
Disposals/Adjust	-	(0.01)	(18.74)	1.02	-	-	-	(17.73)
<b>At 31 March 2024</b>	<b>-</b>	<b>2,868.23</b>	<b>36,887.47</b>	<b>1,125.42</b>	<b>2,146.52</b>	<b>103.53</b>	<b>10.60</b>	<b>43,141.77</b>
<b>Net carrying value</b>								
At 31 March 2024	259.55	956.83	2,161.91	21.97	456.82	-	6.49	3,863.57
At 31 March 2023	259.55	1,018.85	2,568.04	25.38	329.87	-	6.61	4,208.30
<b>Net carrying value</b>	<b>31-03-24</b>	<b>31-03-23</b>						
Property, Plant and Equipment	3,863.57	4,208.30						
Capital work in progress - Opening	412.50	683.45						
Additions	-	16.20						
Disposals/Adjust	(81.21)	(287.15)						
Capital work in progress - Closing	331.29	412.50						

*Additional Information:*

Quantum of loss due to Impairment of Assets as per IND AS-36 - Nil

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### Land:

- (i) HMT MTL is in possession of land located at Bangalore, Kalamassery & Hyderabad gifted by the respective State Governments measuring 177.75 Acres, 166.00 Acres and 227.30 Acres respectively, nominally valued at Rs. 1 each.
- (ii) The Company is in possession of leasehold land measuring 30 acres at Aurangabad out of which 5 acres of land has been encroached upon. Further, legal action is being pursued for restoration of the encroached land.
- (iii) Pending finalisation of the rates by the Government of Rajasthan, provision for conversion charges, if any, payable for conversion of Revenue land for Industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.

In Khasra No.6767(2.17 Bighas / 0.87 acres of land) has not been transferred in the name of HMT MTL since 1976. Vacant possession of this land has not been given so far by the Government of Rajasthan. 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 finalised by the Government of Rajasthan, as per the agreement.

- (iv) In the matter relating to 195 acres and 33 guntas land handed over to HMT-Machine Tools Ltd (HMT-MTL) by the Govt. of Andhra Pradesh. HMT-MTL has filed Writ Petition No. 20012 of 2003 on the file of Hon'ble High Court of A.P. against the Govt. of A.P. and others wherein HMT-MTL has sought directions for demarking 195.33 acres of land for handing over the same to HMT-MTL. As per the survey conducted during the year 2004-05 by the Officials of Survey and Settlement Department, Ranga Reddy Dist. in view of Supreme Court directives, it has come to the notice that approx. 39 acres of land is not in the actual possession of HMT-MTL, but HMT-MTL has paid for the entire 195.33 acres of land for the decree holders. Out of the above land, 6000 sq. mts. of land is allotted to APSEB for setting up 33KV Switching Station and 33/11 KV Electrical sub-station. The compensation payable by the APSEB has not yet been determined. GHMC issued a notice vide notice No. 41/86/RW/TPS/GHMC/SC/2007 dated 01.12.2007 to take over 238.86sq. Yds of land for road widening programme undertaken by them out of the 3000 sq. yds available at kavadiguda, Secunderabad without any compensation. HMT-MTL had protested for this and raised a demand for compensation for land proposed to be taken over by them for road widening programme at prevailing market rate which is pending.

### Others:

- (1) The carrying amount of temporarily idle property, Plant and Equipment : - NIL
- (2) The Holding Company Gross carrying amount of any fully depreciated property, Plant and equipment that is still in use Rs.10873.48 lakhs.
- (3) The Carrying amount of Property, Plant and Equipment retired from active use and not classified as held for sale in accordance with Ind AS 105 in Auxillary Business Division amounting to Rs.53.49 lakhs.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

- (4) Fixed assets have been transferred from the HMT Limited (Holding Company) to HMT Machine Tools Ltd, (Subsidiary) at gross value of Rs.202.10 Crores. Reserve for Depreciation of Rs.151.46 Cr. and net value of Rs.50.64 Cr., as on 1.4.2000 in line with para 10(j) and annexure 12 of the Scheme of arrangement approved by the Department of Company Affairs.
- (5) Fixed assets include immovable properties, vested under the scheme of arrangement approved by the Government of India. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Ltd. in Revenue records to that effect. Fresh Lease Deed in respect of Lease hold land are pending to be executed.
- (6) In HMT-MTL, respect to Praga Tools division Plant & Machinery includes 7 items of PPE identified as surplus and for disposal, the net block of which is Rs. 16.34 Lakhs .

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Agewise details as at the end of current Financial year

(Rs. in Lakhs)

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 Cylindrical Grinding Machine	-	-	-	-	-
Construction of New Hanger	-	-	-	11.59	11.59
Diesel Generator	-	-	-	-	-
Projects in progress	-	-	110.00	209.70	319.70
	-	-	<b>110.00</b>	<b>221.29</b>	<b>331.29</b>

Agewise details as at the end of previous Financial year

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC Horizontal Machining Centre	-	-	-	-	-
CNC Cylindrical Grinding Machine	-	-	-	-	-
Construction of New Hanger	-	-	11.59	-	11.59
Projects temporarily suspended	16.21	-	-	-	16.21
Projects in progress	-	110.00	-	274.70	384.70
	<b>16.21</b>	<b>110.00</b>	<b>11.59</b>	<b>274.70</b>	<b>412.50</b>

Details of CWIP completion schedule as at the end of current financial year:

For Capital Work in Progress, where completion is overdue or has exceeded its cost compared to its original plan

CWIP	To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
Plant and Machinery	-	110.00	-	-
HMT CNC Horizontal Machining Centre-HMC 1000	170.00	-	-	-
HMT CNC Lathe Stallion 200 UL	38.98	-	-	-
Rexroth Make External Gear Pump	0.72	-	-	-
	<b>209.70</b>	<b>110.00</b>	-	-

Details of CWIP completion schedule as at the end of previous financial year:

For Capital Work in Progress, where completion is overdue or has exceeded its cost compared to its original plan

CWIP	To be completed in			
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years
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	-	-	65.00
	<b>209.70</b>	<b>110.00</b>	-	<b>65.00</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Land & Land Development	Buildings	Total
<b>3B. INVESTMENT PROPERTY</b>			
<b>Gross carrying value</b>			
<b>Opening balance at 1 April 2022</b>	18.24	1,471.14	1,489.38
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	0.13	-	0.13
<b>Closing balance at 31 March 2023</b>	<b>18.11</b>	<b>1,471.14</b>	<b>1,489.25</b>
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	-	-	-
<b>Closing balance at 31 March 2024</b>	<b>18.11</b>	<b>1,471.14</b>	<b>1,489.25</b>
<b>Depreciation and impairment</b>			
<b>Opening balance at 1 April 2022</b>	-	1,280.94	1,280.94
Depreciation	-	20.15	20.15
Less: Deductions/adjustments	-	-	-
<b>Closing balance at 31 March 2023</b>	-	<b>1,301.09</b>	<b>1,301.09</b>
Depreciation	-	19.36	19.36
Less: Deductions/adjustments	-	-	-
<b>Closing balance at 31 March 2024</b>	-	<b>1,320.45</b>	<b>1,320.45</b>
<b>Net carrying value</b>			
<b>at 31 March 2024</b>	<b>18.11</b>	<b>150.69</b>	<b>168.80</b>
at 31 March 2023	18.11	170.05	188.16

**Additional Information:**

- i) The Company has classified certain land & building as investment property which is not a owner occupied property
- ii) The Company has not obtained any fair valuation of the investment property from independent valuer. However, the based on the guidance value, the fair value of the investment property as at March 31, 2024 is Rs.4,86,099.62 lakhs (previous year Rs.2,80,183.78 lakhs).

**iii) Land:**

(a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 209.83 acres and 660.75 acres respectively, nominally valued at Re.1/- each.

(b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

*Additional Information:*

(Rs. in Lakhs)

### Information regarding income and expenditure of Investment property

	31-Mar-24	31-Mar-23
Rental income derived from investment properties	389.82	388.52
Direct operating expenses (including repairs and maintenance) generating rental income	(312.89)	(355.66)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.54)	(2.47)
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>74.39</b>	<b>30.39</b>
Less – Depreciation	(19.36)	(20.15)
<b>Profit arising from investment properties before indirect expenses</b>	<b>55.03</b>	<b>10.24</b>

### 3C. INTANGIBLE ASSET

(Rs. in lakhs)

Particulars	Intangible assets	Total
<b>Gross carrying value</b>		
<b>Opening balance at 1 April 2022</b>	-	<b>1,494.48</b>
Additions /(deletions)	-	(1,406.12)
<b>Closing balance at 31 March 2023</b>	-	<b>88.36</b>
Additions /(deletions)	-	-
<b>Closing balance at 31 March 2024</b>	-	<b>88.36</b>
<b>Amortisation and impairment</b>		
<b>Opening balance at 1 April 2022</b>	-	<b>510.19</b>
Amortisation	-	140.61
Additions /(deletions)	-	(562.44)
<b>Closing balance at 31 March 2023</b>	-	<b>88.36</b>
Amortisation	-	-
Additions /(deletions)	-	-
<b>Closing balance at 31 March 2024</b>	-	-
<b>Net carrying value</b>		
<b>at 31 March 2024</b>	-	-
at 31 March 2023	-	-
<b>Net carrying value</b>	<b>31-03-2024</b>	<b>31-03-2023</b>
Intangible Assets	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS****3D Non Current Assets Held for Sale**

(Rs. In lakhs)

Particulars	31-Mar-24	31-Mar-23
Land and Land Development	24.13	24.13
Buildings	272.02	272.02
Total	296.15	296.15

*Additional Information:***HMT Ltd**

- (a) The Company owning 5.80 acres of land at Bangalore which is classified as Assets Held for Sale, is pending for hearing with the Hon'ble Supreme Court of India due to Government of Karnataka filing an Interlocutory Application (IA) during the year 2020-21. The same shall be dealt upon final outcome of the case.
- (b) In line with the approval of Government of India, the Immovable Assets of HMT Watches Ltd (under closure) have transferred to HMT Limited at the book value of Rs.296.06 lakhs during the year 2022-23, the rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of these properties till their disposal and ensure the transfer of the sale proceeds to the Administrative Ministry after deduction of applicable expenses and taxes.
- (c) The Company is in possession of gift land located at Bangalore admeasuring 89.74 acres of which 7 acres of land has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the un-authorized occupants.
- (d) The Company has allowed possession of land measuring 45.622 acres and received entire sale consideration of Rs.7202.10 lakhs and is pending for registration.
- (e) The sale proceeds from the above stated land should be transferred to Government of India after incurring applicable taxes.



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>Financial assets</b>		
<b>4. Investments</b>		
<b>Investments In Equity Instruments</b>		
<b>Investments at fair value through Other Comprehensive Income (FVTOCI)</b>		
<b>Unquoted equity shares (fully paid)</b>		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
<b>Total FVTOCI investments</b>	-	-
<b>Investment in Equity Instruments of Associates and Joint Venture</b>		
<b>Investments in Joint Venture</b>		
1,50,000 (Previous year: 1,50,000) Equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bangalore	18.20	18.77
<b>Investments in Associates</b>		
20,84,050 (Previous year: 20,84,050) Equity Shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavnagar	-	-
<b>Total Investment in Equity instruments in Associate and Joint Venture</b>	18.20	18.77
<b>Total Investments</b>	18.20	18.77
<b>Current</b>	-	-
<b>Non Current</b>	18.20	18.77
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	18.20	18.77
Aggregate amount of impairment in value of investments	-	-
<b>5. Inventories</b>		
Raw Materials and Components	2,828.46	2,535.50
Material and Components in Transit	9.37	22.91
Work-in-Progress	4,797.63	4,427.11
Finished Goods	3,033.59	3,549.77
Stock in Trade	818.10	978.59
Stores and Spares	1,452.56	1,432.01
Tools and Instruments	277.98	245.82
Scrap	65.05	95.97
	13,282.74	13,287.68
Less: Provision for Non-moving Inventories	1,681.10	1,507.31
	11,601.64	11,780.37

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	<b>13,389.87</b>	18,577.42
Doubtful	<b>17,101.78</b>	17,854.50
	<b>30,491.65</b>	36,431.92
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	<b>17,101.78</b>	17,854.50
	<b>13,389.87</b>	<b>18,577.42</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	4,307.72	1,355.94	3,152.04	1,283.78	3,290.39	13,389.87
Undisputed - Considered doubtful	-	1.26	34.15	144.96	9,404.33	9,584.70
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	7,517.08	7,517.08
	<b>4,307.72</b>	<b>1,357.20</b>	<b>3,186.19</b>	<b>1,428.74</b>	<b>20,211.80</b>	<b>30,491.65</b>

*As at the end of previous financial year.*

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	11,145.65	1,314.10	2,109.08	1,252.95	2,755.64	18,577.42
Undisputed - Considered doubtful	0.14	18.24	31.21	121.41	7,843.67	8,014.67
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	9,839.83	9,839.83
	<b>11,145.79</b>	<b>1,332.34</b>	<b>2,140.29</b>	<b>1,374.36</b>	<b>20,439.14</b>	<b>36,431.92</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>7. Cash and Cash equivalents</b>		
Current accounts *	1,967.29	1,879.63
Deposits with maturity three months or less	1,244.53	7,671.39
Cash and Cheques on hand	38.52	2.44
	<b>3,250.34</b>	<b>9,553.46</b>
*Includes Rs.9.79 lakhs in HMT Ltd, payable to minority Shareholders of HMT Bearings Ltd (in Escrow Account) and Rs.72.59 lakhs in HMT Machine Tools Ltd in respect of SURGE (Rs.49.92 lakhs in Escrow Account and Rs.22.67 lakhs in current account) as on 31.03.2024.		
<b>8. Banks balances other than Cash and Cash equivalents</b>		
Deposits with maturity more than three months but less than twelve months	20,347.49	15,558.64
Deposits having remaining maturity less than twelve months	1,113.99	391.34
	<b>21,461.48</b>	<b>15,949.98</b>
<b>9. Other Financial Assets</b>		
<b>Non-Current</b>		
Deposits with Banks exceeding twelve months of maturity	121.09	1,389.13
Margin Money with Banks	301.17	297.57
Interest accrued & due	6.95	27.16
	<b>429.21</b>	<b>1,713.86</b>
<b>Current</b>		
Interest accrued & due on Bank Deposits	444.99	361.96
	<b>444.99</b>	<b>361.96</b>
<b>10. Current Tax Assets (net)</b>		
Advance tax/TDS receivables*	817.05	1,652.72
Less: Current Tax provision	69.08	75.58
	<b>747.97</b>	<b>1,577.14</b>
* Primarily consists of TDS receivables		
<b>11. Other Assets</b>		
<b>Non-Current</b>		
Deposits	384.18	376.21
Capital Advances	1.97	1.97
Less: Allowance for Doubtful Advances	1.97	1.97
<b>Total Non Current Assets</b>	<b>384.18</b>	<b>376.21</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>Current</b>		
<b>Advances and other receivables</b>		
Advances recoverable in cash or in kind		
<b>Unsecured</b>		
Considered Good #	<b>3,780.28</b>	4,416.72
Considered Doubtful	<b>1,124.99</b>	1,133.68
	<b>4,905.27</b>	5,550.40
Less: Allowance for Doubtful Advances	<b>1,124.99</b>	1,133.68
	<b>3,780.28</b>	4,416.72
Interest on Trade Receivable	<b>8,217.64</b>	5,924.75
Less: Allowance for interest on Trade Receivable	<b>8,217.64</b>	5,924.75
	-	-
Deposits	<b>192.47</b>	183.17
<b>Total Current Assets</b>	<b>3,972.75</b>	<b>4,599.89</b>
<b>Total Other Assets</b>	<b>4,356.93</b>	<b>4,976.10</b>

**Additional Information:**

#includes

- (a) 446.02 acres of land at Pinjore, Haryana has been transferred to HSIIDC (412.69 acres) and Indian Railways (33.33 acres) during the year 2019-20 and as on 31.3.2024 an amount of Rs.4.99 lakhs (Rs.4.99 lakhs Previous year) is due from HSIIDC.
- (b) Advances to Joint Ventures Rs.3.40 lakhs (Rs.8.70 lakhs Previous year)

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24		As at 31-Mar-23	
	No	Amount	No	Amount
<b>12 Equity Share Capital</b>				
<b>Authorised Share Capital:</b>				
Equity shares of Rs.10 each	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
	<b>1,23,00,00,000</b>	<b>1,23,000.00</b>	<b>1,23,00,00,000.00</b>	<b>1,23,000.00</b>
<b>Issued, Subscribed &amp; Paid up:</b>				
Equity shares of Rs.10 each				
At the beginning of the year	35,56,01,640	35,560.16	35,56,01,640	35,560.16
Issued during the year	-	-	-	-
Reduction during the year	-	-	-	-
At the end of the year	<b>35,56,01,640</b>	<b>35,560.16</b>	<b>35,56,01,640</b>	<b>35,560.16</b>

**Additional Information:**
**1 Equity Shares:**

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

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

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

Name of the Shareholder	No of shares	Percentage	No of shares	Percentage
<i>Equity Shares:</i>				
Hon'ble President of India	27,95,66,626	78.62%	27,95,66,626	78.62%
Special National Investment Fund	6,75,38,614	18.99%	6,75,38,614	18.99%

**3 Shares held by the promoters' at the end of the year**

Promoter Name	No. of Share at the beginning of the year	No. of Share at the end of the year	% of total Shares	% change during the year
Hon'ble President of India	27,95,66,626	27,95,66,626	78.62%	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>13. Other Equity:</b>		
<b>i) Capital Reserve:</b>		
As per last Balance Sheet	2,270.82	2,270.82
<b>ii) General Reserve:</b>		
As per last Balance Sheet	16,600.97	16,600.97
Add:		
Transferred from Statement of Profit & Loss	-	-
	16,600.97	16,600.97
<b>iii) Retained Earnings:</b>		
As per last Balance Sheet	(4,77,696.35)	(4,65,406.06)
Adjustments:		
Dividend distribution tax	-	-
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	2,55,076.26	(12,290.29)
	(2,22,620.09)	(4,77,696.35)
<b>iv) FVTOCI Reserve:</b>		
As per last Balance Sheet	(7,049.17)	(7,041.71)
Adjustments:		
- Reclassification of of actuarial gain/losses on defined benefit plans	34.12	(7.46)
	(7,015.05)	(7,049.17)
<b>Total</b>	(2,10,763.35)	(4,65,873.73)

**Additional Information:**
**Nature and Purpose of Reserves**

Capital Reserve is towards difference in the face value of Equity Shares held by Governor of Andhra Pradesh and Government of India in Praga Tools Ltd, which has been merged with HMT Machine Tools Ltd and the consideration of Re.1/- to be paid to each of them as per the Scheme of Merger sanctioned by BIFR.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>14. Borrowings</b>		
<b>Current</b>		
<b>Secured</b>		
Cash Credit	3,912.95	4,290.79
	<b>3,912.95</b>	<b>4,290.79</b>
<b>Unsecured</b>		
Current maturities of long-term Debts	-	-
Loan from Govt. of India (Defaulted) #	99,010.81	99,010.81
Loan from Govt. of India (*)	-	2,69,378.75
Interest free Loan from Governemnt of Indla (Defaulted) (refer foot note No.2 below)	13.74	13.74
	<b>99,024.55</b>	<b>3,68,403.30</b>
<b>Total Current borrowings</b>	<b>1,02,937.50</b>	<b>3,72,694.09</b>
<b>Aggregate Secured loans</b>	<b>3,912.95</b>	4,290.79
<b>Aggregate Unsecured loans</b>	<b>99,024.55</b>	3,68,403.30

# Period and amount of default (Ref. Note No.64)

1. Cash Credits as referred to above, are repayable on demand and are secured by hypothecation of entire current assets of the Company including inventories and Trade Receivables, by first charge and collateral security by way of equitable mortgage by deposit of title deed of the immovable property of the Company ranking pari passu inter-se the participating banks.
2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries.

(\*) Loan from Government of India including interest of Rs. 2,69,378.75 Lakhs in the books of account of HMT Watches Ltd have been waived off by Government of India and the same has been written back in the books during the year.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>15. Non Current Financial Liability</b>	-	-
<b>16. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	2,088.96	2,444.91
Earned Leave Encashment	1,122.86	1,155.81
Settlement Allowance	165.92	188.98
Provident Fund	59.40	75.13
	<b>3,437.14</b>	<b>3,864.83</b>
<b>Current</b>		
Gratuity	815.81	860.60
Earned Leave Encashment	315.33	303.84
Settlement Allowance	45.88	45.42
Wage and Salary Revision arrears (1992-1995)	1,420.15	1,467.45
	<b>2,597.17</b>	<b>2,677.31</b>
<b>17. Deferred Tax Liability(Net)</b>		
Deferred Tax Liability	121.62	170.24
Deferred Tax Asset	121.45	127.56
	<b>0.17</b>	<b>42.68</b>
<b>18. Trade payables</b>		
Total outstanding dues to Micro, Small & Medium Enterprises	670.08	934.50
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	8,864.01	7,262.21
<b>Total</b>	<b>9,534.09</b>	<b>8,196.71</b>

**18A TradePayable Agewise details**
*As at the end of current financial year:*

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	445.33	111.81	61.41	51.53	670.08
Others	5,578.30	1,314.29	375.56	1,595.86	8,864.01
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>6,023.63</b>	<b>1,426.10</b>	<b>436.97</b>	<b>1,647.39</b>	<b>9,534.09</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

*As at the end of previous financial year:* (Rs. in lakhs)

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	737.99	111.73	23.62	61.16	934.50
Others	4,510.07	650.12	720.00	1,382.02	7,262.21
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>5,248.06</b>	<b>761.85</b>	<b>743.62</b>	<b>1,443.18</b>	<b>8,196.71</b>

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Particulars	31-Mar-2024	31-Mar-2023
Principal amount due and remaining unpaid	<b>670.08</b>	934.50
Interest due on above and the unpaid interest	<b>72.69</b>	66.98
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	<b>1.14</b>	2.16
Interest accrued and remaining unpaid at the end of the accounting year.	<b>142.58</b>	127.41
<b>19. Other Financial Liabilities</b>		
3.5% Preference Share Capital (Defaulted)	<b>3,686.00</b>	3,686.00
Interest accrued and due on borrowings		
Loans from Government of India	<b>53,145.05</b>	46,936.95
<b>Total</b>	<b>56,831.05</b>	<b>50,622.95</b>

**3.5% Preference Share Capital**

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 no's (Rs.40,614.00 lakhs) out of 4,43,00,000 no's of Rs.100/- each (Rs.44,300.00 lakhs) will be extinguished and set off against the Loans and advances to subsidiaries companies provided by the Company to HMT Watches Limited, HMT Chinar Watches Limited and HMT Bearings Limited.

For the remaining 3.5% Redeemable Preference Shares the revival Plan sanctioned to the Company vide sanction No F.No.5.1(1)/2005.PE.X dated 29 March 2007 has specified for redemption of Preference Share Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed .

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>20. Other Liabilities</b>		
<b>Non Current</b>		
Grant from Government of India	47.56	67.91
Grant in Aid	22.80	22.80
	<b>70.36</b>	<b>90.71</b>
<b>Current</b>		
Revenue received in advance	5,521.60	6,004.33
Advance received against land sale	8,128.74	8,128.74
Accrued expenses	2,195.01	2,535.37
Other liabilities (Employee related liabilities, OSL for expenses, EMD , Statutory dues etc.,)	43,863.59	43,792.59
<b>Total</b>	<b>59,708.94</b>	<b>60,461.03</b>
<b>21. Current Tax Liabilities</b>		
Current Tax provision	559.15	1,180.00
Less: Advance tax/TDS Receivables	482.27	285.34
<b>Total</b>	<b>76.88</b>	<b>894.66</b>

**22. Provisions - others**

Particulars	Warranty Claims	Provision for Indirect Taxes and salary revision arrears	Others	Total
<b>At 1 April 2023</b>	<b>104.46</b>	<b>1.25</b>	<b>277.06</b>	<b>382.77</b>
Arising during the year	70.47	-	-	70.47
Utilised	(81.92)	-	-	(81.92)
Unused amounts reversed	(0.99)	-	-	(0.99)
<b>At 31 March 2024</b>	<b>92.02</b>	<b>1.25</b>	<b>277.06</b>	<b>370.33</b>
Current	92.02	1.25	277.06	370.33
<b>At 1 April 2022</b>	<b>101.84</b>	<b>111.65</b>	<b>277.31</b>	<b>490.80</b>
Arising during the year	68.52	-	-	68.52
Utilised	(21.64)	(110.40)	(0.25)	(132.29)
Unused amounts reversed	(44.26)	-	-	(44.26)
<b>At 31 March 2023</b>	<b>104.46</b>	<b>1.25</b>	<b>277.06</b>	<b>382.77</b>
Current	104.46	1.25	277.06	382.77

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>23. Revenue from operations</b>		
<b>Sale of Products</b>		
Food Processing Machinery	724.51	575.12
Watches	1,158.66	726.22
Spares and Accessories	108.69	151.37
Revenue from Powder Project	2,679.58	3,679.63
	<b>4,671.44</b>	<b>5,132.34</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	79.97	12.21
Packing / Forwarding charges	-	14.70
	<b>79.97</b>	<b>26.91</b>
<b>Total</b>	<b>4,751.41</b>	<b>5,159.25</b>
<b>Machine Tools</b>		
Sale of Products	8,161.77	11,226.09
Accessories	1,137.34	1,736.58
	<b>9,299.11</b>	<b>12,962.67</b>
<b>Sale of Services</b>		
Sale of Services	275.16	324.83
Sundry Jobs and Miscellaneous Sales	223.07	463.03
Packing / Forwarding charges	31.31	55.63
	<b>529.54</b>	<b>843.49</b>
<b>Total</b>	<b>9,828.65</b>	<b>13,806.16</b>
<b>Exports</b>		
Sales & Commission	1,108.71	127.97
Technical Services	12.90	-
Project Sales & Services	637.01	1,287.10
Export Assistance	-	0.38
	<b>1,758.62</b>	<b>1,415.45</b>
<b>Revenue from Operations</b>	<b>16,338.68</b>	<b>20,380.86</b>
<b>24. Other income</b>		
<b>Interest Income</b>		
Interest income on Bank Deposits	1,499.24	933.35
Interest from Dealers/Others	36.73	7.22
	<b>1,535.97</b>	<b>940.57</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>Other Income</b>		
Recoveries from Staff/Others	422.92	410.48
Rent Received	2,379.71	2,539.39
Profit on Sale of Property, Plant and Equipment	23.09	81.75
Government Grant	20.35	45.76
Provisions Withdrawn	524.83	691.03
Amortisation of Govt. Grant	-	11.13
Other non operating Income	490.52	744.30
	<b>3,861.42</b>	<b>4,523.84</b>
<b>Total Other Income</b>	<b>5,397.39</b>	<b>5,464.41</b>

**25 Cost of Materials Consumed**

Raw materials and Components		
Inventory at the beginning of the year	2,535.50	2,521.42
Add: Purchases	7,713.49	7,839.97
	<b>10,248.99</b>	10,361.39
Less: inventory at the end of the year	2,828.46	2,535.50
Cost of raw material and components consumed	7,420.53	7,825.89
Consumption of Stores, Spares, Tools & Packing Materials	1,518.50	1,505.69
Total raw materials and components consumed	<b>8,939.03</b>	<b>9,331.58</b>

**Particulars of Materials Consumed**

Steel	319.18	404.05
Non-ferrous Metals	125.38	2.63
Ferrous Castings	557.24	810.60
Non-ferrous Castings	45.52	53.30
Forgings	36.75	26.95
Standard parts & components	5,073.00	6,182.55
Others	1,263.46	345.81
<b>Total</b>	<b>7,420.53</b>	<b>7,825.89</b>

**26. Purchase of Stock in Trade**

Purchases of Stock in Trade	536.24	1,136.43
	<b>536.24</b>	<b>1,136.43</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>27. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year	3,549.77	5,952.33
Less: inventory at the end of the year	3,033.59	3,549.77
<b>Changes in Inventory</b>	<b>516.18</b>	<b>2,402.56</b>
<b>Work in Progress</b>		
Inventory at the beginning of the year	4,427.11	5,256.38
Less: inventory at the end of the year	4,797.63	4,427.11
<b>Changes in Inventory</b>	<b>(370.52)</b>	<b>829.27</b>
<b>Stock in Trade</b>		
Inventory at the beginning of the year	978.59	465.43
Less: inventory at the end of the year	818.10	978.59
<b>Changes in Inventory</b>	<b>160.49</b>	<b>-513.16</b>
<b>Scrap</b>		
Inventory at the beginning of the year	95.97	174.13
Less: inventory at the end of the year	65.05	95.97
<b>Changes in Inventory</b>	<b>30.92</b>	<b>78.16</b>
<b>Total</b>	<b>337.07</b>	<b>2,796.83</b>
<b>28. Employee benefits expense</b>		
Salaries,Wages and Bonus	5,414.70	5,495.49
House Rent Allowance	102.44	127.31
Gratuity	399.36	435.19
Contribution to PF & FPS	539.44	577.42
Deposit Linked Insurance	47.63	38.07
Contribution to ESI	3.77	4.00
Welfare Expenses	1,074.83	1,069.24
	<b>7,582.17</b>	<b>7,746.72</b>
<b>29. Depreciation and amortization</b>		
Depreciation of Tangible Assets	808.52	771.89
Depreciation on Investment Properties	19.36	20.15
Amortisation of Intangible Assets	-	140.61
	<b>827.88</b>	<b>932.65</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>30. Finance costs</b>		
<b>Interest Expense</b>		
Government of India Loans	6,208.10	6,208.10
Interest Expense (Gol Loans)	-	11.13
Cash Credit loans from Banks	597.59	680.86
Others	0.01	0.01
<b>Other Borrowing Cost</b>		
Discounting Charges	0.31	1.55
<b>Total finance costs</b>	<b>6,806.01</b>	<b>6,901.65</b>
<b>31. Other expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	932.51	807.31
Repairs to machinery	26.00	23.80
Provision for Non Moving Inventories	209.04	58.39
<b>Selling &amp; Distribution Expenses</b>		
Advertisement and Publicity	22.79	22.18
Carriage outwards	166.04	190.95
<b>Establishment Expenses</b>		
Rent	56.65	31.71
Rates and Taxes	1,435.04	1,989.03
Insurance	43.61	45.29
Water and Electricity	449.61	441.00
Repairs to building	35.15	36.96
Printing and Stationery	41.06	44.37
Auditors Remuneration #	9.68	9.95
Provision for Doubtful Debts, Loans and Advances	1,601.29	816.52
Warranty claims	70.47	68.52
Loss sustained by PF Trust	779.47	414.41
Bad Debts	5.46	-
Travelling Expenses	192.60	216.23
Repairs & Maintenance - General	590.23	535.09
Security Charges	488.15	434.32
Casual Labour charges	2,026.59	1,844.31
Corporate Social Responsibility	56.55	60.91
Technology platform "SURGE" expenses	19.27	44.70
Diference in exchange	2.39	4.80
Training expenses - Skill Development	3.32	6.30
Other Expenses	1,044.60	1,007.35
	<b>10,307.57</b>	<b>9,154.40</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended	Year ended
	31-Mar-24	31-Mar-23
#As auditor	6.14	6.00
For taxation matters	2.03	2.29
Cost audit fee & expenses	1.26	1.24
For other services	0.25	0.42
	<b>9.68</b>	<b>9.95</b>

**Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013, read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

i) Amount required to spend during the year	56.55	60.91
ii) Shortfall amount from the previous year	42.71	41.83
	<b>99.26</b>	<b>102.74</b>
iii) Amount spent during the year		
- on the project in Health and Nutrition Sector- supply of		
> Water Purifier & health care products to Govt. Schools at Yadgir District	-	0.80
> HB Testing Machines and HBD Testing Strips, Yadgir District	-	14.67
> Ambulance to KC General Hospital, Bangalore	-	21.19
> Oxygen Cylinder to " Mandya Institute of Medical Sciences, Mandya	-	4.58
> Mid day meal plan, the Akshya Patra Foundation, Ajmer	-	5.00
> Reusable Sanitary Napkins to Women, Yadgir District	0.75	10.90
> Artificial Aids and Assistive Devices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Bangalore	20.70	2.30
> Artificial Aids and Assistive Devices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Chikkamangaluru	15.00	-
> Musical Instruments, Blind walking sticks etc. to M/s Bless Society of Rural and Urban Development & M/s Swavalamban Angavikala Seva Charitable Trust, Bangalore	5.00	-
> Administrative expenses	0.44	-
- Transfer to PM National Relief Fund	28.75	0.59
<b>Total amount spent during the year</b>	<b>70.64</b>	<b>60.03</b>
iv) <b>CSR Reserve</b> (amount c/f i.e. shortfall at the end of the year {inclusive of administrative expenses})	<b>28.62</b>	<b>42.71</b>

Reasons for Shortfall: The Company has identified certain CSR ongoing activities in the area of Health, Nutrition, Education etc as referred below:

- Reusable Sanitary Napkins to Women, Artificial Aids and Assistive devices
- Supply of Blazer / Jackets to Girl Students in Karnataka Public School, Bangalore
- Supply of Cardiac Ambulance to Government Medical College, Aurangabad

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>32. Jobs Done for Internal Use</b>		
Shop manufactured Special Tools	(298.91)	(391.49)
	<b>(298.91)</b>	<b>(391.49)</b>
<b>33. Exceptional Items</b>		
Reversal of differential Depreciation charged against NUM and SAP	-	83.83
	-	<b>83.83</b>

**34. Interest in joint venture**

The Company has a 50% interest in SUDMO- HMT Process Engineers (India) Limited, a joint venture involved in marketing of Food Processing Machines. The Company's interest in SUDMO- HMT Process Engineers (India) Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind-AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below

	31-Mar-24	31-Mar-23
Current assets, including cash and cash equivalents	39.92	46.36
Current liabilities, including tax payable	(3.52)	(8.82)
<b>Equity</b>	<b>36.40</b>	37.54
Proportion of the Company's ownership	0.50	0.50
Carrying amount of the investment	<b>18.20</b>	<b>18.77</b>

**Summarised statement of profit and loss of the SUDMO- HMT Process Engineers (India) Limited:**

Revenue	2.79	2.49
Finance cost	-	-
Other expense	(3.93)	(4.06)
<b>Profit before tax</b>	<b>(1.14)</b>	(1.57)
Income tax expense	-	-
<b>Profit for the year (continuing operations)</b>	<b>(1.14)</b>	(1.57)
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(1.14)</b>	<b>(1.57)</b>
<b>Company's share of profit/(loss) for the year</b>	<b>(0.57)</b>	<b>(0.79)</b>



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	(Rs. in lakhs)	
	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>35. Income Tax</b>		
The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:		
<b>Continuing Operations</b>		
<u>Statement of profit and loss</u>		
Profit or loss section		
<b>Current income tax:</b>		
Current income tax charge	458.75	1,186.50
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(33.93)	17.38
<b>Adjustment of Tax :</b>		
Relating to earlier years	(718.60)	(408.60)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(293.78)</b>	<b>795.28</b>
OCI section		
Deferred tax related to items recognised in OCI during in the year		
<b>Discontinued Operations</b>		
<b>Current income Tax</b>	<b>84,986.12</b>	-
<b>Adjustment of Tax relating to earlier years</b>	-	-
	<b>84,986.12</b>	-
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	(8.58)	6.97
<b>Income tax charged to OCI</b>	<b>(8.58)</b>	<b>6.97</b>

**Additional Information:**

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

Reconciliation of tax expense has not furnished by the subsidiary companies. Accordingly same has not been furnished.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 36. Discontinued Operations

a) As per the CCEA Approval in FY 2015-16 it was decided that HMT Chinar Watches Ltd, HMT Watches Ltd and HMT Bearings Ltd operations were closed. Consequently, dissolution order have been passed for HMT Chinar Watches Ltd and HMT Bearings Ltd vide order dated 10th March, 2022 and 20th April, 2022 respectively.

b) Accordingly, the results below consists of only HMT Watches Ltd.

The results of Discontinued Operations for the year are presented below:

(Rs in lakhs)

Particulars	Year ended 31-Mar-24	Year ended 31-Mar-23
<b>Revenue</b>		
Revenue from Operations	-	-
Other income	61.21	132.92
<b>Expenses</b>		
Material Consumption, purchase of stock and changes in inventory	-	-
Employee Benefit Expenses	-	-
Depreciation	-	-
Other Expenses	116.80	140.51
Finance costs	-	-
<b>Profit/(loss) before exceptional items and tax from a discontinued operation</b>	<b>(55.59)</b>	<b>(7.59)</b>
Exceptional items		193.04
Write back of GOI Liabilities	2,69,378.75	-
Grant received from GoI	83,747.00	-
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>3,53,125.75</b>	<b>185.45</b>
Tax (expenses)/income:		
Related to current pre-tax profit/(loss)	84,986.12	-
Related to measurement to fair value less costs of disposal (deferred tax)		
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>2,68,139.63</b>	<b>185.45</b>

The classification of Non Current Assets of Discontinued Operations are as follows

#### Assets

Property, plant and equipment	-	-
Investment Property	-	-
Non Current Assets Held for Sale	-	-
<b>Total Non Current Assets</b>	<b>-</b>	<b>-</b>

The net cash flows incurred as follows:

Operating	(1,363.99)	(852.01)
Investing	59.68	137.26
Financing	-	(14.28)
<b>Net cash (outflow)/inflow</b>	<b>(1,304.31)</b>	<b>(729.03)</b>

#### Earnings per share:

Basic, profit/(loss) for the year from discontinued operation	75.39	0.05
Diluted, profit/(loss) for the year from discontinued operation	75.39	0.05

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>37. Contingent Liabilities</b>		
1) Claims against the company not acknowledged as debt;		
<b>Details</b>		
a) Tax related claims pending in appeal		
i) Excise Duty	-	32.31
ii) Sales Tax	<b>213.55</b>	267.19
iii) Property Tax	<b>8,080.05</b>	4,945.11
iv) Income Tax	<b>37.92</b>	37.92
b) Non receipt of related Forms against levy of concessional Sales Tax	<b>54.40</b>	54.40
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	<b>1,772.17</b>	1,592.15
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	<b>14,693.67</b>	13,829.15
e) Various legal cases relating to employees and other contingent liabilities pertaining to HMT Watches Ltd (Ref Note No. 60)	<b>9,896.80</b>	9,896.80
f) Guarantees and Counter Guarantees and LCs issued [(including Rs.8045 Lakhs and Rs.9454 lakhs (previous year) against Corporte Guarantee of Rs.12272 lakhs issued to HMT Machine Tools Ltd)]	<b>11,188.27</b>	12,084.58
g) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	<b>23.89</b>	23.89
h) Disputed Lease Rental in respect of premises occupied by the Company up to April, 2010 at Jeevan Tara Building belongs to LIC of India, New Delhi.	<b>311.77</b>	311.77
i) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source – matter under examination.	<b>79.12</b>	79.40
j) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	65.00
k) Stock Exchanges have levied penalties to Company for the certain Non-Compliances under the SEBI (LODR) Regulations, 2015 like Composition of Board of Directors, Committees, delay in submission of accounts etc. As per the circulars of Stock Exchanges, listed entities are required to comply with the provisions of the Exchange circular before filing the waiver applications to the Exchange. Accordingly, in some of the cases, Company has got waiver of penalties from stock exchanges. The Company has again requested for waiver of penalties from Stock Exchanges. Total penalty amount (approx.):	<b>508.47</b>	394.77

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	(Rs. in lakhs)	
	As at 31-Mar-24	As at 31-Mar-23
<b>38. Other Disclosures</b>		
(a) The GOI had released a Plan Assistance of Rs. 200 lakhs to the Company during March 2007 to meet the Capital Expenditure of HMT Watches Ltd, the wholly owned Subsidiary, in the form of Equity (Rs.100 lakhs) & Loan (Rs.100 lakhs). In view of the non utilisation of the funds by the Subsidiary within the stipulated period, GOI had instructed the Company during December 2009 for refund of the total Plan Assistance of Rs. 200 lakhs. Accordingly, the Company has refunded the Loan amount of Rs. 100 lakhs to GOI during February 2010. However, with regard to refund of Equity portion, since the Company has already issued 10,00,000 Equity Shares of Rs. 10/- each (Rs. 100 lakhs) in favour of President of India during April 2007, as per the terms of GOI sanction, the same could not be carried out, as it would amount to reduction in Share Capital requiring the approval of the Share Holders and completion of other statutory formalities as per the Companies Act and applicable rules in this regard, and the same has been communicated to GOI. Further instructions are awaited from GOI on the same.		
(b) Other Liabilities Includes an advance received against sale of land represents Rs.926.64 lakhs from M/s Raman Research Insitute (RRI) towards sale of land and buildings at Bangalore and Rs.7202.10 lakhs (including TDS) from the Government of Uttarkhand (GOUK) the value of the land has been included under Non-current assets held for sale. Though the Company has executed an Agreement to sell and possession of land given to the purchaser in respect of RRI and part possession of land to the purchaser in respect of GOUK, the transaction has not been recongised as sale pending approval from the Concerned Authorities for execution of Sale Deed.		
<b>39. Preference Share Capital</b>		
The Government of India while approving the Revival Plan of HMT Machine Tools Ltd (HMT-MTL), a Subsidiary Company, during March 2007, had accorded sanction for cash infusion of Rs. 44300 lakhs in the form of 3.5% Preference Share Capital which was routed through the Company for investment in the Preference Share Capital in the Subsidiary, to be redeemed after 3 years i.e. 31.3.2010 out of sale of surplus immovable Properties of HMT-MTL.		
However, as per the CCEA approval 40614000 No. of Shares will be extinguished out of 44300000 Nos. of Rs.100/- each, leaving a balance shares of 36,86,000 of Rs.100/- each which is proposed to be redeemed upon sale of immovable property.		
Arrears of fixed cumulative dividends on preference shares (including tax thereon) payable to Government of India	<b>5,607.63</b>	5,607.63
<b>40. Inventories include</b>		
Usable slow/non moving and surplus stores and materials/work in progress and Finished goods	<b>405.47</b>	818.08
<b>41.Trade Receivables include</b>		
Dues towards erection and commissioning for a period exceeding one year	<b>243.41</b>	856.14
Amounts withheld towards liquidated damages and interest on advances claimed/if claimed on delayed supplies.	-	-

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(Rs. in lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Dues from parties against whom cases have been filed before various Courts which are pending.	-	-
No provision has been made towards outstandings for more than three years, which are not supported by specific confirmations from customers in respect of HMT (I) Ltd	-	169.44
<b>42. Advances include</b>		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	<b>2.54</b>	2.75
Adhoc payments to employees towards Wage/Salary, DA arrears, if any, pending adjustment & provision to this extent has been made in the accounts	<b>148.40</b>	177.95
<b>43. Contingent Asset</b>		
Debts written off in the past, but action of recovery proceedings is being continued before the courts	<b>138.98</b>	138.98

**44. Related Party Transactions & Disclosure u/s 186 of Companies Act 2013**

Name of the Related Party	Relationship
Mr. Pankaj Gupta (w.e.f. 25.08.2022 upto 24.11.2023)	Key Managerial Persons (KMP)
Mr. Rajeev Singh (w.e.f. 30.12.2023 upto 08.03.2024)	
Mr. Krishnaswami Ravishankar (w.e.f. 08.03.2024)	
Ms. Arti Bhatnagar (w.e.f. 14.02.2023)	
Dr. Renuka Mishra (w.e.f. 12.09.2022 upto 04.09.2023)	
Ms. Mukta Shekhar (w.e.f. 04.09.2023)	
Ms. Rita Saxena (w.e.f. 25.08.2023)	
Mr. S. Kishor Kumar	
Ms. Kamna Mehta (upto 09.11.2023)	
Ms. Aparna R (w.e.f. 10.11.2023)	

**Transactions with Key Managerial Personnel**

Compensation of key management personnel of the Company	31-Mar-24	31-Mar-23
Mr. S.Kishor Kumar	<b>15.87</b>	14.63
Ms. Kamna Mehta	<b>6.84</b>	10.56
Ms. Aparna R	<b>5.58</b>	-
	<b>28.29</b>	<b>25.19</b>
<b>Directors sitting fees</b>		
Mr. Vishwehwar Bhatt	-	0.66
Mr. Ramji Lal	-	0.91
	-	<b>1.57</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	(Rs. in lakhs)	
	As at 31-Mar-24	As at 31-Mar-23
<b>Related Party Transactions with Subsidiaries</b>		
Transactions and balance with its own subsidiaries are eliminated in consolidation.		
<b>Related Party Transactions with Joint Venture</b>		
<b>Sudmo HMT Process Engineers (India) Ltd</b>		
<b>Advance (Dr/Cr)</b>		
Opening Balance	8.70	4.83
Advance given (Net)	3.40	3.87
Advance taken (Net)	-	-
Transfers	(8.70)	-
Closing Balance	<b>3.40</b>	<b>8.70</b>

**45. Fair Values**

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

	Carrying amount		Fair value	
	31-Mar-24	31-Mar-24	31-Mar-23	31-Mar-23
<b>Financial assets</b>				
FVTOCI financial investments	-	-	-	-
<b>Total</b>	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	<b>38,765.76</b>	<b>3,08,522.35</b>	38,765.76	3,08,522.35
Interest Free Government of India Loan	<b>64,171.74</b>	<b>64,171.74</b>	64,171.74	64,171.74
<b>Total</b>	<b>1,02,937.50</b>	<b>3,72,694.09</b>	<b>1,02,937.50</b>	<b>3,72,694.09</b>

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management also assessed that the government of India loan excluding Interest Free Government of India Loan approximate their carrying amounts as transaction costs are not levied.

The Fair Value of Interest Free Government of India Loan is arrived by discounting the loan amount for a repayment period of 5 years. For the purpose of calculation 8% is considered as the effective rate of Interest.

The Company has defaulted in 3.5% redeemable preference shares which has been matured for redemption and hence no fair valuation has been made in the accounts.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 46. Fair value Hirarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2024 and 31 March 2023 is as shown below:

	Fair value measurement hierarchy for assets as at 31 March 2024				(Rs. In lakhs)
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2024</b>					
			Fair value measurement using		
<b>Assets measured at fair value:</b>					
<b>FVTOCI financial investments:</b>					
<b>Unquoted equity shares</b>					
Nigeria Machine Tools Limited	-	-	-	-	-
<b>Assets for which fair values are disclosed</b>					
<u>Investment properties</u>					
Land *	31-Mar-24	Circle rate	4,86,099.56	4,86,099.56	
<b>Financial Liability</b>					
Interest Free Government of India Loan	31-Mar-24		64,171.74	64,171.74	





**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**47. Earnings per share (EPS)**

(Rs. In lakhs)

	31-Mar-24	31-Mar-23
<b>Profit attributable to equity holders:</b>		
Continuing operations	(13,007.78)	(12,475.74)
Discontinued operation	2,68,084.04	185.45
<b>Profit attributable to equity holders for basic earnings</b>	<b>2,55,076.26</b>	<b>(12,290.29)</b>
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>2,55,076.26</b>	<b>(12,290.29)</b>
Weighted average number of Equity shares for basic EPS	35,56,01,640	35,56,01,640
Effect of dilution:		
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>35,56,01,640</b>	<b>35,56,01,640</b>
<b>Earnings per share for continuing operations</b>		
i) Basic, profit from continuing operations attributable to equity holders	(3.66)	(3.51)
ii) Diluted, profit from continuing operations attributable to equity holders	(3.66)	(3.51)
<b>Earnings per share for discontinuing operations</b>		
i) Basic, profit from discontinuing operations attributable to equity holders	75.39	0.05
ii) Diluted, profit from discontinuing operations attributable to equity holders	75.39	0.05

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**48. As per Indian Accounting Standard-19 "Employee Benefits". the disclosures as defined are given below**

**i) Defined Contribution Plan :**

Particulars	(Rs. in Lakhs)	
	Year Ended 31 March 2024	Year Ended 31 March 2023
Employer's Contribution to Pension Fund	99.40	114.46

**ii) Defined Benefit Plans :**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans.

The Company [(HMTL) and HMT(I)] has obtained the actuarial valuation report from the independent actuary for its Provident Fund Trust.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below

	31-Mar-24	31-Mar-23
	%	%
Discount rate:		
Gratuity plan	7.23	7.52
Settlement Allowance	7.23	7.52
Future salary increases:		
Gratuity plan	10.00	10.00
Settlement Allowance	10.00	10.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table) {Previous Year IALM(2012-14) Ult. Mortality Table}	100%	100%	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%	0% to 5%	0% to 5%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%
Attrition Rate				
Normal Retirement Age*				
Average Future Service	18.12	18.67	18.12	18.67

\*Note : Age 60 years in case of HMT Limited and HMT(I) Limited.

Age 58 years in case of HMT Machine Tools Limited. However there are no employees in HMT Watches Ltd.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### 48 A. Employee Benefit Obligations

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

#### A. Gratuity

31 March 2024 changes in the defined benefit obligation and fair value of plan assets (Rs. In lakhs)

Particulars	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-24	
	01-Apr-23	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation	(4,750.50)	(205.10)	(315.34)	822.93	(7.11)	-	(31.43)	41.14	2.60	-	(4,445.41)
Fair value of plan assets	1,444.99	-	98.93	(822.93)	13.25	-	-	-	-	13.25	806.40
<b>Benefit liability</b>	<b>(3,305.51)</b>		<b>(421.51)</b>							<b>15.85</b>	<b>806.40 (2,904.77)</b>

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

Particulars	Gratuity cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-23	
	01-Apr-22	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation	(5,900.45)	(206.60)	(350.84)	1,761.93	(20.69)	-	111.65	(145.50)	(54.54)	-	(4,750.50)
Fair value of plan assets	2,477.17	-	141.32	(1,761.93)	41.58	-	-	-	-	41.58	546.85
<b>Benefit liability</b>	<b>(3,423.28)</b>		<b>(416.12)</b>							<b>(12.96)</b>	<b>546.85 (3,305.51)</b>

The Company and its subsidiary has different plan assets. Holding Company has funded excess amount. However, there is a liability in respect of subsidiary company which cannot be set off against each other and disclosed separately in financial statements.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

### B. Settlement Allowance

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

(Rs. In lakhs)

Particulars	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-24
	01-Apr-23	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		
Defined benefit obligation	(234.40)	(15.56)	(35.26)	48.19	-	-	(4.04)	13.71	9.67	(211.80)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>(234.40)</b>		<b>(35.26)</b>	<b>48.19</b>			<b>(4.04)</b>	<b>13.71</b>	<b>9.67</b>	<b>(211.80)</b>

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

Particulars	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-23
	01-Apr-22	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		
Defined benefit obligation	(276.50)	(16.48)	(38.45)	67.45	-	-	6.66	6.44	13.10	(234.40)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-
<b>Benefit liability</b>	<b>(276.50)</b>		<b>(38.45)</b>	<b>67.45</b>			<b>6.66</b>	<b>6.44</b>	<b>13.10</b>	<b>(234.40)</b>

### C. Provident Fund (Interest shortfall)

The Company's Contribution paid / payable to Provident Fund and the liability / obligation is recognised on accrual basis. The Company's Provident Fund Trust is exempted u/s section 17 of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The condition for grant of exemptions stipulate that the employer shall make good deficiency, in any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the fund and return on investment.

The Company (Standalone) has recognised the obligation on the basis of Actuarial Valuation carried out as on 31st March 2024, that there is a present value of obligation due to difference between the expected interest rate to be earned by the Trust and expected future EPFO interest rate, being the interest shortfall of Rs.59.40 lakhs as on 31.3.2024 and Rs.75.13 lakhs as on 31.3.2023.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**48B. Employee Benefits (Contd.):**
**B Sensitivity analysis:**

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

**(i) Gratuity** (Rs. In lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>179.01</b>	<b>162.28</b>	180.99	164.40
Change in rate of salary increase	<b>117.35</b>	<b>113.63</b>	122.07	117.99
Change in withdrawal rates	<b>26.51</b>	<b>23.00</b>	25.10	21.60

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	<b>16.03</b>	<b>15.94</b>	19.23	18.42
Change in rate of salary increase	<b>15.16</b>	<b>17.27</b>	17.23	20.62
Change in withdrawal rates	<b>15.52</b>	<b>17.09</b>	13.91	21.06

C. The expected contributions for Gratuity for the next financial year will be Rs.1,951.12 lakhs and Settlement allowance NIL.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**49. Segment reporting**

Year ended 31 March 2024

**I. Revenue**

(Rs. in lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue	3604.75	9969.99	1758.62	1186.49	(181.17)	16,338.68
Interest Income	14.63	129.66	169.16	2,766.63	(1,544.11)	1,535.97
<b>Total</b>	<b>3,619.38</b>	<b>10,099.65</b>	<b>1,927.78</b>	<b>3,953.12</b>	<b>(1,725.28)</b>	<b>17,874.65</b>
<b>Less:</b>						
Interest expense	0.32	8,349.80	-	-	(1,544.11)	6,806.01
Depreciation and Amortisation expense	13.45	604.26	13.08	197.09	-	827.88
<b>Segment result</b>	<b>3,605.61</b>	<b>1,145.59</b>	<b>1,914.70</b>	<b>3,756.03</b>	<b>(181.17)</b>	<b>10,240.76</b>
Add: Unallocable income	-	-	-	-	-	3,860.85
Less: Unallocable expenses	-	-	-	-	-	27,403.17
Total Profit / Loss before tax	-	-	-	-	-	(13,301.56)
Less: Income Tax expense	-	-	-	-	-	(293.78)
<b>Profit/Loss for the Year</b>						<b>(13,007.78)</b>

**II. Assets and Liabilities**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
Total assets	2,440.32	31,338.54	5,563.34	22,621.34	61,963.54	-	(1,603.10)	60,360.44
Total liabilities	1,936.54	56,426.40	1,733.74	17,301.33	77,398.01	-	1,58,165.62	2,35,563.63

Year ended 31 March 2023

**I. Revenue**

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue from Operations	4354.57	14224.06	1415.45	804.68	(417.90)	20,380.86
Interest income	16.81	90.04	151.92	2,089.86	(1,408.06)	940.57
<b>Total</b>	<b>4,371.38</b>	<b>14,314.10</b>	<b>1,567.37</b>	<b>2,894.54</b>	<b>(1,825.96)</b>	<b>21,321.43</b>
<b>Less:</b>						
Interest expense	1.56	8,287.07	-	11.13	(1,398.11)	6,901.65
Depreciation and Amortisation expense	13.45	708.75	13.03	197.39	-	932.62
<b>Segment result</b>	<b>4,356.37</b>	<b>5,318.28</b>	<b>1,554.34</b>	<b>2,686.02</b>	<b>(427.85)</b>	<b>13,487.16</b>
Add: Unallocable income	-	-	-	-	-	4,606.88
Less: Unallocable expenses	-	-	-	-	-	29,774.50
Total Profit / Loss before tax	-	-	-	-	-	(11,680.46)
Less: Income Tax expense	-	-	-	-	-	795.28
<b>Profit/Loss for the year</b>						<b>(12,475.74)</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**II. Assets and Liabilities**

(Rs.in lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
<b>Total assets</b>	3,154.12	36,680.67	5,840.55	24,336.47	70,011.81	1,304.31	(1,701.95)	<b>69,614.17</b>
<b>Total liabilities</b>	2,889.15	55,129.80	2,090.31	18,156.50	78,265.76	4.21	4,21,657.77	<b>4,99,927.74</b>

**Reconciliations to amounts reflected in the financial statements**

(Rs. In lakhs)

<b>Reconciliation of Profit/Loss</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
Segment result	<b>10,240.76</b>	13,487.16
Add: Unallocable income	<b>3,860.85</b>	4,606.88
Less: Unallocable expenses	<b>27,403.17</b>	29,774.50
<b>Profit / Loss of Continuing Operations before tax</b>	<b>(13,301.56)</b>	<b>(11,680.46)</b>
Add/Less: Profit or Loss from Discontinued Operations	<b>3,53,070.16</b>	185.45
Total Profit / Loss before tax	<b>3,39,768.60</b>	(11,495.01)
Less: Tax Expense	<b>(84,692.34)</b>	(795.28)
<b>Profit/Loss for the year</b>	<b>2,55,076.26</b>	<b>(12,290.29)</b>
 <b>Reconciliation of assets</b>		
Segment operating assets	<b>61,963.54</b>	70,011.81
Assets held by Discontinued Operations	-	1,304.31
Inter-segment (elimination)	<b>(1,603.10)</b>	(1,701.95)
<b>Total assets</b>	<b>60,360.44</b>	<b>69,614.17</b>
 <b>Reconciliation of liabilities</b>		
Segment operating liabilities	<b>77,398.01</b>	78,265.76
Liabilities of Discontinued Operations	-	4.21
Inter-segment (elimination)	<b>(1,603.10)</b>	(1,701.95)
Deferred tax liabilities	<b>0.17</b>	42.68
Borrowings	<b>1,59,768.55</b>	4,23,317.04
<b>Total liabilities</b>	<b>2,35,563.63</b>	<b>4,99,927.74</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported in the 'adjustments and elimination' column.

Particulars	(Rs. In lakhs)	
	31-Mar-24	31-Mar-23
<b>Major Customer- Details of Revenue from Single Customer exceeding 10% of total revenue</b>		
India	5,386.31	3,524.01
Outside India	-	-
<b>Total revenue per consolidated statement of profit or loss</b>	<b>5,386.31</b>	<b>3,524.01</b>

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

### Food Processing Unit

Revenue exceeding 10% from any individual customers:

During the year Rs. 2679.58 lakhs (Previous Year Rs.3679.63 lakhs)

### Machine Tools

Revenue from one customer amounted to Rs.3118.03 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31 March 2024

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



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**50 Ratio Analysis**

Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reason for Variance	
1	Current Ratio	Current Assets Current Liabilities	0.24	0.13	87.92%	Due to reduction in Current liabilities on account of write back of GOI Liabilities	
2	Debt-Equity Ratio	Total Debt Shareholder's Equity	-	-	-	- Due to equity is negative the Debt Equity Ratio cannot be determined and compared	
3	Debt Service Coverage Ratio	Earnings available for debt service(EBITDA)	Debt service (Interest + Principal)	-0.05	-0.01	399.70%	Due to reduction in debt consequent to write back of GOI Liabilities of HMT Watches Ltd., under discontinued operations.
4	Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	-	-	-	- Due to equity is negative the Return on Equity ratio cannot be determined and compared
5	Inventory turnover ratio	Sales	Average Inventory	1.40	1.56	-10.56%	-
6	Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	1.02	1.19	-14.10%	-
7	Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	1.10	1.24	-10.93%	-
8	Net capital turnover ratio	Net Sales	Average Working Capital	-0.05	-0.05	0.00%	-
9	Net profit ratio	Net Profit After tax	Revenue	1561.18%	-60.30%	-2688.89%	Due to increase in Profit Ater Tax consequent to write back of GOI Liabilities of discontinued operations, HMT Watches Limited.
10	Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Networth + Total Debt	-	-	-	- Due to equity is negative the return on Capital Employed cannot be determined and compared
11	Return on Investment	-	-	-	-	-	- No Return on Investments, hence ratio is not determined

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**51** The Group has an Investment in Gujrat State Machine Tools Corporation Limited being an Associate Company, the Group had not accounted the same as associate due to non availability of information. Accordingly on implementation of IND AS the company has accounted as per IND AS 28.

**52** The networth of the Group has been completely eroded. Considering the realisable value of the non current assets held for sale, support from the Government of India and other business plans, the Company has prepared financial statements of the Group on the basis that it is a going concern and that no adjustments are considered necessary to the carrying value of assets and liabilities.

**53** Deferred Tax

Provision for income taxes has been made in terms of IndAS 12 -Income Taxes.

Movement in deferred tax asset/(liability) (Rs. In lakhs)

Particulars	As on 31.3.2024	As on 31.3.2023
Net deferred Tax asset/liability at the beginning of the year	42.68	18.33
Add: (deferred Tax benefits) / charges for the year	(42.51)	24.35
Net deferred Tax asset/liability at the end of of the year	0.17	42.68

The net Deferred Tax Asset/(Liability) comprises the tax impact arising from the timing differences on account of:

Particulars	As on 31.3.2024	As on 31.3.2023
Depreciation	(120.58)	(169.32)
Provision for employee benefits	120.41	126.64

The Holding Company has not recognised deferred tax asset on unused tax losses in the absence of reasonable certainty of future business profits

**54** A charge by ID 80046855 is still open in the Index of charge on the Website of Ministry of Corporate Affairs pertains to State Bank of India. The Company has already discharged the debt of State Bank of India long back. Since the issue is almost twenty five years old, efforts will be made in co-ordination with State Bank of India for obtaining the necessary documents for satisfaction of charge .

**55** The Holding Company has invested Rs.15 lakhs (50% of Equity Shares) comprising 1,50,000 equity shares of Rs.10/- each fully paid up in Sudmo HMT Process Engineers (India) Ltd, Bangalore (M/s Submo-HMT). M/s Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/July 2021) for closure of the defunct JV Company and submitted closure proposal to the Administrative Ministry on July 2021 for approval. Awaiting further communication from the Ministry.

**56** The Holding Company has invested Rs.20.84 lakhs (39% of Equity Shares) comprising 20,84,050 equity shares of Rs.1/- each fully paid up in Gujarat State Machine Tools Corporation, Bhavanagar (M/s. GSMTC). The Board of HMT Ltd gave (March 2021) in principle approval liquidation of M/s GSMTC. and issued a consent letter to Gujarat Industrial Investment Corporation Ltd (GIIC). GIIC approved (Sept. 2021) liquidation of M/s GSMTC and submitted (October 2021) the proposal to Industries and Mines Department, Govt. of Gujarat. HMT Limited submitted (April 2022) the liquidation proposal to the Administrative Ministry for approval. Awaiting further communication from the Ministry.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- 57** The Holding Company has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria (M/s NMTL. The Board of HMT Ltd approved (February 2020/July 2021) for disinvestment of stake in M/s NMTL and sought approval from Administrative Ministry. Awaiting further communication from the Ministry.
- 58** The Group has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 59** The Group has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 60** The Company has no transactions with struck off Companies under section 248 of the Companies Act, 2013.
- 61** The amendments in Indian Accounting Standards which are applicable to the Company are not expected to have any significant impact on the Company's Financial Statements
- 62** Balances under Trade "Receivables", 'Loans & Advances', 'Trade payables' and Other Current Liabilities' are subject to confirmation, although confirmation has been sought in most of the cases.
- 63** The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**64 Period and amount of Default are as follows:**
**HMT Limited**

Nature of Borrowing [Interest Free]	Name of the lender	Amount of installment and period of default (Rs. In Lakhs)	No of Days Delay or Unpaid
Government of India Loan [Interest Free] dated 21.01.2017	Government of India	1) Rs.6,073.60 Lakhs due since 21.01.2018.	2260
		2) Rs.6,073.60 Lakhs due since 21.01.2019.	1895
		3) Rs.6,073.60 Lakhs due since 21.01.2020.	1530
		4) Rs.6,073.60 Lakhs due since 21.01.2021.	1164
		5) Rs.6,073.60 Lakhs due since 21.01.2022.	799
Government of India Loan [Interest Free] dated 16.02.2017	Government of India	1) Rs.4,800 Lakhs due since 16.02.2018.	2234
		2) Rs.4,800 Lakhs due since 16.02.2019.	1869
		3) Rs.4,800 Lakhs due since 16.02.2020.	1504
		4) Rs.4,800 Lakhs due since 16.02.2021.	1,138
		5) Rs.4,800 Lakhs due since 16.02.2022.	773
Government of India Loan [Interest Free] dated 29.04.2017	Government of India	1) Rs.1,958 Lakhs due since 29.04.2018.	2162
		2) Rs.1,958 Lakhs due since 29.04.2019.	1797
		3) Rs.1,958 Lakhs due since 29.04.2020.	1431
		4) Rs.1,958 Lakhs due since 29.04.2021.	1,066
		5) Rs.1,958 Lakhs due since 29.04.2022.	731

**HMT Machine Tools Ltd**

CAPEX Loan @15.50% interest dated 30.03.2006	Government of India	1) Rs.79 Lakhs due since 02.04.2007	6207
		2) Rs.79 Lakhs due since 02.04.2008	5841
		3) Rs.79 Lakhs due since 02.04.2009	5476
		4) Rs.79 Lakhs due since 02.04.2010	5111
		5) Rs.79 Lakhs due since 02.04.2011	4746
VRS Loan @ 3.5@ interest dated 01.11.2007	Government of India	1) Rs.556.95 Lakhs due since 27.12.2008	5572
		2) Rs.556.95 Lakhs due since 27.12.2009	5207
		3) Rs.556.95 Lakhs due since 27.12.2010	4842
		4) Rs.556.95 Lakhs due since 27.12.2011	4477
		5) Rs.556.95 Lakhs due since 27.12.2012	4111
For payment of Statutory Dues @15.50% interest dated 29.03.2007	Government of India	1) Rs.156.40 Lakhs due since 30.03.2008	5844
		2) Rs.156.40 Lakhs due since 30.03.2009	5479
		3) Rs.156.40 Lakhs due since 30.03.2010	5114
		4) Rs.156.40 Lakhs due since 30.03.2011	4749
		5) Rs.156.40 Lakhs due since 30.03.2012	4383
VRS Loan @ 3.5@ interest dated 31.12.2008	Government of India	1) Rs.243.29 Lakhs due since 15.01.2010	5188
		2) Rs.243.29 Lakhs due since 15.01.2011	4823
		3) Rs.243.29 Lakhs due since 15.01.2012	4458
		4) Rs.243.29 Lakhs due since 15.01.2013	4092
		5) Rs.243.29 Lakhs due since 15.01.2014	3727

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

For payment of Statutory Dues @13.50% interest dated 24.07.2012	Government of India	1)	Rs.888.52 Lakhs due since 01.08.2013	3894
		2)	Rs.888.52 Lakhs due since 01.08.2014	3529
		3)	Rs.888.52 Lakhs due since 01.08.2015	3164
		4)	Rs.888.52 Lakhs due since 01.08.2016	2798
		5)	Rs.888.52 Lakhs due since 01.08.2017	2433
For payment of Statutory Dues @13.50% interest dated 18.03.2014	Government of India	1)	Rs.392 Lakhs due since 21.03.2015	3297
		2)	Rs.392 Lakhs due since 21.03.2016	2931
		3)	Rs.392 Lakhs due since 21.03.2017	2566
		4)	Rs.392 Lakhs due since 21.03.2018	2201
		5)	Rs.392 Lakhs due since 21.03.2019	1836
For payment of Statutory Dues @13.50% interest dated 23.09.2014	Government of India	1)	Rs.480 Lakhs due since 04.10.2015	3100
		2)	Rs.480 Lakhs due since 04.10.2016	2734
		3)	Rs.480 Lakhs due since 04.10.2017	2369
		4)	Rs.480 Lakhs due since 04.10.2018	2004
		5)	Rs.480 Lakhs due since 04.10.2019	1639
Working Capital Loan @13.50 % interest dated 23.09.2014	Government of India	1)	Rs.500 Lakhs due since 04.10.2015	3100
		2)	Rs.500 Lakhs due since 04.10.2016	2734
		3)	Rs.500 Lakhs due since 04.10.2017	2369
		4)	Rs.500 Lakhs due since 04.10.2018	2004
		5)	Rs.500 Lakhs due since 04.10.2019	1639
For payment of Statutory Dues @13.50% interest dated 09.10.2014	Government of India	1)	Rs.378.20 Lakhs due since 11.10.2015	3093
		2)	Rs.378.20 Lakhs due since 11.10.2016	2727
		3)	Rs.378.20 Lakhs due since 11.10.2017	2362
		4)	Rs.378.20 Lakhs due since 11.10.2018	1997
		5)	Rs.378.20 Lakhs due since 11.10.2019	1632
For payment of Salaries & Wages @13.50% interest dated 09.10.2014	Government of India	1)	Rs.548.60 Lakhs due since 11.10.2015	3093
		2)	Rs.548.60 Lakhs due since 11.10.2016	2727
		3)	Rs.548.60 Lakhs due since 11.10.2017	2362
		4)	Rs.548.60 Lakhs due since 11.10.2018	1997
		5)	Rs.548.60 Lakhs due since 11.10.2019	1632
For implementation of 1997 pay revision @13.50% interest dated 06.02.2015	Government of India	1)	Rs.586.80 Lakhs due since 10.02.2016	2971
		2)	Rs.586.80 Lakhs due since 10.02.2017	2605
		3)	Rs.586.80 Lakhs due since 10.02.2018	2240
		4)	Rs.586.80 Lakhs due since 10.02.2019	1875
		5)	Rs.586.80 Lakhs due since 10.02.2020	1510
Working Capital Loan @13.50 % interest dated 06.02.2015	Government of India	1)	Rs.1000 Lakhs due since 10.02.2016	2971
		2)	Rs.1000 Lakhs due since 10.02.2017	2605
		3)	Rs.1000 Lakhs due since 10.02.2018	2240
		4)	Rs.1000 Lakhs due since 10.02.2019	1875
		5)	Rs.1000 Lakhs due since 10.02.2020	1510

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

For payment of Statutory Dues @13.50% interest dated 31.03.2015	Government of India	1)	Rs.526.80 Lakhs due since 31.03.2016	2921
		2)	Rs.526.80 Lakhs due since 31.03.2017	2556
		3)	Rs.526.80 Lakhs due since 31.03. 018	2191
		4)	Rs.526.80 Lakhs due since 31.03.2019	1826
		5)	Rs.526.80 Lakhs due since 31..03.2020	1460
For implementation of 1997 pay revision @13.50% interest dated 30.09.2015	Government of India	1)	Rs.634 Lakhs due since 03.10.2016	2735
		2)	Rs.634 Lakhs due since 03.10.2017	2370
		3)	Rs.634 Lakhs due since 03.10. 018	2005
		4)	Rs.634 Lakhs due since 03.10.2019	1640
		5)	Rs.634 Lakhs due since 03..10.2020	1274

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**
**65 Statutory Group Information**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Rs. in lakhs	As % of consolidated net Profit/ Loss	Rs. in lakhs	As % of consolidated net Other Comprehensive income	Rs. in lakhs	As % of consolidated net Total Comprehensive assets	Rs. in lakhs
<b>HMT Ltd</b>								
<b>Balance as at 31 March, 2024</b>	<b>36.30%</b>	<b>-63,603.75</b>	<b>0.91%</b>	<b>2,330.09</b>	<b>124.97%</b>	<b>42.64</b>	<b>0.93%</b>	<b>2,372.73</b>
Balance as at 31 March, 2023	14.61%	-62,872.51	-4.90%	601.91	-277.88%	20.73	-5.06%	622.64
<b>Subsidiaries</b>								
<b>1 HMT Machine Tools Ltd</b>								
<b>Balance as at 31 March, 2024</b>	<b>66.05%</b>	<b>-1,15,714.22</b>	<b>-6.13%</b>	<b>-15,646.45</b>	<b>-19.99%</b>	<b>-6.82</b>	<b>-6.14%</b>	<b>-15,653.27</b>
Balance as at 31 March, 2023	24.07%	-1,03,588.11	110.42%	-13,570.48	440.62%	-32.87	110.62%	-13,603.35
<b>2 HMT International Ltd</b>								
<b>Balance as at 31 March, 2024</b>	<b>-2.34%</b>	<b>4,096.58</b>	<b>0.12%</b>	<b>309.15</b>	<b>-4.98%</b>	<b>-1.70</b>	<b>0.12%</b>	<b>307.45</b>
Balance as at 31 March, 2023	-0.98%	4,206.93	-4.02%	493.62	-62.73%	4.68	-4.05%	498.30
<b>3 HMT Watches Ltd</b>								
<b>Balance as at 31 March, 2024</b>	<b>0.00%</b>	<b>-</b>	<b>105.10%</b>	<b>2,68,084.04</b>	<b>0.00%</b>	<b>-</b>	<b>105.09%</b>	<b>2,68,084.04</b>
Balance as at 31 March, 2023	62.30%	-2,68,078.65	-1.51%	185.45	0.00%	-	-1.51%	185.45
<b>Associates (investment as per the equity method)</b>								
<b>Balance as at 31 March, 2024</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>
Balance as at 31 March, 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Joint ventures (investment as per the equity method)</b>								
<b>SUDMO-HMT Process Engineers (India) Ltd</b>								
<b>Balance as at 31 March, 2024</b>	<b>-0.01%</b>	<b>18.20</b>	<b>0.00%</b>	<b>-0.57</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-0.57</b>
Balance as at 31 March, 2023	0.00%	18.77	0.01%	-0.79	0.00%	-	0.01%	-0.79
<b>Total</b>								
<b>Balance as at 31 March, 2024</b>	<b>100.00%</b>	<b>-1,75,203.19</b>	<b>100.00%</b>	<b>2,55,076.26</b>	<b>100.00%</b>	<b>34.12</b>	<b>100.00%</b>	<b>2,55,110.38</b>
Balance as at 31 March, 2023	100.00%	-4,30,313.57	100.00%	-12,290.29	100.00%	-7.46	100.00%	-12,297.75



**25<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
2023-24



## CHAIRMAN'S ADDRESS

My Dear Shareholders,

It is an honour to present to you the Annual Report of HMT Machine Tools Limited (HMT MTL) for the year 2023-24. I take this opportunity to welcome you all on behalf of Board of Directors. This year has been marked with several shifts with respect to the market trends. However, considering the global standpoint, condition of the Indian economy and effect of various initiatives that impact the manufacturing sector, it is imperative that we work continuously towards overcoming the challenges and strive to overcome them.

### Global Outlook:

Globally, the year began with the onslaughts of the ongoing geo-political issues, followed by a globally synchronised monetary policy tightening. Despite these events, the economics on a global scale / world economy has witnessed a general growth of 3.2% year over year and the projected trends for the future years also suggest a stable growth for developing economies.

With the advancements in technology and continuous integration of AI based technologies, innovation and product development is the need of the hour. The global trends may be perceived as market opportunities, but they also present themselves as challenges which the Company may be tasked with in the future.

Despite the challenges, we need to hold true to our core strengths and be steadfast in our commitment to quality and customer satisfaction.

### Indian Economy:

India has recorded an overall growth of 7.8% in GDP in the year 2023 and is projected to maintain a steady 6.5% growth in the coming years as per the World Economy Outlook April 2024. Stemming from the industrial growth, Make-in-India initiative, FDI and domestic investment, government policies, Indian economy has demonstrated resilience and continued growth even when faced with global and domestic challenges. HMT MTL takes pride and assures its support in the nation's economic growth.

### Manufacturing impact on the future of Indian Economy:

Historically, it may be viewed that the manufacturing sector has played a significant role in the country's growth during the post-independence era. However, contributions from the manufacturing sector to GDP have been overshadowed by the contributions from the services sector.

However, the Government of India envisions the contributions of the manufacturing sector to increase in times ahead. With the manufacturing sector contributing to 14% of the GVA, this sector is a vital cog in development of Indian economy and in its transformation from an agrarian economy to an industrial powerhouse.

Through various initiatives such as the Make in India initiative, Productivity Linked Incentive (PLI) Schemes, policy support and infrastructure & global supply chain developments, Government of India tasks itself with an objective to place India amongst the leaders in the manufacturing sector. The constant growth in capacity utilisation in the manufacturing sector over the past years is a testament to the government's efforts in this regard.

With renewed focus on the manufacturing sector, HMT MTL has the potential to play a significant role in country's plans to boost the manufacturing sector. The company must take measures to maximise utilisation of the policies in place and support put forth by the government in order to expand its business.

### Performance & Business Accomplishments

HMT Machine Tools Limited (HMT MTL) achieved sales of Rs. 99.70 crores in the year 2023-2024 in comparison to the Rs.142.24 crores sales achieved in the year 2022-2023. Net Profit figures remained negative (Rs.155 crores) in the year 2023-2024 against the net loss of (Rs. 132 crores) recorded in the year 2022-2023. Despite this, the Company is actively working towards strengthening its business and leveraging its strength to drive growth.

In this competitive world of manufacturing of complex machine tools where technology denial also plays a major role in crippling our growth, HMT MTL has designed and developed several import substitution machines over the years to provide flexible, accurate and cost-effective solutions to various strategic sectors. These machines are developed indigenously and priced at almost half the price of imported machines and are aligned with our Hon'ble Prime Minister's vision of an 'ATMANIRBHAR BHARAT'.

The Company's growth strategies are multifaceted and formulated to enhance our market presence and expand our product offerings. One of the key areas is stocking General-Purpose Machines 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 its reach in the market. In line with the commitment to innovation, efforts for the development of new products have been intensified. By leveraging HMT MTL's manufacturing prowess and collaborating with academic institutions, the company is stretching its boundaries to the field of hi-tech machines. The Company's association with esteemed institutions like IIT BHU Varanasi and ARTPARK, IISc, Bengaluru, serve as a testament to the company's dedication to fostering research and development of advanced technology. The company has also taken initiatives to expand its customer component manufacturing endeavours within crucial industries and sectors like railways, defence, and atomic energy.

### Future Outlook

The global market is projected to grow at a CAGR of 5.41% from 2024 to 2031 and is estimated to reach a value of USD 145.82 billion by 2031. This growth will be driven by a number of factors, including:

- **Industrial Automation and Technological Advancements:** Increasing adoption of automation and smart technologies in manufacturing processes is driving demand for advanced machine tools.

Innovations such as CNC (Computer Numerical Control) machines, 3D printing and advanced robotics contribute to market growth by improving production efficiency and capabilities.

- **Manufacturing Growth:** Expansion in various manufacturing sectors including automotive, aerospace and electronics, supports the need for high-precision and high-performance machine tools.
- **Emerging Markets:** Growth in emerging economies, where industrialization and infrastructure development are accelerating, is a significant driver for the machine tools market.
- **Investment in Modernization:** Investment in modernizing existing manufacturing facilities and adopting new technologies, fuel demand for advanced machine tools.

As is the case with any industry, the machine tools industry is also subject to the disruptions fuelled by new technologies, such as Artificial Intelligence (AI) and the Internet of Things (IoT). These technologies are being used to develop smarter and more connected machine tools that can operate more efficiently and autonomously.

In India, the machine tools industry is also poised for a steady growth which is evident from the government's Make in India initiative, push for Atmanirbhar Bharat and various PLI schemes. These initiatives are directed towards boosting domestic manufacturing and giving necessary support to domestic manufacturers. With the advent of newer technologies and demand for hi-tech machineries, the sector is witnessing a serious influx of investment in research and development by Indian machine tools companies.

The future of the machine tools industry is promising and HMT MTL is pursuing to tap the demand for machine tools. The company continues to work on developing indigenous substitutes for imported machines and make significant contributions to the Indian manufacturing scene. The Indian government hopes to have 25% of the economy's output from manufacturing by 2025 and HMT MTL must be a name to reckon within the industry.

## Export Business

The Company is gearing up to increase its revenues in the coming years by export of its products and to newer destinations through HMT ( International) Limited.

## 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 and Steel, Hon'ble Minister of State for Heavy Industries & Steel, the Secretary (Heavy Industries), Additional Secretary & Financial Adviser, the Joint Secretary, Economic Adviser and other Officers in the Ministry of Heavy Industries as well as the Ministry of External Affairs for the immense

support and guidance rendered towards the Company. I am also grateful to the officers in the Ministry of Finance, the Comptroller & Auditor General of India, the Statutory Auditors etc., for all their support for the smooth operations of the Company. I sincerely thank our esteemed Customers, Government organisations, Suppliers, Banks and Financial Institutions for their valuable assistance and support.

I would also like to express my sincere gratitude and appreciation to HMT Limited (Holding company) and my esteemed colleagues on the Board and to all HMTians, for their unwavering 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 continued support and patronage and assure them of our commitment to meet their expectations.

I also thank all the other stakeholders for their valuable support, co-operation 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 the Company and its management. I greet you and your family members and wish you all the best!

**(Rajesh Kohli)**  
**Chairman & Managing Director**  
**Addl. Charge**  
**Bengaluru**

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This does not purport to be a record of the proceedings of the 25th Annual General Meeting of the Company.





# HMT MACHINE TOOLS LIMITED

## CONTENTS

Board of Directors, Auditors, Bankers, Corporate Vision & Mission .....	2
Performance Highlights .....	3
Directors' Report.....	4
Management Discussions and Analysis .....	12
Corporate Governance .....	14
Annexure to the Director's Report .....	18
Secretarial Audit Report.....	22
Certificate on Corporate Governance.....	25
Declaration by the Managing Director .....	25
Independent Auditor's Report.....	26
Comments of C & AG .....	62
Significant Accounting Policies .....	68
Balance Sheet .....	77
Profit & Loss Account .....	79
Cash Flow Statement .....	81
Notes on Financial Statement .....	82

**BOARD OF DIRECTORS**

Shri Rajesh Kohli	Chairman and Managing Director (Addl. Charge) (w.e.f 05-04-2024)
Shri K Ravishankar	Chairman and Managing Director (Addl. Charge) (w.e.f. 08.03.2024 to 05-04-2024)
Shri Rajeev Singh	Chairman & Managing Director (Addl. Charge) w.e.f 30-12-2023 to 08.03.2024)
Shri Pankaj Gupta	Chairman & Managing Director (Addl. Charge)(upto. 24-11-2023)
Smt. Mukta shekhar	Director (w.e.f. 04-09-2023 upto 23-07-2024 )
Dr. Renuka Misra	Director (upto 04-09-2023 and w.e.f 23-07-2024)
Shri Rajesh Kumar	Director

**STATUTORY AUDITORS**

M/s. R. Venkata Krishna & Co.,	Chartered Accountant
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**SECRETARIAL AUDITORS**

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

UCO Bank,	
Union Bank of India	Punjab National Bank
AXIS Bank	State Bank Of India

**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 VISION**

- ❖ 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)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>OPERATING STATISTICS</b>										
Sales	9970	14224	15253	16582	17623	21741	17708	19752	21783	18859
Other Income	3162	3280	890	1187	1577	2041	2825	2860	2054	2267
Materials	5484	5046	6470	7444	9067	8893	7583	7829	8968	7787
Employee Costs	6576	6772	8171	8401	10279	11051	13137	13176	14588	17059
Other Costs	7642	9856	6874	6136	847	2474	5895	7961	5348	5280
Depreciation	604	709	777	755	913	884	970	1010	965	1004
Earning Before Interest	-7,174	-4,878	-6149	-4967	-1905	480	-7051	-7364	-6032	-10004
Interest	8350	8287	8424	8312	7967	6863	5874	5395	4633	2694
Earnings /(Loss) Before Tax	-15524	-13165	-14573	-13279	-9872	-6383	-12925	-12759	-10665	-12698
Taxation	-	-	-	-	-	-	-	-	-	-
Net Earnings	-15524	-13165	-14573	-13279	-9872	-6383	-12925	-12759	-10665	-12698
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	3652	3931	5046	5446	5443	5316	5472	6019	6731	7151
Current Assets	27686	32749	33887	37451	38218	37668	28116	27990	27018	27374
Current Liabilities & Provisions	225170	214727	203250	192138	184466	172865	151335	134168	114652	101644
Working Capital	-197484	-181978	-169363	-154688	-146248	-135197	-123219	-106178	-87634	-74270
Capital Employed	-197203	-181672	-168474	-153983	-140805	-129881	-117747	-100159	-80903	-67119
Investments	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Borrowings						634	5288	10335	16797	19035
Net Worth	-197203	-181672	-168474	-153983	-140805	-1,30,515	-123035	-110493	-97698	-86153
<b>OTHER STATISTICS</b>										
Capital Expenditure	398	691	410	164	-	-	-	-	-	-
Internal Resources Generated	-14920	-12456	-13796	-12524	-8959	-5499	-11955	-11749	-9700	-11694
Working Capital Turnover Ratio	-0.05	-0.08	-0.09	-0.11	-0.12	-0.16	-0.14	-0.19	-0.25	-0.25
Current Ratio	0.12	0.15	0.17	0.19	0.21	0.22	0.19	0.21	0.24	0.27
Return on Capital (%)	-3.79	-2.79	-3.81	-3.37	-1.41	-0.39	8.43	7.10	6.94	3.48
Employees (Nos)	649	731	796	889	1064	1246	1425	1651	1902	2218
Per capita Sales	15.36	19.46	19.16	18.65	16.56	17.45	12.43	11.96	11.45	8.50

## DIRECTORS' REPORT 2023-24

To,  
**The Members,**  
**HMT Machine Tools Limited,**  
**Bangalore**

Dear Members,

Your Directors have pleasure in presenting their Twenty Fifth Annual Report on the business and operations of the Company and Annual Financial Statements of the Company for the Financial Year 2023-24 along with the Auditors' Report thereon.

### Financial summary / Performance of the Company

( Rs. in crore )

Earnings	2023-2024	2022-2023
Gross Revenue from Operations	99.70	142.24
Other Income	31.62	32.80
Total Income	131.32	175.04
Profit before Interest and Depreciation	-65.70	-41.69
Provision for Depreciation & Amortized	6.04	7.09
Gross Profit	-71.74	-48.78
Finance Charges	83.50	82.87
Net Profit Before Tax excluding OCI	-155.24	-131.65
Provision for Tax	-	-
Net Profit After Tax	-155.24	-131.65

Your Company achieved a Sales turnover of Rs. 99.70 Crore During the year 2023-24 as compared to Rs. 142.24 Crore in the previous year. The Production performance was Rs.92.20 Crore for the year under review as against Rs. 116.58 Crore achieved during the previous year. Orders valued Rs. 104.73 Crore was procured during the financial year 2023- 24 as against Rs.97.12 Crore in the previous year.

The operations of the Company resulted in a Net Loss of Rs. (-) 155.24 Crore as against the loss of Rs. (-) 131.65 Crore (excluding OCI) incurred in the previous year.

### MARKET SCENARIO AND FUTURE OUTLOOK

The International Monetary Fund (IMF) has raised India's growth forecast for 2024-25 to 7% from 6.5% on the back of strong domestic demand and a rising working-age population. The Reserve Bank of India, the country's central bank, estimates the economy to grow at 7% in the current financial year.

The global economy had remained "remarkably resilient" with steady growth and inflation returning to target and had "defied expectations of stagflation and global recession" in the wake of the post-pandemic supply disruptions, Russia's invasion of Ukraine and subsequent global energy and food crises as well as the monetary tightening across economies, the IMF observed.

It projected global output growth in 2024 and 2025 at 3.2%, after bottoming out at 2.3% at the end of 2022. The projected moderation in India's growth rate from 7.8% last fiscal year was due to a tightening in monetary and fiscal policy, necessary to bring inflation down, IMF economist said. Inflation was projected to be 4.6% this year and 4.2% next year. The growth projections could be higher than expected due to strengthening private demand. Also, an upside comes from the potential for reforms that would liberalise foreign investment and really boost exports.

For the global economy, the IMF expected median headline inflation to ease from 2.8% at the end of this year to 2.4% at the end of 2025. "Another piece of good news is that we project less economic scarring," IMF Chief Economist said. Scarring, or the gap in output compared with pre-pandemic levels, was less in most regions with the exception of low income and developing countries, he said.

While global growth did better than expected, the expansion was still low compared with historical standards, due to high borrowing costs, weak productivity growth, withdrawal of fiscal support, the longer-term impacts of the pandemic and Russia's invasion of Ukraine as well as geo-economic fragmentation, the IMF said. Global growth was projected at 3.1% five years from now – the lowest such forecast in decades.



The IMF called for vigilance, saying that while inflation numbers were encouraging, recent numbers were pushing upward. Most of the slowing in inflation was due to falling energy prices and goods inflation being below historic averages, but services inflation remained high and could derail this discrimination path, the IMF cautioned, suggesting that lower inflation should remain priority.

The IMF also recommended that countries start building their fiscal buffers, i.e., to undergo credible fiscal consolidation which would lower borrowing costs and improve financial stability.

IMF recommended improving the human capital of large young populations- in line with the World Bank's report on the South Asian region released earlier in April, which warned that South Asian countries were not capitalising on their demographic dividends.

IMTMA in its report published in Aug 24 updated that Global Machine Tool production had reached US \$ 85.26 Billion during CY24 registering a Y/Y decline in growth of 1 % from US \$ 86.21 Billion during CY23. In CY 24, India with a production value of about US \$ 1.51 Bn had maintained same 9th rank likewise in CY23. As per the IMTMA report top five countries are China (32%), Germany (13%), Japan (11%), USA (9%), Italy (9%), and top 5 countries accounted for 75 % of Global machine tool production in CY24.

According to IMTMA report, the Global Consumption of Machine Tools CY24 is amounted to US \$ 79 Bn during CY23 and registered a Y/Y decline in growth of 5 % from US \$ 83 Bn during CY23. China which occupies top position accounts for 33 % of global consumption in CY23. As per the IMTMA report top 5 countries are China (33%), USA (16%), Italy (7%), Germany (7%) & Japan (5%) and India with about 4 % of global share in consumption, occupied 6th rank in CY23.

Imports of Machine Tools to India in FY24 is 15352 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 FY24. 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 FY24.

The global machine tools market size reached US\$ 100.8 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 146.9 Billion by 2032, exhibiting a growth rate (CAGR) of 4.1% during 2024-2032. The market is experiencing steady growth driven by the rising demand for precision engineering in various sectors such as automotive, aerospace, and electronics, technological advancements in CNC and digital manufacturing technologies, and the shift towards smart manufacturing and Industry 4.0.

### **Machine Tools Market Analysis:**

**Market Growth and Size:** The global market is experiencing robust growth, driven by increasing demand across various industries. This growth is attributed to the expansion of manufacturing sectors in developing countries and the rising trend of automation in manufacturing processes, contributing to a significant increase in market size.

**Technological Advancements:** Technological innovation remains a pivotal factor in the market's expansion, with advancements in automation, IoT, and AI integration leading the way. These innovations enhance precision and efficiency in machine tools, catering to the evolving demands of industries such as Automotive, Aerospace, and Defence, and driving the adoption of high-tech CNC machines.

**Industry Applications:** The market serves a wide range of industries, with notable applications in Automotive, Aerospace, Defence, and Electronics sectors. The demand in these sectors is primarily driven by the need for precision manufacturing and efficient production processes, influencing the market's versatility and adaptability to various industrial requirements.

**Key Market Trends:** A significant trend in the market is the increasing adoption of automation and smart manufacturing practices. The shift towards Industry 4.0, emphasizing digitalization and connectivity in manufacturing, is also shaping market dynamics, with a growing focus on smart, connected machine tools.

**Challenges and Opportunities:** The market faces challenges such as the need for continuous

technological upgrades and the high initial cost of advanced machine tools. However, these challenges also present opportunities for market players to innovate and develop cost-effective, efficient solutions, catering to the evolving needs of diverse industries.

### 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 2023-24.

### 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 2024 is Rs (-) 1,972.02 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 31.3.2024 stood at 649, during the year under review, 94 employees have separated and 14 employees newly inducted in the Company. The details of different categories of personnel in position as on 31.3.2024 are given hereunder:

Scheduled Castes	138
Schedule Tribes	33
Other Backward Class	214
Ex-service men	0
Person with Disabilities (PWD)	8
Women Employees	40
Minority	31

### 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, including the Corporate Office at Bengaluru to monitor the implementation of the Official Language Act, Rules and Policy in the Company and its Subsidiaries. In order to propagate the usage of Hindi as the Official Language, "HINDI DIWAS/HINDI WEEK" was observed during the month of September 2023 at all units of the Company. Various competitions in Hindi such as Chitrarath, 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 dated 25.04.2022 has 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 function in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

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

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

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

HMT Vigilance Manual got released on 30.03.2023 by Ms. Kalyani Sethuraman, IRAS (94) CVO-HMTL.

Vigilance Awareness Week 2023, Preventive Vigilance Measures cum housekeeping activities was campaigned for 3 months from 16th Aug 2023 to 15th Nov 2023 as a precursor to VAW with the theme "**Say No to Corruption; Commit to Nation**" "भ्रष्टाचार का विरोध करें" ; राष्ट्र के प्रति समर्पित रहें" was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

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 improvement suggested are:

1. Suggested online filling of APAR of the officials.
2. Suggested online filling of property returns of the officials
3. Proposed to update HMT Purchase manual.
4. Digitalization of Old drawings, Record of Land, HR documents.
5. Online transaction for making payments and receipt of payment.
6. Maximizing procurement through GeM Portal.
7. Suggested Periodic inspection on Audit Report (Finance).

8. Management is being persuaded to adopt integrity Pact. The matter was taken up in the 326th meeting of Board of Directors of HMTL held on 8.6.2017 and the decision of the board was "Adoption of Integrity pact in HMT Limited and subsidiary companies and authorized the Chairman and Managing Director of the company to decide the basis for adoption of integrity pact and to do necessary acts and things as may be required for implementation of integrity pact and to inform the Board"
9. Recommended on Allotment of township quarters to be made online.
10. Suggested more awareness initiatives (Training, Workshop etc.) on Vigilance to fight corruption in the organization.

## 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, 2024 is also appended to this Report.

## EVALUATION OF THE PERFORMANCE OF BOARD

Being a Government Company, HMT Machine Tools Limited is exempted in terms of the MCA Notifications dated June 5, 2015 & July 5, 2017 from the evaluation of performance of all members of the Board of the Company

which is being done by the Administrative Ministry i.e., the Ministry of Heavy Industries and/or by the Department of Public Enterprises (DPE).

## 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 complied 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 Section 134(3)(c) of the Companies Act, 2013:

- \* that in the preparation of the annual financial statements for the year ended 31.03.2024, 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 Rule 12 of the Companies (Management and administration) Rules 2014 as amended from time to time, the Annual return of the company in the prescribed format shall be hosted on website of the Company at <https://www.hmtmachinetools.com>.

## AUDITORS

### 1. Statutory Auditor

M/s R Venkata Krishna & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the year 2023-24 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 2023-24 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 R.K. Bhandari & Co., Cost Accountants for auditing the cost records maintained by the Company in respect of MTA unit.

### 3. Secretarial Auditor

In terms of Section 204 of The Companies Act, 2013 and Rules made there under, Mr. S. Kedarnath & Associates, Practising 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 not appointed Independent Director during the financial Year 2023-24. Accordingly provisions are not applicable to the Company.

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

There are no instances of one-time settlement during the financial year 2023-24.

### **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 2023-24.

### **Whistle Blower Policy**

The Company has formulated a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees to report genuine concerns. The Policy provides for adequate safeguards against victimization of Director/s or employee/s and also provides for direct access to the Chairperson of the Audit committee in appropriate or exceptional cases.

### **Fraud Reporting**

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

### **Directors and Key Managerial Personnel**

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

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

The following changes have taken place in the composition of the Board of Directors / Key Managerial Personnel:

Ms. Mukta Shekhar (DIN: 10118859), Joint Secretary, Ministry of Heavy Industries was appointed as Government Nominee Director on the Board of HMT Machine Tools Limited with effect from 4th September 2023, until further orders vice Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries.

The Board of Directors of the Company has designated Shri Alok Kumar Behera, JGM(Finance) as the Chief Financial Officer (CFO) of the Company w.e.f 27th September 2023 until further orders, in place of Shri Harikumar. M in view of organizational changes.

Shri. Pankaj Gupta (DIN: 09716028), Executive Director, M/s Bharat Heavy Electricals Limited, ceases to be Chairman & Managing Director (Additional Charge) HMT Machine Tools Limited, on completion of term on 24th November, 2023.

Ministry of Heavy Industries vide its order dated 29th December, 2023 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Machine Tools Limited to Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, upto 24.11.2024, or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the approval of the Appointments Committee of the Cabinet (ACC). Shri. Rajeev Singh, (DIN: 10447679) Chairman & Managing Director (Additional Charge) has been inducted on the Board of Directors of the Company w.e.f 30th December, 2023 on his assumption of charge.

Ministry of Heavy Industries vide its order dated 4th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Machine Tools Limited to Shri. K Ravishankar, Executive Director, Bharat Heavy Electricals Limited in place of Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the post till 24.08.2024 i.e., date of his superannuation or till the joining of a regular incumbent or until further orders whichever is earliest, subject to ex-post facto approval of Appointments Committee of the Cabinet (ACC). Shri. K. Ravishankar (DIN: 10540509), Chairman & Managing Director (Additional Charge) has been inducted on the Board of Directors of the Company w.e.f 08th March, 2024 (A/N) on his assumption of charge.

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

Ministry of Heavy Industries vide its order dated 26th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT Limited to Shri. Rajesh Kohli, Executive Director, Bharat Heavy Electricals Limited (BHEL), in place of Shri. K. Ravishankar, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the posts, for a period of one year or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the ex-post facto approval of the Appointments Committee of the Cabinet (ACC). Accordingly, Shri. Rajesh Kohli (DIN:10333951) has been inducted as Chairman & Managing Director (Additional Charge) on the Board of Directors of the Company w.e.f 5th April, 2024 (A/N) on his assumption of charge in place of Shri. K Ravishankar.

Ministry of Heavy Industries vide its order dated 23rd July, 2024 has appointed Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries as Government Nominee Director on the Board of HMT Machine Tools Limited with immediate effect and until further orders, vice Ms. Mukta Shekhar, ex-Joint Secretary, Ministry of Heavy Industries. Accordingly, Dr. Renuka Mishra (DIN: 08635835) has been inducted as Government Nominee Director on the Board of Directors of the Company w.e.f 23rd July, 2024.

Shri Rajesh Kohli (DIN: 10333951) and Dr. Renuka Mishra (DIN: 08635835) are proposed for appointment as Director in terms of Article 77(1) of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. The Nomination and Remuneration Committee has recommended their appointments.

Shri Krishnaswami Ravishankar, Chairman and Managing Director (Additional Charge), Shri Alok Kumar Behera, Chief Financial Officer and Shri Om Prakash Singh , Company Secretary are the Key Managerial Personnel's (KMP's) as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2024.

### **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

**(Rajesh Kohli)**  
**Chairman & Managing Director**  
**( Additional Charge)**  
**DIN: 10333951**

Place: Bengaluru

Date: 25th October 2024

## 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 6th in consumption and 9th in production as per Gardner Intelligence World Machine Tool Survey 2023. India's machine tool production for 2023-24 was estimated around 13571 crores. Consumption was around 27265 crores. The order book position, an indicator of growing consumption looks positive for 2024-25 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 \$ 186 million in exports in 2023-24 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 for domestic companies stands at 25-30%.

As per IMARC group, the Indian Machine Tool Market expected to reach US\$ 3.2 Bn by 2032, exhibiting a growth rate (CAGR) of 8.2% during 2024-2032. 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 manufactures 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 continuous to be dependent on import of low volume, high value, high technology, and large sized machine tools.



**C. Major drivers of growth:**

- India is expected to become third-largest economy in the world with a GDP of \$ 5 trillion in the next 3 years and touch \$ 7 trillion by 2030 on the back of continued reforms.
- Manufacturing has emerged as one of the high growth sectors in India. With 17% of the nations GDP, the manufacturing sector plays a significant role in the Indian economy.
- India can take advantage of four market opportunities: expanding exports, localizing imports, internal demand and contract manufacturing.
- India is gradually progressing on the road to Industry 4.0 through Government of India's initiatives like the National Manufacturing Policy which aims to increase the share of manufacturing in GDP to 25% by 2025.
- Also PLI scheme for manufacturing to develop the core manufacturing sector at par with global manufacturing standards.
- Government of India " Make in India" program was launched to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.
- Therefore, good number of orders are expected from Nuclear, Defence, Aerospace, Railways and Department of Employment & Training during 2024-25 in comparison to the previous year.

**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 2023-24 of the company is as under-

The company received an overall new order booking of Rs.104.73 crores. Out of total sales Rs.99.70 crores during the year 2023-24, segment wise sales is as follows:

SECTOR	Rs. In Cr.
Automobile	2.62
Railways	0.98
Defence	20.43
Metal & Mining	9.57
Industrial Machinery & Intermediates	6.24
Power	20.43
Consumer Durables	27.50
Spares	5.99
JO/CCM	2.44
ACCSS	3.50
Total	99.70

The primary user industries include Defence, Power, Consumer durables. Prominent users of machine tools in the intermediate goods include bearings, auto components, electronics etc. Sectors like Industrial Machinery, Metal & Mining, Automobiles recorded a significant growth in turnover during 2023-24.

**F. OUTLOOK**

The primary user industries include Defence, Power, Consumer durables. Prominent users of machine tools in the intermediate goods include bearings, auto components, electronics etc. Sectors like Industrial Machinery, Metal & Mining, Automobiles recorded a significant growth in turnover during 2023-24.

According to IMARC group, the global machine tools market size reached US\$ 100.8 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 146.9 Billion by 2032, exhibiting a growth rate (CAGR) of 4.1% during 2024-2032. The Indian Machine Tool Market size reached US \$ 1.5 Billion in 2023 and expected to reach US \$ 3.2 Billion by 2032, exhibiting a growth rate (CAGR) of 8.2% during 2024-32. The future of the machine tools industry is promising, as the manufacturing sector plays a significant role in the Indian Economy.

India is the fastest growing major economy of the world. Government thrust to take India's GDP to \$5 trillion by 2025, where in contribution from manufacturing sector is expected to be \$1 trillion. Presently, manufacturing sector is valued at about \$400 Bn.

Make in India policy aims to increase share of manufacturing in GDP to 20% by 2025. Focus on key manufacturing sectors / champion sectors (Automotive, Aviation, Railways etc.) with 100% FDI permit, Government initiatives like 16 PLI (Production Linked Incentive) schemes and sectoral parks are expected to give boost to manufacturing sector in India.

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.

As a result, the industry is becoming more efficient, productive, and competitive. 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.

## **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 31.03.2024, the Board of Directors comprised of Chairman & Managing Director (Additional Charge), two part -time Official Director. During the year 2023-24, five Board Meetings were held on April 27, June 26, September 27, November 23 in the calendar year 2023 and on March 20 in the calendar year 2024. The composition of Directors and their attendance at the Board Meetings and at the General Meetings during the year are as follows:

Name	Category	Attendance particulars			No. of other Directorships and Committee Member / Chairmanship held		
		Board Meetings	Attendance % in Board Meeting	General Meeting	Directorship	Committee	
						Membership	Chairmanship
Shri Pankaj Gupta (DIN: 09716028) (upto 24.11.2023)	C & MD	4	100%	Yes	3	1	-
Shri Rajeev Singh (DIN:10447679) (w.e.f 30.12.2023 to 08.03.2024)	C & MD	NA	NA	NA	3	1	-
Shri Krishnaswami. Ravishankar (DIN: 10540509) (W.e.f 08.03.2024)	C & MD	1	100%	NA	3	1	-
Dr. Renuka Mishra (DIN:08635835) (upto 04.09.2023)	NENI	1	50%	NA	2	1	-
Ms. Mukta Shekhar (DIN: 08635835) (w.e.f 04.09.2023)	NENI	3	100%	Yes	8	-	-
Shri Rajesh Kumar (DIN: 09403746)	NENI	4	80%	Yes	2	3	-

\*C & MD : Chairman & Managing Director, NENI : Non Executive & Non Independent. NA : Not Applicable

## Brief Resume of Directors appointed during the year:

### Ms. Mukta Shekhar

Ms. Mukta Shekhar has been appointed as Government Nominee Director on the Board of HMT Machine Tools Limited w.e.f. 04.09.2023. She worked as Joint Secretary, Ministry of Heavy Industries.

Ms. Mukta Shekhar is an IRAS officer of 1994 batch. She has completed her M.Phil. in Defence and Strategic Studies from University of Madras at the National Defence College, New Delhi and Masters in History from St. Stephen's College, Delhi. Her area of expertise is Financial Management and project finance. She has worked at various levels in the Indian Railways, Government of India as Financial Advisor specializing in financial appraisal and project finance. She also worked at the Joint General

Manager level in DMRC where she was the associate Finance Officer for projects of Phase II of DMRC.

She has wide experience in the Public Private Partnership area having steered fund management and other contract related activities for pioneer PPP projects of Western Railway, Ministry of Railways, Government of India. Ms. Mukta Shekhar has also a varied experience in the International Cooperation arena and worked for 5 years in Ministry of External Affairs wherein she was looking after implementation of projects under India's Development assistance programme with other countries, Investment and Trade promotion, international arbitration disputes, investment and trade agreements, and civil aviation matters. She also formulated modalities for innovative schemes like concessional financing packages for externally aided projects.

Ms. Mukta Shekar also worked as joint Secretary in Department of Food, Ministry of Consumer Affairs, wherein she looked after International Cooperation which entailed interface with multi-lateral agencies, the edible oil sector, monitoring of prices of essential commodities and quality control of foodgrains procured under the Central pool stock in conjunction with other stakeholders.

### **Shri. Rajeev Singh**

Shri. Rajeev Singh has been entrusted with the additional charge of the post of Chairman & Managing Director of HMT Machine Tools Limited vide Ministry of Heavy Industries order No.1-05/14/2019-P.E.10/CPSE I dated 29th December 2023 for a period w.e.f. 25.11.2023 to 24.11.2024, or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the approval of the Appointments Committee of the Cabinet (ACC).

Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited (BHEL) has assumed the additional charge as the Chairman & Managing Director of HMT Limited on 30th December, 2023. Shri. Rajeev Singh, aged 58, is Executive Director of the Bhopal unit of M/s. Bharat Heavy Electricals Limited. (BHEL) Shri. Rajeev Singh is a Mechanical Engineering Graduate from REC, Bhopal and an MBA in Financial Management. Shri. Rajeev Singh joined BHEL in January 1988 at Corporate Office, New Delhi. He has served as unit head of various business verticals/ manufacturing units viz. Heavy Plates and Vessels Plant-Vizag, Transmission Business Group-Noida, Boiler Auxiliary Plant - Ranipet. Under his dynamic leadership the teams at these units were able to deliver their best, resulting in excellent financial performance for the units. He has vast experience in the field of Hydro Turbines and Traction Machines.

### **Shri K. Ravishankar**

Shri K. Ravishankar has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Machine Tools Limited w.e.f. 08.03.2024. Shri. K. Ravishankar, aged 59, is Executive Director of M/s Bharat Heavy Electricals Limited (BHEL), Hyderabad. Shri. K.

Ravishankar completed B.E in Mechanical Engineering from Motilal Nehru Regional Engineering College Prayagraj, Uttar Pradesh in the year 1985, ME in Manufacturing Technology from REC Trichy in 1989, MBA from IGNOU and M.A. English from Annamalai University. Shri. K. Ravishankar joined BHEL as an Engineer Trainee at Tiruchirappalli Unit in October 1985. He has served in Product Engineering Department in various capacities in Pressure Parts & Boiler Layout groups and in the Material Management Group as Head of procurement / Raw materials. He subsequently served as General Manager (Engineering/ Boilers) from 2015 to 2018. In May 2018, he was transferred to BHEL- Corporate Office in the Mission Directorate for Advanced Ultra Super Critical Technology development constituted under Ministry of Heavy Industries where he was responsible for development of projects for the Boiler Island technology establishment. He was also Head of Hydrogen Business Group under the new growth areas of Corporate Strategic Management wherein he addressed the business potential, the technology requirements and the road map for business development in BHEL. As Head of Corporate R&D, he has been instrumental in focussing and addressing the technical development needs of the organization through In house Development and focussing on the new and upcoming business areas of Coal to Chemicals and Hydrogen value chain. In Nov 2023, he was elevated as Executive Director, Corporate R&D.

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

The Company has familiarized the Directors about the Company, its operations, policies and about their roles and responsibilities in the context of Companies Act, 2013..

## **COMMITTEES OF THE BOARD**

### **A. Audit Committee**

During the year 2023-24, five Audit Committee Meetings were held on April 27 , June 26 , September 27, November 23 in the calendar year 2023 and on March 20 in the calendar year 2024. 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
Shri Rajesh Kumar	Chairperson	5	5	100%
Dr. Renuka Mishra (upto 04.09.2023)	Member	2	1	50%
Ms. Mukta Shekhar From 04.09.2023 to 19.09.2023)	Member	0	NA	NA
Shri Pankaj Gupta (upto 24.11.2023)	Member	4	4	100%
Shri Rajeev Singh (from 30.12.2023 to 08.03.2023)	Member	0	NA	NA
Shri K Ravishankar (w.e.f 08.03.2023)	Member	1	1	100%

## B. NOMINATION & REMUNERATION COMMITTEE

During the year 2023-24 One Meeting of the Committee was held on 27th September 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
Shri Rajesh Kumar (Chairman w.e.f 26.01.2023)	Chairperson	1	1	100%
Dr. Renuka Mishra (upto 04.09.2023)	Member	0	NA	NA
Ms. Mukta Shekhar From 04.09.2023 to 19.09.2023)	Member	0	NA	NA
Shri Pankaj Gupta (upto 24.11.2023)	Member	1	1	100%
Shri Rajeev Singh (from 30.12.2023 to 08.03.2023)	Member	0	NA	NA
Shri K Ravishankar (w.e.f 08.03.2023)	Member	0	NA	NA

### Remuneration of Directors

Sitting fees of Rs. 5000/- per meeting of Board and Rs.3000/- for Audit Committees is fixed to the Independent Director for attending meetings of the Board and Committees. Conveyance for attending Board/ Committee Meetings is reimbursed by the Company as per actuals Rs. 500/- is reimbursed to the Director using personal conveyance for attending the meeting.

The details of remuneration of whole time Director & Independent directors is Nil, since Company has no whole time director & Independent Directors during the financial year ended 31.03.2024.

### GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
2020-21	22.10.2021	10:30 A.M..	Registered Office at No. 59, Bellary Road, Bangalore - 560032
2021-22	28.09.2022	12:30 A.M.	As above
2022-23	29.09.2023	09:30 A.M	As above

Annual General Meeting for the current year is scheduled to be held in the month of October 2024 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 statutory returns for the year 2022-23 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](http://www.hmtmachinetools.com).

\*\*\*\*\*

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

**A. The details of conservation of energy, technology 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.
- 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.
- 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. 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. In-house development of Roll and Camber Grinding Machine Model GRC 55\*2500\*1.2T for grinding of rollers used to make copper foils.
    - iii. 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.

- iv. Developed and supplied first unit of adaptor assembly to BEL, which is used in Anti-Submarine Warfare (ASW) Shallow Water Ship (SWC)

**b) Technology enhancement / upgradation for product development:**

- i. In-house designed, developed and supplied CNC Double column VTL with table Dia. 2500 for BHEL, Trichy with hydrostatic guide ways. This will open new market for 2500 to 3500 mm Double column VTL.
  - ii. Designed and developed CNC Die and Mould Machine centre Table (850 x 450 mm) & load on table 400kgs. The Cartridge type spindle arrangement mounted on RAM for easy dismantling. The Rapid of the axes 30m/min & 20 tool ATC for better efficiency of machine.
  - iii. Designed, developed, and executed a Special purpose machine CNC Bed type Horizontal Milling machine(Y3602). The main features are moving work table, Vertical column with horizontal spindle head and Indexing unit, suitable for slitting of pre-turned sabot component into 3 segments and also 4 segments both over single machine. The Special fixture designed for both 3 & 4 segment components with easy interchangeability. The milling unit consists of milling head housing, Spindle & over arm for supporting milling arbor.
  - iv. Designed and developed, a Special purpose machine CNC Deep hole drilling and boring machine(Y3603). The main features are single tube system (STS) BTA type, fixed work head, moving pressure head & tool head, rotation of both tool and workpiece in opposite direction, material for machining are Titanium, stainless steel, super alloy round bars. Solid drill range are  $\varnothing 40$  to  $\varnothing 125$  mm & counter boring up to  $\varnothing 175$  for component weight of 2000 kg, OD range as  $\varnothing 70$  to  $\varnothing 600$  for 1000 mm drilling length.
- c) Development of existing machines:**
- i. Designed and developed indigenization of new bearing arrangement for Radial Drilling Machine Drill Head.

- ii. In-house developed Rotary Tilting Table for Vertical Machining Centre (VMC-1200)
- iii. Developed Vertical Machining Centre (VMC-TC) with Full Guarding and Chip Conveyor
- iv. Modified fixture design for Y3602 (CNC Bed Type Horizontal Slit Milling Machine) for improved accuracy.

### 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 bagged orders from GTET Cuttack for 20 No's CNC Turning Machines worth Rs.930 Lakhs.

### 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) Development of New variants in Double Column CNC VTLs.
- c) Discussions are going on for manufacturing of Defence and Railways sub-assemblies/Components of BEL, RWF etc.

### 4. Expenditure on R & D particulars (Rs. In Lakhs)

a) Capital	Rs. NIL
b) Recurring	Rs. 122.96
Total	Rs. 122.96

### 5. Total R & D Expenditure:

1.23 % (as % of turnover)

### 6. Technology absorption, adaption and innovation & MoU 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 earnings 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	141.34
2. Outgo of Foreign Exchange (CIF value of imports)	218.97
3. Expenditure in Foreign currency on account of travelling	Nil
4. Currencies on account of Royalty	Nil
5. Know-how / Professional Fees, Interest and other matters	Nil





**FORM NO. AOC.2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**From 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 provision there to**

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(S) of the related party and nature of transactions not at arm's length basis
  - (b) Nature of contracts/arrangements/transactions: Not Applicable
  - (c) Duration of the contracts/arrangements/transactions: Not Applicable
  - (d) Sailable 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) 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 provision 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) Sailable terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - (e) Date(s) approval by the Board: 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  
Date: 25th October 2024

(Rajesh Kohli)  
Chairman & Managing Director (Additional Charge)

FORM NO. MR 3

**SECRETARIAL AUDIT REPORT FOR  
THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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

To  
The Members  
HMT Machine Tools Limited  
No. 59, Bellary Road, Bangalore, Karnataka, India – 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 bearing CIN: U02922KA1999GOI025572 having its registered office at No. 59, Bellary Road, Bangalore – 560032, (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 thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 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 March 31, 2024, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder – Not applicable to the Company, as it is an unlisted public company.

- (iii) The Depositories Act, 1996 and the Regulations and byelaws framed thereunder – Not applicable to the Company, as company's equity shares are maintained in physical form during the audit period under review.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings, if any.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure

compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company held no such events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

In general, it was observed that the Company, being a Government Company and subject to audit by the Comptroller and Auditor General of India, is maintaining all the required records properly and have established systems and procedures for complying with various applicable laws.

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. 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.

For S Kedarnath & Associates

Swayambhu Kedarnath  
M. No.: F3031 | CoP No.: 4422  
ICSI FRN: S2010KR128100  
ICSI PRN: 1437/2021  
ICSI UDIN: FOO3031F001105176

Date: September 02, 2024  
Place: Bengaluru

**This report is to be read with our letter annexed to the secretarial audit report and forms an integral part of the report.**

## **ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY COMPANY SECRETARY IN PRACTICE**

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

Our report 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc. The compliance under the industry specific laws were examined based on the list of applicable laws provided by the company
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S Kedarnath & Associates

Swayambhu Kedarnath

M. No.: F3031 | CoP No.: 4422

ICSI FRN: S2010KR128100

ICSI PRN: 1437/2021

ICSI UDIN: FOO3031F001105176

Date: September 02, 2024

Place: Bengaluru

**ADDENDUM TO SECRETARIAL AUDIT REPORT FOR THE YEAR 2023-24 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

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 made 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	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.	The company is incurring losses for several years, and hence unable 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: 25th October 2024

(Rajesh Kohli)  
Chairman & Managing Director  
(Addl. Charge)  
DIN: 10333951

**CERTIFICATE OF CORPORATIVE 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 31<sup>st</sup> March, 2024, 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 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) Default in timely payment of employee related statutory dues

We further state that such compliance is neither an assurance as to 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

(J.Ullas),

Partner , M.No. 016397

Place: Bangalore

Date: 10.09.2024

UDIN: 24016397BKFE GX1025

**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 also been Circulated to the Board Members and the Senior Management Personnel of the company; and, All Board members, and the Senior Management Personnel have affirmed compliance of the said code of Conduct , for the year ended March 31, 2024

Place : Bengaluru

Date : 25<sup>th</sup> October 2024

Sd/-

(Rajesh Kohli)

Chairman &amp; Managing Director

(Addl. Charge)

DIN:10333951

## REVISED INDEPENDENT AUDITORS REPORT

**(ISSUED CONSEQUENT TO PROVISIONAL COMMENTS BY DIRECTOR, CAG VIDE NO. DGCA/A/c/DESK/2023-24/HMT(MT)/1.31/518 DATED 18.09.2024 CONSIDERING CERTAIN MATTERS TO INCLUDE IN OUR REPORT BASED ON THE REPORTS OF THE BRANCH STATUTORY AUDITORS INCLUDING REVISED INDEPENDENT AUDIT REPORTS PERTAINING TO HMT Machine Tools Limited Bangalore Unit, HMT Machine Tools Limited Hyderabad Unit and HMT Machine Tools Limited Pinjore Unit all dated 20.09.2024 AND THIS SUPERCEDES OUR INDEPENDENT AUDITORS REPORT ISSUED ON 02.08.2024)**

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, 2024**, 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, 2024**, and its loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion (for HMT Machine Tools Ltd – all divisions except Machine Tools Division, Hyderabad for which disclaimer of opinion has been expressed by the Branch Auditor). Basis of disclaimer opinion is disclosed after this 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. 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.
- b. No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund due to the appropriate authorities as at March 31, 2024, 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 March 31, 2024. We are unable to express an opinion on the impact of this non-provision on the financial statements. Page 2 of 13
- c. According to the information provided to us and as per the GST Common portal, the unit has filed GSTR-3B returns for all the months from April 2023 to March 2024. But, the amounts are subject to GST reconciliation for the said period.
- d. The Unit has notified the returns in case of the following Statutory Liabilities:- I. TDS/TCS not filed for the period from April 2023 to March 2024. i.e. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the 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 financial statements. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion
- e. (C&AG Comment) Other Income - Rs 780.99 lakh - Recoveries from Staff/ Others Rent received – Others Rs 528.24 lakh This includes Rs 254.24 lakh, which was erroneously accounted for the year 2023-24 as part of other income, instead of accounting under Liabilities as on 31st March 2024. HMT MTL received Rs.300 lakh (excluding GST and Income Tax TDS) during July 2023 to October 2023 as non-refundable facilitation fees towards Robotic and Autonomous System (RAS) received from ARTPARK (I-Hub for Robotics and Autonomous Systems Innovation Foundation) for a period of 4 years and 11 months (from the agreement date) as part of the Collaboration Agreement executed on 4th July 2023 between HMT MTL and ARTPARK for leasing (operating lease) the premises (5 acre land) of HMT Ltd located in MBX unit. Thus, the amount of Rs. 300 lakh was received for a period of 59 months (4 years and 11 months) and an amount of Rs 45.72 lakh (Rs 300 lakh/59 months = Rs 5.08 lakh per month X 9 months from July 2023 to March 2024 = Rs 45.72 lakh) only should have been included as part of Other Income for the year 2023-24. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs 254.24 lakh.
- f. (C&AG Comment) Statement of Profit and Loss for the year ended 31st March 2024 - Revenue from operations Rs 1,668.02 lakh. This includes Rs 334.89 lakh, being the value of Sales invoices accounted in the month of March 2024 (F.Y. 2023-24) raised by HMT MTL MBX unit, Bengaluru on its customers.

However, as per the records, e-way bills for the said invoices were issued during the period April 2024 to June 2024 (F.Y. 2024-25). As per the requirements of IND AS 115 – Revenue from Operations, even though the invoiced products were dispatched against the e-way bills during the period April 2024 to June 2024 (F.Y. 2024-25) by MBX unit, the sales were erroneously accounted in the month of March 2024 (F.Y. 2023-24) itself instead of F.Y. 2024-25. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs.334.89 lakhs

**2) MTA, Ajmer: NIL**

**3) MTA, Ajmer: NIL**

**4) MTP Pinjore**

- a. The unit has not written off the customs refund claim of Rs. 8.78 lakhs which is pending since 1987 as informed by the management. However, the unit has made provision against the same to the tune of Rs. 8.78 Lakhs. The unit has not obtained any information from the customs 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 that the refund shall be received by the unit, 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 is pending since 2007 as informed by the management. However the unit has made the provision against the same to the tune 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 shall be received the unit, accordingly this custom refund should be written off.
- c. 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 2024. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up by 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”

- d. (C&AG Comment) HMT Machine Tools Limited, Pinjore Unit recognized revenue of Rs. 1.54 crore in respect of goods which were delivered at customers’ premises in 08.04.2024 and 12.04.2024. Accounting of Rs. 1.54 crore as sales without reaching the customers destination has resulted in overstatement of revenue from operations and understatement of loss by Rs. 1.54 crore. This accounting treatment is in contravention to IND AS 115 and the Company’s own accounting policy.

**5) MTH Hyderabad -NIL**

**6) MTK, Kalamassery**

- a. As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be recognized 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 there are certain FOR (customer premises) contracts at the year end. Though the invoices in respect of the eight contracts were raised on or before 31 March 2024, the risk and reward of ownership was not transferred before 31 March 2024 as the machines were received at customers site after 31 March 2024. 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 Rs.1,33,68,730/-.
- b. Notes No.10 Other Assets include Rs. 1,59,61,090/- being ADHOC-ADVANCE (APRIL 2019)-PS and Rs. 1,31,34,286/- being ADHOC-ADVANCE (APRIL 2019)-WG disclosed under Advance to Suppliers/Employees Including Advance No. III – considered good. This is monthly ad hoc payment to the employees of HMT



Machine tools Ltd vide office order NO021(M)/19 dated 30th September 2019. The payment was made pursuant to approval of Administrative Ministry vide letter No 1- 0501/3/2019+P.E.X(E198595) dated 19th September 2019, where the employees of HMT Machine tools Limited has been paid an additional monthly ad hoc amount equal to 10% of the running Basic Pay plus dearness allowance of the month, with effect from 1st April 2019 (HMT Machine tools Limited made profits during 2018-19 ). The ad hoc payment attracts Income Tax. Further the ad hoc payment made was not adjusted while settling retired employees. We are of the opinion that this is in the nature of expenditure and should be charged to the Statement of Profit and loss account, as this is an employee benefit payment for which Income tax is applicable. Had it been an advance, it should have been deducted while settling retired employees. Hence, Other Assets are overstated to this extent. **(Note: Necessary rectification entry has been passed in Machine Tools Directorate Books.)**

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

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

As per memorandum of Association of HMT Machine Tools limited, under Clause III A, The Main object to be pursued by the company or 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.

- d. Margin money deposits amounting to Rs. 84,97,769/- has been classified as other bank balances. Out of the total margin money deposit, amount of Rs. 24,64,346.00/- are subject to confirmation and reconciliation, the consequent effect on the financial statement is unascertainable.
- e. The Unit has provided interest on MSME on a 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, the unit has taken 45 days as the minimum days for calculation of MSME interest.

**7) PTH, Hyderabad: NIL**

**8) MTM, Bangalore: NIL**

#### **Disclaimer of Opinion : MTH Hyderabad**

We have audited the accompanying financial statements of HMT Machine Tools Limited, **Hyderabad Division** (including the Foundry division and Press division) (“the Company”) (“the HMT Hyderabad”) (“the division”), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, (including other comprehensive income), Statement of Changes in Equity and Cash Flow Statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information hereinafter referred to as “Ind AS financial statements” or “financial statements”.

We do not express an opinion on the accompanying financial statements of the Division. Because of the significance of the matters described in the Basis of Disclaimer Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Disclaimer of Opinion for the year ended March 31, 2024.

1. **Property, Plant, and Equipment:** According to the information available to us, the Division has immovable property transferred to it on lease from the Government of India, but it is not in compliance with IND AS 116 as the lease deeds were not provided. With reference to Note 3A of the financial statements, the Division charges 100% of its cost to depreciation over the useful life of the asset with a residual value of Rs. 1. Upon examining the asset register, we noticed that the dates of purchase of the assets were not available, which raises doubts about the remaining useful life of these assets. However division following this as per instructions given by head office
2. **Capital Work in Progress:** We draw an attention to Note 3B of the financial statements which discloses capital work in progress (CWIP) of Rs.1,10,00,000. During the course of audit, no details in respect of CWIP provided. In the absence of the details of the same, we are unable to form an opinion on the existence, completions and valuation of the Capital Work in Progress.
3. **Inventory Valuation:** We draw attention to Notes 5 and 25 of the financial statements. The division disclosed its inventory at Note No.5 Rs.37,12,74,054 for the year ending 31.03.2024 (Pr.Year: 39,05,51,467) for which we were unable to obtain sufficient and appropriate audit evidence regarding the existence, title, and value of the inventory as on that date. Further, during the year under consideration, a provision against non-moving inventories made of Rs.1,19,86,909 and charged to the profit & loss account under "Other Expenses - Note No.25" which carrying the total provision made for the year ending 31.03.2024 is of Rs.4,82,89,601 (Pr.Year 3,63,02,692) disclosed under Note No.5. There is no base is provided except the system generated report, due to which we are unable to form an opinion on the correctness of the provision made against the non-moving inventories.
4. **Trade Receivables:** We draw attention to Note 6 of the financial statements, which discloses trade receivables amounting to Rs.35,51,88,038 (Pr. year Rs.32,80,05,797). Customer-wise balance confirmations were not provided for the year ended March 31, 2024. In the absence of confirmation letters from customers, we are unable to confirm and satisfy ourselves regarding trade receivables. Additionally, customer-wise and transaction-wise ageing of trade receivables was not produced for audit. Consequently, we are unable to confirm the ageing of trade receivables as disclosed in Note 6A.
5. **Allowance for Credit Loss:** We draw attention to Notes 6, 6A and 25 of the financial statements in respect of allowance for expected credit loss against the Trade Receivables. During the year ending 31.03.2024 an amount of Rs.69,68,182 (PY.Rs.1,74,34,928) is charged to the profit & loss account on account of 'allowance for expected credit loss' under Note No.25 "Other Expenses". The total amount (provision) of 'allowance for expected credit loss' is carrying at Note No.6 is Rs.22,79,77,008 (Pr. year Rs.22,10,08,826). The division fails to justify the provision made for 'expected credit loss' against the Trade Receivables and for the carrying amount as at the year end. Therefore, we are unable to form an opinion on whether the provision made during the year for 'expected credit loss' and the carrying amount for 'expected credit loss' is sufficient.
6. **Other Current Assets:** We draw attention to Note 9- "Other Current assets" of the financial statements, the division disclosed the advances given to the suppliers and employees which amounting to Rs.6,97,85,415 (PY Rs.7,37,82,623). The division fails to maintain the

details of the suppliers & employees to whom the advances given which is the primary responsibility of the division in maintenance of the accounting records. In the absence of the same we are unable to form an opinion on the same. Additionally, the division provided a provision for 'impairment of doubtful advances' against these suppliers and employees advances which amounting to Rs.2,08,15,692 (Pr. year Rs.2,08,15,692). The division fails to justify the provision made against the supplier and employees advances. Consequently, we are unable to comment on the same.

**7. Borrowings & Other financial liabilities:** We draw attention to Note 13.B and Note 15 of the financial statements, which discloses that the Division availed a term loans from the Government of India amounting to Rs. 90,73,05,000 (PY Rs.90,73,05,000) with interest accrued and due disclosed in the Note No.15 amounting to Rs.130,98,82,874 (PY. Rs.1,15,98,29,947) respectively. Additional information regarding the security and terms of repayment was not provided or disclosed in the financial statements. Due to non-disclosure of required information which is a violation of Schedule III. Further, we are unable to form an opinion on the current and non-current portions of the liability disclosed under Other Financial Liabilities. Additionally, we are unable to conclude the position of these loans as no third-party confirmation was provided for the audit except a letter from head office showing interest and principle amount outstanding.

**8. Trade payables:** We draw attention to Note 14 of the financial statements, which discloses the amounts due to vendors amounting to Rs.24,50,18,324 (Pr. Year Rs.21,17,65,745). In the absence of confirmation letters from vendors, we are unable to confirm and satisfy ourselves regarding trade payables. Further, the following amounts included in the 'Trade payable under Note No.14' that have remained static / continuing compared to the previous year without justification:

- Liability of OSL Expense: Rs.5,96,88,819

- Hyderabad Metro Water: Rs.8,18,37,775
- Liability for SCR Expense: Rs.79,70,164

In the absence of which we are unable to form an opinion the same.

With reference to the amount disclosed in Note No.14A of the financial statements which Discloses of 'amounts due to Micro enterprises and small enterprises' of the division as per MSMED Act,2006. Division has not been provided the recognition criteria for MSME vendors for the purpose of our audit, which rise doubt on the correctness of the disclosure given in financial statements. Additionally, vendor-wise and transaction-wise ageing of trade payables is not provided to confirm the ageing of trade payables as disclosed in Note 14B.

**9. Revenue received in advance:** We draw attention to Note 16 of the financial statements under 'Other current liabilities' which includes 'revenue received in advance' amounting to Rs. 10,45,70,143 (Pr.Year Rs.10,33,72,324). The division fails to provide the details of the amounts received from the respective customers, and their confirmation letters. In the absence of the same, we are unable to form an opinion on the same.

**10. Statutory dues:** We also draw attention to the same Note No. 16 of the financial statements under 'Other liabilities' which includes 'statutory dues' amounting to Rs.69,96,09,510 (Pr.Year.Rs.67,36,07,948); "Withholding of Taxes and Other Tax Payables" amount to Rs.2,37,35,260 (Pr.Year. Rs.3,69,97,253). Significant portion of these amounts are due from earlier years. The division has not been provided the timelines for the amounts due to various statutory authorities, and any assessment orders for the said dues. Consequently, we are unable to form an opinion on these amounts.

**11. Other Liabilities:** We further also draw an attention to the same Note 16 of the financial statements, 'Other liabilities' includes following liabilities:

- Miscellaneous Recoveries : Rs. 1,20,89,855

- Advance Received Against Rent : Rs.25,93,974
- SCR Expenses : Rs. 52,69,152

The division has not been provided the details of the parties to whom these amounts are payable / due and the confirmation letters from the respective parties. Consequently, we are unable to form an opinion on these amounts.

**12. Other expenses:** With reference to Note 25 of the financial statements - 'Other expenses' which includes PF Trust Loss Rs.1,25,00,000 (Pr.year Rs.1,25,00,000). For the same, the division explained that the Division had opted to pay Provident Fund to its Trust but has defaulted in payment of contribution to the PF trust. Consequently, the Division has shared a loss of Rs. 1,25,00,000/- incurred by the PF Trust due to this default. This amount is carried to the Balance sheet under Statutory dues and disclosed in 'Other Current liabilities' at Note No.16. The division has not been provided any basis for said amounts. Consequently, we are unable to form an opinion on the amounts charged to the Statement of Profit and Loss and carrying to the balance sheet under liabilities.

**13. Contingent liabilities:** We draw attention to Note 26 of the financial statements, which discloses contingent liabilities related to pending litigations and various cases against the Division. We are unable to assess the reliability of these disclosures in the financial statements, nor can verify the status of the litigations and cases presented. Consequently, we are unable to measure the impact of these contingent liabilities on the financial statements, as the current status of many cases could not be tracked due to insufficient information. **Emphasis of Matter**

#### **1. MBX, Bangalore:**

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. Page 3 of 13 2. As informed to us, a portion of the land used for the 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 March 31, 2024, 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 procedures, 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. 3. 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. Our opinion is not modified in respect of these matters.

#### **2. MTA Ajmer:**

We draw attention to the following matters in the Notes to the IND AS Financial Statements :

- a. We are unable to comment on the applicability of AS – 116 to the unit since the required information are not made available to us.
- b. Short term provision includes ad-hoc wages / salary revision Rs. 741982/- 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.
- c. The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 2,26,07,112/- 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.

- d. 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. Details depicted in Schedule-1
- e. 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. Instances of the same are shown in Schedule-2.
- f. Under 'Other Current Liabilities', security deposit have been taken from the parties long back and no transaction has taken place since long time. Instances of the same are depicted in Schedule-3,4.
- g. In the absence of confirmations from the Debtors, Creditors and Advances, the consequential effect on the financial statement is not ascertainable.
- h. The Unit is paying Interest on late payment of its Statutory Dues. The same status was prevailing in previous years also. Break-up of Interest paid during the year is narrated at Schedule-5. It is informed to us that the Unit is facing financial crunch since long.
- i. Unit has not reversed GST Input for those supplies and services, the payment of which are outstanding as on 31.03.2024 for more than 180 days. The amount involved is Rs.462361/. The ITC balance shown in the assets side of Balance sheet could not be verify from the annual return of GST as time of filing the return is up to 31.12.2024 hence accepted as per entries shown in Balance sheet as on 31.3.2024
- j. 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.
- k. 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.
- l. Dividend is declared or paid at H.O. level ,hence provision of section 123 of the Companies Act, 2013 are not applicable to Ajmer Unit.
- m. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is available to the Company with effect from April 1, 2023 and accordingly , reporting under Rule 11(g) of Companies (Audit and Auditors ) Rules, 2014 is not applicable for the financial year ended March, 31, 2023.
- 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: NIL**

**4. MTH, Hyderabad:**

**5. MTK Kalamassery:NIL**

**6. PTH – Praga Tools Hyderabad**

We draw attention to the following matters in the Notes to the Standalone Financial Statements:

- a. Note No.1 Property, Plant & Equipment Rs.2,66,97,241/-, the Division has not determined the "Impairment Loss" under IND As36.
- b. Note No.2 Other Financial Assets-Rs.60,58,847/- details of such deposits are not made available and are subjected to confirmation of balances.
- c. Note No.4 Trade Receivables Rs.5,57,30,991/- are subject to balance confirmation, further it includes an amount of Rs.4,63,19,311/- which are more

- than “3” financial years and Division had considered Rs.96,29,773/- as doubtful. However provision has not made during the FY 2023-2024.
- d. Note No. 9 Current Liabilities includes Sundry Creditors/ Trade Payables are not segregated & Compiled, further they are subject to reconciliation and confirmation.
- e. Note No. 10:- Other Financial Liabilities-Rs.82,56,77,737/-, in respect of Government of India Interest accrued and outstanding GOI Loans Due, (which included interest accrued and due Rs.49,37,27,948/-), standalone financial statements regarding preparation of the financial statements of the Company on a going concern basis, notwithstanding the fact that the Company had incurred losses during the 2022-2023 and continued to incur the losses for the year 2023-2024, primarily to due to the lower volumes, finance costs, and other incidental losses due noncompliance of PF payment and other statutory payments within the due dates. Further the company’s Management is confident of increasing its turnovers and also a detailed assessment has been prepared about the liquidity position for the coming financial years, further it is confident of recovery of old dues (Long outstanding receivables). Further based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. Having regard to the aforesaid, the standalone financial statements presently have been prepared on the basis that the Company will continue as a going concern and hence no adjustment have been made to the carrying values(including adjustment on account impairment of assets) or classification of assets and liabilities.As per the managements reply the Company will continue to monitor closely any material changes arising of future economic conditions and its impact on business.
- f. Note No. 10:-Attention is invited with respect Other Financial Liabilities-Rs.82,56,77,737/-), Government of India Loans are past overdue and hence they have been recognized as the Current Liabilities.
- g. Note No.11 Other Current Liabilities Rs.53,01,15,622/- which includes an amount of Rs.51,83,58,287/- show as other liabilities, which includes Rs.33,50,99,521/- Payable to PF Trust, Rs.14,77,10,666/- to Gratuity Trust Settlements which are long outstanding and further provision has not been made for the penal interest on delayed payments.
- h. Note No.11 Other Current Liabilities Rs.53,01,15,622/- which includes an amount of Rs.51,83,58,287/- show as other liabilities-which includes Rs.1,07,86,763/- Advances from Customers, Balance confirmations are not received.
- i. Note No. 19 Finance Cost Rs.6,25,83,187/- which includes provision of Rs.6,01,59,692/- towards Interest payable to GOI, which has not been served during the FY 2023-2024.
- j. Note No. 20 other expenses includes an amount of Rs.2,49,34,644/- Loss Sustained by PF Trust due to non-compliance of Provision of PF Trust.
- k. Division has not reconciled the balance balances in GST Portal with the GST Returns filed, further provision for interest liability, Late Fees & Penalty has not made for the delay in payment.
- l. Division is not maintaining the books of account on day to day basis as evidenced from our verification of transactions posted to suspense head and later modifying them without proper authorization.
- m. We have identified Delay/non fillings of GST returns under GST Act’ 2017, TDS returns under the Income Tax Act’ 1961, Profession tax Act’ 1987 which has resulted into payment of interest and penalties.

## 7. MT Marketing, Bangalore -

## 8. MTD Directorate Bangalore

HMT Ltd has waived off Interest for the FY 2023-24 amounting to Rs.1,544.11 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 2024, total revenue of Rs.17,065.16 Lakhs (out of Rs.17,503.86 for HMT Machine Tools Ltd) for the year ended 31st March 2024, 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 NIL

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

### 3) MTP Pinjore

- a. 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.
- b. Some of the 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. d. 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. Certain matters relating to earlier years which were the matter of qualifications in the supplementary audit report on the financial statements for the year ended March 31, 2023 by Indian Audit and Accounts Department, continue to remain unsolved as at March 31, 2024 and no corrective actions has been place which are stated below:
  - i. The division has made a provision of Rs.1,16,57,635/- towards the inventory under



Work in Progress (WIP). The provision has been lying in the books of accounts for more than two decades. In consideration of audit observation during the year 2021-22 to review the provision and make necessary entries, the division has formed a committee vide resolution ref: GTM(MTH&PTH)/2024-25 in the present financial year for which corrective actions would be taken.

- ii. The division has made an excess provision of Rs.1.41 crores (actually made Rs.2.46 crores required Rs.1.05 crores) on account of Non-moving Raw material, Stores and Spares and Tools up to year ended 31st March 2023. This is also in contradiction to the Accounting Policy of the Company for non-moving inventories..
- iii. The division has not made a provision for Rs. 56,45,975/- relating to rent receivable from M/s. Joseph Sri Harsha (JSH) for the premises taken on a lease basis from HMT Machine Tools Limited. As the rent receivable relates to the period 2014 and the recovery is doubtful.Division has disclosed the amount of Rs.25.21 crores under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to property tax payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township and it is a clear liability. However the division had disclosed under contingent liability for Rs.23,71,25,882 in the financial year 2022-23.
- iv. Division has disclosed the amount of Rs.23.71 crores under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to property tax payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township and it is a clear liability.

However, the division has not disclosed current year arrears of Rs.8.26 crores under contingent liabilities also. The total liability of Rs.32.63 crores (including up to previous years) has not recognised in Division's Profit & Loss of account

that resulted in underestimation of loss for Rs.32.63 crores.

- v. Division has not provided for the clear liability of Rs.12.31 crore under "Expenses" head relating to water and sewerage charges bill raised by Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) for supply of water, instead shown Rs.1,24,59,308/- crore under contingent liability.
  - vi. Audit observed that the division has disclosed the amount of Rs.1,16,13,948/- crore under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to minimum charges and surcharge payable to TSSPDCL for drawl of power and it is a clear liability.
2. 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.
  3. Substantial delay / non filings have been noticed in timely compliance with Income Tax Act, 1961 (as amended), Telangana Tax on Profession, Trades, Callings and Employment Act, 1987 (as amended) and The Provident Act, 1925 (as amended) and Miscellaneous laws 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.
  4. Material Uncertainty Related to Going Concern: We draw attention to the "Material Uncertainty Related to Going Concern" paragraph in our report. We are unable to form an opinion in this regard. Due to the significant matters described above, we do not express an opinion on the financial statements. We believe that sufficient audit evidence has not been obtained regarding material misstatements in the financial statements, which we consider to be pervasive.

**2) MTK Kalamassery : NIL****3) PTH Hyderabad: NIL****4) MTM Bangalore : NIL****5) MTD Bangalore :(Including all units)**

- 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

**Report on Other Legal and Regulatory Requirements:**

1. As required by section 143(3) of the Act, based on our audit, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as 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. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule 2014, 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 its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loan 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 land or invest in other persons or entities identified in any manner what so ever 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 its knowledge and belief, other than as

disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies) including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly land or invest in other persons or entities identified in any manner what so ever 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) contained any material misstatement.

- vii. No dividend was declared or paid during the year by the Company
- g. Based on the verification of various accounting software maintained by the company including in the units covered by this report it is confirmed that audit trial feature is not enabled during FY 2023-24
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:24016397BKFEFN8867**

**Date: 20.09.2024**

## 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, 2024** 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.

### **Disclaimer Opinion – HMT – Hyderabad**

In our opinion and according to the information and explanations given to us and based on our audit the division has material weakness as per Basis of Disclaimer of Opinion and Other Matter paragraphs mentioned in our report.

### **Qualified Opinion**

In our opinion, to the best of our information and according to the explanations given to us, two divisions viz., **1) HMT-Hyderabad (Disclaimer Opinion as above) & 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 31<sup>st</sup> 2024 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 PTH, Praga Tools Hyderabad**

- i) The company did not have adequate appropriate internal controls for reconciling inventories resulting into im-proper update to the financial books, physical verification of inventory and Fixed Assets, obtaining balance confirmation from sundry debtors, sundry creditors and other parties.
- ii) Incurring cash losses from more than “3” years, not able to serve the Govt. Of India loans
- iii) This could potentially result a meterial weakness, in financial reporting process of debtors, creditors and other parties.
- iv) Delay in filing TDS returns. GST returns, with respect to filing of Monthly returns/quarterely returns has resulted into various penalties.

### **B. In respect of the whole Company:**

- i) Non reconciliation and non confirmation of Trade receivables, trade payables balances, deposits ,Advance Recieved against Sales account, EMD Recieved and Paid A/c and other 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
- iv) Need effective centralised management control over computerisation, accounting and inventory system with proper staffing of accounts dept at units and Directorate.

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 2024, 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 2024, 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:24016397BKFEFN8867**

**Date: 20.09.2024**

## 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 31<sup>st</sup> March 2024

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:

i) (a) (A) In our opinion, the Company is maintaining proper records showing full particular including quantitative 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:

(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 the Roads measuring approximately 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As at March 31, 2024, 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 property was transferred to division on the basis lease for which mutilation of lease deed has not been conveyed and registered in the name of 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	Gross	Held in	Whether	Period held-	Reason
Property	carrying value	name of	promoter, director or their relative or employee	indicate rage, where appropriate	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	(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 31.03.2024
Provident Fund	28,21,06,980	26,86,06,393
Pension contribution & Administration Charge	2,26,60,142	2,14,61,575
Gratuity	13,56,83,865	12,84,24,180
Property Tax	6,36,17,471	6,11,17,471
<b>Total</b>	<b>50,40,68,458</b>	<b>47,96,09,619</b>

**MTA Ajmer:**

On the basis of examination of the books of accounts, outstanding statutory dues of Gratuity as on 31/03/2024 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 amount relates	Amount (Rs.)
GST Act, 2017	GST	2022-2024	1057684
Income Tax Act,1961	TDS Defaults	2015-2024	3807448
Employee Provident Fund	ESI	2022-2024	395987
Employee Provident Fund	Pension and EDLI	2019-2024	7268226
Employee Provident Fund	EPF	2016-2024	201204863
Professional Tax	Professional Tax	2016-2024	1139700

**MTK Kalamassery:**

Sr. No.	Nature of Dues	Amount Rs.
1.	Provident Fund,	20958313
2	GST TDS	8199365
3	Forest Development Tax	97761
4	Income Tax TDS	321372

**MTP Pinjore:**

Sr. No.	Nature of Dues	Amount (Rs. In Lacs)
1.	Provident Fund, Pension, VPF, CPF and loan incl. terest	2780.90
2.	Gratuity	1018.24

**PTH, Hyderabad:**

Sr.No	Nature of dues	Amount (Rs.in lakhs)
1	Provident Fund, ESIC, and employee benefits	513.90
2	GST	35.55
3	ESIC	1.51
4	TCS, TDS	5.47
5	Pension	59.92

**MTMKTING , Bangalore**

Sl. No	Nature of Dues	Amount (Rs.in lakhs)
1.	Provident Fund, Pension, VPF, CPF and Loan including 7Q Interest and loss to PF Fund	112.34
2.	Gratuity including Interest	324.91

(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
Disputed							
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	
	<b>Sub Total</b>						<b>2724.59</b>

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
		<b>Sub Total</b>				<b>139.00</b>	

3	Property Tax/ Revenue					2253.59	High Court of Karnataka
		<b>Sub Total</b>				<b>2253.59</b>	

4	Code of Civil Procedure	1				20.00	Commercial Court
		<b>Sub Total</b>				<b>20.00</b>	

5	Code of Civil Procedure	Case No 53054/16 and WP.27796/14	36	13.57	0	13.57	High Court of Karnataka
		<b>Sub Total</b>				<b>13.57</b>	
		<b>TOTAL Disputed</b>				<b>5150.75</b>	

**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	2,13,54,611/-	A.Y 2008-09	High Court of Kerala.

- 8) 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).
- 9) 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	Amount not paid on date	Due date	Actual Payment date	Delay
June 2023	Cash Credit A/C	Uco Bank, KG Road, Bangalore – 560009	3,78,722	30-Jun-23	03-Jul-23	3 DAYS
October 2023	Cash Credit A/C	Uco Bank, KG Road, Bangalore – 560009	6,16,532	31-Oct-23	06-Nov-23	6 DAYS

**MTL 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	53,145.05	87,997.85

- 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 2023-24 | FY 2022-23 |
|----------------------------|------------|------------|
| Cash Losses (Amt in Lakhs) | 14,919.91  | 12,540.21  |
- 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:24016397BKFEFN8867**  
**Date:20.09.2024**

## 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 Tally and other software and the accounting transactions outside IT system have also been integrated which does not have financial implications. However MTK Unit needs to replace outdated Oracle System which is being used. In MTH, Praga Tools 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 **"except a waiver of interest of Rs.1544.11 lakhs against interest due to holding**

**company M/s HMT Limited during FY 2023-24"**, even though the Company has been continuously defaulted in repayment of loans and carrying old outstanding loans from Government of India and from HMT Limited, Holding Company.

3. Whether funds (grants/subsidy etc) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ 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 2023-24)\_ which includes:

- Rs.152 lakhs of Department of Heavy Industries grant (Received in March 2021)
- Rs.15.2 Lakhs contribution by HMT MTL Ltd
- 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.102.08 Lakhs has been utilised as at 31st March 2023 and Rs.19.27 Lakhs has been utilised during FY 2023-24 and balance of Rs.72.59 (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: 0046055

CA J. ULLAS  
PARTNER

Membership No: 016397

UDIN:24016397BKFEFN8867

Date:20.09.2024

## QUALIFIED OPINION OF STATUTORY AUDITOR'S AND MANAGEMENT REPLIES

<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<b>MBX, Bangalore</b>	
<p>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: -</p> <p>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.</p>	<p>Unit will submit all the documents to Branch Auditor evidencing the compliance of Ind AS 2, during the Audit for the FY 2024-25. Unit will also ensure that physical verification of stock is done at regular intervals.</p>
<p>b. 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 March 31, 2024, 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 March 31, 2024. We are unable to express an opinion on the impact of this non-provision on the financial statements.</p>	<p>The unit has made provision for liabilities where ever the demand is raised by the authorities. Necessary action will be taken in FY 2024-25.</p>
<p>c. According to the information provided to us and as per the GST Common portal, the unit has filed GSTR-3B returns for all the months from April 2023 to March 2024. But, the amounts are subject to GST reconciliation for the said period.</p>	<p>The Unit has filed GSTR 3B returns duly complying the rules. If any short comings are noticed, the same will be attended during GST Audit.</p>
<p>d. The Unit has notified the returns in case of the following Statutory Liabilities: - I. TDS/TCS not filed for the period from April 2023 to March 2024.</p>	<p>The same has been noted and unit will be advised to file the return during 2024-25</p>

<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<p>d-1. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the 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 financial statements. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion</p>	<p>Confirmation of balances under Trade payables and other liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustments are made wherever required as per management assessment</p>
<p>e. (C&amp;AG Comment) Other Income - Rs 780.99 lakh - Recoveries from Staff/ Others Rent received – Others Rs 528.24 lakh This includes Rs 254.24 lakh, which was erroneously accounted for the year 2023-24 as part of other income, instead of accounting under Liabilities as on 31st March 2024. HMT MT Ltd received Rs.300 lakh (excluding GST and Income Tax TDS) during July 2023 to October 2023 as non-refundable facilitation fees towards Robotic and Autonomous System (RAS) received from ARTPARK (I-Hub for Robotics and Autonomous Systems Innovation Foundation) for a period of 4 years and 11 months (from the agreement date) as part of the Collaboration Agreement executed on 4th July 2023 between HMTMT Ltd and ARTPARK for leasing (operating lease) the premises (5 acre land) of HMT Ltd located in MBX unit. Thus, the amount of Rs. 300 lakh was received for a period of 59 months (4 years and 11 months) and an amount of Rs 45.72 lakh (Rs 300 lakh/59 months = Rs 5.08 lakh per month X 9 months from July 2023 to March 2024 = Rs 45.72 lakh) only should have been included as part of Other Income for the year 2023-24. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs 254.24 lakh.</p>	<p>Rs.3Cr was received as one-time non-refundable felicitation fee. Hence the unit has considered the same as other income for the year itself.</p>



<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<p>f. (C&amp;AG Comment) Statement of Profit and Loss for the year ended 31st March 2024 - Revenue from operations Rs 1,668.02 lakh. This includes Rs 334.89 lakh, being the value of Sales invoices accounted in the month of March 2024 (F.Y. 2023-24) raised by HMT MT MBX unit, Bengaluru on its customers. However, as per the records, e-way bills for the said invoices were issued during the period April 2024 to June 2024 (F.Y. 2024-25). As per the requirements of IND AS 115 – Revenue from Operations, even though the invoiced products were dispatched against the e-way bills during the period April 2024 to June 2024 (F.Y. 2024-25) by MBX unit, the sales were erroneously accounted in the month of March 2024 (F.Y. 2023-24) itself instead of F.Y. 2024-25. This has resulted in the overstatement of Income and understatement of Loss for the year 2023-24 by Rs.334.89 lakhs</p>	<p>For the said sale invoices, the Unit received the full consideration before 31st March 2024 and inadvertently the Unit has accounted for the Sales during the year 2023-24 itself. The observation is noted, and necessary action will be taken to avoid such discrepancies in the future.</p>
<b>MTP Pinjore</b>	
<p>a. The unit has not written off the customs refund claim of Rs. 8.78 lakhs which is pending since 1987 as informed by the management. However, the unit has made provision against the same to the tune of Rs. 8.78 Lakhs. The unit has not obtained any information from the customs 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 there fund claim, as there is no certainty that the refund shall be received by the unit, accordingly this custom refund claim should be written off.</p>	<p>Provision exists in the books of accounts and approval of competent authority for write off will be sought in year 2024-25.</p>
<p>b. The unit has not written off the claim recoverable (foreign) of Rs. 1.55 lakhs which is pending since 2007 as informed by the management. However the unit has made the provision against the same to the tune 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 shall be received the unit, accordingly this custom refund should be written off.</p>	<p>Provision exists in the books of accounts and approval of competent authority for write off will be sought in year 2024-25.</p>

<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<p>c. 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 2024. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up by 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"</p>	<p>Necessary action will be taken during 2024-25</p>
<p>d. (C&amp;AG Comment) HMT Machine Tools Limited, Pinjore Unit recognized revenue of Rs. 1.54 crore in respect of goods which were delivered at customers' premises in 08.04.2024 and 12.04.2024. Accounting of Rs. 1.54 crore as sales without reaching the customers destination has resulted in overstatement of revenue from operations and understatement of loss by Rs. 1.54 crore. This accounting treatment is in contravention to IND AS 115 and the Company's own accounting policy.</p>	<p>Audit observation Noted. Company will ensure compliance of IND AS 115 during the FY 2024-25.</p>
<b>MTK, Kalamassery</b>	
<p>a. As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be recognized 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 there are certain FOR (customer premises) contracts at the year end. Though the invoices in respect of the eight contracts were raised on or before 31 March 2024, the risk and reward of ownership was not transferred before 31 March 2024 as the machines were received at customer's site after 31 March 2024. 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 Rs.1,33,68,730/-.</p>	<p>Audit observation Noted. Company will ensure compliance of IND AS 115 during the FY 2024-25.</p>

<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<p>b. Notes No.10 Other Assets include Rs. 1,59,61,090/- being ADHOC-ADVANCE (APRIL 2019)-PS and Rs. 1,31,34,286/- being ADHOC-ADVANCE (APRIL 2019)-WG disclosed under Advance to Suppliers/Employees Including Advance No. III – considered good. This is monthly ad hoc payment to the employees of HMT Machine tools Ltd vide office order NO021(M)/19 dated 30th September 2019.The payment was made pursuant to approval of Administrative Ministry vide letter No 1- 0501/3/2019+P.E.X(E198595) dated 19th September 2019,where the employees of HMT Machine tools Limited has been paid an additional monthly ad hoc amount equal to 10% of the running Basic Pay plus dearness allowance of the month, with effect from 1st April 2019 (HMT Machine tools Limited made profits during 2018-19 ). The ad hoc payment attracts Income Tax. Further the ad hoc payment made was not adjusted while settling retired employees. We are of the opinion that this is in the nature of expenditure and should be charged to the Statement of Profit and loss account, as this is an employee benefit payment for which Income tax is applicable. Had it been an advance, it should have been deducted while settling retired employees. Hence, Other Assets are overstated to this extent. (Note: Necessary rectification entry has been passed in Machine Tools Directorate Books.)</p>	<p>Corrective action taken in the consolidation at Head Quarters by passing necessary entry charging to Statement of Profit and Loss Account.</p>
<p>c. Land shown in Note No.3A Property, Plant and Equipment and in Note No. 3B Investment Property comprises of 349 Acres as per the statement furnished by the unit.</p> <p>As per the copies of records furnished to us, 781 Acres 26 Cents 266 sq links property was assigned to HMT Limited by Govt. of Kerala in 1973. Out of this 432 Acres 19 Cents and 126 sq Links were surrendered/ gifted/given for various purposes. Balance land in hand is 349 Acres 40 Cents and 140 Sq links. All this land is in the name of HMT Limited and not in the name of HMT Machine Tools limited.</p> <p>As per memorandum of Association of HMT Machine Tools limited, under Clause III A, The Main object to be pursued by the company or its incorporation, in Paragraph 1, it is said as follows:</p>	<p>Due to funds constraints, the mutation of the property not yet done in the name of HMT Machine Tools Ltd.</p>

<b>Statutory Auditor's Qualified Opinion</b>	<b>Management Replies</b>
<p>“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”.</p> <p>No Agreements/deeds or other evidences of takeover, showing the details of assets and liabilities taken over were provided for our verification.</p> <p>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.</p>	
<p>d. Margin money deposits amounting to Rs. 84,97,769/- has been classified as other bank balances. Out of the total margin money deposit, amount of Rs. 24,64,346.00/- are subject to confirmation and reconciliation, the consequent effect on the financial statement is unascertainable.</p>	<p>Necessary action will be taken to reconcile the same during 2024-25</p>
<p>e. The Unit has provided interest on MSME on a 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, the unit has taken 45 days as the minimum days for calculation of MSME interest.</p>	<p>Audit observation has been noted. MSME Act provides for upto 45 days, interest liabilities has been worked out considering the delay after 45 days. The same will be reviewed and the liability will be revised in year 2024-25 on case-to-case basis.</p>

**Disclaimer opinion on MTH, Hyderabad.**

<b>Statutory Auditor's Disclaimer Opinion</b>	<b>Management Replies</b>
<p>1. Property, Plant, and Equipment: According to the information available to us, the Division has immovable property transferred to it on lease from the Government of India, but it is not in compliance with IND AS116 as the lease deeds were not provided. With reference to Note 3A of the financial statements, the Division charges 100% of its cost to depreciation over the useful life of the asset with a residual value of Rs.1. Upon examining the asset register, we noticed that the dates of purchase of the assets were not available, which raises doubts about the remaining useful life of these assets. However division following this as per instructions given by head office</p>	<p>The immovable property is gifted by State Government to the Company and not on lease. The unit has correctly disclosed the same under PPE as per Ind AS 16. The value of the Assets are being carried forward in books of accounts as per historical records available with the company and calculation of depreciation is being carried out based on the useful life of assets from the year of acquisitions. The closing balance of Gross Block, Accumulated depreciation and Net Block are carried forward with due reconciliation every year and have been subjected to Audit in all these years. So it is submitted that depreciation on all these assets in the books have been carried out since the year of acquisition mentioned in the fixed assets register even though date of acquisition is not mentioned. 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.</p>
<p>2. Capital Work in Progress: We draw an attention to Note 3B of the financial statements which discloses capital work in progress (CWIP) of Rs.1,10,00,000. During the course of audit, no details in respect of CWIP provided. In the absence of the details of the same, we are unable to form an opinion on the existence, completions and valuation of the Capital Work in Progress.</p>	<p>A L45 Lathe Machine was received on 31.3.2022 from supplier and pending erection and commissioning, the same is carried under CWIP. The Commissioning work will be completed shortly.</p>
<p>3. Inventory Valuation: We draw attention to Notes 5 and 25 of the financial statements. The division disclosed its inventory at Note No.5 Rs.37,12,74,054 for the year ending 31.03.2024 (Pr.Year: 39,05,51,467) for which we were unable to obtain sufficient and appropriate audit evidence regarding the existence, title, and value of the inventory as on that date. Further, during the year under consideration, a provision against non-moving inventories made of Rs.1,19,86,909 and charged to the profit &amp; loss account under "Other Expenses - Note No.25" which carrying the total provision made for the year ending 31.03.2024 is of Rs.4,82,89,601 (Pr.Year 3,63,02,692) disclosed under Note No.5. There is no base is provided except the system generated report, due to which we are unable to form an opinion on the correctness of the provision made against the non-moving inventories.</p>	<p>The valuation of inventories and the provision towards non-moving items is as per accounting policy of the Company</p>

<b>Statutory Auditor's Disclaimer Opinion</b>	<b>Management Replies</b>
<p>4. Trade Receivables: We draw attention to Note 6 of the financial statements, which discloses trade receivables amounting to Rs.35,51,88,038 (Pr. year Rs.32,80,05,797). Customer-wise balance confirmations were not provided for the year ended March 31, 2024. In the absence of confirmation letters from customers, we are unable to confirm and satisfy ourselves regarding trade receivables. Additionally, customer-wise and transaction-wise ageing of trade receivables was not produced for audit. Consequently, we are unable to confirm the ageing of trade receivables as disclosed in Note 6A.</p>	<p>Proper disclosure has been made in the financials under Note No. 6A, Additional disclosure. Suitable provisions against the trade receivable aging more than 5 years has been made in the Books as per accounting policy.</p>
<p>5. Allowance for Credit Loss: We draw attention to Notes 6, 6A and 25 of the financial statements in respect to allowance for expected credit loss against the Trade Receivables. During the year ending 31.03.2024 an amount of Rs. 69,68,182 (PY.Rs.1,74,34,928) is charged to the profit &amp; loss account on account of 'allowance for expected credit loss' under Note No.25 "Other Expenses". The total amount (provision) of 'allowance for expected credit loss' is carrying at Note No.6 is Rs.22,79,77,008 (Pr.year Rs.22,10,08,826). The division fails to justify the provision made for 'expected credit loss' against the Trade Receivables and for the carrying amount as at the year end. Therefore, we are unable to form an opinion on whether the provision made during the year for 'expected credit loss' and the carrying amount for 'expected credit loss' is sufficient.</p>	<p>There is no component of time value of money involved while recognizing the revenue. However, the provisions against trade receivables are recognized as per best judgement of the management based on the current available information. Provision made in the books are reviewed on an ongoing basis.</p>
<p>6. Other Current Assets: We draw attention to Note 9- "Other Current assets" of the financial statements, the division disclosed the advances given to the suppliers and employees which amounting to Rs.6,97,85,415 (PY Rs.7,37,82,623). The division fails to maintain the details of the suppliers &amp; employees to whom the advances given which is the primary responsibility of the division in maintenance of the accounting records. In the absence of the same we are unable to form an opinion on the same. Additionally, the division provided a provision for 'impairment of doubtful advances' against these suppliers and employees advances which amounting to Rs.2,08,15,692 (Pr. year Rs.2,08,15,692). The division fails to justify the provision made against the supplier and employees advances. Consequently, we are unable to comment on the same.</p>	<p>The said amount includes the year 1992 pay revision arrears relating to large number of employees including Ex-employees. The same is maintained separately and summary has been accounted.</p>

<b>Statutory Auditor's Disclaimer Opinion</b>	<b>Management Replies</b>
<p>7. Borrowings &amp; Other financial liabilities: We draw attention to Note 13. Band Note 15 of the financial statements, which discloses that the Division availed a term loans from the Government of India amounting to Rs. 90,73,05,000 (PY Rs.90,73,05,000) with interest accrued and due disclosed in the Note No.15 amounting to Rs.130,98,82,874 (PY.Rs.1,15,98,29,947) respectively. Additional information regarding the security and terms of repayment was not provided or disclosed in the financial statements. Due to non-disclosure of required information which is a violation of Schedule III. Further, we are unable to form an opinion on the current and non-current portions of the liability disclosed under Other Financial Liabilities. Additionally, we are unable to conclude the position of these loans as no third-party confirmation was provided for the audit except a letter from head office showing interest and principle amount outstanding.</p>	<p>The details are maintained at Machine Tools Directorate</p>
<p>8 Trade payables: We draw attention to Note 14 of the financial statements, which discloses the amounts due to vendors amounting to Rs.24,50,18,324 (Pr.Year Rs.21,17,65,745). In the absence of confirmation letters from vendors, we are unable to confirm and satisfy ourselves regarding trade payables. Further, the following amounts included in the 'Trade payable under Note No.14' that have remained static/continuing</p> <p>Compared to the previous year without justification:          Liability of OSL Expense:Rs.5,96,88,819          Hyderabad Metro Water:Rs.8,18,37,775          Liability for SCR Expense:Rs.79,70,164</p> <p>In the absence of which we are unable to form an opinion the same.</p> <p>With reference to the amount disclosed in Note No.14A of the financial statements which Discloses of amounts due to Micro enterprises and small enterprises' of the division as per MSMED Act,2006. Division has not been provided the recognition criteria for MSME vendors for the purpose of our audit, which rise doubt on the correctness of the disclosure given in financial statements. Additionally, vendor-wise and transaction-wise ageing of trade payables is not provided to confirm the ageing of trade payables as disclosed in Note14B.</p>	<p>Confirmation of balances under Trade payables and Other Current Liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. The MSME details are available with Material Management Department.</p>

<b>Statutory Auditor's Disclaimer Opinion</b>	<b>Management Replies</b>
<p>9. Revenue received in advance: We draw attention to Note 16 of the financial statements under 'Other current liabilities' which includes 'revenue received in advance' amounting to Rs. 10,45,70,143 (Pr.Year Rs.10,33,72,324). The division fails to provide the details of the amounts received from the respective customer sand their confirmation letters. In the absence of the same, we are unable to form an opinion on the same.</p>	<p>In respect of old advance received from customer will review and necessary action for adjustment will be carried out in FY 24-25.</p>
<p>10. Statutory dues: We also draw attention to the same Note No. 16 of the financial statements under 'Other liabilities' which includes 'statutory dues' amounting to Rs.69,96,09,510 (Pr. Year. Rs.67,36,07,948); "Withholding of Taxes and Other Tax Payables" amount to Rs.2,37,35,260 (Pr.Year. Rs.3,69,97,253). Significant portion of these amounts are due from earlier years. The division has not been provided the timelines for the amounts due to various statutory authorities, and any assessment orders for the said dues. Consequently, we are unable to form an opinion on these amounts.</p>	<p>Due to severe financial constraints the unit was not able to clear statutory dues timely. However, efforts are being made to clear these dues.</p>
<p>11. Other Liabilities:We further also draw anattention to the same Note 16 of the financial statements, 'Other liabilities' includes following liabilities:</p> <ul style="list-style-type: none"> <li>• Miscellaneous Recoveries :Rs.1,20,89,855</li> <li>• Advance Received Against Rent :Rs.25,93,974</li> <li>• SCR Expenses: Rs.52,69,152</li> </ul> <p>The division has not been provided the details of the parties to whom these amounts are payable/ due and the confirmation letters from the respective parties. Consequently, we are unable to form an opinion on these amounts.</p>	<p>Since most of the liabilities are very old. Necessary action for adjustment will be taken after reviewing the same.</p>
<p>12. Other expenses: With reference to Note 25 of the financial statements - 'Other expenses' which includes PF Trust Loss Rs.1,25,00,000 (Pr.year Rs.1,25,00,000). For the same, the division explained that the Division had opted to pay Provident Fund to its Trust but has defaulted in payment of contribution to the PF trust. Consequently, the Division has shared a loss of Rs. 1,25,00,000/-incurred by the PF Trust due to this default.</p>	<p>In view of the pending finalization of PF Trust Balance Sheet, provisionally the trust amount has been considered.</p>



<b>Statutory Auditor's Disclaimer Opinion</b>	<b>Management Replies</b>
<p>This amount is carried to the Balance sheet under Statutory dues and disclosed in 'Other Current liabilities' at Note No.16. The division has not been provided any basis for said amounts. Consequently ,we are unable to form an opinion on the amounts charged to the Statement of Profit and Loss and carrying othe balance sheet under liabilities.</p>	
<p>13. Contingent liabilities: We draw attention to Note 26 of the financial statements, which discloses contingent liabilities related to pending litigations and various cases against the Division. We are unable to assess the reliability of these disclosures in the financial statements, nor can verify the status of the litigations and cases presented. Consequently, we are unable to measure the impact of these contingent liabilities on the financial statements, as the current status of many cases could not be tracked due to in sufficient information</p>	<p>Since the claim against the Company is under dispute. Company has contested the claim and outflow of resources is not probable. As per Ind-AS 37, it has accordingly been disclosed as Contingent liability.</p>

**For and on behalf of Board of Directors**

**(RAJESH KOHLI)**  
**Chairman and Managing Director**  
**(Additional Charge)**  
**DIN: 10333951**

**Date:25<sup>th</sup> October 2024**  
**Place:Bangalore**

**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 2024**

The preparation of financial statements of HMT Machine Tools Limited (Company) for the year ended on 31 March 2024 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 Act are responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 20 September 2024 which superseded their earlier Audit Report dated 06 August 2024.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act, of the financial statements of HMT Machine Tools Limited for the year ended on 31 March 2024. 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. The Audit Report has been revised by the Statutory Auditors to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which, in my view, are necessary for enabling a better understanding of the financial statements and the related audit report:

**A. Comments on Profitability****A.1 Statement of Profit and Loss**

Expenses

Other Expenses (Note-27): ₹ 78.27 crore

The above does not include amount of Rs.32.67 crore (Factory Rs.25.93 crore and Township Rs.6.74 crore) payable to GHMC Hyderabad towards property tax.

GHMC Hyderabad has raised a demand of Rs 23.71 crore towards property tax on the unit in the year 2022-23. The unit has recognized the same as contingent liability in 2022-23 and continued to disclose the same amount in 2023-24 without considering the arrears of Rs 8.96 crore payable for the financial year 2023-24.

The unit has not created any liability for the amount payable to GHMC. This resulted in understatement of Other expenses (Note 25), Current Liabilities (Note 16) and Loss for the FY 2023-24 by Rs.32.67 crore.

**A.2 Notes forming part of Financial Statements  
Contingent Liabilities (Note 35)**

Audit observed from Board Agenda Notes that as on 1 September 2023 cases pending in various Courts included one at Supreme Court, 24 cases at High Court and 9 cases relating to Commercial and other matters. However, MTK Unit has not provided the data on pending court cases and in the absence of the data, Audit could not verify the financial impact on MTK Unit.

**B. Comments on Cash Flow****B.1 Cash Flow Statement: Significant Accounting Policies  
Cash and Cash Equivalents**

Cash and cash equivalents of Rs. 1499.88 lakhs included an amount of Rs. 72.59 lakhs pertaining to escrow accounts which was incorrectly shown as Rs 49.92 lakh. The amount of Rs 72.59 lakh pertains to unspent balances of grant received from the Government of India for the Technology Innovation Programme, (SURGE). As these balances are not freely available to the company, disclosure is required to be made in this regard in the Cash Flow Statement. This resulted in a non-compliance to provisions of para 48 of IND AS-7.

**C. Comments on Accounting Policies**

C.1 As per the terms of contracts, 10 per cent of payment is to be released to the MTK unit of the Company after installation, testing of machines and their being found to be working satisfactorily. Further, the unit

has to assist in finalization of civil works drawing required for machinery foundations. However, the unit has recognized revenue for the entire amount of the order without completing its performance obligations. This has resulted in incorrect revenue recognition by the unit as well as the Company. Further, the company needs to rectify its policy in this regard.

**D. Comments on Disclosure**

**D.1 Notes to Accounts**

- a) The Government of Kerala issued (04 November 2015) orders for surrender of excess land of 251.40 acres as per Hon'ble High Court orders. However, HMT Machine Tools Limited, Kalamassery Unit (MTK) had filed a special leave petition before the Hon'ble Supreme Court, challenging the Government of Kerala Revenue department order for resumption of 251.40 acres of land from MTK and Hon'ble Supreme Court passed (15.01.2016) the order to maintain status quo until further orders. The matter is pending at Court as of March 2024 but the same was not disclosed in the notes to financial statements. Non-disclosure of pending case at Court has resulted in notes to financial statements being deficient to that extent.
- b) The Roads and Bridges Development Corporation of Kerala Limited requested (30 November 2019) the MTK Unit for transfer of a portion of above land for construction of Airport – Seaport Highway Phase-II based on Govt. of Kerala resumption orders. Subsequently, Govt of Kerala requested (16.06.2019) the Department of Heavy Industry, GoI for allowing the construction activities and for transfer of land admeasuring 1.6352 hectare on urgent basis. MTK Unit arrived at land compensation of ₹16.34 crore for

transferring the above land. However, status in this regard was not disclosed by the unit.

- c) As per the amendment to the Companies Act, 2013 explanation for changes in the analytical ratios by more than 25% is required to be made in the Notes to Accounts of the financial statements. Audit observed that though Company had disclosed the analytical ratios as applicable to the Company, the explanation for the following analytical ratios- Net Capital Turnover ratio, Net Profit ratio and Return on capital employed/Return on investment ratio whose change has been more than 25% have not been provided resulting in non-compliance to the provisions of the Companies Act, 2013.
- d) As per the disclosure requirement of Para No. 139 (b) of Ind AS-19, an entity shall disclose a description of the risks to which the defined benefit plan exposes the entity, focused on any unusual, entity specific or plan specific risks, and of any significant concentrations of risk. However, Management has not made any disclosures in this regard.
- e) As per amendment to Schedule III of Companies Act, 2013, the age-wise analysis for Trade Receivables needed to be disclosed for disputed and disputed Trade Receivables separately for the following categories viz.,
- (i) considered good
  - (ii) having significant increase in credit risk and
  - (iii) credit impaired.

However, the Company had disclosed only two categories viz., considered good and considered doubtful indicating non-compliance to the prescribed format of Companies Act 2013.

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

**(C. Sailaja)  
Director General of Commercial Audit, Hyderabad**

**Place: Hyderabad**

**Date: 21 October 2024**

**Management’s Replies to the comments of the Comptroller & Auditor General of India under Section 143 (6)(b) of the Companies Act 2013 on the consolidated Financial Statements of HMT Machine Tools Limited for the year ended 31<sup>st</sup> March 2024**

<b>C&amp; AG Comments</b>	<b>Management’s Replies</b>
<p><b>A. Comments on Profitability</b></p> <p><b>A.1 Statement of Profit and Loss Expenses</b></p> <p><b>Other Expenses (Note-27): ₹ 78.27 crore</b></p> <p>The above does not include amount of Rs.32.67 crore (Factory Rs.25.93 crore and Township Rs.6.74 crore) payable to GHMC Hyderabad towards property tax.</p> <p>GHMC Hyderabad has raised a demand of Rs 23.71 crore towards property tax on the unit in the year 2022-23. The unit has recognized the same as contingent liability in 2022-23 and continued to disclose the same amount in 2023-24 without considering the arrears of Rs 8.96 crore payable for the financial year 2023-24.</p> <p>The unit has not created any liability for the amount payable to GHMC. This resulted in understatement of Other expenses (Note 25), Current Liabilities (Note 16) and Loss for the FY 2023-24 by Rs.32.67 crore.</p> <p><b>A.2 Notes forming part of Financial Statements Contingent Liabilities (Note 35)</b></p> <p>Audit observed from Board Agenda Notes that as on 1 September 2023 cases pending in various Courts included one at Supreme Court, 24 cases at High Court and 9 cases relating to Commercial and other matters. However, MTK Unit has not provided the data on pending court cases and in the absence of the data, Audit could not verify the financial impact on MTK Unit.</p>	<p>The Company received notice No.973/CT4/CTS/GHMC/2024/5 dated 15.03.2024 for onetime settlement. As per the same statement, the details in respect of MTH Factory and township the OTS amount payable is Rs.18.29 Cr. Considering the same, the Company has considered an amount of Rs.23.71 Cr same as per last year in the Contingent Liability as on 31.3.2024 in the books. The subject matter is under review for further recourse with the authorities. The company will review and necessary discloser / provisions will be made during financial FY 2024-25.</p> <p>List of Court cases was presented to Board. The Cases will be reviewed in line with Ind AS-37 and disclosure will be made under Contingent liability or provision will be recognized during FY 2024-25.</p>

<b>C&amp; AG Comments</b>	<b>Management's Replies</b>
<p><b>B. Comments on Cash Flow</b></p> <p><b>B.1 Cash Flow Statement: Significant Accounting Policies Cash and Cash Equivalents</b></p> <p>Cash and cash equivalents of Rs. 1499.88 lakhs included an amount of Rs. 72.59 lakhs pertaining to escrow accounts which was incorrectly shown as Rs 49.92 lakh. The amount of Rs 72.59 lakh pertains to unspent balances of grant received from the Government of India for the Technology Innovation Programme, (SURGE). As these balances are not freely available to the company, disclosure is required to be made in this regard in the Cash Flow Statement. This resulted in a non- compliance to provisions of para 48 of IND AS-7.</p>	<p>The company have shown SURGE related accounts, separately Rs.49.92 Lakhs in escrow account and Rs.22.67 Lakhs included in total Current accounts of Rs.1197.93 Lakhs under cash and cash equivalent, in Note Number 7-A. Footnote has already been inserted under both Cash &amp; Cash equivalent and Cash Flow statement in Annual Report FY 23-24.</p>
<p><b>C. Comments on Accounting Policies</b></p> <p><b>C.1</b> As per the terms of contracts, 10 <i>per cent</i> of payment is to be released to the MTK unit of the Company after installation, testing of machines and their being found to be working satisfactorily. Further, the unit has to assist in finalization of civil works drawing required for machinery foundations. However, the unit has recognized revenue for the entire amount of the order without completing its performance obligations. This has resulted in incorrect revenue recognition by the unit as well as the Company. Further, the company needs to rectify its policy in this regard.</p>	<p>The company will review and issue necessary guidelines on revenue recognition by units.</p>
<p><b>D. Comments on Disclosure</b></p> <p><b>D.1 Notes to Accounts</b></p> <p>a) The Government of Kerala issued (04 November 2015) orders for surrender of excess land of 251.40 acres as per Hon'ble High Court orders. However, HMT Machine Tools Limited, Kalamassery Unit (MTK) had filed a special leave petition before the Hon'ble Supreme Court, challenging the Government of Kerala Revenue department order for resumption of 251.40 acres of land from MTK and Hon'ble Supreme Court passed (15.01.2016) the order to maintain status quo until further orders. The matter is pending at Court as of March 2024 but the same was not disclosed in the notes to financial statements. Non-disclosure of pending case at Court has resulted in notes to financial statements being deficient to that extent.</p>	<p>Necessary disclosure will be made under notes forming part of standalone financial statement during the FY 2024-25. Presently, the case is still pending at Supreme Court.</p>

<b>C&amp; AG Comments</b>	<b>Management's Replies</b>
<p>b) The Roads and Bridges Development Corporation of Kerala Limited requested (30 November 2019) the MTK Unit for transfer of a portion of above land for construction of Airport – Seaport Highway Phase-II based on Govt. of Kerala resumption orders. Subsequently, Govt of Kerala requested (16.06.2019) the Department of Heavy Industry, GoI for allowing the construction activities and for transfer of land admeasuring 1.6352 hectare on urgent basis. MTK Unit arrived at land compensation of ₹16.34 crore for transferring the above land. However, status in this regard was not disclosed by the unit.</p>	<p>Necessary discloser will be made under notes forming part of standalone financial statement during the FY 2024-25. Supreme Court under a modified interim order has permitted construction of road subject to Govt of Kerala depositing the compensation with High Court of Kerala.</p>
<p>c) As per the amendment to the Companies Act, 2013 explanation for changes in the analytical ratios by more than 25% is required to be made in the Notes to Accounts of the financial statements. Audit observed that though Company had disclosed the analytical ratios as applicable to the Company, the explanation for the following analytical ratios- Net Capital Turnover ratio, Net Profit ratio and return on capital employed/Return on investment ratio whose change has been more than 25% have not been provided resulting in non-compliance to the provisions of the Companies Act, 2013.</p>	<p>The revised Note No.37 containing ratios suitably incorporating reasons for variance above 25% has already been inserted in the Annual Report of 2023-24.</p>
<p>d) As per the disclosure requirement of Para No. 139 (b) of Ind AS-19, an entity shall disclose a description of the risks to which the defined benefit plan exposes the entity, focused on any unusual, entity specific or plan specific risks, and of any significant concentrations of risk. However, Management has not made any disclosures in this regard.</p>	<p>The Company is doing actuary valuation of defined benefits but clearing all the defined liabilities as per availability of Funds. The same will be disclosed during the FY 2024-25.</p>
<p>e) As per amendment to Schedule III of Companies Act, 2013, the age-wise analysis for Trade Receivables needed to be disclosed for disputed and disputed. Trade Receivables separately for the following categories viz.,</p> <ul style="list-style-type: none"> <li>(i) considered good</li> <li>(ii) having significant increase in credit risk and</li> <li>(iii) credit impaired.</li> </ul>	<p>The company is making provisions of all doubtful cases, as per company's accounting policy. Necessary changes will be made during the FY 2024-25 in prescribed format.</p>

<b>C&amp; AG Comments</b>	<b>Management's Replies</b>
However, the Company had disclosed only two categories viz., considered good and considered doubtful indicating non-compliance to the prescribed format of Companies Act 2013.	

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

(C.SAILAJA)  
Director General of Commercial Audit,  
Hyderabad

Date:21 October 2024  
Place:Hyderabad

For and on behalf of Board of Directors

(RAJESH KOHLI)  
Chairman and Managing Director (Additional Charge)  
DIN: 10333951

Date:25<sup>th</sup> October 2024  
Place:Bangalore

## Significant Accounting Policies for the year ended March 31, 2024

### 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.

## I) Foreign Currency Translation:

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

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

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

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and 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 SA in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in Other Comprehensive Income are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company recognizes re-measurement gains

and losses on defined benefit plans (net of tax) to retained earnings.

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

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

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the 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.

##### **i) 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 31.03.2024**

Particulars	Notes	Rs in Lakhs	
		As at 31.03.2024	As at 31.03.2023
<b>ASSETS</b>			
<b>1. Non-current Assets</b>			
(a) Property, Plant and Equipment	3A	2,679.46	2,885.35
(b) Capital work in progress	3A	331.29	412.50
(c) Investment Property	3B	27.60	28.03
(d) Non Current Assets held for Sale	3C	-	-
(e) Financial Assets			-
(i) Investments	4	-	-
(ii) Other Financial Assets	9	301.51	297.87
(f) Intangible Assets	3D	-	-
(g) Intangible Assets under development	3E	-	-
(h) Machinery and Equipment's in transit	3F	-	-
(i) Other Assets	10	312.44	308.23
Other Non- Current Assets		-	-
		<b>3,652.30</b>	<b>3,931.97</b>
<b>2. Current assets</b>			
(a) Inventories	5	10,408.16	10,420.23
(b) Financial Assets			-
(i) Trade Receivables	6	11,065.81	15,393.52
(ii) Cash and cash equivalents	7A	1,499.88	1,611.67
(iii) Bank balances other than cash and cash equivalents	7B	1,744.80	1,658.62
(iv) Loans	8	-	-
(v) Other Financial Assets	9	0.21	0.07
(c) Other Assets	10	2,967.37	3,664.58
(d) Current Tax Assets (net)	10A	-	-
		<b>27,686.23</b>	<b>32,748.69</b>
<b>TOTAL ASSETS</b>		<b>31,338.53</b>	<b>36,680.66</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Share Capital	11	27,659.91	27,659.91
(b) Other Equity	12	-2,24,862.58	-2,09,331.60
<b>Total Equity</b>		<b>-1,97,202.67</b>	<b>-1,81,671.68</b>

**BALANCE SHEET AS AT 31.03.2024**

Particulars	Notes	Rs in Lakhs	
		As at 31.03.2024	As at 31.03.2023
<b>2. Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	13	-	-
(ii) Non-current Financial Liability		-	-
(b) Provisions			
(i) Provision for Employee Benefits	15	3,300.65	3,534.87
(c) Deferred Tax Liabilities (net)		-	-
(d) Other Non-Current Liabilities	14A	70.36	90.71
		<b>3,371.01</b>	<b>3,625.58</b>
<b>3. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	14	34,495.35	30,379.37
(ii) Trade Payables	16	-	-
Dues to Micro, Small & Medium Enterprises		370.67	546.77
Dues to Other than Micro, Small & Medium Enterprises		7,006.40	6,288.05
(iii) Other Financial Liabilities	17	1,37,619.71	1,26,089.76
Government Grant	15	-	-
(b) Other Current Liabilities	18	43,308.03	48,818.64
(c) Provisions			
(i) Provision for Employee Benefits	15	2,287.88	2,506.76
(ii) Others	19	82.14	97.42
		<b>2,25,170.19</b>	<b>2,14,726.77</b>
<b>Total Liabilities</b>		<b>2,28,541.20</b>	<b>2,18,352.35</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,338.53</b>	<b>36,680.66</b>

**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**

**(Rajesh Kohli)**  
Chairman & Managing Director (Addl. Charge)  
DIN 10333951

**(Rajesh Kumar)**  
Director  
DIN 09403746

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

**(Alok Kumar Behera)**  
JGM (Finance)

**(Om Prakash Singh)**  
Company Secretary

**(J. Ullas)**  
Partner  
M.No.016397  
UDIN:- 24016397BKFEFE1832

Place : Bangalore  
Date : 06-08-2024

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2024**

Particulars	Notes	Rs in Lakhs	
		Year Ended 31.03.2024	Year Ended 31.03.2023
<b>CONTINUING OPERATIONS</b>			
Sale of goods		9,440.45	13,380.56
Rendering of services		529.54	843.49
Revenue from Operations	20	9,969.99	14,224.06
Other income	21	3,161.85	3,279.81
<b>Total Income</b>		<b>13,131.83</b>	<b>17,503.86</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	22	5,483.80	5,045.97
Changes in Inventories of finished goods, Stock in trade and work-in-progress	23	113.67	3,357.21
Employee benefits expense	24	6,575.75	6,771.78
Depreciation and amortization expense	25	604.26	708.78
Finance costs	26	8,349.80	8,287.07
Other expenses	27	7,827.62	6,973.53
Less: Jobs Done for Internal Use	28	298.91	391.49
<b>Total expense</b>		<b>28,656.00</b>	<b>30,752.85</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>-15,524.17</b>	<b>-13,248.99</b>
Exceptional items		-	83.83
<b>Profit/(loss) before and tax from continuing operations</b>		<b>-15,524.17</b>	<b>-13,165.15</b>
(1) Current tax		-	-
(2) Deferred tax		-	-
<b>Profit/(Loss) for the year from continuing operations</b>		<b>-15,524.17</b>	<b>-13,165.15</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		-6.82	-32.87
Tax expenses/Income		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-6.82</b>	<b>-32.87</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>-15,530.98</b>	<b>-13,198.03</b>

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2024**

Particulars	Notes	Rs in Lakhs	
		Year Ended 31.03.2024	Year Ended 31.03.2023
Earnings per share for continuing operations	32		
• Basic, profit from continuing operations attributable to equity holders of the parent		(5.61)	(4.76)
• Diluted, profit from continuing operations attributable to equity holders of the parent		(5.61)	(4.76)
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		(5.61)	(4.76)
• Diluted, profit for the year attributable to equity holders of the parent		(5.61)	(4.76)

**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**

**(Rajesh Kohli)**  
Chairman & Managing Director (Addl. Charge)  
DIN 10333951

**(Rajesh Kumar)**  
Director  
DIN 09403746

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

**(Alok Kumar Behera)**  
JGM (Finance)

**(Om Prakash Singh)**  
Company Secretary

**(J. Ullas)**  
Partner  
M.No.016397  
UDIN:- 24016397BKFEFE1832

Place : Bangalore  
Date : 06-08-2024

## CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2024

Particulars	Rs. In Lakhs	
	Year ended 31.03.2024	Year ended 31.03.2023
<b>Operating activities</b>		
Profit/(Loss) before tax from continuing operations	(15,524.17)	(13,165.15)
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit/(Loss) before tax</b>	<b>(15,524.17)</b>	<b>(13,165.15)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	603.83	567.74
Amortisation of Intangible Assets	-	140.61
Depreciation of investment properties	0.43	0.43
Gain on disposal of property, plant and equipment	(23.09)	(5.27)
Finance income	(129.65)	(90.04)
Finance costs	8,349.80	8,287.07
Prior Period Item	-	-83.83
<b>Working capital adjustments:</b>		
Movements in provisions	(475.20)	(1,853.53)
(Increase)/Decrease in trade and other receivables and prepayments	5,016.93	(1,339.75)
(Increase)/Decrease in inventories	12.07	3,045.13
Increase/(Decrease) in trade and other payables	1,780.36	4,048.28
	<b>(388.69)</b>	<b>(448.31)</b>
Income tax paid/reversed		
<b>Net cash flows from operating activities</b>	<b>(388.69)</b>	<b>(448.31)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	23.09	5.27
Purchase of property, plant and equipment	(397.94)	429.76
Interest received	129.65	173.87
Receipt/(Application) of Grant in Aid	(20.35)	(45.76)
Deposits In Bank	(86.18)	(9.72)
<b>Net cash flows used in investing activities</b>	<b>(265.54)</b>	<b>553.42</b>
<b>Financing activities</b>		
Interest Paid	(2,191.70)	(2,078.96)
Proceeds/(Repayment) from borrowings	2,734.13	2,556.13
<b>Net cash flows from/(used in) financing activities</b>	<b>542.44</b>	<b>477.17</b>
Net increase (decrease) in cash and cash equivalents	(111.80)	582.28
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	1,611.67	1,029.39
<b>Cash and cash equivalents at year end**</b>	<b>1,499.88</b>	<b>1,611.67</b>

**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**

**Note:2) The cash and cash equivalents has been considered as per Note No.7A.**

**\*\* Includes Rs.72.59 lakhs in respect of SURGE (Rs.49.92 lakhs in Escrow account and Rs.22.67 lakhs in Current account)**

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

As per our Report of Even date

(Rajesh Kohli)  
Chairman & Managing Director (Addl. Charge)  
DIN 10333951

(Rajesh Kumar)  
Director  
DIN 09403746

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

(Alok Kumar Behera)  
JGM (Finance)

(Om Prakash Singh)  
Company Secretary

(J. Ullas)  
Partner  
M.No.016397  
UDIN: 24016397BKFEFE1832

Place : Bangalore  
Date : 06-08-2024

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### 3A. PROPERTY, PLANT AND EQUIPMENT

Particulars	Rs in Lakhs											Total				
	Land & Buildings Development	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 sanitation		Vehicles	Special Tools	Interior Partitions	Road Wall and Fencing
<b>Gross carrying value</b>																
As At 1 April 2022	101.23	1,446.72	479.84	241.34	21,255.56	520.83	488.591,409.84	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	451.87	5.25	2.23	-	3.64	-	-	227.03	-	-	691.43
Disposals	-	-	-	-0.67	-2.67	-0.67	-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	488,591,286.20	878.14	708.82	2,900.25	174.32	24.31	1,680.43	8.63	40.74	32,685.90
<b>Accumulated Depreciation</b>																
As At 1 April 2022	-	1,353.53	445.01	224.65	19,079.22	507.01	482,521,383.58	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	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	19,495.58	506.54	482,741,263.26	875.39	686.50	2,865.87	165.52	24.31	1,353.65	8.63	40.74	29,800.55
<b>Net carrying value</b>																
As At 31 March 2023	101.36	89.86	30.77	15.46	2,211.17	12.91	5.85	22.94	2.74	22.32	8.80	-	326.79	-	-	2,885.35
<b>Gross carrying value</b>																
As At 1 April 2023	101.36	1,446.72	479.84	241.34	1,706.76	519.45	488,591,286.20	878.14	708.82	2,900.25	174.32	24.31	1,680.43	8.63	40.74	32,685.90
Additions	-	-	-	-	65.00	-	4.48	29.55	-	-	-	-	298.91	-	-	397.94
Disposals	-	-	-	-	-2.92	-0.06	-5.00	-	-	-9.76	-	-	-	-	-	-17.74
As At 31 March 2024	101.36	1,446.72	479.84	241.34	21,768.83	519.39	483,591,290.68	907.69	708.82	2,890.48	174.32	24.31	1,979.34	8.63	40.74	33,066.10
<b>Accumulated Depreciation</b>																
As At 1 April 2023	-	1,356.86	449.07	225.88	19,495.58	506.54	482,741,263.26	875.39	686.50	2,865.87	165.52	24.31	1,353.65	8.63	40.74	29,800.55
Depreciation charge for the period	-	4.64	3.77	1.16	398.56	2.19	0.35	14.16	1.14	0.35	3.53	2.02	171.96	-	-	603.83
Deduct/Adjust	-	-	-	-	-2.92	-0.06	-5.00	-	-	-9.76	-	-	-	-	-	-17.74
As At 31 March 2024	-	1,361.50	452.84	227.04	19,891.22	508.68	478,091,277.42	876.53	686.85	2,859.64	167.55	24.31	1,525.61	8.63	40.74	30,386.64
<b>Net carrying value</b>																
As At 31 March 2024	101.36	85.22	27.00	14.30	1,877.62	10.72	5.50	13.26	31.16	21.97	30.84	6.78	453.73	-	-	2,679.46

	31.03.2024	31.03.2023
<b>3A CAPITAL WORK IN PROGRESS</b>		
As At 1st April 2023	412.50	683.45
Additions	0.00	16.20
Disposals/adjusted	-81.21	-287.16
As At 31 March 2024	331.29	412.50

## 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 CYLINDRICAL GRINDING MACHINE	-	-	-	-	-
CONSTRUCTION OF NEW HANGER	-	-	-	11.59	11.59
Diesel Generator	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Projects in progress	-	-	110.00	209.70	319.70
	-	-	<b>110.00</b>	<b>221.29</b>	<b>331.29</b>

*Agewise details as at the end of previous financial year:*

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC HORIZONTAL MACHINING CENTRE	-	-	-	-	-
CNC CYLINDRICAL GRINDING MACHINE	-	-	-	-	-
CONSTRUCTION OF NEW HANGER	-	-	11.59	-	11.59
Diesel Generator	16.21	-	-	-	16.21
Projects temporarily suspended	-	-	-	-	-
Projects in progress	-	110.00	-	274.70	384.70
	<b>16.21</b>	<b>110.00</b>	<b>11.59</b>	<b>274.70</b>	<b>412.50</b>

**(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**

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

### Additional Information

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 lacs 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 subjudice 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/Khachha 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 demarcating 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 3000sq. 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

Particulars	(Rs. In Lakhs)		
	Land	Buildings	Total
<b>Cost or valuation</b>			
<b>At 31 March 2023</b>	7.36	26.17	33.53
Additions	-	-	-
Assets Held for Disposal	-	-	-
Disposal/Adjustment	-	-	-
<b>At 31 March 2024</b>	<b>7.36</b>	<b>26.17</b>	<b>33.53</b>
<b>Depreciation and Impairment</b>			
<b>At 31 March 2023</b>	-	5.50	5.50
Depreciation charge for the period	-	0.43	0.43
Adjustments during the period	-	-	-
Deduction/Adjustment	-	-	-
Assets Held for Disposal	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>5.93</b>	<b>5.93</b>
<b>Net book value</b>			
<b>At 31 March 2024</b>	<b>7.36</b>	<b>20.24</b>	<b>27.60</b>
<b>At 31 March 2023</b>	<b>7.36</b>	<b>20.67</b>	<b>28.03</b>

#### 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, 2024 is Rs. 53,163.63 Lakhs (previous year also Rs. 53,163.63 Lakhs)
- iii) The Company is in possession of Gift land located at Kalamassery & Hyderabad gifted by the respective State Governments measuring 182.83 Acres and 28.42 Acres respectively, nominally valued at Rs. 1 each.

#### Information regarding income and expenditure of Investment property

Particulars	Rs in Lakhs	
	31-Mar-24	31-Mar-23
Rental income derived from investment properties	7.57	8.26
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and indirect expenses	7.57	8.26
Less-Depreciation	0.43	0.43
Profit arising from investment properties before indirect expenses	<b>7.41</b>	<b>7.83</b>

Particulars	Rs in Lakhs	
	31-Mar-24	31-Mar-23
<b>3C.Non Current Assets Held for Sale</b>		
Plant and Machinery	-	-
Factory Equipment	-	-
	-	-

**NOTES FORMING PART OF BALANCE SHEET**
**(Rs. In Lakhs)**

Particulars	As at 31.03.2024	As at 31.03.2023
<b>5. Inventories</b>		
Raw Materials and Components	2,618.34	2,372.60
Material and Components in Transit	9.37	22.91
Work-in-Progress	4,470.98	4,147.67
Finished Goods #	2,975.95	3,382.02
Stores and Spares	1,427.92	1,410.59
Tools and Instruments	247.76	217.37
Scrap	64.36	95.28
	<b>11,814.69</b>	<b>11,648.45</b>
Less: Provision for Non-moving Inventories	1,406.53	1,228.22
	<b>10,408.16</b>	<b>10,420.23</b>
<b>6. Trade Receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	11,065.81	15,393.52
Doubtful	9,491.01	7,920.98
	<b>20,556.82</b>	<b>23,314.49</b>
<b>Allowance for doubtful debts</b>		
Unsecured, considered doubtful	9,491.01	7,920.98
	<b>11,065.81</b>	<b>15,393.52</b>

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

Particulars	Outstanding for the following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed - Considered good	3,211.29	661.52	3,008.06	1,084.51	3,100.44	11,065.81
Undisputed - Considered doubtful	-	1.26	34.15	144.96	9,310.64	9,491.01
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	-	-
	<b>3,211.29</b>	<b>662.77</b>	<b>3,042.21</b>	<b>1,229.47</b>	<b>12,411.07</b>	<b>20,556.82</b>

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

Particulars	Outstanding for the following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed - Considered good	8,638.30	926.71	2,019.80	1,248.15	2,560.55	15,393.51
Undisputed - Considered doubtful	0.14	18.24	31.21	121.41	7,749.98	7,920.98
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	-	-
	<b>8,638.44</b>	<b>944.95</b>	<b>2,051.01</b>	<b>1,369.56</b>	<b>10,310.53</b>	<b>23,314.49</b>

*Note: Inter Units transactions if any to be shown separately*

**NOTES FORMING PART OF BALANCE SHEET**

(Rs. In Lakhs)

Particulars	As at 31.03.2024	As at 31.03.2023
<b>7. Cash and Cash equivalents</b>		
<b>A. Cash and Cash Equivalents*</b>		
<i>Balances with banks:</i>		
– On current accounts	1,197.93	1,319.76
– Escrow accounts	49.92	49.92
– Deposits with maturity three months or less	249.63	239.75
– Cash and Cheques on hand	2.39	2.24
<b>B. Other Bank Balances</b>	-	-
– Deposits with maturity more than three months but less than twelve months	1,744.80	1,658.62
	<b>3,244.68</b>	<b>3,270.29</b>
* Includes Rs. 72.59 lakhs in respect of SURGE (Rs. 49.92 lakhs in escrow accounts and Rs. 22.67 lakhs in current account)		
<b>8. Loans</b>	-	-
<b>9. Other Financial Assets</b>		
<b>Current</b>		
Interest Accrued and Due	0.21	0.07
<b>Non-Current</b>		
With Scheduled Banks in Deposit Account - Margin Money	301.17	297.58
Deposits with Banks exceeding twelve months of maturity	0.34	0.30
<b>Total</b>	<b>301.71</b>	<b>297.95</b>
<b>10. Other Assets</b>		
<b>10. Other Assetss Non-Current</b>		
Capital Advances	1.97	1.97
Less: Provision for Doubtful Advances	-1.97	-1.97
	-	-
Security Deposits	312.44	308.23
	<b>312.44</b>	<b>308.23</b>

## NOTES FORMING PART OF BALANCE SHEET

**(Rs. In Lakhs)**

Particulars	As at	As at
	31.03.2024	31.03.2023
<b>Current</b>		
<b>Advances to related parties</b>	-	-
HMT International Ltd.	3.57	256.73
	<b>3.57</b>	<b>256.73</b>
<b>Advances other than Capital Advances</b>		
Considered Good	2,784.59	3,086.00
Considered Doubtful	762.72	755.50
	<b>3,547.31</b>	<b>3,841.50</b>
Less:Provision for Doubtful Advances	762.72	755.50
	<b>2,784.59</b>	<b>3,086.00</b>
Withholding of taxes and other tax receivables*	164.27	300.24
Security Deposits	14.94	21.60
	<b>179.21</b>	<b>321.85</b>
<b>Total Other Assets</b>	<b>2,967.37</b>	<b>3,664.58</b>

### Statement of changes in Equity

#### 11. Share capital

Authorised Share capital	(Rs. In Lakhs)	
	Number	Equity Shares
Equity Shares of Rs. 10 each		
<b>At 31 March 2023</b>	35,50,00,000	35,500.00
Increase/(decrease) during the year		
<b>At 31 March 2024</b>	<b>35,50,00,000</b>	<b>35,500.00</b>

#### Issued, Subscribed and fully paid-up Capital

	Equity shares of Rs. 10/- each issued and fully paid	
	Number	Amount
<b>At 31 March 2023</b>	<b>27,65,99,137</b>	<b>27,659.91</b>
Increase/(decrease) during the year		
<b>At 31 March 2024</b>	<b>27,65,99,137</b>	<b>27,659.91</b>

"The company has only one class of equity shares having par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

Details of shareholders holding more than 5% shares in the company				
Name of the Share Holder	As at 31 March 2024		As at 31 March 2023	
	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%

## NOTES FORMING PART OF BALANCE SHEET

### Statement of changes in Equity

#### 12. Other Equity

Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		Total equity attributable to equity holders of the company
	Capital reserve	Retained earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
	Amount	Amount	Amount	Amount	Amount
<b>Balance as of 1st April 2023</b>	2,270.82	-2,06,391.08	-	-5,211.33	-2,09,331.60
Change in Accounting Policy or Prior Period Error					-
<b>Restated Balance as of 1st April 2023</b>	<b>2,270.82</b>	<b>-2,06,391.08</b>	<b>-</b>	<b>-5,211.33</b>	<b>-2,09,331.60</b>
Remeasurement of the net defined benefit liability/asset, net of tax effect				-6.82	-6.82
Profit for the period		-15,524.17			-15,524.17
<b>At 31 March 2024</b>	<b>2,270.82</b>	<b>-2,21,915.25</b>	<b>-</b>	<b>-5,218.15</b>	<b>-2,24,862.58</b>
Particulars	Other Equity				
	Reserves and Surplus		Other Comprehensive income		Total equity attributable to equity holders of the company
	Capital reserve	Retained earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
	Amount	Amount	Amount	Amount	Amount
<b>Balance as of 1st April 2022</b>	2,270.82	-1,93,225.93	-	-5,178.46	-1,96,133.57
Change in Accounting Policy or Prior Period Error					
<b>Restated Balance as of 1st April 2022</b>	<b>2,270.82</b>	<b>-1,93,225.93</b>	<b>-</b>	<b>-5,178.46</b>	<b>-1,96,133.57</b>
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
<b>At 31 March 2023</b>	<b>2,270.82</b>	<b>-2,06,391.08</b>	<b>-</b>	<b>-5,211.33</b>	<b>-2,09,331.60</b>

Note: Current maturities of long-term debts:

44300000 3.5% Redeemable Preference Shares of Rs/100/- each shown under Other financial Liabilities.

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

As per our Report of Even date

**(Rajesh Kohli)**

Chairman & Managing Director (Addl. Charge)  
DIN 10333951

**(Rajesh Kumar)**

Director  
DIN 09403746

**for R. VENKATA KRISHNA & Co**

Chartered Accountants  
FRN: 004605S

**(Alok Kumar Behera)**

JGM (Finance)

**(Om Prakash Singh)**

Company Secretary

**(J. Ullas)**

Partner  
M.No.016397

Place : Bangalore  
Date : 06-08-2024

UDIN: 24016397BKFEFE1832

**NOTES FORMING PART OF BALANCE SHEET**

Particulars	(Rs. In Lakhs)	
	As at 31.03.2024	As at 31.03.2023
<b>13. Borrowings</b>	-	-
<b>Non-Current</b>	-	-
<b>Non-Current unsecured</b>	-	-
<b>14. Borrowings</b>		
<b>Current</b>		
<b>Current Secured</b>		
Cash Credit	3,912.95	4,290.79
Loan from holding company	30,582.41	27,470.43
Emergency Credit Loan	-	-
<b>Net current borrowings</b>	<b>34,495.35</b>	<b>31,761.22</b>
<b>15. Provision for employee benefits</b>		
<b>Non Current</b>		
Gratuity	2,230.92	2,438.69
Earned Leave Encashment	956.87	970.14
Settlement Allowance	112.86	126.04
	<b>3,300.65</b>	<b>3,534.87</b>
<b>Current</b>		
Gratuity	655.09	794.15
Earned Leave Encashment	232.96	258.13
Settlement Allowance	34.56	41.91
Wage and Salary Revision (1992)	1,365.27	1,412.58
	<b>2,287.88</b>	<b>2,506.76</b>
<b>Total</b>	<b>5,588.53</b>	<b>6,041.63</b>
<b>16. Trade payables</b>		
Dues to Micro, Small & Medium Enterprises	370.67	546.77
Dues to Other than Micro, Small & Medium Enterprises	7,006.40	6,288.05
<b>Total</b>	<b>7,377.07</b>	<b>6,834.83</b>

**NOTES FORMING PART OF BALANCE SHEET**

(Rs. In Lakhs)

	<b>As at 31.03.2024</b>	<b>As at 31.03.2023</b>			
<b>16A TradePayable Agewise details as at the end of current financial year:</b>					
Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	235.52	36.92	51.21	47.01	370.67
Others	4,288.44	935.49	351.94	1,430.53	7,006.40
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>4,523.96</b>	<b>972.42</b>	<b>403.15</b>	<b>1,477.54</b>	<b>7,377.07</b>

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

Particulars	Outstanding for the following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
MSME	350.26	111.73	23.62	61.16	546.77
Others	3,742.28	643.78	663.42	1,238.58	6,288.06
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	<b>4,092.54</b>	<b>755.51</b>	<b>687.04</b>	<b>1,299.74</b>	<b>6,834.83</b>

**NOTES FORMING PART OF BALANCE SHEET**

Particulars	(Rs. In Lakhs)	
	As at 31.03.2024	As at 31.03.2023
<b>17. Other Financial Liabilities</b>		
<b>Current maturities of long-term Debts</b>		
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	53145.05	46936.95
Loans from HC loan	5,321.85	5,371.85
<b>Total</b>	<b><u>1,37,619.71</u></b>	<b><u>1,31,461.61</u></b>
<b>18. Other Current Liabilities</b>		
<b>Non Current</b>		
Government Grant from GOI- Deferred Income	47.56	67.91
Aid from HMT Limited	22.80	22.80
	<b><u>70.36</u></b>	<b><u>90.71</u></b>
<b>Current</b>		
Dues to Holding Company		
HMT Ltd	1,288.02	1,198.30
EMD Deposit Received	1,960.66	1,908.90
Revenue received in advance	4,714.90	4,730.72
Sundry creditors- Dues	638.70	931.32
Other liabilities	34,705.76	33,295.69
<b>Total</b>	<b><u>43,308.03</u></b>	<b><u>42,064.94</u></b>



**NOTES FORMING PART OF BALANCE SHEET**
**(Rs. In Lakhs)**

Particulars	Warranty Claims	Provision for pay/ wage revision	Total
<b>19. Provisions - others</b>			
<b>At 1 April 2023</b>	<b>97.42</b>	-	97.42
Arising during the period	67.63	-	67.63
Utilised	-81.91	-	-81.91
Unused amounts reversed	-0.99	-	-0.99
<b>At 31 March 2024</b>	<b>82.14</b>	-	<b>82.14</b>
Current	82.14	-	82.14
<b>At 1 April 2022</b>	<b>95.46</b>	110.40	205.85
Arising during the year	64.02	-	64.02
Utilised	-17.77	-110.40	-128.16
Unused amounts reversed	-44.28	-	-44.28
<b>At 31 March 2023</b>	<b>97.42</b>	-	<b>97.42</b>
Current	97.42	-	97.42
Non-current	-	-	

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

(Rs. In Lakhs)

Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
<b>20. Revenue from operations</b>		
<b>Sale of Products</b>		
Sale of Machine Tools	8,303.11	11,643.98
Sales of Accessories	1,137.34	1,736.58
	<b>9,440.45</b>	<b>13,380.56</b>
<b>Sale of Services</b>		
Sundry Jobs and Miscellaneous Sales	223.07	463.03
Packing / Forwarding charges	31.31	55.63
Sale of services	275.15	324.83
	<b>529.54</b>	<b>843.49</b>
<b>Revenue from Operations</b>	<b>9,969.99</b>	<b>14,224.06</b>
<b>21. Other income</b>		
<b>A. Other Income</b>		
Recoveries from Staff/Others	47.00	51.86
Recovery of Freight and Insurance	2.57	3.49
Rent Received	575.87	566.21
Conveyance Recovered	0.14	0.29
Water Charges Recovered	2.36	0.97
Electricity Charges Recovered	16.28	11.66
Miscellaneous Income	315.78	364.49
Gains on Sale of Property, Plant and Equipment	23.09	5.27
Provisions Withdrawn	428.46	538.63
Govt. Grant	20.35	45.76
Sale of scrap	32.66	173.76
Training expenses recovered	23.53	3.29
Interest on CHO loan waived off	1,544.11	1,398.11
Creditors Wrtitten back	-	25.98
<b>Total Other Income</b>	<b>3,032.19</b>	<b>3,189.77</b>
<b>B. Interest Income</b>		
Interest income on Bank Deposits	123.11	83.20
Interest from Dealers/Others	6.55	6.84
	<b>129.65</b>	<b>90.04</b>
<b>Total Other Income</b>	<b>3,161.85</b>	<b>3,279.81</b>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

Particulars	(Rs. In Lakhs)	
	Year Ended 31.03.2024	Year Ended 31.03.2023
<b>22 Cost of Raw Materials Consumed</b>		
Raw materials and Components		
Inventory at the beginning of the year/ Qtr	2,372.60	2,326.93
Add: Purchases	4,233.33	3,649.88
	<b>6,605.93</b>	<b>5,976.81</b>
Less: inventory at the end of the year/ Qtr.	2,618.34	2,372.60
Cost of raw material and components consumed	<b>3,987.59</b>	<b>3,604.20</b>
Consumption of Stores, Spares, Tools & Packing Materials	1,496.21	1,441.77
Total raw materials and components consumed	<b>5,483.80</b>	<b>5,045.97</b>
<b>23. Changes in Inventory</b>		
<b>Finished Goods</b>		
Inventory at the beginning of the year/Qtr.	3,382.02	5,821.07
Less: inventory at the end of the year	2,975.95	3,382.02
<b>Changes in Inventory</b>	406.07	2,439.06
<b>Work in Progress</b>		
Inventory at the beginning of the year/Qtr.	4,147.67	4,987.67
Less: inventory at the end of the year	4,470.98	4,147.67
<b>Changes in Inventory</b>	-323.31	839.99
<b>Scrap</b>		
Inventory at the beginning of the year/r	95.28	173.44
Less: inventory at the end of the year	64.36	95.28
<b>Changes in Inventory</b>	30.91	78.16
<b>Total</b>	<b>113.67</b>	<b>3,357.21</b>
<b>24. Employee benefits expense</b>		
Salaries,Wages and Bonus	4,588.52	4,712.76
House Rent Allowance	75.00	96.13
Gratuity	374.47	406.44
Contribution to PF & FPS	457.91	497.05
Deposit Linked Insurance	47.46	37.06
Contribution to ESI	3.77	4.00
Welfare Expenses	1,028.61	1,018.35
	<b>6,575.75</b>	<b>6,771.78</b>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

Particulars	(Rs. In Lakhs)	
	Year Ended 31.03.2024	Year Ended 31.03.2023
<b>25. Depreciation and amortization</b>		
Depreciation of Property, Plant and Equipment	603.83	567.74
Amortization of Intangible assets	-	140.61
Depreciation on Investment Properties	0.43	0.43
	<b>604.26</b>	<b>708.78</b>
<b>26. Finance costs</b>		
Government of India Loans	6,208.10	6,208.10
Cash Credit loans from Banks	597.59	680.85
Inter Corporate Loan	1,544.11	1,398.11
Other	-	-
<b>Total finance costs</b>	<b>8,349.80</b>	<b>8,287.07</b>
<b>27. Other expenses</b>		
Power and Fuel	902.57	776.66
Provision for Non Moving Inventories	209.04	58.39
Sales, Advertisement and Publicity	14.57	14.86
Rent	29.37	31.71
Rates and Taxes	81.12	109.87
Insurance	32.39	33.31
Service Charges Paid	-	-
Training Expenses - Skill Development	3.32	6.30
Water and Electricity	83.21	76.93
Repairs to building	35.15	36.96
Repairs to machinery	26.00	23.80
Printing and Stationery	22.77	29.16
Conference , Seminars and Training	0.63	5.39
Auditors Remuneration #	6.68	6.57
Provision for Doubtful Debts,Loans and Advances	1,601.29	624.68
Warranty claims	70.92	64.02
Loss sustained by PF Trust	769.36	369.52
Travelling Expenses	155.23	177.57
Exchange Diferrence	0.52	1.14
Bank Charges	116.57	182.08

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

(Rs. In Lakhs)

Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
Interest on delayed remittance	897.87	1,601.79
Remb of Exp - Holding Company	19.05	12.58
Carriage outwards	156.87	188.01
Repairs and Maintenance General	128.13	185.48
Security Charges	254.53	231.71
Casual labour charges	1,662.71	1,495.51
Technology Platform "SURGE" Expenses	19.27	44.70
Other Expenses	528.47	584.82
	<b>7,827.62</b>	<b>6,973.53</b>
Statutory Audit	3.59	3.45
Tax Audit	1.83	1.88
Cost Audit	1.26	1.24
	<b>6.68</b>	<b>6.57</b>
<b>28. Jobs Done for Internal Use</b>		
Shop manufactured Special Tools	298.91	391.49
	<b>298.91</b>	<b>391.49</b>
<b>29. Exceptiona items</b>		
Reversal of differential depreciation	-	83.83
(Charged against NUM & SAP)	-	-
	-	<b>83.83</b>

## NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

### 32. Earnings per share (EPS)

(Rs. In Lakhs)

Particulars	31-Mar-24	31-Mar-23
Profit attributable to Equity holders:		
Continuing Operations	(15,524.17)	(13,165.15)
Discontinued Operations		
<b>Profit attributable to Equity holders for basic earnings</b>	<b>(15,524.17)</b>	<b>(13,165.15)</b>
Interest on convertible Preference shares		
<b>Profit attributable to Equity holders of the parent adjusted for the effect of dilution</b>	<b>(15,524.17)</b>	<b>(13,165.15)</b>
Weighted average number of Equity shares for basic EPS*	27,65,99,137	27,65,99,137
Effect of dilution:		
Convertible preference shares		
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>27,65,99,137</b>	<b>27,65,99,137</b>
<b>Earnings per share for continuing operations</b>		
Basic, profit from continuing operations attributable to equity holders of the parent	<b>(5.61)</b>	<b>(4.76)</b>
Diluted, profit from continuing operations attributable to equity holders of the parent	<b>(5.61)</b>	<b>(4.76)</b>

\* 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 IndA5 19 "Employee Benefits, the disclosures as defined are given below:**

### 1. Defined Contribution Plan:

Contribution to Pension

(Rs. In lakhs)

Particulars	2023-24	2022-23
Total Contribution to FPS	93.41	107.41

### 2. Defined Benefit Plans:

The Company contributes in Provident Fund Trust. Gratuity and Settlement allowance to the employees which are defined benefit plans. The Company has not obtained the actuarial valuation report from the independent actuary for Provident Fund.

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

	31-Mar-24	31-Mar-23
	%	%
Discount rate:		
Gratuity plan	7.10	7.27
Settlement Allowance	7.10	7.27
Earned Leave Encashment	7.10	7.27
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-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
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	12.72	12.82	12.72	12.82		
Leave Encashment Rate during employment					1% to 3%	1% to 3%
Leave Availment Rate					1%	1%

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Defined Benefit Obligations

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

#### A. Gratuity

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

Particulars	Remeasurement gains/(losses) in other comprehensive income						Rs. In Lakhs)					
	01-Apr-23	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)		Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer
Defined benefit obligation	(4,310.77)	(183.79)	(283.77)	(467.56)	782.94			-24.20	1.22	-22.98		(4,018.37)
Fair value of plan assets	1,077.94		70.93	70.93	(782.94)	10.04				10.04	756.38	1,132.35
<b>Benefit Liability</b>	<b>(3,232.83)</b>	<b>-183.79</b>	<b>-212.84</b>	<b>(396.63)</b>	<b>0.00</b>	<b>10.04</b>	<b>0.00</b>	<b>(24.20)</b>	<b>1.22</b>	<b>(12.94)</b>	<b>756.38</b>	<b>(2,886.02)</b>

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

Particulars	Remeasurement gains/(losses) in other comprehensive income						(Rs. In Lakhs)					
	01-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	Contributions by employer
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
<b>Benefit Liability</b>	<b>(3,920.22)</b>	<b>-184.31</b>	<b>-227.34</b>	<b>(411.65)</b>	<b>0.00</b>	<b>23.53</b>	<b>0.00</b>	<b>105.47</b>	<b>-171.13</b>	<b>-42.13</b>	<b>1,141.17</b>	<b>(3,232.83)</b>



### B. Earned Leave Encashment

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

(Rs. In Lakhs)

Particulars	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-24	
	01-Apr-23	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 demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments			Sub-total included in OCI
Defined benefit obligation	(1,228.27)	(131.60)	(84.69)	(216.29)	282.22	0.00	0.00	-12.93	-14.55	-27.48	0.00	(1,189.82)
Fair value of plan assets	0.00											0.00
<b>Benefit Liability</b>	<b>(1,228.27)</b>	<b>-131.60</b>	<b>-84.69</b>	<b>(216.29)</b>	<b>282.22</b>	<b>0.00</b>	<b>0.00</b>	<b>(12.93)</b>	<b>(14.55)</b>	<b>(27.48)</b>	<b>0.00</b>	<b>(1,189.82)</b>

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

(Rs. In Lakhs)

Particulars	Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-23	
	01-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 demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments			Sub-total included in OCI
Defined benefit obligation	(1,404.46)	(103.80)	(84.85)	(188.65)	312.43	0.00	0.00	51.42	1.00	52.41	0.00	(1,228.27)
Fair value of plan assets	0.00											0.00
<b>Benefit liability</b>	<b>(1,404.46)</b>	<b>-103.80</b>	<b>-84.85</b>	<b>(188.65)</b>	<b>312.43</b>	<b>0.00</b>	<b>0.00</b>	<b>51.42</b>	<b>1.00</b>	<b>52.41</b>	<b>0.00</b>	<b>(1,228.27)</b>

### C. Settlement Allowance

31 March 2024 changes in the defined benefit obligation and fair value of plan assets

Particulars	Defined Benefit cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income					Contri- butions by employer	31-Mar-23 (Rs. In Lakhs)
	01-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 demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI		
Defined benefit obligation	(167.95)	(19.70)	(10.69)	(30.39)	44.80	0.00	-1.31	7.43	6.12	(147.42)		
Fair value of plan assets	0.00										0.00	
<b>Benefit liability</b>	<b>(167.95)</b>	<b>(19.70)</b>	<b>(10.69)</b>	<b>(30.39)</b>	<b>44.80</b>	<b>0.00</b>	<b>(1.31)</b>	<b>7.43</b>	<b>6.12</b>	<b>0.00</b>	<b>(147.42)</b>	

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

Particulars	Defined Benefit cost charged to profit or loss					Remeasurement gains/(losses) in other comprehensive income					Contri- butions by employer	31-Mar-22 (Rs. In Lakhs)
	01-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 demographic assumptions	Actuarial changes arising from financial assumptions	Experience adjustments	Sub-total included in OCI		
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										0.00	
<b>Benefit liability</b>	<b>(198.08)</b>	<b>-21.97</b>	<b>-11.25</b>	<b>(33.22)</b>	<b>54.09</b>	<b>0.00</b>	<b>5.69</b>	<b>3.57</b>	<b>9.26</b>	<b>0.00</b>	<b>(167.95)</b>	

## 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 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	153.51	135.25	155.93	137.91
Change in rate of salary increase	104.40	101.68	109.33	105.98
Change in withdrawal rates	24.59	21.13	23.85	20.33

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	8.37	7.30	8.42	7.38
Change in rate of salary increase	7.37	8.30	7.46	8.36
Change in withdrawal rates	7.98	9.09	8.09	9.15

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in Discounting rate	82.92	71.74	76.25	66.22
Change in rate of salary increase	74.11	84.09	68.55	77.48
Change in Attrition Rates	2.72	2.35	3.47	3.05

The expected contributions for Gratuity for next financial year will be Rs.1929.57 lakhs and Settlement Allowance Nil.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

Segment reporting

Year ended 31 March 2024

(Rs. In Lakhs)

Particulars	31-Mar-24	31-Mar-23
<i>Revenue from external customers</i>		
India	3,118.03	1,706.68
Outside India		
<b>Total revenue per consolidated Statement of profit or loss</b>	<b>3,118.03</b>	<b>1,706.68</b>

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

Revenue from one customer amounted to Rs 3118 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2024

Revenue from one customer amounted to Rs.1707 Lakhs which is exceeding 10% of the revenue from operations for the year ended 31st March 2023

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2024

		Rs. in Lakhs	
Particulars		As at 31.03.2024	As at 31.03.2023
1	Claims against the Company not Acknowledged as debts		
	A. Tax related Claims pending in appeal		
	i) Excise Duty	-	32.31
	ii) Sales Tax	213.55	213.55
	iii) Property Tax	8,080.05	4,945.11
	iv) Disputed Income Tax		
	B. Employee related claims relating to lockouts, back wages, incentive & Annual bonuse etc., pending adjudication, to the extent ascertainable	1,719.53	1,539.51
	C. Others ( As shown in Annexure-A)	10,538.72	9,674.20
2	Non receipt of related forms against levy 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
		<b>20,606.24</b>	<b>16,524.08</b>
<b>4</b>	<b>Inventories include:</b>		
	Usable, slow/non moving and surplus stores and materials/Work-in-Progress and Stock-in-Trade:	405.47	818.08
<b>5</b>	<b>Trade Receivables include:</b>		
	Dues towards erection and commissioning for a period exceeding one year.	243.41	856.14
<b>6</b>	<b>Advance include:</b>		
6.1	Amounts recoverable from employees, advances, bonus etc., pending adjudication /negotiations.	2.54	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.	123.08	152.63
<b>7</b>	<b>Current liabilities</b>		
	Dues to Micro and small enterprisses based on the information available with the Company		
a	i) Principal	370.67	546.77
	ii) interest	70.69	64.98
b	Amount of Interest paid	1.14	2.16
c	Amount of interest accrued and remaining unpaid at the end of each accounting year	140.58	125.41
8	Balances under 'Trade Receivables', 'Loans & Advances' and 'Trade Payables' are subject to confirmation, although confirmation has been sought in most of the cases		
9	Others includes interest on loan for the year, waived off by HMT Limited	1,544.11	1,398.11
10	Expenditure on Research & Development	122.96	149.23
11	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 2024

**DISCLOSURE REQUIREMENT OF CONTINGENT LIABILITIES AS PER ( IndAS 37 )**
**Annexure - A**
**"Others"**
**Rs. in Lakhs**

Sl.no.	Class of Cases	Nature of Cases **	Amount
1	Central Excise Department	Demands Notice towards reversal of provisions for slow/ non-moving Inventory provided for*	291.29
2	PF / EPS / ESI Cases	Demands raised by PF / EPS /ESI Authorities	4,626.22
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.	13.00
6	Suppliers Claim	Disputed claims relating to supply of Material, its payment	163.73
7	Employees Co-op. Society	Interest on loan recoveries	31.17
8	HMWSSB	Billing Disputes	124.59
9	CMA No.540 of 2007	CMA No.540 of 2007	58.48
10	Customer Claim	Customer / Court cases	3,028.97
12	Gratuity Cases& Interest	Cases filed before ALC(Central) Hyd	335.75
13	Goods & Service Tax, TDS/TCS	GST on GST interest	1,022.47
14	Deposits	Deposits pending long back with Customers	60.21
<b>Total</b>			<b>10,538.72</b>

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

\*\* Brief descripton of the case

## NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH 2024

(Rs. in Lakhs)

Particulars	Year ended 31.03.2024			Year ended 31.03.2023		
<b>1 CONSUMPTION OF RAW MATERIALS AND COMPONENTS</b>						
	Unit	Qty	Value	Unit	Qty	Value
Steel	MT	224.28	211.74	MT	303.60	321.58
Non-ferrous Metals	MT	48.60	125.38	MT	1.02	2.63
Ferrous Castings	MT	456.77	557.24	MT	660.71	810.60
Non-ferrous Castings	MT	23.70	31.06	MT	32.40	42.64
Forgings	MT	27.84	36.75	MT	20.35	26.95
Standard Parts			2,004.52			1,473.42
Components			496.82			593.47
Others			524.08			332.91
			<b>3,987.59</b>			<b>3,604.20</b>
<b>2 TURNOVER</b>						
	Unit	Qty	Value	Unit	Qty	Value
Machine Tools	Nos.	280	8,258.43	Nos.	309.00	11,622.62
Printing Machines	Nos.	2	44.68	Nos.	1.00	21.37
Sale of Services			275.15			324.83
Accessories			1,108.09			1,736.58
Sundry Jobs and Misce. Sales			252.30			463.03
Packing , forwarding & Other charges			31.34			55.63
			<b>9,969.99</b>			<b>14,224.06</b>

## NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST MARCH 2024

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

Point No.	Particulars	Year ended 31.03.2024		Year ended 31.03.2023	
<b>3</b>	INFORMATION REGARDING IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY/ EXCHANGE AND CONSUMPTION				
	(a) CIF VALUE OF IMPORTS:				
	Raw Materials		178.22		197.72
	Components and Spare Parts		40.75		163.44
	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	4%	223.10	8%	464.80
	Indigenous	96%	5,260.70	92%	4,581.17
		<b>100%</b>	<b>5,483.80</b>	<b>100%</b>	<b>5,045.97</b>
	(d) EARNINGS IN FOREIGN EXCHANGE EXPORTS		141.34		417.90
	Routed through HMT( International) Ltd.,				
	OTHERS		-		-



## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2024

**Note 36. Transactions with Key Managerial Personnel**

Compensation of Key Management Personnel of the Company

(Rs.in Lakhs)

Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
i) Short-term employee benefits	24.64	20.66
ii) Post-employment benefits	3.74	3.04
iii) Other long term benefits	2.01	0.73
<b>Total Compensation paid to Key Management Personnel</b>	<b>30.39</b>	<b>24.43</b>

Name of the Related Party	Relationship
HMT Limited	Holding Company
HMT (International) Limited	Fellow Subsidiary
Mr. Pankaj Gupta (upto 24.11.2023)	Key Managerial Persons (KMP)
Mr. Rajeev Singh (w.r. f. 30.12.2023 upto 8.3.2024)	
Mr. Krishnaswami Ravishankar (w.e.f. 8.3.2024)	
Mr. Rajesh Kumar	
Mr. HariKumar M (upto 10.7.2023)	
Mr. Alok Kumar Behera (w.e.f 20.7.2023)	
Mr. Om Prakash Singh	

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	Transsfers	Closing Balance
a) Loans						
HMT Limited	Current year	27470.43	3111.98			30582.41
	Previous year	24573.58	1515.00		1381.85	27470.43

Name of Related Party	As at	Opening Balance	Advance Given (Net)*	Advance Taken (Net)	Transsfers	Closing Balance
b) Advances (Dr / (Cr))						
HMT Limited	Current year	-1198.30	0.00	-89.72		-1288.02
	Previous year	-7871.16	0.00	-80.84	-6753.70	-1198.30
HMT (International ) Ltd	Current year	256.73	253.16			3.57
	Previous year	107.57	149.16			256.73

\*Advance includes reimbursement of expenses payable

(Rs. in Lakhs)			
<b>c) Name of the Transacting Related Party</b>	<b>HMTL</b>	<b>HMT (I)</b>	<b>Total</b>
Revenue from Operations			
	Current year	141.34	141.34
	Previous year	417.90	417.90
Other income			
	Current year	1544.11	1544.11
	Previous year	1398.11	1398.11
General Expenses: (Reimbursement of expenses)			
	Current year	19.05	19.05
	Previous year	12.58	12.58
Interest			
	Current year	1544.11	1544.11
	Previous year	1398.11	1398.11

**(d) Transactions with Key Managerial Persons:**

<b>Remuneration paid to KMP</b>	<b>Current year</b>	<b>Previous year</b>
- Harikumar M	4.48	13.32
- Alok Kumar Behera	13.40	0.00
- Om Prakash Singh	12.51	11.12
	<u>30.39</u>	<u>24.44</u>
- Directors Sitting Fees		
- G.Vijaya Sunitha Reddy	-	0.37
	<u>-</u>	<u>0.37</u>

(Rs. in Lakhs)		
<b>Miscellaneous Income</b>		
Particulars	2023-24	2022-23
Hospital Income	181.90	126.52
Misc. Income general (OBS, Wages, IBS)		4.32
VRS / LIC claim received		56.93
Misc. Income (Licence Renewal Fee recovered)	133.88	176.72
<b>Total</b>	<b>315.78</b>	<b>364.49</b>

### Note 37: RATIO ANALYSIS

Ratio	Numerator	Denominator	FY 2023-24	FY 2022-23	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	0.12	0.15	-19.38%	
Debt-Equity Ratio	Total Debt	Shareholder's Equity	-1.16	-1.20	-3.58%	
Debt Service Coverage Ratio	Earnings available for debt service	Debt service	-0.08	-0.06	48.92%	Due to increase in negative EBITDA on account of reduction in sales
Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	-8%	-8%	8.98%	
Inventory turnover ratio	Cost of goods sold or Sales	Average Inventory	1.65	1.61	2.47%	
Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	0.75	0.96	-21.69%	
Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	0.81	0.70	15.98%	
Net capital turnover ratio	Net Sales	Average Working Capital	-5%	-8%	-35.10%	Due to reduction in sales during the year
Net profit ratio	Net Profit before taxes	Revenue	-118%	-75%	57.18%	Due to increase in loss and to reduction in revenue
Return on Capital employed/Return on Investment	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt	-0.04	-0.03	35.49%	Due to increase in negative EBIT in view of reduction in sales.

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31ST MARCH 2024**
**Note: 38 Period and amount of Default are as follows:**

CAPEX Loan @15.50% interest dated 30.03.2006	Government of India	1) Rs.79 Lakhs due since 02.04.2007	6207
		2) Rs.79 Lakhs due since 02.04.2008	5841
		3) Rs.79 Lakhs due since 02.04.2009	5476
		4) Rs.79 Lakhs due since 02.04.2010	5111
		5) Rs.79 Lakhs due since 02.04.2011	4746
VRS Loan @ 3.5@ interest dated 01.11.2007	Government of India	1) Rs.556.95 Lakhs due since 27.12.2008	5572
		2) Rs.556.95 Lakhs due since 27.12.2009	5207
		3) Rs.556.95 Lakhs due since 27.12.2010	4842
		4) Rs.556.95 Lakhs due since 27.12.2011	4477
		5) Rs.556.95 Lakhs due since 27.12.2012	4111
For payment of Statutory Dues @15.50% interest dated 29.03.2007	Government of India	1) Rs.156.40 Lakhs due since 30.03.2008	5844
		2) Rs.156.40 Lakhs due since 30.03.2009	5479
		3) Rs.156.40 Lakhs due since 30.03.2010	5114
		4) Rs.156.40 Lakhs due since 30.03.2011	4749
		5) Rs.156.40 Lakhs due since 30.03.2012	4383
VRS Loan @ 3.5@ interest dated 31.12.2008	Government of India	1) Rs.243.29 Lakhs due since 15.01.2010	5188
		2) Rs.243.29 Lakhs due since 15.01.2011	4823
		3) Rs.243.29 Lakhs due since 15.01.2012	4458
		4) Rs.243.29 Lakhs due since 15.01.2013	4092
		5) Rs.243.29 Lakhs due since 15.01.2014	3727
For payment of Statutory Dues @13.50% interest dated 24.07.2012	Government of India	1) Rs.888.52 Lakhs due since 01.08.2013	3894
		2) Rs.888.52 Lakhs due since 01.08.2014	3529
		3) Rs.888.52 Lakhs due since 01.08.2015	3164
		4) Rs.888.52 Lakhs due since 01.08.2016	2798
		5) Rs.888.52 Lakhs due since 01.08.2017	2433
For payment of Statutory Dues @13.50% interest dated 18.03.2014	Government of India	1) Rs.392 Lakhs due since 21.03.2015	3297
		2) Rs.392 Lakhs due since 21.03.2016	2931
		3) Rs.392 Lakhs due since 21.03.2017	2566
		4) Rs.392 Lakhs due since 21.03.2018	2201
		5) Rs.392 Lakhs due since 21.03.2019	1836

For payment of Statutory Dues @13.50% interest dated 23.09.2014	Government of India	1) Rs.480 Lakhs due since 04.10.2015	3100
		2) Rs.480 Lakhs due since 04.10.2016	2734
		3) Rs.480 Lakhs due since 04.10.2017	2369
		4) Rs.480 Lakhs due since 04.10.2018	2004
		5) Rs.480 Lakhs due since 04.10.2019	1639
Working Capital Loan @13.50 % interest dated 23.09.2014	Government of India	1) Rs.500 Lakhs due since 04.10.2015	3100
		2) Rs.500 Lakhs due since 04.10.2016	2734
		3) Rs.500 Lakhs due since 04.10.2017	2369
		4) Rs.500 Lakhs due since 04.10.2018	2004
		5) Rs.500 Lakhs due since 04.10.2019	1639
For payment of Statutory Dues @13.50% interest dated 09.10.2014	Government of India	1) Rs.378.20 Lakhs due since 11.10.2015	3093
		2) Rs.378.20 Lakhs due since 11.10.2016	2727
		3) Rs.378.20 Lakhs due since 11.10.2017	2362
		4) Rs.378.20 Lakhs due since 11.10.2018	1997
		5) Rs.378.20 Lakhs due since 11.10.2019	1632
For payment of Salaries & Wages @13.50% interest dated 09.10.2014	Government of India	1) Rs.548.60 Lakhs due since 11.10.2015	3093
		2) Rs.548.60 Lakhs due since 11.10.2016	2727
		3) Rs.548.60 Lakhs due since 11.10.2017	2362
		4) Rs.548.60 Lakhs due since 11.10.2018	1997
		5) Rs.548.60 Lakhs due since 11.10.2019	1632
For implementation of 1997 pay revision @13.50% interest dated 06.02.2015	Government of India	1) Rs.586.80 Lakhs due since 10.02.2016	2971
		2) Rs.586.80 Lakhs due since 10.02.2017	2605
		3) Rs.586.80 Lakhs due since 10.02.2018	2240
		4) Rs.586.80 Lakhs due since 10.02.2019	1875
		5) Rs.586.80 Lakhs due since 10.02.2020	1510
Working Capital Loan @13.50 % interest dated 06.02.2015	Government of India	1) Rs.1000 Lakhs due since 10.02.2016	2971
		2) Rs.1000 Lakhs due since 10.02.2017	2605
		3) Rs.1000 Lakhs due since 10.02.2018	2240
		4) Rs.1000 Lakhs due since 10.02.2019	1875
		5) Rs.1000 Lakhs due since 10.02.2020	1510

For payment of Statutory Dues @13.50% interest dated 31.03.2015	Government of India	1) Rs.526.80 Lakhs due since 31.03.2016	2921
		2) Rs.526.80 Lakhs due since 31.03.2017	2556
		3) Rs.526.80 Lakhs due since 31.03. 018	2191
		4) Rs.526.80 Lakhs due since 31.03.2019	1826
		5) Rs.526.80 Lakhs due since 31..03.2020	1460
For implementation of 1997 pay revision @13.50% interest dated 30.09.2015	Government of India	1) Rs.634 Lakhs due since 03.10.2016	2735
		2) Rs.634 Lakhs due since 03.10.2017	2370
		3) Rs.634 Lakhs due since 03.10. 018	2005
		4) Rs.634 Lakhs due since 03.10.2019	1640
		5) Rs.634 Lakhs due since 03..10.2020	1274



**50<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
2023-24

## Chairman's Address 50th Annual General Meeting of HMT (International) Limited

My Dear Shareholders,

I am honoured to present to you the Annual Report of HMT (International) Limited for the year 2023-24. 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

Many economies have been on the mend post the global pandemic outbreak, leading to an increased demand for various goods and services. However, the pace has varied significantly across regions. While some markets have rebounded strongly, others have faced a slower growth due to lingering supply chain disruptions and inflationary pressures. Ongoing geopolitical issues have further affected certain markets requiring us to diversify our export destinations and explore new markets. The acceleration and advancements in technology and continuous integration of digital technologies have also transformed how we engage with our clients and manage logistics.

India's export share in global trade, however, has shown a positive trend in the recent past reflecting the country's growing integration into the global economy. Through programs like "Make in India" and the Production-Linked Incentive (PLI) schemes, the Indian government aims to increase manufacturing and exports and establish India as a global power to reckon with.

The company's vision to be at the pinnacle of global manufacturing and export sector is in line with the Indian Government's vision for the country, and HMT (International) Limited going forward will continue to support Indian export by exporting high-quality goods and services that meet customer needs and foray into newer markets and become trailblazers of their field.

### Indian Economy:

India has recorded an overall growth of 7.8% in GDP in the year 2023 and is projected to maintain a steady 6.5% growth in the coming years as per the World Economy Outlook April 2024. Engineering goods and services exports from India showcased an annual growth of 2.13% to account for 24% of overall Indian Exports. Stemming from the industrial growth, Make-in-India initiative, FDI and domestic investment, government policies, Free Trade Agreements (FTAs), the Indian economy has demonstrated resilience and continued growth even when faced with global and domestic challenges. HMT(International) Limited takes pride in its contribution towards the nation's economic growth and assures its continued support in the coming years.

### Performance & Business Accomplishments

HMT (International) Limited ["HMT(I)"], has observed a steady increase in sales over the past two years. In the year 2023-24 the sales reached Rs.17.59 Crores vis-a-vis Rs.14.15 Crores in the year 2022-23. This positive growth trajectory is a testament to our international presence and our ability to adapt to global market dynamics. Profit before tax has shown improvement with Rs.4.81 Crores in 2023-24 compared to Rs. 0.31 Crores in the year 2022-23.

The company has been successful in setting up / upgradation of various training centers located at Myanmar, South Africa, Senegal, Belize, Chennai & Visakhapatnam.

HMT(I) is in deliberation for techno-commercial proposals for setting up of training centre worth Rs. 387.8 Crores.

HMT has approached Ministry of External Affairs (MEA) through Ministry of Heavy Industry (MHI) for becoming a Nodal Agency for implementing the turnkey projects for setting up Vocational Training / Skill Development centres under grant-in-aid projects.



## Future Outlook

### Export Business

The Company is gearing up to increase its revenues in the coming years by taking up marketing of HMT's products and other Engineering Goods to newer destinations and to take up more turnkey projects in under-developed and developing countries. HMT(I)'s orders in hand as on 31.03.2024 stands at Rs.26.47 Crores.

### Corporate Governance

The Company strives to constantly adopt and maintain the highest standards of values and principles. The Company complies 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 its 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 and Steel, Hon'ble Minister of State for Heavy Industries

and Steel, the Secretary (Heavy Industries), Additional Secretary & Financial Adviser, the Joint Secretary, Economic Adviser and other Officers in the Ministry of Heavy Industries as well as Ministry of External Affairs for the immense support and guidance. 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, 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 their unswerving commitment.

I express my thanks to all our esteemed customers in India and abroad for their continued support.

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 (International) Limited and its management. I greet you and your family members and wish you all the best!

**(Rajesh Kohli)**  
**Chairman & Managing Director**  
**Addl. Charge**  
**Bengaluru**

## HMT INTERNATIONAL LIMITED

### CONTENTS

Board of Directors.....	4
Performance Highlights .....	5
Directors' Report.....	6
Management Discussion and Analysis .....	16
Certificate on Corporate Governance .....	23
Secretarial Audit Report.....	24
Independent Auditor's Report.....	29
Comments of C & AG .....	39
Significant Accounting Policies .....	40
Balance Sheet .....	50
Profit & Loss Account .....	52
Statement of Cash Flow .....	54
Notes Forming Part of Financial Statement.....	55

**BOARD OF DIRECTORS (As on 04.09.2024)**

Shri. Rajesh Kohli	Chairman & Managing Director (Addl. Charge) (w.e.f., 05.04.2024)
Dr. Renuka Mishra	Govt. Nominee Director (w.e.f. 23.07.2024)
Shri. Vimal Anand	Govt. Nominee Director (w.e.f. 23.07.2024)
Ms. Anju Makhija	Independent Director (w.e.f. 10.06.2023)

**STATUTORY AUDITOR**

M/s. P B M N & Co.,  
Chartered Accountants  
Bengaluru

**SECRETARIAL AUDITOR**

G Haritha & Associates  
Practicing Company Secretaries  
Bengaluru

**BANKERS**

Bank of Maharashtra  
UCO Bank  
Axis Bank

**REGISTERED OFFICE**

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

**CORPORATE IDENTITY NUMBER**

U33309KA1974GOI002707



To be a global, Dynamic and World Class Trading Organization.

To achieve Total Customer Satisfaction

- a) Competitive Pricing
- b) Timely Delivery of Quality Goods & Service



**PERFORMANCE HIGHLIGHTS**

(Rs in Million)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
<b>OPERATING STATISTICS</b>										
Sales	<b>175.86</b>	141.55	109.12	198.35	671.49	570.74	249.45	239.76	339.07	334.01
Other Income	<b>4.21</b>	2.74	11.38	18.52	2.65	2.39	6.76	8.12	4.33	14.97
Stock accretion		-	-	-	-	-	-	-	(0.35)	(1.25)
Interest Income	<b>16.91</b>	15.19	15.16	17.63	24.43	18.30	19.41	22.53	23.65	27.71
	<b>196.98</b>	159.47	135.66	234.50	698.57	591.43	275.62	270.41	366.70	375.44
Purchases	<b>108.42</b>	117.275	88.55	178.44	556.14	469.72	225.76	174.62	230.54	224.95
Employees Costs	<b>25.16</b>	24.067	30.33	29.50	28.12	31.04	27.89	38.49	55.60	64.81
Other Operating Costs	<b>13.99</b>	13.756	12.69	13.15	74.16	68.99	20.40	53.34	70.16	67.64
Depreciation	<b>1.31</b>	1.303	1.26	1.38	1.40	1.48	1.46	1.38	1.35	1.46
	<b>148.86</b>	156.40	132.83	222.47	659.82	571.23	275.51	267.83	357.65	358.86
Gross Profit	<b>48.12</b>	3.07	2.83	12.03	38.75	20.20	0.11	2.59	9.05	16.58
Interest		-	-	-	-	-	-	-	-	-
Net Profit Before Taxes (after prior period)	<b>48.12</b>	3.07	2.83	12.03	38.75	20.20	0.11	2.59	9.05	16.58
Taxes & Deferred Tax	<b>40.13</b>	1.05	0.7	2.33	11.64	5.09	(1.25)	1.94	3.22	11.39
Profit After Taxes	<b>7.99</b>	2.02	2.13	9.70	27.11	15.11	1.36	0.65	5.83	5.19
<b>FINANCIAL POSITION</b>										
Current Assets	<b>544.66</b>	545.717	508.948	548.12	771.83	767.90	417.79	488.92	425.24	473.91
Current Liabilities & Provision	<b>203.28</b>	213.358	180.339	216.57	449.94	472.27	132.56	207.06	143.40	201.43
Net Working Capital	<b>341.38</b>	332.36	328.61	331.56	321.90	295.63	285.23	281.86	281.84	272.48
Net Fixed Assets	<b>41.58</b>	42.664	43.525	44.79	45.77	47.15	48.53	49.99	50.83	52.14
Capital Employed	<b>382.96</b>	375.023	372.13	376.35	367.66	342.78	333.76	331.85	332.67	324.62
Deferred Tax Liability	<b>4.81</b>	4.696	4.29	4.63	4.38	4.91	7.77	8.57	7.51	12.14
Net Worth	<b>378.15</b>	370.33	367.84	371.72	363.28	337.87	325.99	323.28	325.16	312.48
<b>DATA ON EQUITY CAPITAL</b>										
Share Capital	<b>7.20</b>	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20	7.20
Reserves	<b>362.96</b>	361.11	358.51	354.82	328.97	315.57	317.43	315.43	314.14	304.52
Retained Earnings	<b>7.99</b>	2.02	2.13	9.70	27.11	15.11	1.36	0.65	3.82	0.76
Dividend - Normal	-	-	-	-	1.80	1.44	-	-	1.44	1.44
- Special	-	-	-	-	-	-	-	-	-	-
Dividend(%) - Normal	-	-	-	-	25	20	-	-	20	20
- Special	-	-	-	-	-	-	-	-	-	-
<b>OTHER STATISTICS</b>										
Cash Flow	<b>9.30</b>	3.32	3.39	11.08	28.51	16.59	2.82	2.03	7.18	6.65
Turnover / Working Capital Ratio	<b>0.52</b>	0.43	0.33	0.60	2.09	1.93	0.87	0.85	1.20	1.23
Return on Capital (%)	<b>12.57</b>	0.82	0.76	3.20	10.54	5.89	0.03	0.78	2.72	5.11
Number of Employees	<b>16</b>	19	21	23	22	25	27	28	33	40
Per Capita Sales	<b>10.99</b>	7.45	5.20	8.62	30.52	22.83	9.24	8.56	10.27	8.35

## DIRECTORS' REPORT

**To  
The Members,  
HMT (INTERNATIONAL) LIMITED  
BENGALURU**

The Board of Directors have pleasure in presenting the 50<sup>th</sup> Annual Report on business and operations of your Company and Annual Financial Statements of the Company for the financial year 2023-24 along with Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached to this Report.

### 1. Financial summary/Performance of the Company

(Rs. in Lakhs)

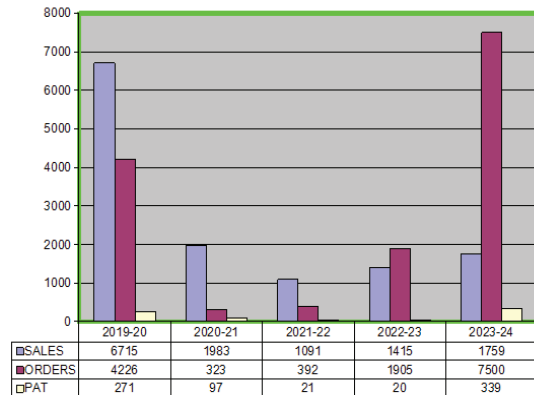
Particulars	2023-24	2022-23
Gross Income from Operations	1759	1415
Cost of Sales	1084	1173
Gross Profit	481	31
Provision for Depreciation	13	13
Net Profit Before Tax	481	31
Provision for Tax	401	10
Net Profit After Tax	80	20
Balance available for appropriation	80	20
Proposed Dividend on Equity Shares	-	-
Transfer to Other Equity	-	-
Surplus carried to Balance Sheet	80	20

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

Performance of the Company during the year 2023-24 in terms of turnover at gross levels was Rs.1759 Lakhs as against Rs.1415 Lakhs achieved during the previous year, i.e., 2022-23. The Order procurement during the year was Rs. 2379 Lakhs as against Rs. 1905 Lakhs achieved in the previous year. With the

Turnover of Rs. 1759 lakhs, your Company was able to generate the Profit After Tax (PAT) at Rs.80 Lakhs as against Rs. 20 Lakhs in the previous year, thereby continuing the trend of profits.

(Rs. in Lakhs)



### 2.1 Segment-wise Achievements

#### 2.1.1 Products

During the year 2023-24, the Company has submitted several quotations to the overseas customers for supply of various HMT and non-HMT Machines.

HMT(I) has conducted a field study, prepared a Detailed Project Report for Rs.7.08 Crores and submitted to M/s. National Academy of Customs, Indirect Taxes and Narcotics (NACIN).

#### 2.1.1.1 Marketing Efforts

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

- ❖ To pursue with the manufacturing units of HMT MTL to upgrade the niche products.
- ❖ To concentrate more on high value products such as large Vertical Turning Lathe, Floor Boring machine, 80/100 mm Radial Drilling machine, Oil country Lathes, etc
- ❖ HMT(I) has signed an MoU with M/s. Central Manufacturing Technology Institute, Bengaluru.
- ❖ HMT(I) has initiated signing of MoU with M/s. Government Toll Room and Training Centre (GTTC).

## 2.1.2 Projects & Services

### 2.1.2.1 Agreements signed with MEA:

HMT(I) has submitted offers / proposals towards setting up of Demonstration cum training centres, MSME production centres, Industrial training centres, etc. for the following countries:

- Three Years Maintenance Plan to Gandhi Mandela Centre of Specialisation (GMCOS), Pretoria, South Africa
- Setting up of Regional India-PIC Industrial / Skill Development Centre in Port Moresby, Papua New Guinea
- Setting up of India-Guyana Technical Training College (IGTTC), Berbice, Guyana
- Setting up of Industrial Training Centre (ITC), Yangon, Myanmar
- Vocational Training Centre, Oyala

### Update on Projects under Implementation:

#### ❖ **Setting up of Common Facility Centre for Small & Medium Enterprises at IDEB, Khulna, Bangladesh**

- On-the-Job-Training (OJT) activities shall start for IDEB, Sirajganj (Dairy Processing Plant) upon confirmation from Govt. of Bangladesh.

#### ❖ **Setting up of Gandhi-Mandela Centre of Specialisation for Artisan Skills”(GMCOS), Pretoria, South Africa:**

- HMT(I) has successfully completed OJT activities at GMCOS, South Africa and the OJT experts have left the project site on 08th November 2023. With the completion of On the Job Training (OJT). HMT(I) has successfully completed all the project activities as specified in the Agreement.

#### ❖ **Setting up of Indo-Belize Centre of Engineering, (IBCE), University of Belize, Belize**

- HMT(I) has successfully completed OJT activities at IBCE, Belize and the OJT experts have left the project site on 30th August 2023. With the completion of On the Job Training (OJT), HMT(I) has successfully completed all the project activities as specified in the Agreement.

#### ❖ **Setting up of Indo-Myanmar Industrial Training Centre” (IMITC), Monywa, Myanmar.**

- Erection & Commissioning of supplied machines at IMITC, Monywa is completed.
- Deputation of Indian experts to Myanmar for providing On-the-Job-Training (OJT) will be planned on confirmation from Govt. of Myanmar.

#### ❖ **Setting up of Indo-Myanmar Industrial Training Centre” (IMITC), Thaton, Myanmar.**

- HMT(I) has successfully completed OJT activities at IMITC, Thaton and the OJT experts have left the project site on 22<sup>nd</sup> February 2024. With the completion of On the Job Training (OJT), HMT(I) has successfully completed all the project activities as specified in the Agreement.

#### ❖ **Upgradation of INDO-ZIM Technology Centres in Zimbabwe”**

- HMT(I) has successfully completed OJT activities at IZTC, Zimbabwe and the OJT experts have left the project site on 19th August 2023. With the completion of On the Job Training (OJT), HMT(I) has successfully completed all the project activities as specified in the Agreement.

❖ **Upgradation and Modernisation of “Centre D’Entrepreneuriat Et DeDeveloppement Technique (CEDT), Le G15”, Dakar, Senegal (Phase II)**

- HMT(I) has successfully completed OJT activities at CEDT, Dakar and the OJT experts have left the project site on 03rd May 2024. With the completion of On the Job Training (OJT), HMT(I) has successfully completed all the project activities as specified in the Agreement.

**2.1.2.2 Agreements signed other than MEA:**

❖ **Supply, Erection and Commissioning of Machineries & Equipment for various Government Industrial Training Institute (ITI) in Tamil Nadu.**

- HMT(I) has received order worth Rs.1.8 Crores from Government of Tamil Nadu (Department of Employment & training) for supply, erection and commissioning of Machineries & Equipment for various Government Industrial Training Institute (ITI) in Tamil Nadu and has successfully completed the order.
- HMT(I) has received order worth Rs.0.6 Crores from Government of Tamil Nadu (Department of Employment & training) for supply, erection and commissioning of Machineries & Equipment for various Government Industrial Training Institute (ITI) in Tamil Nadu. Major supplies were completed and E&C is in progress.

❖ **HMT(I) has received an order worth Rs. 2.25 Crores from M/s Dangote Petroleum Refinery & Petrochemicals and M/s. Dangote Fertilizer Limited for the supply of 4 Nos. of HMT High Precision Lathe Conventional Lathe Machine (NH32/3000) to Nigeria.**

- For M/s. Dangote Petroleum Refinery & Petrochemicals, supply is completed and E&C is pending.

- For M/s. Dangote Fertilizer Limited, E&C is completed.

❖ **HMT(I) has completed the supply for an order worth Rs. 5.68 Crores from M/s Nigeria Machine Tools towards the supply of 1 No. of HMT Vertical Turning Lathe Machine (VTL - 1500). Received separate work order for E&C and is in pending.**

❖ **HMT(I) has completed the supply and E&C for an order worth Rs. 48.28 Lacs from M/s Indorama ICS, Senegal for the supply of 1 No. of Radial Drilling Machine (RM-65).**

❖ **HMT(I) has completed the supply and E&C of Welding lab equipment to M/s. Technical Trainers Training and Resource Centre, Jigme Wangchuk Power Training Institute, Bhutan.**

❖ **HMT(I) has completed the supply of various Welding equipment and consumables worth Rs. 14.43 Lacs to M/s. Technical Training and Resource Centre, Bhutan.**

❖ **HMT(I) has received an order worth Rs. 13.38 Lacs for the supply and E&C of Automobile parts from M/s. Project Management Unit, Department of Workforce Planning and Skills Development, Bhutan.**

- Supply is completed and E&C is pending.

❖ **HMT(I) has received an order worth Rs.12.23 Cr. for Supply of Milling, Grinding & Lathe Machines to M/s. Odisha Skill Development Authority (OSDA), Bhubaneshwar.**

❖ **HMT(I) has received an order worth Rs. 6.6 Cr. for supply of various equipment to Indian Maritime University (IMU), Kolkata and Vizag.**

❖ **HMT(I) has received an order worth Rs. 18.30 Lacs towards supply, installation, testing and commissioning of various machines to M/s. Evershine Moulders Ltd., Tirupati.**

- ❖ **HMT(I) has received an order worth Rs. 50.26 Lacs towards supply, installation, testing and commissioning of Continuous Butter making machine for M/s. VKA, Karur and has completed the order successfully.**
  - ❖ **HMT(I) has received an order worth Rs. 49.98 Lacs towards supply, installation, testing and commissioning of 01 No. CNC EDM Die Sinking Machine to BHEL, Trichy and has completed the order successfully.**
  - ❖ **HMT(I) has received an order worth Rs. 24.86 Lacs towards supply, installation, testing and commissioning of 01 no. Pneumatic power press 200 ton to M/s. GIPL (Group of Sage), Ludhiana.**
  - ❖ **HMT(I) has received an order worth Rs. 11.00 Lacs towards supply, installation, testing and commissioning of 01 No. EDM Drilling Machine with DRO System to M/s. IGCAR, Department of Atomic Energy, Kalpakkam, Tamil Nadu.**
- HMT(I) has initiated for becoming a Nodal Agency to MEA for implementing the turnkey projects such as Vocational Training / Skill Development centres under grant-in-aid projects.
  - Hon'ble Minister (MHI) has sent a letter to MEA to nominate HMT(I) as nodal agency for implementing MEA projects.
  - In response, Hon'ble Minister (MEA) informed that a call on various modalities would be taken once the ongoing review of their offerings is completed.
  - Further, Economic Advisor, MHI requested Additional Secretary (DPA-II&IV), MEA to look into and apprise the MHI of the latest status / position of action on the recommendation of Hon'ble Minister (MHI).
  - In response, Additional Secretary (DPA-II&IV), MEA informed that they are reviewing current requirement of partner countries under DPA-II & IV division.
  - HMT(I) is in touch with various divisions of MEA for new MEA Grant-in-Aid projects. GM(O&M), HMT(I) met Joint Secretary(DPA-III), Director(DPA-III) & Director (BM) on 20.02.2024 for follow-up on project proposals already submitted and new business opportunities.
  - To become Nodal Agency for the Ministry of Micro, Small & Medium Enterprises, the company has held discussions with Ministry of MSME for nominating HMT(I) as Nodal Agency for setting of workshops on turnkey basis for the Tool rooms / Technology development centres under Ministry of MSME. Matter is being pursued.
  - Business expansion with Ministry of Commerce: The company has held discussions for implementation of Cotton Technical Assistance Programme (C-TAP, Phase-II) in 5 African countries – Ghana, Mali, Tanzania, Togo & Zambia. Draft project proposal has been submitted. Matter is being pursued.

### 2.1.2.3 Strategies

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

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

### 2.1.2.4 Marketing efforts

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



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

## 2.4 Performance details

[Rs. in Lakhs]

Particulars	2023-24	2022-23
<b>Sales Turnover</b>		
HMT Products & Technical Services	953	62
Agency & Others	169	-
Projects & Services	637	1353
High-sea sales		-
<b>Total</b>	<b>1759</b>	<b>1415</b>

## 3. Reserves

An amount of Rs. 80 lakhs has been carried to Balance Sheet.

## 4. Share Capital

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

## 5. Dividend

Keeping in view the requirement of funds for operations, the Directors are not in a position to recommend any Dividend to Shareholders.

## 6. Deposits

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

## 7. Particulars of Employees

The total number of employees as on March 31, 2024 stood at 16 regular and 02 contractual (including 0 Scheduled Caste and 1 Scheduled Tribe).

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 8. Board Meetings

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

## 9. Board of Directors and Key Managerial Personnel

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

The appointment/ remuneration in respect of KMPs and Senior Management Personnel are governed by the policies covered in HMT's personnel manual in line with DPE guidelines.

The following changes have taken place in the composition of the Board of Directors / Key Managerial Personnel:

Ministry of Heavy Industries vide Order No. F. No. 1-05/3/2020-P.E.X (e.20871) dated 8th June, 2023 has informed that Appointment Committee of the Cabinet (ACC) has approved the appointment of Smt. Anju Makhija as Non-Official Independent Director on the Board of HMT (International) Limited for a period of three years, from the date of notification of her appointment, or until further orders, whichever is earlier. Subsequent to the inclusion in the Independent Directors Database, inducted on the Board of Directors of the Company w.e.f. 10th June, 2023 and for a period of three years from the date of Government Order dated 8th June, 2023, or until further order, whichever is earlier.

Ministry of Heavy Industries vide Order No.1-05/15/2019-P.E.X (e.20170) dated 31st August, 2023 has informed the appointment of Shri. Vipul Bansal,

Joint Secretary, Department of Commerce, Ministry of Commerce & Industry, as Part-time Official Director on the Board of HMT (International) Limited, Bengaluru with immediate effect, until further orders in place of Shri. Srikar K Reddy, Joint Secretary, Department of Commerce, Ministry of Commerce & Industry.

Ministry of Heavy Industries vide Order No.1-05/15/2019-P.E.X (e.20170) dated 4th September 2023 has informed the appointment of Ms. Mukta Shekhar, Joint Secretary, Ministry of Heavy Industries, as Government Nominee Director on the Board of HMT (International) Limited, Bengaluru with immediate effect, until further orders in place of Dr. Renuka Mishra, Economic Adviser, Ministry of Heavy Industries.

Shri. Pankaj Gupta ceases to be Chairman & Managing Director (Additional Charge) of the Company on completion of term on 24<sup>th</sup> November, 2023.

Ministry of Heavy Industries vide its Order No.1-05/14/2019-P.E.10/CPSE I dated 29th December, 2023 has entrusted the additional charge of the post of Chairman & Managing Director of HMT (International) Limited to Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited for a period w.e.f. 25.11.2023 to 24.11.2024, or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the approval of the Appointments Committee of the Cabinet (ACC). Subsequent to the obtaining of Director Identification Number (DIN), inducted on the Board of Directors of the Company w.e.f. 30th December 2023.

Ministry of Heavy Industries vide its Order No.1-05/14/2019-P.E.X (Pt.1) dated 4th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT (International) Limited to Shri. Krishnaswami Ravishankar, Executive Director, Bharat Heavy Electricals Limited, Hyderabad in place of Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the post till 24.08.2024 i.e., date of his superannuation or till the joining of a regular incumbent or until further orders whichever is earliest, subject to ex-post facto approval

of Appointments Committee of the Cabinet (ACC). Subsequent to the obtaining of Director Identification Number (DIN) & assumption of charge, inducted on the Board of Directors of the Company w.e.f. 08th March, 2024.

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

Subsequent to the financial year, Ministry of Heavy Industries vide its Order No.1-05/14/2019-PE.X (Pt.1) dated 26th March, 2024 has entrusted the additional charge of the post of Chairman & Managing Director of HMT (International) Limited to Shri. Rajesh Kohli, Executive Director, Bharat Heavy Electricals Limited (BHEL), in place of Shri. Krishnaswami Ravishankar, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the posts, for a period of one year or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the ex-post facto approval of the Appointments Committee of the Cabinet (ACC). Subsequent to the obtaining of Director Identification Number (DIN) & assumption of charge, inducted on the Board of Directors of the Company w.e.f. 5th April, 2024.

Ministry of Heavy Industries vide Order No.1-05/7/2024-P.E.X dated 23rd July 2024 has informed the appointment of Dr. Renuka Mishra, Economic Adviser, Ministry of Heavy Industries and Shri. Vimal Anand, Joint Secretary, Department of Commerce as Government Nominee Directors on the Board of HMT (International) Limited, Bengaluru with immediate effect, until further orders in place of Ms. Mukta Shekhar, Ex Joint Secretary, Ministry of Heavy Industries and Shri. Vipul Bansal, ex-Joint Secretary, Department of Commerce respectively.

Shri. Rajesh Kohli, Chairman and Managing Director (Addl. Charge) (DIN: 10333951), Dr. Renuka Mishra (DIN: 08635835), Shri. Vimal Anand (DIN: 10692946) are proposed for appointment as Directors in terms of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting.

None of the Directors are liable to retire by rotation as all the Directors eligible for retirement were appointed as Additional Directors by the Board of Directors and proposed for regularization in the ensuing Annual General Meeting.

Shri. K. Ravishankar, Chairman and Managing Director (Addl. Charge) is the Key Managerial Personnel as defined under Section 2 (51) of the Companies Act, 2013 as on 31.03.2024.

### 10. Auditors

M/s. PBMN & Co, Chartered Accountants, Bengaluru were appointed by the C&AG as Statutory Auditors of the Company for the financial year 2023-24.

### 11. Auditors' Report

The Statutory Auditors have submitted the Independent Auditor's Report for the year 2023-24. Comments by the Comptroller & Auditor General of India on the accounts for the year is enclosed.

### 12. Internal Audit & Controls

The Company has engaged M/s. Sanjay K & Co., Chartered Accountants, as Internal Auditors for the Company for the Financial Year 2023-24. During the year, the Company continued to implement their suggestions and recommendations for improvement of systems.

### 13. Implementation of Official Language

The Company continued to pursue its efforts in the implementation of the Official Language Policy of the Government.

### 14. Conservation of energy and technology absorption is NIL

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

### 15. Foreign Exchange Earnings and Outgo

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

(Rs. in Lakhs)

S.No.	Particulars	2023-24	2022-23
1.	Foreign Exchange earned		
	FOB value of Exports	909	394
	Technical Services		-
	<b>TOTAL</b>	<b>909</b>	<b>394</b>
2.	Outgo of Foreign Exchange		
	Expenditure in Foreign Exchange on professional, consultancy fees, travelling and other matters	<b>37</b>	<b>94</b>

### 16. Human Resources

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

### 17. Vigilance Activities

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

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

During the Financial Year 2023-24, the company has not received any complaints of Sexual Harassment and no cases are pending.

### **19. Enterprise Risk Management**

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

### **20. Whistle Blower Policy**

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

### **21. Fraud Reporting**

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

### **22. Directors' Responsibility Statement**

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

- that in the preparation of the annual financial statements for the year ended 31.03.2024, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and are adequate and were operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

### **23. Extract of Annual Return**

In accordance with the Companies Act, 2013, the Annual Return in the prescribed format shall be hosted on website of the Company at <https://www.hmti.com>

### **24. Declaration from Independent Directors & Registration in the Data Bank maintained by IICA**

As per Section 149(7) of the Companies Act, 2013, the company has received a declaration from Ms. Anju Makhija, Independent Director of the Company during the financial year.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. Ms. Anju Makhija, Independent Director of the Company completed online proficiency self-assessment on 18.07.2024.

### **25. Evaluation of the Performance of Board**

Being a Government Company, HMT is exempted in terms of the MCA Notifications dated June 5, 2015 & July 5, 2017 from the evaluation of performance of all members of the Board of the Company which is being done by the Administrative Ministry i.e., the Ministry of Heavy Industries and/or by the Department of Public Enterprises (DPE).

## 26. Events Subsequent to the Date of Financial Statements

There are no material changes and commitments affecting the financial position of the company which have occurred between 31st March 2024 and date of signing this report.

## 27. Related Party Transactions

The details of the related party transactions are given in the notes to the financial statements.

All related party transactions entered during the year were in ordinary course of the business and at Arm's length basis. No material related party transactions, i.e., transactions exceeding 10% of the consolidated turnover as per the last audited financial statement, were entered during the year by your company. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the companies Act, 2013, in Form AOC-2 is not applicable.

## 28. Particulars of Loans, Guarantees and Investments

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

## 29. Subsidiary, Associates /Joint Venture Companies

The company is a wholly owned (100%) subsidiary company of HMT Limited. Further, the company doesn't have any Subsidiary, Joint Venture or Associate Company.

## 30. Management Discussion and Analysis

A Report on Management Discussion and Analysis is appended as annexure to this Report as **Annexure-1**.

## 31. Corporate Governance

A Report on Corporate Governance is appended as **Annexure-2** to this Report along with the Certificate on Corporate Governance from the Statutory Auditor as **Annexure-3**.

## 32. 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.

## 33. Secretarial Audit Report

In terms of Section 204 of the Companies Act 2013 and rules made thereunder, the Company has appointed M/s. G. Haritha & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2023-24. The report of the Secretarial Auditor is appended as an **Annexure-4** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Director's report as **Annexure-5**.

## 34. Code of Conduct

A declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2024 is appended to this report as **Annexure-6**.

## 35. Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or financial institutions along with the reasons thereof

There are no instances of one-time settlement during the financial year 2023-24.

## 36. 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 2023-24.

## 37. Internal Financial Controls

With reference to financial statements, the Company has in place adequate internal financial controls. A detailed note with respect to Internal Financial

Controls is given in the Management Discussion and Analysis report.

### **38. Corporate Social Responsibility**

The provisions relating to Corporate Social Responsibility are not applicable to the Company as per Section 135 of Companies Act, 2013.

### **39. Maintenance of Cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013**

The provisions relating to maintenance of cost records are not applicable to the Company as per Section 148 of Companies Act, 2013.

### **40. Others**

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

Place: Bengaluru

Date: 04.09.2024

### **41. Acknowledgements**

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

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

For and on behalf of the Board of Directors

(Rajesh Kohli)  
Chairman & Managing Director  
(Addl. Charge) DIN: 10333951

## MANAGEMENT DISCUSSION & ANALYSIS

### A. EXPORT SECTOR

India's export sector is a crucial component of its economy, contributing significantly to GDP, employment, and foreign exchange reserves. With a diverse range of products and services, India is a major player in global trade. To strengthen this sector and enhance its competitiveness, India has developed and implemented a variety of strategies.

In recent years, India's export sector has faced challenges such as global economic uncertainties, trade tensions, and the impact of the COVID-19 pandemic. However, there has been a notable recovery with increasing export figures, driven by resilience in key sectors and government support.

The government encourages exporters to explore non-traditional markets and products, including high-tech and value-added goods, to reduce dependency on a few markets and enhance export resilience.

As the global trade landscape evolves, continued focus on innovation, market diversification, and sustainability will be crucial for sustaining and expanding India's export sector in the future.

As of fiscal year 2023-24, India's export performance reflects ongoing adjustments and trends in the global economy. For the fiscal year 2023-24, India's total merchandise exports were approximately \$437 billion (Source : <https://indbiz.gov.in/>). Exports of engineering goods, including machinery and equipment, showed resilience, reflecting ongoing industrial activity and infrastructure development.

India's engineering sector plays a crucial role in the country's economy, contributing significantly to its exports. The sector includes a wide range of products, from machinery and equipment to automobiles, electrical machinery, and components. The engineering sector is one of the largest contributors to India's overall exports. It typically accounts for about 24%.

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

HMT (International) Limited has requisite experience and capabilities in the following areas, which are offered to developing and under-developed countries under MEA assisted programmes.

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

### B.SWOT ANALYSIS

#### STRENGTHS

- Backed up by HMT's strong technological base and resources over the years, the Company is recognized as a reliable source for Machine Tools.

- Wide experience in exports since five decades.
- Exports to over 75 countries
- Products are based on technical know-how acquired from world leaders
- After-sales service and spares supply.
- Proven experience in a spectrum of engineering fields, covering manufacturing, maintenance and execution of turnkey projects in the international market. The Company offers a comprehensive package of consultancy, technical and engineering services from concept to commissioning on turnkey basis.
- Technical and skilled manpower from the Group Companies of HMT.
- Successfully executed projects in domains that are not entirely within HMT's domain (Fruit Processing, Dairy, Cashew nut processing, supply of vehicles).
- Core competence in execution of Training and Tool room Projects
- Technically qualified & experienced team for execution of projects

### WEAKNESS

- Lack of competitive edge vis-à-vis low cost countries (China, Taiwan, etc.)
- More response time for enquiries & tenders due to complex purchase procedures.

### OPPORTUNITIES

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

### THREATS

- Marginals fixed gains for the company and uncertainty in logistics pose a threat to export business.
- Cumbersome procedures make decision making a time-consuming process.
- China and East European manufacturers with aggressive marketing is a threat to company's exports.
- Global Competitive bidding projects by MEA.

### D. Segment wise / Product wise performance

**Product wise Performance:** The product-wise sales for the year 2023-24 of the Company is as under –

Sector	Rs. in Lakh
Machine tools	1122
Projects & Services	637
<b>Total</b>	<b>1759</b>

### E. Outlook

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

### F. RISKS AND CONCERNS

- Steep competition in the international market has adversely affected the market for Machine



Tools which are extremely price sensitive and the Company's already slender margins are eroded.

- Delays in deliveries and non competitive prices of machine tools
- Elaborate purchase procedures delaying the processing of project procurements.
- Tendering by MEA instead of nomination in awarding projects.

### **G. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The company has adequate systems put in place for internal control which are commensurate with its size and nature of its operations. The salient features of internal control system are:

- Clear delegation of power with authority limits for incurring capital and revenue expenditure.
- Well laid down corporate policies for accounting, reporting and Corporate Governance.
- Safeguarding assets against unauthorized use or disposition and ensuring that transactions are authorized and recorded.
- Process for formulating and reviewing annual/ aggregate and long term/ strategic business plans have been laid down.
- Detailed Annual budget with monthly break up of targets under various Heads.

- Compliance with Laws and Regulations
- Ten years Road Map of the Company.

### **H. FINANCIAL PERFORMANCE**

The Turnover of the Company during the year 2023-24 is Rs. 1759 Lakh as compared to Rs 1415 Lakh of the previous year. During the year, the Company has generated a profit (PAT) of Rs 80 Lakh as against a profit of Rs. 20 Lakh during the previous year.

### **I. Human Resources**

As on March 31, 2024, the Company has manpower strength of 18 (including contractual) personnel. The standard force of the company is 25 and young professionals in the areas of Technical, Commercial and marketing areas were inducted recently. The Company aims at continuous upgradation of employees skills to ensure that employees at all levels are fully equipped to deliver a wide variety of services to the growing customers base of your Company. The Company has undertaken a Number of training initiatives during the year covering Junior and Middle- level Managers. The programmes for the employees were aimed to refresh the employees with the current business practices, financial matters, export management, and programmes on Corporate Social Responsibility.

### **J. CORPORATE SOCIAL RESPONSIBILITY**

The provisions relating to corporate social responsibility is not applicable to the company.

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 04.09.2024

(Rajesh Kohli)  
Chairman & Managing Director  
(Addl. Charge) DIN: 10333951

## CORPORATE GOVERNANCE

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

### Board of Directors

As on March 31, 2024, the Board of Directors comprised of Chairman & Managing Director (Addl.

Charge), Two part-time Official Directors (Government Nominee Director) and One part-time Non-Official (Independent) Director.

The day-to-day Management of the Company is conducted by the Chairman & Managing Director (Addl. Charge) and under the supervision and control of the Board of Directors.

During the year 2023-24, Four (4) Board Meetings were held on May 17, 2023, September 11, 2023, January 04, 2024 and March 26, 2024.

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	Annual General Meeting	Directorship	Committee	
					Membership	Chairmanship
Shri. Krishnaswami Ravishankar (DIN: 10540509)	C	1	N/A	3	6	1
Shri. Rajeev Singh (DIN: 10447679)	C	1	N/A	3	6	1
Shri. Pankaj Gupta (DIN: 09716028)	C	2	Yes	3	6	1
Ms. Mukta Shekhar (DIN: 10118859)	NENI	2	Yes	8	1	4
Dr. Renuka Mishra (DIN: 08635835)	NENI	1	N/A	2	4	3
Dr. Srikar K Reddy (DIN: 08822924)	NENI	1	N/A	1	-	-
Shri. Vipul Bansal (DIN: 02687229)	NENI	0	No	-	-	-
Ms. Anju Makhija (DIN: 02414138)	NEI	3	No	-	-	-

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

## BRIEF RESUME OF DIRECTORS PROPOSED FOR APPOINTMENT AND RE-APPOINTMENT

### Directors seeking appointment in this AGM

**Shri. Rajesh Kohli** has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT (International) Limited w.e.f. 05.04.2024.

Shri. Rajesh Kohli, is Executive Director in M/s. Bharat Heavy Electricals Limited (BHEL). Shri. Rajesh Kohli is a Mechanical Engineer with Honours from N.I.T Kurukshetra (Haryana) with more than 36 years of industry experience. He joined BHEL's Heavy Electrical Equipment Plant at Haridwar (Uttarakhand) in 1987. He has worked in diverse areas of advanced technologies like Superconducting machines, large electrical machines and defence business at BHEL including R&D, and IPR portfolios.

He joined BHEL Corporate Office at New Delhi in 2016 in Corporate Technology Management division. He carries a wide exposure to international practices of Original Equipment Manufacturers and state-of-art technologies. His recent charge as Executive Director with BHEL at its Corporate Office, New Delhi included diverse roles including Technology Licensing, Joint Ventures, M&A, R&D & Innovation Strategy, Knowledge Management, Cost Optimisation etc. Under his leadership, BHEL successfully forged partnerships with global OEMs in diverse business areas; and working on new partnerships in hydrogen value chain, coal to chemicals and Rail transportation areas.

Recently, he pursued to promote BHEL's in-house technology for coal gasification and its further conversion to chemicals for diverse industrial use, leading to BHEL signing an Agreement with Coal India Limited for a Joint Venture Company. He worked actively on many other such alliances for furthering BHEL's interest in diversifying its portfolio. He actively worked with the management fraternity, under the aegis of All India Management Association. He is a certified Total Quality Management Assessor and also a certified Product Lifecycle Management (PLM) Lead through CIMDATA USA.

Shri. Rajesh Kohli is holding the additional charge of posts of Chairman & Managing Director in HMT Limited, Holding Company and HMT Machine Tools Limited, HMT Watches Limited, another Subsidiary Companies of HMT Limited, and holding a Directorship in Raichur Power Corporation Ltd. He is a Chairperson of CSR Committee, Member of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee in HMT Limited and Member of Audit Committee and Nomination and Remuneration Committee in HMT Machine Tools Limited.

**Dr. Renuka Mishra** has been appointed as Government Nominee Director on the Board of HMT (International) Limited w.e.f. 23.07.2024. She is presently Economic Adviser in Ministry of Heavy Industries, Government of India.

Dr. Renuka Mishra, PhD, MA (Economics), 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 a 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.

Dr. Renuka Mishra currently also holds directorship in HMT Limited, HMT Machine Tools Limited, HMT Watches Limited, Scooters India Limited, NEPA Ltd., Cement Corporation of India Limited, Engineering Projects (India) Limited, Rajasthan Electronics and Instruments Ltd., Bridge & Roof Co (India) Ltd., and also Chairperson of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Risk Management Committee & Member of CSR Committee of HMT Limited.

**Shri. Vimal Anand** has been appointed as Government Nominee Director on the Board of HMT (International) Limited w.e.f. 23.07.2024. Shri. Vimal Anand is an

Indian Revenue Service Officer of the 2003 batch. With over two decades of administrative experience in the Government of India in various Departments. He is currently serving as Joint Secretary in the Department of Commerce, Ministry of Commerce and Industry, Government of India.

Before his current assignment, Shri. Vimal Anand served in different positions in the field formations of the Income Tax Department in various States of the country, Tax Policy & Legislation Division of the Ministry of Finance as well as the Ministry of Youth Affairs & Sports of the Govt. of India. His contributions and assignments have been in the areas of direct tax administration, tax investigation and enforcement, union budget, drafting of legislative bills and amendments and sports administration, which included implementation of various key national schemes, policy formulation and international cooperation. Shri. Vimal Anand also served as a consultant to the Maldives Inland Revenue Authority in the field of tax investigation.

Shri. Vimal Anand has recently joined the Department of Commerce as Joint Secretary to the Government of India and besides holding the territorial charge of Latin America, he also handles Special Economic Zones and Export-Oriented Units in India as well as export promotion of engineering goods in the Ministry. He is also the Deputy Chief Negotiator for the ongoing India-Peru FTA.

Shri. Vimal Anand hails from the Indian state of Bihar. He has an MPhil degree in International Relations from Jawaharlal Nehru University, New Delhi. He also holds a Diploma in Systems Management and Korean Language. He was earlier a faculty in the University of Delhi and his area of expertise has been the East Asian financial crisis. He is proficient in English, Hindi and Bengali.

Shri. Vimal Anand is a member of working committee in EEPC India.

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

The Company has familiarized the Independent Directors about the Company, its operations, policies and about their roles and responsibilities in the context of Companies Act, 2013.

During the financial year, Ms. Anju Makhija, Independent Director attended a Two days orientation programme for Independent Directors of CPSEs' held on 5th & 6th October, 2023 at New Delhi.

## **Committees of the Board**

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

## **Remuneration of Directors**

Since no Whole Time Director was there during the financial year 2023-24, the details of remuneration of Whole Time Director were Nil.

No sitting fee is payable to any of the directors except Non-Official Independent Directors. Sitting fees of Rs. 5000/- per Board Meeting is paid to the Non-Official Independent Director for attending Board Meetings. Conveyance for attending Meetings is reimbursed by the Company as per actual.

Apart from receiving sitting fee and reimbursement of expenses incurred during the discharge of their duties, none of the Non-Official Independent Directors had any pecuniary relationship or transactions with the Company during the year 2023-24.

Details of sitting fees paid to the Independent Directors during the year 2023-24 are given below.

(Amount in Rs)

Name	Sitting Fees paid for Board Meetings
Ms. Anju Makhija	15, 000/-

## General Body Meetings

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

Financial year	Date	Time	Venue
2020-2021	22.10.2021	11.00 a.m.	Registered Office of the Company
2021-2022	20.09.2022	04.30 p.m.	
2022-2023	29.09.2023	09.20 a.m.	

## Special Resolution, if any

There were no special resolutions passed in the previous three Annual General Meeting.

The Annual General Meeting for the current year is scheduled on or before September 30, 2024 at the Registered Office of the Company.

## Whistle Blower Policy

HMT Limited, Holding Company has formulated a Vigil Mechanism/ Whistle Blower Policy for Directors and Employees to report genuine concerns which is applicable to Company as well. The Policy provides adequate safeguards against victimization of Director/s or employee/s and also provides for direct access to the Chairperson of the Audit committee of HMT Limited in appropriate or exceptional cases.

We affirm that no personnel are denied to access the Audit Committee of HMT Limited.

## Presidential Directives and Guidelines

Your Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time.

Details of Presidential Directives issued by the Central Government to Company and their compliance during the year and also in the last three years - NIL

## Disclosures

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

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

The Company is making endeavors to move towards a regime of unqualified financial statements.

No expenditure has been debited in books of accounts which is not for the purpose of business and no expenses incurred & accounted which are personal in nature and incurred for the Board of Directors & Top Management.

The other expenses (including administrative and other miscellaneous expenses) as a percentage of total expenses are 9.39%.

## Means of Communication

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

For and on behalf of the Board of Directors

Place: Bengaluru  
Date: 04.09.2024

(Rajesh Kohli)  
Chairman & Managing Director  
(Addl. Charge) DIN: 10333951

## CERTIFICATE ON CORPORATE GOVERNANCE

To

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

We have examined the compliance of conditions of Corporate Governance by HMT (International) Limited, ("the Company"), for the year ended on 31st March 2024, as stipulated in Guidelines on Corporate Governance for Public Sector Enterprises.

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

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

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

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

For PBMN & Co.,  
(Chartered Accountants)  
(FRN 007878S)  
UDIN: 24205413BKCYZR6049

Place: Bengaluru  
Date : 19.07.2024

M Mohan Naidu  
Partner  
(M No. 205413)

**Form No. MR 3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (LODR) 2015]

To,  
**The Members,**  
**H.M.T. (INTERNATIONAL) LIMITED**  
No.59, Bellary Road, Bengaluru- 560032, Karnataka,  
India

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, 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 2024 (hereinafter referred to as ("the audit period")) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner 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 31<sup>st</sup> March 2024, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. The Depositories Act, 1996 and the Rules made thereunder; **Not applicable to the Company, as company's equity shares are maintained in physical form for the period under review.**

iii. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not applicable for the period under report.**

iv. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; **Not applicable to the Company, as company's equity shares are maintained in physical form for the period under review.**

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

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

Accordingly, we state that during the period under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable laws and that the Company has complied

with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

Being an unlisted public company during the period under review, the following Acts, Rules, Guidelines and Regulations were **Not Applicable**:

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

Requirements) Regulations, 2015 including amendment thereof;

- i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 including amendment thereof and
- j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulation, 2013 and including amendment thereof.

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

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

#### **We further report that -**

The Board of Directors of the Company was duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the following:

***During the year under report, it was observed that pursuant to Regulation 24(1) of the SEBI (LODR)***



***Regulations, 2015, at least one independent director on the Board of Directors of the listed entity to be a director on the board of directors of an unlisted material subsidiary was not complied with.***

***However, Smt. Anju Makhija was appointed by the Company as an Independent Director effective from 10.06.2023 as per the Government of India, Ministry of Heavy Industries Order dated 08<sup>th</sup> June, 2023. Earlier, Shri. Velpandiyan ceased to be a Director (Independent Director) of the company from 26.01.2023 due to retirement of his term.***

Adequate notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

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

There were no amendment/modification of the Memorandum and Articles of Association of the Company during the period under report.

We also report that based on the information provided and representations made by the Company, there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

**For G Haritha & Associates**

G. Haritha  
Company Secretary in Practice  
FCS 5521  
CP No.10749  
PR: 1434/2021  
UDIN: **F005521F000623556**

Place: Bengaluru

Date: 26<sup>th</sup> June, 2024

Note:

This Report is to be read with '**Annexure - A**' which forms an integral part of this Report.

To,  
The Members,  
H.M.T (INTERNATIONAL) LIMITED  
No.59, Bellary Road, Bengaluru- 560032, Karnataka, India

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on the secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company like, Income Tax, GST, Customs, etc.
4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
7. The audit was conducted based on the verification of the Company's books, papers, minutes books, forms and returns filed, documents and other records furnished by them or obtained from the Company electronically and also the information provided by the company and its officers by audio and/or visual means.

**For G Haritha & Associates**

G. Haritha  
Company Secretary in Practice  
FCS 5521  
CP No.10749  
PR: 1434/2021  
UDIN: **F005521F000623556**

Place: Bengaluru  
Date: 26<sup>th</sup> June, 2024

**Annexure - 5**
**ADDENDUM TO SECRETARIAL AUDIT REPORT FOR THE YEAR 2023-24 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT (INTERNATIONAL) LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	<p>During the year under report, it was observed that pursuant to Regulation 24(1) of the SEBI (LODR) Regulations, 2015, at least one independent director on the Board of Directors of the listed entity to be a director on the board of directors of an unlisted material subsidiary was not complied with.</p> <p>However, Smt. Anju Makhija was appointed by the Company as an Independent Director effective from 10.06.2023 as per the Government of India, Ministry of Heavy Industries Order dated 08th June, 2023. Earlier, Shri. Velpandiyan ceased to be a Director (Independent Director) of the company from 26.01.2023 due to retirement of his term.</p>	<p>Administrative Ministry has been requested to appoint one Independent Director of HMT Limited, Holding Company as Director on the Board of HMT (International) Limited, unlisted material subsidiary to comply with listing regulations. However, during the FY2023-24, there are no Independent Directors on the Board of HMT Limited.</p>

**Annexure-6**
**DECLARATION BY THE MANAGING DIRECTOR**
**Sub: Code of Conduct- Declaration under Clause 3.4.2**
**This is to certify that:**

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

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

All Board Members, and Senior Management Personnel have affirmed compliance of the said Code of Conduct, for the year ended March 31, 2024

Place: Bengaluru  
Date: 04.09.2024

**(Rajesh Kohli)**  
 Chairman & Managing Director  
 (Addl. Charge)  
 DIN: 10333951

## INDEPENDENT AUDITOR'S REPORT

**To The Members of  
HMT (INTERNATIONAL) Limited  
Report on the Audit of the Standalone  
Financial Statements  
Opinion**

We have audited the accompanying standalone financial statements of HMT (International) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of the Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the [Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act

and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have identified the matters described below to be the key audit matters in the current year.

**We have reported the audit observations notes forming part of Financial Statements.**

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

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

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

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

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

## Management's Responsibility for the Standalone Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

- ❖ Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ❖ Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ❖ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ❖ Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report agree with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) In our opinion, based on the Notification No. GSR 829(E) dated 21-10-2003 issued by the Department of Company Affairs, Government of India, the requirements under sub-section (2) of section 164 of the Companies Act, 2013 do not apply to the Company, being a Government Company.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. **(As informed by the management no remuneration is paid to Directors during the year)**

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

- (a) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
- (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (d) Management has represented that
- a. To the best of its 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.

- b. To the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person (s) or entity (ies) including foreign entities (“Funding parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, 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
- c. Based on the audit procedure we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause i) and ii) contain any material misstatement.
- (e) The company has not declared or paid any dividend during the year in compliance with section 123 of the Companies Act, 2013.
- (f) The company has used such accounting software for maintaining its books of account which as a feature of recording audit trail (edit log) facility and the same has been operated through the year for all transaction recorded in the software and the audit trial feature has not been tampered with and the audit trial has been preserved by the company as per statutory requirements for record retention.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the

Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For PBMN & CO,  
Chartered Accountants  
FRN – 007878S  
UDIN: 24205413BKCYZR6049

Place: Bengaluru  
Date: 19.07.2024

M Mohan Naidu  
Partner  
M No – 205413



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of HMT (International) Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company and its joint operations companies incorporated in India (retain as applicable) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to

error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PBMN & CO  
Chartered Accountants  
FRN – 007878S  
UDIN: 24205413BKCYZR6049

Place: Bengaluru  
Date: 19.07.2024

M Mohan Naidu  
Partner  
M No – 205413

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT****(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HMT (International) Limited of even date)**

To the best of our information and according to the explanations provided to us by the company and the books of account and records examined by us in the normal course of audit, we state that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
  - b. These property, plant and equipment have been physically verified by the management at reasonable intervals as per the assets's verification program having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c. The title deeds, comprising all the immovable properties are held in the name of the Company as at the balance sheet date.
  - d. The Company has not revalued its property, plant and equipment during the financial year and hence reporting under clause 3 (1) (iv) of the Order is not applicable to the Company.
  - e. There are no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder and hence reporting under clause 3 (1) (v) of the Order is not applicable to the Company.
2. a. Physical verification of inventory has been conducted at reasonable interval by the management. No material discrepancies have been noticed on such verification. ( As informed by the management there is no inventory held during the year )
  - b. The Company has not availed any working capital loan facility from banks or financial institutions and hence reporting under clause 3 (2) (ii) of the Order is not applicable to the Company.
3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act.
  4. According to information and explanations given to us, the Company has not granted any loans, made any investments, extended any guarantees and provided any security to or on behalf of the parties referred in section 185 and 186 of the Companies Act, 2013.
  5. The Company has not accepted any deposits from the public.
  6. According to the information and explanation given to us, for the activities carried out by the Company, the Central Government has not prescribed the maintenance of cost records, under Section 148 (1) of the Act.
  7. According to information and explanations given to us in respect of statutory dues:
    - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
    - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at

- March 31, 2024 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and based on the examination of the records of the Company, there are no dues in respect of income tax or goods and service tax or sales tax or service tax or duty of customs or duty of excise or value added tax, which have not been deposited with the appropriate authorities on account of any dispute.
8. During the year the Company has not accounted, any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), and hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government.
10. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
11. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officer or employees has been noticed or reported during the course of our audit.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
14. The Company have an internal audit system commensurate with the size and nature of its business. Further, we have considered the reports of the internal auditors for the period under audit.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors and persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
17. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred cash losses during the year and also in the immediately preceding financial year.
18. There is no resignation of the statutory auditors during the year. Accordingly, paragraph 3(xiii) of the Order is not applicable.
19. According to the information and explanations given to us and based on our examination of the records of the Company, financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, there are no material uncertainty exists as on the date of the audit report that Company is 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.

20. According to the information and explanations given to us and based on our examination of the records of the Company, Section 135 (5) of the Companies Act, is not applicable to the Company. Accordingly, paragraph 3 (xx) of the Order is not applicable.
21. There are no qualifications or adverse remarks by us in the Companies (Auditor's Report) Order (CARO) reports of the Company. Accordingly, paragraph 3 (xxi) of the Order is not applicable.

For PBMN & CO  
Chartered Accountants  
FRN – 007878S  
UDIN: 24205413BKCYZR6049

Place: Bengaluru  
Date: 19.07.2024

M Mohan Naidu  
Partner  
M No – 205413

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HMT (INTERNATIONAL) LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of financial statements of HMT (International) Limited, for the year ended 31 March 2024 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 Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on the independent audit in accordance with the standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 July 2024.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of HMT (International) Limited, for the year ended 31 March 2024 under Section 143(6)(a) of the Act.

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

*M.S. Subrahmanyam*  
31/07/2024

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

Place : Hyderabad  
Date : 31 July 2024

## Significant Accounting Policies for the year ended March 31, 2024.

### 1. Significant Accounting Policies:

#### i) Basis of preparation:

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

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

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

##### a) Use of estimates:

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

##### b) Property, Plant & Equipment

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

(a) on disposal; or

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

The gain or loss arising from the de-recognition of an item of PPE shall be

included in statement of profit or loss when the item is derecognised.

#### Special Tools:

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

### c) Leases

#### The Company as a lessor

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

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

#### Operating Leases as a Lessor

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

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

#### The Company as a lessee

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

a) Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

b) Leases are classified as operating lease when there is no right of use of an asset and payments on such lease are recognised as expenses in Profit & Loss Account on a straight line basis over the term of relevant lease.

c) The Company, as a lessee, recognizes a right-of-use asset [ROU] and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset except leases with a term of 12 months or less and low value leases, the company recognises the lease payments as an operating expenses on a straight line basis over the term of the lease.

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

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



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

**d) Borrowing Cost:**

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

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

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

**e) Investment Property:**

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

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

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

**f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.
- iv) Research and Development Expenditure:  
Research Phase:  
Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.  
Development Phase:

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

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

**i) Government Grants:**

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

**j) Inventories:**

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

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

Provisions 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.

**I) Foreign Currency Translation:**

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

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

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

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

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

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

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

Gratuity is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation. Annual contributions are made, to the extent required, to a trust constituted and administered by the Life Insurance Corporation of India under which the Gratuity is fully covered for all eligible employees.

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

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

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

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

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

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

**n) Income taxes:**

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

**i) Current taxes:**

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

**ii) Deferred Taxes:**

Deferred income tax assets and liabilities are recognized on temporary differences

between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**o) Provisions:**

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

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

**p) Impairment:**

**i) Financial assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to

the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

**ii) Non-financial assets:**

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

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

**q) Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortised cost:

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest

on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

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

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

v) Financial Liabilities:

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

vi) De-recognition of financial instruments:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. On derecognition of any financial assets in its entirety, the difference between Carrying amount (on date of derecognition) 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 derecognized when the obligation specified in the contract is discharged or cancelled or expires.

vii) Fair value of financial instruments:

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

Fair value hierarchy:

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

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

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

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

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about

these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

i) Judgements:

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

a Operating lease— Company as lessor:

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

b Discontinued Operations:

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

c Property, plant & equipment:

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

ii) Estimates and assumptions:

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

a Deferred Taxes

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

b Defined Benefit Obligations:

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

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

The mortality rate is based on publicly available mortality tables for the specific countries. Those

mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

c Other Long-Term Employee Benefits:

Other Long-Term Employee Benefits like Earned Leave Encashment is determined through 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), remeasurements 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 Remeasurement 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 31st March 2024

(Rs. In Lakhs)

			As at 31.03.2024	As at 31.03.2023
<b>ASSETS</b>				
<b>A</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipment	3	415.83	426.64
	(b) Other non-current assets	4	66.77	36.77
	Financial assets			
	Other financial assets	9	-	-
			482.59	463.40
<b>B</b>	<b>Current assets</b>			
	(a) Inventories	5	18.58	385.33
	(b) Financial assets			
	(i) Trade receivables	6	841.08	1,416.59
	(ii) Cash and Bank Balances	7	4,007.51	3,079.45
	(iii) Loans	8	-	-
	(iv) Other Financial Assets	9	63.20	58.71
	(c) Other current assets	10	449.49	480.32
			5,379.85	5,420.40
<b>C</b>	<b>TOTAL ASSETS (A + B)</b>		5,862.44	5,883.81
<b>EQUITY AND LIABILITIES</b>				
<b>A</b>	<b>Equity</b>			
	(a) Equity share capital	11	72.00	72.00
	(b) Other equity	12	3,709.49	3,631.27
	<b>Total equity</b>		3,781.49	3,703.27
<b>B</b>	<b>Liabilities</b>			
	<b>Non-current liabilities</b>			
	(a) Provisions			
	(i) Provision for Employee benefits	13	112.39	125.72
	(b) Deferred tax liabilities (net)		48.10	46.96
	<b>Total Non-Current Liabilities</b>		160.49	172.68

## Balance Sheet as at 31st March 2024

(Rs. In Lakhs)

Particulars	Note No.	As at 31.03.2024	As at 31.03.2023
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	14	316.00	1,190.53
<b>Other Current Liabilities</b>	15	<b>1,413.25</b>	771.21
(b) Provisions			
(i) Provision for Employee benefits	13	52.47	39.62
(c) Current Tax Liabilities (net)	15	138.75	6.50
<b>Total Current Liabilities</b>		<b>1,920.45</b>	2,007.86
<b>Total liabilities</b>		<b>2,080.95</b>	2,180.54
<b>C TOTAL EQUITY AND LABILITIES (A + B)</b>		<b>5,862.44</b>	5,883.81
<b>Notes forming part of Financial Statements</b>	1		
<b>Significant Accounting Policies</b>	2		

For and on behalf of the Board

As per our report of even date  
For PBMN & Co.,  
(Chartered Accountants)FRN : 007878S

**Rajesh Kohli**  
Chairman & Managing Director  
(Addl. Charge)  
DIN No: 10333951

**Anju Makhija**  
Director  
DIN No: 02414138

**M Mohan Naidu**  
Partner  
Membership No : 205413  
UDIN: 24205413BKCYZR6049

**Y.K. Vaish**  
General Manager (O&M)

**G. Durgadevi**  
Manager (Finance)

Place : Bengaluru  
Date : 19.07.2024

## Statement of Profit and Loss for the Year ended 31.03.2024

(Rs. In Lakhs)

	Note No.	31/03/2024 INR Lakhs	31/03/2023 INR Lakhs
<b>CONTINUING OPERATIONS</b>			
(a) Revenue from operations	16	1,758.62	1,415.45
(b) Other income	17	211.24	179.28
<b>Total Income</b>		<b>1,969.86</b>	<b>1,594.73</b>
<b>EXPENSES</b>			
(a) Cost of Goods Traded, Service and Works	18.a	717.41	1,554.33
(b) (Increase)/decrease in inventories of finished goods and stock in trade	18.b	366.75	-381.58
(c) Employees' benefits expense	19	251.55	240.67
(d) Depreciation and amortization expense	20	13.08	13.03
(e) Finance Cost	21	-	-
(f) Other expenses	22	139.85	137.56
<b>Total expense</b>		<b>1,488.65</b>	<b>1,564.01</b>
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>481.21</b>	<b>30.71</b>
Share of (profit)/loss of an associate and a joint venture		-	-
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>481.21</b>	<b>30.71</b>
Exceptional items		-	-
<b>Profit/(loss) before tax from continuing operations</b>		<b>481.21</b>	<b>30.71</b>
(1) Current tax		138.75	6.50
(2) Adjustment of tax relating to earlier periods		261.40	-
(3) Deferred tax		1.14	3.99
<b>Income tax expense</b>		<b>401.29</b>	<b>10.49</b>
<b>Profit for the year from continuing operations</b>		<b>79.92</b>	<b>20.22</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) before tax for the year from discontinued operations		-	-
Tax Income/ (expense) of discontinued operations		-	-
<b>Profit/(loss) from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>79.92</b>	<b>20.22</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement of the net defined benefit liability/asset		-	-
Equity instruments through other comprehensive income		-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans	22	-1.70	4.68
Income Tax effect		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>-1.70</b>	<b>4.68</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>78.22</b>	<b>24.90</b>

**Statement of Profit and Loss for the Year ended 31.03.2024**

(Rs. In Lakhs)

	Note No.	31/03/2024 INR Lakhs	31/03/2023 INR Lakhs
<b>Profit/(loss) for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		79.92	20.22
<b>Total comprehensive income for the year</b>			
<b>Attributable to:</b>			
Equity holders of the parent		-1.70	4.68
<b>Earnings per share for continuing operations</b>			
Basic, profit from continuing operations attributable to equity holders of the parent		11.10	2.81
Diluted, profit from continuing operations attributable to equity holders of the parent		11.10	2.81
<b>Earnings per share for discontinued operations</b>			
Basic, profit from discontinued operations attributable to equity holders of the parent		-	-
Diluted, profit from discontinued operations attributable to equity holders of the parent		-	-
<b>Earnings per share from continuing and discontinued operations</b>			
Basic, profit for the year attributable to equity holders of the parent		11.10	2.81
Diluted, profit for the year attributable to equity holders of the parent		11.10	2.81
<b>Notes forming part of Financial Statements</b>	1		

For and on behalf of the Board

 As per our report of even date  
 For PBMN & Co.,  
 (Chartered Accountants)FRN : 007878S

**Rajesh Kohli**  
 Chairman & Managing Director  
 (Addl. Charge)  
 DIN No: 10333951

**Anju Makhija**  
 Director  
 DIN No: 02414138

**M Mohan Naidu**  
 Partner  
 Membership No : 205413  
 UDIN: 24205413BKCYZR6049

**Y.K. Vaish**  
 General Manager (O&M)

**G. Durgadevi**  
 Manager (Finance)

Place : Bengaluru  
 Date : 19.07.2024

**Statement of Cash Flows for the Year ended 31st March 2024**

(Rs. In Lakhs)

	31.03.2024 INR Lakhs	31.03.2023 INR Lakhs
<b>Operating activities</b>		
Profit before tax from continuing operations	481.21	30.71
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit before tax</b>	<b>481.21</b>	<b>30.71</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	13.08	13.03
Profit on sale of assets		
Finance Income (Interest)	169.16	151.92
Working capital adjustments:		
(Increase)/Decrease in Trade Receivables and other receivables	601.84	-42.76
(Increase)/Decrease in Inventories	366.75	-381.58
Increase/(Decrease) in Trade and other payables	-232.52	353.00
Increase/(Decrease) in Net Employee Defined Benefit Liabilities	-2.17	-17.83
	<b>1,397.34</b>	<b>106.49</b>
Income tax paid	-267.90	-6.80
<b>Net cash flows from operating activities</b>	<b>1,129.44</b>	<b>99.69</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-2.23	-4.43
Other Current Assets	-30.00	-1.77
Interest received	-169.16	-151.92
<b>Net cash flows used in investing activities</b>	<b>-201.39</b>	<b>-158.12</b>
<b>Financing activities</b>		
Dividend paid	-	-
Intrest paid	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents	<b>928.06</b>	<b>-58.43</b>
Cash and cash equivalents at the beginning of the year	<b>3,079.45</b>	<b>3,137.88</b>
<b>Cash and cash equivalents at year end</b>	<b>4,007.51</b>	<b>3,079.45</b>

For and on behalf of the Board

 As per our report of even date  
 For PBMN & Co.,  
 (Chartered Accountants)FRN : 007878S

**Rajesh Kohli**  
 Chairman & Managing Director (Addl.  
 Charge)  
 DIN No: 10333951

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**Y.K. Vaish**  
 General Manager (O&M)

**G. Durgadevi**  
 Manager (Finance)

Place : Bengaluru  
 Date : 19.07.2024

## Notes forming part of Financial Statements

### 3. Property, Plant and Equipment

	Building	Interior Decoration	Factory Equipments	Furniture, Fixtures, Computers including Software Office Equipments and Measuring Instruments	Vehicles	Total
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
<b>At 1 April 2021</b>	676.75	41.61	0.61	101.78	15.67	836.42
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Gross Block at 31st March 2022	676.75	41.61	0.61	101.78	15.67	836.42
<b>At 1 April 2022</b>	676.75	41.61	0.61	101.78	15.67	836.42
Additions	-	-	-	4.43	-	4.43
Disposals	-	-	-	-	-	-
<b>Gross Block at 31st March 2023</b>	676.75	41.61	0.61	106.21	15.67	840.85
<b>Gross Block at 1 April 2023</b>	676.75	41.61	0.61	106.21	15.67	840.85
Additions	-	-	-	2.23	-	2.23
Disposals	-	-	-	-	-	-
<b>Gross Block at 31st March 2024</b>	676.75	41.61	0.61	108.44	15.67	843.08
<b>Depreciation and impairment</b>						
<b>At 1 April 2021</b>	231.70	41.61	0.61	98.91	15.67	388.52
Depreciation charge for the year	11.27	-	-	1.38	-	12.65
Disposals	-	-	-	-	-	-
Depreciation Reserve at 31st March 2022	242.97	41.61	0.61	100.30	15.67	401.17
<b>At 1 April 2022</b>	242.97	41.61	0.61	100.30	15.67	401.17
Depreciation charge for the year	11.28	-	-	1.75	-	13.03
Disposals	-	-	-	-	-	-
Depreciation Reserve at 31st March 2023	254.25	41.61	0.61	102.05	15.67	414.20
Depreciation charge for the Year	11.27	0.00	0.00	1.80	0.00	13.07
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
<b>Depreciation Reserve at 31st March 2024</b>	265.52	41.61	0.61	103.85	15.67	427.27
<b>Net Book Value</b>						
<b>At 31st March 2024</b>	411.23	0.00	0.00	4.59	0.00	415.83
At 31st March 2023	422.50	-	0.0	4.16	0.00	426.64

## Notes forming part of Financial Statements

	31.03.2024	31.03.2023
	INR Lakhs	INR Lakhs
<b>4. Other Non Current Assets</b>		
Gratuity	66.77	36.77
Total Other Current Assets	66.77	36.77
<b>5. Inventories</b>		
Finished Goods- Machineries not Shipped	18.58	385.33
Finished Goods- Machineries not Shipped	18.58	385.33
<b>6. Trade Receivables</b>		
Secured and Considered Good	841.08	1,416.59
Unsecured, considered good	-	-
Doubtful	-	-
Receivables from related parties	-	-
<b>Total Trade Receivables</b>	841.08	1,416.59

### 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	391.92	23.76	69.12	181.59	174.69	841.08
Undisputed - Considered doubtful	-	-	-	-	-	-
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	-	-

### 6A Trade Receivables Agewise details as at the end of last 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	801.64	363.92	81.60	-	169.44	1,416.59
Undisputed - Considered doubtful						
Disputed - Considered good						
Disputed - Considered doubtful						

## Notes forming part of Financial Statements

	31.03.2024	31.03.2023
	INR Lakhs	INR Lakhs
<b>7. Cash and Bank balances</b>		
<b>A. Cash and Cash Equivalents</b>		
General Cash	-	-
In current accounts	103.87	82.39
Deposits with Maturity Three months or less	994.90	101.56
<b>B. Other Bank Balances</b>		
Deposits with maturity more than three months but less than 12 months	2,908.74	2,895.50
<b>Total Cash and Cash equivalents</b>	4,007.51	3,079.45
<b>8. Loans</b>		
<b>Non-current</b>	-	-
<b>Current</b>		
Inter-corporate Loan to HMT Limited	-	-
Total Current Loans	-	-
<b>Total Loans</b>	-	-
<b>9. Other Financial Assets</b>		
<b>Non-current</b>		
Deposits with Bank exceeding twelve months of maturity	-	-
Interest accrued and due	-	-
<b>Total Other Non -Current Financial Assets</b>	-	-
<b>Current</b>		
Interest accrued and due	63.20	58.71
<b>Total Other Current Financial Assets</b>	63.20	58.71
<b>Total Other Financial Assets</b>	63.20	58.71
<b>10. Other Current Assets</b>		
Deposit	0.05	0.05
EMD	2.80	2.85
Claims towards refund of service tax	0.27	0.27
Claims receivables	11.27	11.27
Export Incentives receivables	1.48	1.78
Advances to employees	1.07	1.07
<b>Others</b>		
Advances paid to suppliers / services providers	0.69	3.06
Advance Service Tax	27.46	27.46
GST Receivable	163.98	116.23
Income Tax Refundable	142.28	312.32
TDS (AY 2024-25)	90.07	-
GST TDS	8.07	3.82
Prepayments	-	0.14
<b>Total Other Current Assets</b>	449.49	480.32



## Notes forming part of Financial Statements

### 11. Equity Share Capital

#### Authorised share capital

	Equity Shares	
	No. in Lakhs	INR Lakhs
<b>At 31 March 2021</b>	<b>80.00</b>	<b>800.00</b>
Increase/(decrease) during the year	-	-
<b>At 1st April 2022</b>	<b>80.00</b>	<b>800.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2023</b>	<b>80.00</b>	<b>800.00</b>
<b>At 1st April 2023</b>	<b>80.00</b>	<b>800.00</b>
Increase/(decrease) during the year	-	-
<b>At 31st March 2024</b>	<b>80.00</b>	<b>800.00</b>
<b>Issued equity capital</b>		
Equity shares of INR 10 each issued and fully paid	<b>No in Lakhs</b>	<b>INR Lakhs</b>
<b>At 31 March 2021</b>	<b>7.20</b>	<b>72.00</b>
Increase/(decrease) during the year	-	-
<b>At 1st April 2022</b>	<b>7.20</b>	<b>72.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2023</b>	<b>7.20</b>	<b>72.00</b>
<b>At 1st April 2023</b>	-	-
Increase/(decrease) during the year	-	-
<b>At 31st March 2024</b>	<b>7.20</b>	<b>72.00</b>

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

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

Name of the shareholder	At 31st March 2024		At 31st March 2023	
	No. in lacs	% holding in the class	No. in lacs	% holding in the class
HMT Limited & its nominee	<b>7.2</b>	<b>100</b>	<b>7.2</b>	<b>100</b>

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

	31.03.2024	31.03.2023
	No. in Lakhs	No. in lakhs
Cash	<b>0.005</b>	0.005
Issued for consideration other than cash	<b>0.295</b>	0.295
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	<b>6.900</b>	6.900
<b>TOTAL</b>	<b>7.200</b>	7.200

#### Statement of Changes in Equity

##### A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid

	No. in lakhs	INR lakhs
<b>At 1st April 2022</b>	<b>7.20</b>	72.00
Changes in equity share capital during the year		
<b>At 31st March 2023</b>	<b>7.20</b>	72.00
<b>At 1st April 2023</b>	<b>7.20</b>	72.00
Changes in equity share capital during the year		
<b>At 31st March 2024</b>	<b>7.20</b>	72.00

## Notes forming part of Financial Statements



### 12. Other Equity

	Reserves and Surplus		Other Comprehensive income		Total equity attributable to equity holders of the company
	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
<b>Balance as of 1st April 2021</b>	<b>3,065.26</b>	<b>622.88</b>	-	<b>-42.95</b>	<b>3,645.18</b>
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-60.06	-60.06
Dividends including (DDT)		21.25			-
Profit for the period					21.25
<b>At 31 March 2022</b>	<b>3,065.26</b>	<b>644.13</b>	-	<b>-103.01</b>	<b>3,606.37</b>
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
<b>Balance as of 1st April 2022</b>	<b>3,065.26</b>	<b>644.13</b>	-	<b>-103.01</b>	<b>3,606.37</b>
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				4.68	4.68
Dividends including (DDT)					-
Profit for the period		20.22			20.22
<b>At 31 March 2023</b>	<b>3,065.26</b>	<b>664.35</b>	-	<b>-98.33</b>	<b>3,631.27</b>
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
<b>Balance as of 1st April 2023</b>	<b>3,065.26</b>	<b>664.35</b>	-	<b>-98.33</b>	<b>3,631.27</b>
Transfer to General reserve					-
Remeasurement of the net defined benefit liability/asset, net of tax effect				-1.70	-1.70
Dividends including (DDT)					-
Profit for the period		79.92			79.92
<b>At 31st March 2024</b>	<b>3,065.26</b>	<b>744.27</b>	-	<b>-100.03</b>	<b>3,709.49</b>

**Notes forming part of Financial Statements**

	31.03.2024	31.03.2023
	INR Lakhs	INR Lakhs
<b>13. Provision for Employee Benefits</b>		
<b>Non-Current</b>		
Gratuity	43.74	53.98
Earned Leave Encashment	31.89	50.16
Settlement Allowance	19.25	21.58
Provident Fund	17.51	-
<b>Total Non Current</b>	<b>112.39</b>	<b>125.72</b>
<b>Current</b>		
Gratuity	20.24	20.43
Earned Leave Encashment	29.69	17.74
Settlement Allowance	2.54	1.45
Provident Fund	-	-
<b>Total Current</b>	<b>52.47</b>	<b>39.62</b>
<b>Total Net employee defined benefit liabilities</b>	<b>164.86</b>	<b>165.34</b>
<b>14. Trade payables</b>		
<b>Trade Payables</b>	<b>163.92</b>	<b>556.26</b>
Micro,small and medium enterprises	148.51	377.21
Payable to related parties	3.56	257.06
<b>Total Trade payables</b>	<b>316.00</b>	<b>1,190.53</b>

**14 A TradePayable 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
MSME	59.80	74.30	10.20	4.21
Others	28.40	98.86	21.37	18.86
Disputed dues - MSME				-
Disputed dues - Others				-
<b>Total</b>	<b>88.20</b>	<b>173.16</b>	<b>31.57</b>	<b>23.07</b>

**14 A TradePayable Agewise details as at the end of Last 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
MSME	377.21	-		
Others	757.70	3.24	52.38	-
Disputed dues - MSME	-	-	-	-
Disputed dues - Others	-	-	-	-
<b>Total</b>	<b>1,134.91</b>	<b>3.24</b>	<b>52.38</b>	<b>-</b>

**Notes forming part of Financial Statements**

	<b>31.03.2024</b>	31.03.2023
	<b>INR Lakhs</b>	INR Lakhs
<b>15. Other Current Liabilities</b>		
<b>Non-Current</b>	-	-
<b>Current</b>		
Revenue received in advance	<b>715.91</b>	266.49
Due to Holding Company	<b>311.51</b>	246.92
Salaries and arrears payable	<b>45.32</b>	45.67
Earnest Money Deposits	<b>59.43</b>	60.71
Retention Money from Suppliers	<b>43.29</b>	34.34
Tax Payables	<b>3.49</b>	2.40
Provision for Ex Gratia	<b>0.21</b>	0.21
Sundry Creditors (TA)	<b>0.02</b>	0.26
Warranty	<b>92.86</b>	61.24
PF Trust Loss payable	<b>38.93</b>	38.93
Company's Contribution to PF Payable	<b>1.50</b>	1.51
Company's Contribution to Pension Fund	<b>0.10</b>	0.14
Provision for SIB	<b>0.28</b>	1.20
Provision for warranty	-	11.20
Provision for Income Tax payable for A.Y.2012-13	<b>100.40</b>	-
Income Tax Provision for A. Y . 23.24	-	6.50
Income Tax Provision for A. Y . 24.25	<b>138.75</b>	-
<b>Total Other Current Liabilities</b>	<b>1,552.00</b>	777.71

**NOTE -1: NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2024**

PERTAINING TO BALANCE SHEET

INR in lakhs

Sl. No.	Particulars	As at 31.03.2024	As at 31.03.2023
1	The Company is contingently liable for : Guarantees & Counter Guarantees and Letter of Credits issued to various parties by the Company's bankers to the extent not provided for, which is backed by cent percent margin money.	<b>3,060.66</b>	2,435.00
2	Trade Payables:		
	Disclosure regarding dues to Micro & Small Enterprises based on the information available with the Company:		
a	Dues remaining unpaid as at the end of the year - Principal (Interest due Nil)	<b>148.51</b>	377.21
b	Amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day during the year.	<b>NIL</b>	NIL
c	Amount of interest due and payable for the period of delay inmaking the payment (which have been paid but beyond the appointed day during the year but without adding the interestunder MSMED Act, 2006.	-	-
d	Amount of interest accrued and remaining unpaid as at the end of the accounting period.	-	-
e	Amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises		
3	Short Term Loans and Advances includes Adhoc payments to employees towards Wage/Salary, DA arrears, pertaining to1992 is pending adjustment & provision to this extent has beenmade in the accounts	<b>1.03</b>	1.03
4	Provision for Taxation has been made under provisions of the Income Tax Act, 1961.		
5	The company's management has informed us that certain debtors have been written off in the past, and recovery proceedings are ongoing.		
	<ul style="list-style-type: none"> <li>• M/s. Nawab Cashew Packers, Kerala: Execution of an Arbitration Award of Rs. 69.23 Lakhs is pending in various courts at various stages.</li> <li>• M/s. Nucor Wires Ltd, Bengaluru: Execution of an Arbitration Award of Rs. 69.75 Lakhs is pending in the Hon'ble Supreme Court.</li> </ul>		

6. As per the books of accounts verified by us, under the 'Inventory - Finished Goods' head, the value of machinery in transit is shown as Rs. 18.57 Lakhs, as this machinery has not been delivered to the customer as on 31st March 2024 ,However the company has correctly not accounted the same in the sales for the year 2023-24.
7. During our audit, we have verified that the books of accounts show an outstanding Earnest Money Deposit (EMD) amount of Rs. 1,44,000/- related to SIL since 2018. We advise the management to settle this outstanding amount.
8. We have verified that E-TDS returns has been filed within the due dates:

<u>24Q</u>	<u>Date of filing</u>	<u>Due date</u>
Q 1	25-Jul-23	31-Jul-23
Q 2	31-Oct-23	31-Oct-23
Q 3	12-Jan-24	31-Jan-24
Q 4	20-May-24	30-May-24

<u>26Q</u>	<u>Date of filing</u>	<u>Due date</u>
Q 1	08-Sep-23	30-Sep-23
Q 2	31-Oct-23	31-Oct-23
Q 3	12-Jan-24	31-Jan-24
Q 4	20-May-24	30-May-24

9. Based on our review of the books of accounts, we have observed that an Earnest Money Deposit (EMD) of Rs.40 Lacs received from TATA is outstanding as of 31st March 2024. However, on 13.06.2024 payment is released to TATA .
10. During our audit, we have observed that in the Sundry Creditors account, there is an outstanding amount of Rs. 16.97 Lacs related to HMT I & II Bengaluru units, which has been pending for more than 3 years. We advise the company to settle these long-outstanding liabilities at the earliest.
11. Based on our review of the books of accounts, we have observed that under the 'Advance Tax' account, there is a total outstanding amount of Rs. 240.42 Lacs from the Assessment Year 2009-10 to 2024-25, spanning almost 15 years. According to the information provided by the management, these tax payments were made against appeals filed with the Commissioner of Income Tax (CIT).
  - We advise the management to take necessary actions to expedite the pending appeals with the income tax department, in order to claim any potential refunds or settle the outstanding tax payments, thereby avoiding the accrual of heavy penalties and interest charges from the department.
12. We have verified that the company obtained balance confirmation letters for all bank account balances outstanding as of 31st March 2024 , and the amounts are tallied with the company's books of accounts balances .
13. We have verified that the company obtained balance confirmation letters for all bank deposit account balances outstanding as of 31st March 2024, and the amounts are tallied with the company's books of accounts balances.
14. We have verified that the company obtained balance confirmation letters from the holding company for the balance outstanding as of 31st March 2024, and the amounts are reconciling with the company's books of accounts.
15. We have verified the Sundry Creditors - Supplies & Services account, Balances under Sundry Creditors is subject to confirmation from the suppliers, although confirmation is sought by the company.
16. We advise the company to obtain balance confirmation letters from all creditors to reconcile the outstanding balances with the company's books of accounts. This will help avoid any potential claims or additional liabilities in the future. We recommend that the company take appropriate steps to pay off or write off the creditors due more than 3 years amount Rs 6.08 Lakhs .

17. Based on our review of the books of accounts, we have observed an Unsecured Loans & Advances balance of Rs. 104.50 Lacs . Out of this, an amount of Rs. 63.20 Lacs represents accrued interest. However, the remaining balance of Rs. 41.30 Lacs represents claims receivable from various parties . We advise the company to take necessary steps to recover these outstanding claims from the respective parties at the earliest.
18. We have observed that in the books of accounts the amount outstanding amount of Rs.30.98 Lacs shown as unpaid salaries since 1992. We advise the company to trace out the employees to pay off long pending liability to avoid any future claims as additional liability.

<b>SL NO.</b>	<b>Ledger</b>	<b>Amount</b>
1.	Unpaid salaries-1992-95 pay/wage revision arrears	4.16 Lacs
2.	1997 Pay/wages revision arrears of transferred employees	23.91 Lacs
3.	Other liabilities – Adhoc 1992 pay/ wage revision	2.91 Lacs
<b>Total</b>		<b>30.98 Lacs</b>

19. Trade Receivable aggregated to Rs.841.08 Lakhs [2023:Rs1,416.59 Lakhs] out of which debtors amounting to Rs. 174.69 Lakhs pertain to outstanding for a period exceeding 3 years as at the balance sheet date. The above receivables are not supported by specific confirmations from the customers. No Provision is made in the accounts towards Bad & doubtful debts though it is outstanding for more than 3 years as on the balance sheet date.

**NOTE - 1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2024**



**DISCLOSURE REQUIREMENT AS PER Ind AS - 24**

**A -RELATED PARTIES**

INR in lakhs

Relationship	Associate companies			HMT LIMITED, Holding Company					
	HMT Machine Tools Limited	HMT Watches Ltd	HMT Bearings Limited	Tractors Unit	ABD / Common service Division	Food Processing Division	Corporate Office		
Description of the nature of transactions	Purchases				Maintenance Services	Purchases	Proposed Dividend	General Services	Inter-Corporate Loan Renewal *
Value of the transactions	-	-	-	-	-	-	-	51.64	NIL
Other elements of related party transactions necessary for under-standing the Financial Statements	No substantial amounts involved during the year								
Balances Outstanding as at year end	3.56 (CR)	-	-	-	.15(CR)	40.06 (CR)	-	271.29(CR)	NIL
Provision for Doubtful	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

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



**NOTE -1 : NOTES FORMING PART OF FINANCIAL STATEMENTS / 31.03.2024**

INR in lakhs

**SEGMENT REPORTING AS PER IND AS 108**

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

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

Deferred Tax Assets / (Liabilities) as at 01.04.2023	(46.96)
Charged / (credit) during the year	<u>1.14</u>
Deferred Tax Assets / (Liabilities) as at 31.03.2024	<u>(48.10)</u>

**Notes forming part of Financial Statements**

	31.03.2024	31.03.2023
	INR Lakhs	INR Lakhs
Rs. in lakhs		
<b>16. Revenue from operations</b>		
Sale of products	1,108.71	127.97
Technical Services	12.90	-
Projects Sales of Products	129.14	940.91
Projects Services	507.87	346.19
Export Assistance	-	0.38
<b>Total</b>	<b>1,758.62</b>	<b>1,415.45</b>
<b>17. Other income</b>		
<b>A. Other Non Operating Income</b>		
Provision No Longer Required	11.90	26.63
Rental Income	27.28	-
Tender Fees	-	0.73
Miscellaneous Income	2.91	-
	<b>42.08</b>	<b>27.36</b>
<b>B. Interest income</b>		
<b>Interest on Bank Deposits with Banks</b>	<b>169.16</b>	<b>151.92</b>
	<b>169.16</b>	<b>151.92</b>
<b>Total Other income</b>	<b>211.24</b>	<b>179.28</b>
<b>18. Cost of Goods Traded, Service and Works</b>		
<b>a. Cost of Goods Traded, Service and Works</b>		
Purchases	395.12	1,194.14
Purchases for Service contract	181.41	133.99
Freight on export	27.08	95.54
Insurance on exports	0.20	2.25
ECGC Premium	0.64	-
Clearing, handling and inspection	4.69	0.16
Travelling Expenses	107.47	90.11
Warranty Claims	-	11.20
Other expenses (As per below schedule)	0.81	26.94
<b>Cost of Goods Traded, Service and Works</b>	<b>717.41</b>	<b>1,554.33</b>
<b>Other Expenses</b>		
Communication	-	0.03
Advertisement & Publicity	-	1.40
Office Maintenance	0.02	-
Travelling & Conveyance	0.15	11.38
Delegation & export promotion	0.14	0.14
After Sales Service	-	0.12
Entertainment Expenses	0.35	0.17
Bank charges	0.14	13.19
Miscellaneous	-	0.51
<b>Total</b>	<b>0.81</b>	<b>26.94</b>

**Notes forming part of Financial Statements**

	31.03.2024	31.03.2023
	INR Lakhs	INR Lakhs
Rs. in lakhs		
<b>b. (Increase) / Decrease in Inventories</b>		
Inventory at the beginning of the year	385.33	3.75
Less: inventory at the end of the year	18.58	385.33
	<b>366.75</b>	<b>-381.58</b>
<b>Total</b>	<b>1,084.16</b>	<b>1,172.75</b>
<b>19. Employees' benefits expense</b>		
Salaries, Wages, Bonus and other benefits	182.91	183.35
House Rent Allowance	1.82	2.44
Contribution to Provident Fund	18.83	18.34
Contribution to Pension Fund	1.45	1.65
Provident fund obligation	17.51	-
Earned Leave Encashment	15.61	12.83
Settlement Allowance	1.68	1.89
Gratuity cost	6.36	9.28
Sales Incentive Bonus	0.28	1.20
Medical Benefits	3.68	7.20
Exgratia	-	0.21
Staff Welfare Expenses	1.41	2.28
<b>Total</b>	<b>251.55</b>	<b>240.67</b>
<b>20. Depreciation and amortization expense</b>		
Depreciation of tangible assets	13.08	13.03
<b>Total</b>	<b>13.08</b>	<b>13.03</b>
<b>21. Finance Cost</b>		
Interest on Loan	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>22. Other expenses</b>		
Rates and taxes excluding tax on income	3.49	0.50
Office Maintenance	22.72	18.73
Printing & stationery	5.23	5.00
Recruitment Expenses	0.03	-
Royalty	8.82	3.86
Books, periodicals & membership fees	1.29	0.85
Advertisement & Publicity	0.07	0.28
Postage, Telegrams, Courier	0.71	1.00
Communication	2.38	1.90
Audit fee:		
Statutory audit	0.48	0.48

**Notes forming part of Financial Statements**

	31.03.2024	Rs. in lakhs 31.03.2023
	INR Lakhs	INR Lakhs
Tax audit		0.21
Travelling & Conveyance	10.41	10.65
Delegation & export promotion	1.84	0.81
Entertainment Expenses	1.06	1.11
Repairs & Maintenance other than building & machinery	0.88	4.37
Insurance	0.06	-
Training, seminars & conference	-	-
Vehicle maintenance	1.72	2.01
Professional and legal charges	2.70	1.39
Bank charges	26.03	17.21
Fees for services rendered	2.54	1.89
Common expenses paid to Holding Co.	39.24	51.64
Security Charges	6.04	4.07
Board Meeting Expenses	0.15	0.22
Miscellaneous expenses	0.11	-
PF Trust Loss	-	5.72
Exchange Difference (Net)	1.87	3.66
<b>Total</b>	<b>139.85</b>	<b>137.56</b>

**23. Other Comprehensive Income**

Re-measurement gains/(losses) on defined benefit plans for

Earned Leave Encashment

Gratuity

Settlement Allowance

**Total**

-

-3.21

1.51

**-1.70**

For and on behalf of the Board

 As per our report of even date  
 For PBMN & Co.,  
 (Chartered Accountants)FRN : 007878S

**Rajesh Kohli**

Chairman &amp; Managing Director

(Addl. Charge)

DIN No: 10333951

**Anju Makhija**

Director

DIN No: 02414138

**M Mohan Naidu**

Partner

Membership No : 205413

UDIN: 24205413BKCYZR6049

**Y.K. Vaish**

General Manager (O&amp;M)

**G. Durgadevi**

Manager (Finance)

Place : Bengaluru

Date : 19.07.2024

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

Sl.No.	Particulars	Year ended 31.03.2024	Year ended 31.03.2023
1	Revenue from operations includes Project Works including services executed under an agreement with Government of India against which physical exports have been completed up to 31.03.2024	549.30	1,287.10
2	Other expenses include (Travelling and conveyance) Travelling expenses of Directors	-	0.93
3	<b>Additional information as per the requirement of Schedule III of the companies Act, 2013</b>		
	I. Cost of goods sold		
	Imported	0 %	-
	Indigenous	100%	1,084.16
	TOTAL	100%	1,084.16
	II. CIF Value of Imports:		
	Components & Accessories	-	
	III. Earnings in Foreign Exchange		
	a) FOB Value of Exports	909.48	393.52
	b) Technical / project services	-	-
	TOTAL	909.48	393.52
	IV Particulars of turnover:	Qty. Nos.	VALUE
	Machine tools, spares & accessories	19	1,108.71
	Project Service & Supplies	10	637.01
	Income from Technical services		12.90
	Export Incentives		-
	TOTAL		1,758.62
	V Expenditure in Foreign Currency:		
	Travelling Expenses	37.43	28.57
	Others	-	65.50

**Note to Financial Statements for the year ended 31st March 2024**

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

<b>i) Defined Contribution Plan:</b>			(Rs. In Lakhs)
Particluars	Year Ended 31-Mar-24	Year Ended 31-Mar-23	
Employer's Contribution to Pension Fund	1.45	1.65	

**ii) Defined Benefit Plans:**

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans. The Company has obtained the actuarial valuation report from the independent actuary except Provident Fund.

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

	31-Mar-24	31-Mar-23
	%	%
Discount rate:		
Gratuity plan	7.26	7.53
Settlement Allowance	7.26	7.53
Earned Leave Encashment	7.26	7.53
Future salary increases:		
Gratuity plan	10.00	10.00
Settlement Allowance	10.00	10.00
Earned Leave Encashment	10.00	10.00

Summary of Demographic Assumptions	Gratuity Plan		Settlement Allowance		Leave Encashment	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	100%	100%	0%	0%	100%	100%
Disability Rate (as % of above mortality rate)	0.00%	0.00%	0%	0%	0.00%	0.00%
Withdrawal Rate	1% to 3%	1% to 3%	0	0		
Attrition Rate					1% to 3%	1% to 3%
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	23.17	23.39	23.17	23.39	23.17	23.39
Leave Encashment Rate during Employment					10%	10%
Leave Availment Rate					2%	2%

## Employee Benefit Obligations

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

### A. Gratuity

31 March 2024 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		
	01-Apr-23	31-Mar-24	Net interest expense & Past Service Cost	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	(74.40)	(5.41)	(4.85)	(10.26)	20.00		(1.97)	2.65	0.68	(63.98)
Fair value of plan assets	36.76		3.90	3.90	(20.00)	(3.90)			(3.90)	66.76
<b>Benefit liability</b>	<b>(37.64)</b>			<b>(6.36)</b>	<b>0.00</b>					<b>2.78</b>

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		
	01-Apr-22	31-Mar-23	Net interest expense & Past Service Cost	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI
	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	(85.83)	(6.35)	(5.56)	(11.91)	20.00			1.37	1.97	(74.40)
Fair value of plan assets	34.99		2.64	2.64	(20.00)	(2.63)			(2.63)	36.76
<b>Benefit liability</b>	<b>(50.84)</b>			<b>(9.27)</b>	<b>0.00</b>					<b>(37.64)</b>

**B. Earned Leave Encashment**

31 March 2024 changes in the long term employee benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in Profit or loss					Contributions by employer	31-Mar-24		
	INR Lakhs	INR Lakhs	Sub-total included in profit or loss	Net interest expense	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
01-Apr-23	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	(67.89)	(2.60)	(4.29)	(6.89)	21.92		(0.68)	(8.04)	(8.72)	(61.58)	
Fair value of plan assets											
<b>Benefit liability</b>	<b>(67.89)</b>			<b>(6.89)</b>	<b>21.92</b>				<b>(8.72)</b>	<b>0.00</b>	<b>(61.58)</b>

31 March 2023 changes in the long term employee benefit obligation and fair value of plan assets

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in Profit or loss					Contributions by employer	31-Mar-23		
	INR Lakhs	INR Lakhs	Sub-total included in profit or loss	Net interest expense	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
01-Apr-22	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
Defined benefit obligation	(75.52)	(2.98)	(4.79)	(7.77)	20.46		0.52	(5.58)	(5.06)	(67.89)	
Fair value of plan assets											
<b>Benefit liability</b>	<b>(75.52)</b>			<b>(7.77)</b>	<b>20.46</b>				<b>(5.06)</b>	<b>0.00</b>	<b>(67.89)</b>



**C. Settlement Allowance**  
**31 March 2024 changes in the defined benefit obligation and fair value of plan assets**

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-24				
	INR Lakhs	INR Lakhs	Sub-total included in profit or loss	Net interest expense	Service cost	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		
01-Apr-23	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
			(1.68)								2.67	1.50		(21.79)
<b>Defined benefit obligation</b>			<b>(1.68)</b>								<b>(1.17)</b>	<b>2.67</b>	<b>1.50</b>	<b>(21.79)</b>
<b>Fair value of plan assets</b>														
<b>Benefit liability</b>			<b>(1.68)</b>											<b>0.00 (21.79)</b>

**31 March 2023 changes in the defined benefit obligation and fair value of plan assets**

	Defined Benefit cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income						Contributions by employer	31-Mar-23				
	INR Lakhs	INR Lakhs	Sub-total included in profit or loss	Net interest expense	Service cost	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		
01-Apr-22	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs	INR Lakhs
			(1.89)											(23.03)
<b>Defined benefit obligation</b>			<b>(1.89)</b>								<b>0.97</b>	<b>3.00</b>	<b>3.97</b>	<b>(23.03)</b>
<b>Fair value of plan assets</b>														
<b>Benefit liability</b>			<b>(1.89)</b>											<b>0.00 (23.03)</b>

**D) Provident Fund ( Interest shortfall ) :**

The Company's Contribution paid / payable to provident fund and the liability /obligaiton is recognised on accrual basis. The Compay's provident fund trust is emempted u/s 17 of the Employees Provident Fund and Miscellaneous Provisions Act 1952.The condition for grant of exemptions stipulate that the employer shall make good deficiency , if any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The company doesnot anticipate any further obligations in the near forseeable future having regard to the assets of the fund and return on investment .

The Company has recognised the obligation on the basis of Actuarial Valuation carried out during the year. The present value of obligation due to difference between the expected interest rate to be earned by the trust and expected future EPFO interest rate , being the interst short fall of Rs. 17.51 Lacs as on 31.03.2024 .

**Note to Financial Statements**  
**Earnings per share (EPS)**

	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>INR Lakhs</b>	<b>INR Lakhs</b>
Profit attributable to equity holders:		
Continuing operations	79.92	20.22
Discontinued operation	0.00	0.00
Total Profit including OCI	<u>79.92</u>	<u>20.22</u>
Less Other Comprehensive income	<u>0.00</u>	<u>0.00</u>
Profit attributable to equity holders for basic earnings	<u>79.92</u>	<u>20.22</u>
Profit attributable to equity holders of the parent adjusted for the effect of dilution	<u>79.92</u>	<u>20.22</u>
Weighted average number of Equity shares for basic EPS*	7,20,000	7,20,000
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	<u>7,20,000</u>	<u>7,20,000</u>

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

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

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

**(i) Gratuity**

(Rs. In lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	8.37	6.76	7.50	6.04
Change in rate of salary increase	3.22	3.45	3.14	3.17
Change in withdrawal rates	0.85	0.60	0.45	0.28

**(ii) Settlement Allowance**

(Rs. In lakhs)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	2.69	1.78	5.38	4.16
Change in rate of salary increase	2.67	2.68	4.28	5.32
Change in withdrawal rates	2.18	1.75	-	4.46

The expected contributions for gratuity for the next financial year will be Rs.Nil and Settlement allowance will be Rs.Nil.

## **DIRECTIONS UNDER SECTION 143(5) OF COMPANIES ACT 2013 APPLICABLE FROM THE YEAR 2019-20 AND ONWARDS:**

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

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

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

**Not Applicable**

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

**During the financial year 2023-24, the Company have not received any funds from the Central/Stage agencies, accordingly the above clause is not applicable.**

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

For PBMN & Co.,  
(Chartered Accountants)  
(FRN 007878S)  
UDIN: 24205413BKCYZR6049

M Mohan Naidu  
Partner  
(M No. 205413)

Place: Bengaluru  
Date: 19.07.2024

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

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs. In lacs)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income (Rs. in Lakhs)	1969.86	-
	2.	Total Expenditure (Rs. in Lakhs)	1488.65	-
	3.	Net Profit /(Loss) (Rs. in Lakhs)	79.92	-
	4.	Earnings Per Share (in Rs.)	11.10	-
	5.	Total Assets (Rs. in Lakhs)	5862.44	-
	6.	Total Liabilities (Rs. in Lakhs)	2080.95	-
	7.	Net Worth (Rs. in Lakhs)	3781.49	-
	8.	Any other financial item (s) (as felt appropriate by the Management)	-	-
II	<u>Audit Qualification (each audit qualification separately):</u>			
	a.	Details of Audit Qualification : NOT APPLICABLE		
	b.	Type of Audit Qualification : Qualified Opinion/Disclaimer of Opinion/Adverse Opinion – N.A.		
	c.	Frequency of Qualification : Whether appeared first time/repetitive/since how long continuing- N.A.		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views : N.A.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor: NOT APPLICABLE		
		(i) Management's estimation on the impact of Audit Qualification:		
		(ii) If Management is unable to estimate the impact, reasons for the same :		
		(iii) Auditors Comments on (i) or (ii) above :		
III	<u>Signatories :</u>			
	• Chairman & Managing Director			
	• GM(O&M)			
	• Manager (Finance)			
	• Audit Committee Chairman			
	• Statutory Auditor			
	Place : Bengaluru			
	Date : 19.07.2024			

**hmt**

W A T C H E S

HMT Watches Limited



**25<sup>th</sup>**  
**ANNUAL**  
**REPORT**  
2023-24

## HMT WATCHES LIMITED

### CONTENTS

Board of Directors.....	2
Performance Highlights .....	3
Directors' Report.....	4
Corporate Governance .....	10
Independent Auditor's Report.....	18
Significant Accounting Policies .....	28
Balance Sheet .....	37
Profit & Loss Account .....	38
Cash Flow Statement .....	40
Notes on Financial Statement .....	41



**BOARD OF DIRECTORS (As On 02.09.2024)**

Shri. Rajesh Kohli	(w.e.f. 05.04.2024)	Chairman and Managing Director (Addl. Charge)
Dr. Renuka Mishra	(w.e.f. 23.07.2024)	Govt. Nominee Director
Shri. Naresh Kumar	(w.e.f. 27.03.2023)	Govt. Nominee Director

**STATUTORY AUDITORS**

M/s ANKH & Associates

Chartered Accountant FRN No 015330S

Bengaluru

**REGISTERED OFFICE**

“HMT Bhavan”

59, Bellary Road

Bengaluru - 560 032

**PERFORMANCE HIGHLIGHTS**

(Rs. in Lakhs)

	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
	IND AS	IND AS	IND AS	IND AS	IND AS	IND AS	IND AS	IND AS	IND AS	IND AS
<b>OPERATING STATISTICS</b>										
Sales	0	0	0	0	0	0	424	729	490	844
Other Income *	61	137	181	148	135	125	165	414	179	172
Materials	0	0	0	570	628	0	424	0	12	285
Employee Costs	0	0	0	0	21	783	909	1210	4798	5749
Other Costs	122	166	190	178	322	2169	392	3201	802	1275
Depreciation	0	0	0	0	0	0	0	0	49	53
Earnings before Interest	-61	-29	-9	-600	-836	-2827	-1136	-3268	-4992	-6346
Interest	0	-14	26	26	21	22	87	174	1732	19574
Earnings/(Loss) before Tax	-61	-43	-35	-626	-857	-2849	-1223	-3442	-6724	-25920
Taxation	84986	0	0	0	89	3335	0	0	0	0
Net Earnings	-85047	-43	-35	-626	-946	-6184	-1223	-3442	-6724	-25920
ExceptioANL items	353126	193	140	896	1042	18312	373	-16914	-8832	
OCI	0	0	0	0	0	0	-518	2936	2140	
<b>TOTAL INCOME</b>	<b>268079</b>	<b>150</b>	<b>105</b>	<b>270</b>	<b>96</b>	<b>12128</b>	<b>-1368</b>	<b>-17420</b>	<b>-13416</b>	
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	0	0	3	5	5	5	5	5	5	722
Current Assets	0	1304	4245	3986	3859	6514	5004	7716	29548	6453
Current Liabilities & Provisions	0	269383	271873	272319	272462	275218	284971	287180	291592	21523
Working Capital	0	-268079	-267628	-268333	-268603	-268704	-279967	-279464	-262044	-15070
Capital Employed	0	-268079	-267625	-268328	-268598	-268699	-279962	-279459	-262039	-14348
Investments	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-
Borrowings	0	0	0	0	0	0	0	0	0	236437
<b>Net Worth</b>	<b>0</b>	<b>-268079</b>	<b>-268228</b>	<b>-268333</b>	<b>-268603</b>	<b>-268698</b>	<b>-280827</b>	<b>-279459</b>	<b>-262039</b>	<b>-250561</b>
<b>OTHER STATISTICS</b>										
Capital Expenditure	0	0	0	0	0	0	0	0	0	0
Internal Resources Generated	0	-43	-35	-626	-946	-6184	-1223	-3442	-6675	-25867
Working Capital Turnover Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.06
Current Ratio	0.00	0.00	0.02	0.01	0.01	0.02	0.02	0.03	0.10	0.30
Return on Capital (%)	0.00	-0.01	0.00	-0.22	-0.31	-1.03	-0.41	-1.21	-3.61	-46.28
Employees (Nos)	0	0	0	0	0	0	145	640	640	1005
Per Capita Sales	0.00	0.00	0.00	0.00	0.00	0.00	2.92	1.14	0.77	0.84

\* Includes Extra Ordinary Items

## DIRECTORS' REPORT

To

The Members,  
HMT Watches Limited,  
Bengaluru.

The Board of Directors take pleasure in presenting the 25<sup>th</sup> Annual Report on business of your Company and Annual Financial Statements of the Company for the financial year 2023-24 along with the Auditors' Report thereon. The Comments of the Comptroller & Auditor General of India are attached with this Report.

## FINANCIAL SUMMARY / PERFORMANCE OF THE COMPANY

Your Company was put under closure in the year 2016 and hence the operations (production, sales etc) were completely stopped. Gross Sales for the year was NIL (previous year NIL) and production for the year was also NIL (previous year NIL).

The Company made a Net profit of Rs.2680.79 Crore during the FY 2023-24 which is due to write off/waiver of GoI Loan. The financial highlights are as follows:

### Financial summary/Performance of the Company

(Rs. In Crore)

Particulars	FY 2023-24	FY 2022-23
Gross Profit / (Loss) PBT	(00.61)	(00.43)
Add: Extraordinary items	00.00	1.93
Add: GOI Loans waived off	2693.79	00.00
GOI Grants	837.47	00.00
Gross Profit – PBT(NET)	3530.65	1.50
Income tax paid	849.86	0.00
Net Profit (PAT)	2680.79	1.50
Cumulative Profit (Loss)	(6.49)	(2687.08)

There is no operating sales or income as the Company is under closure.

## DIVIDEND

Your Directors are not in a position to recommend any dividend for the year 2023-24 due to ongoing closure activities of the Company under progress.

## SHARE CAPITAL

The Authorised Share Capital of the Company is Rs.7,00,00,000/- divided into 70,00,000 Equity Shares of Rs. 10/- each. Issued, Subscribed and Paid-up Share Capital of your Company stood at Rs. 6,49,01,000/- divided into 64,90,100 Equity Shares of Rs.10/- each fully paid-up. All shares are held by the Holding Company, HMT Limited.

## NET WORTH

The Net worth of the Company as on March 31, 2024 is NIL.

## DEPOSITS

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

## PRESENT STATUS

1. Ministry of Heavy Industry (Erstwhile Department of Heavy Industries) conveyed vide letter dated 13th January 2016, with the approval of CCEA for Closure of HMT Watches Limited and to relieve all the employees of the Company on an attractive VRS in one time relaxation as per DPE guidelines and by retrenchment under Industrial Dispute Act 1947 to those not opting for VRS. The Company announced VRS vide Office order dated 20-01-2016. The Company relieved 813 employees who opted for VRS, and retrenched two employees who had not opted for VRS. The remaining 146 employees approached the Hon'ble High Court of Uttarakhand and obtained stay against the effect and implementation of the order of permission granted by Ministry of Labour & Employment ("MOL&E") for closure. The Hon'ble High Court of Uttarakhand vacated their stay on 18-03-2019 and the Company gave effect and implemented the closure order.
2. The Kamgar Sangh, Employees Union of Watch Factory Ranibagh (WFR) filed fresh Writ Petition

2964/2019 challenging the closure order of MOL&E dated 17.11.2016 and seeking VRS for all the members who have been retrenched. The Court dismissed WP No. 2964/2019 as devoid of any merits. The Kamgar Sangh Employees Union of Ranibagh filed SPA 470/2022 before High Court of Uttarakhand at Nainital to quash judgment in WP 2964/2019. The matter is still pending for written submission.

Watches Limited to the books of HMT Limited at a Book Value of Rs 2,96,06,230/- (Rupees Two Crore Ninety-Six Lakh Six Thousand Two Hundred Thirty Only) and also conveyed that HMT Limited shall take up disposal of immovable assets pertaining to HMT Watches Limited and transfer the sale proceeds to Ministry of Heavy Industry as soon as sale proceeds are received after deducting the applicable taxes and related expenses. Shareholders of HMT Limited on 18<sup>th</sup> December, 2022 and HMT Watches Limited on 21<sup>st</sup> December, 2022 had approved for said transfer of immovable assets. Hence, an agreement is made between M/s HMT Watches Limited and M/s HMT Limited on 12.01.2023 giving effect to above transaction (with effect from 30-12-2022)

3. Meanwhile, post vacation of stay on auction of moveable assets on 18.03.2019, the Company completed the disposal of all the **movable assets**.
4. Ministry of Heavy Industry vide its letter dated 05<sup>th</sup> May 2022 approved **the transfer of all immovable assets** from the books of HMT

### Land of HMT Watches Limited (Land in Acres)

Details of Land	Freehold	Date	Leasehold	Date	Total Land
<b>Transferred to various agencies with date.</b>					
(a) M/s ISRO, Land at Tumkur, Karnataka	109.820	27.06.2018	-	-	
(b) GOUK, Land at Ranibagh	-	-	33.320	03.08.2019	
(c) GOUK, Land at Ranibagh	-	-	13.360	22.07.2019	
(d) NH 4 WFT(Occupied during 2006 for Road widening)	2.880				
<b>Total</b>	<b>112.700</b>		<b>46.680</b>		<b>159.380</b>
<b>Lands transferred to holding company*</b>					
(a) Land at Bengaluru	89.700	30.12.2022			
(b) Land at Tumkur	6.988	30.12.2022			
(c) Land at Ranibagh	45.622	30.12.2022	-	-	
<b>Total</b>	<b>142.310</b>				<b>142.310</b>
<b>Grand Total</b>	<b>255.01</b>		<b>46.680</b>		<b>301.690</b>
<b>Transferred to Holding Company</b>					
(a) 2 BHK Flat at Mumbai.	730 Sq ft	30.12.2022			

**\*Total Land is 301.69 Acres (WFB 89.740, WFT 119.650, WFR 92.300)**

**WFB- Watch Factory, Bengaluru, WFT- Watch Factory, Tumkur, WFR- Watch Factory, Ranibagh**

5. Ministry of Heavy Industries vide its letter dated 28-09-2022 and 01-12-2022 conveyed its approval for **transfer of all legal cases** of HMT Watches Limited and the contingent liabilities arising out of the cases to HMT Limited and also mentioned that the contingent liabilities up to Rs 80.00 Crore will be funded by the Government of India.
6. In the Administrative Ministry letter dated 13.01.2016 regarding CCEA for closure of HMT Watches Limited, it is mentioned that “an automatic transfer of intangible assets and other items such as patents, trademarks, designs, logos etc. to the Holding Company after closure of the Subsidiary Company.” HMT Watches Limited is the unconditional and unencumbered owner of all right, title and interest in and to all the intangible assets owned by it. Accordingly, HMT Watches Limited has assigned the intangible assets to HMT Limited vide assignment deed dated 12.01.2023.
7. The GoI loans (liabilities) are retained in the books of accounts of HMT Watches Limited and these are to be written off/ waived off after closure of the company. The company written off / waived off GoI loans during FY 2023-24 with the approval of the Board of Directors. The company received the Grant from GoI amounting to Rs 837.47 Crore towards the payment of income tax on the waiver of GoI loans and paid it to Income Tax Department.

## PARTICULARS OF EMPLOYEES

There are no employees in the Company as on March 31, 2024

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## BOARD MEETINGS

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

## AUDITORS

M/s. ANKH & Associates, Chartered Accountants, Bengaluru was appointed by the C&AG as Statutory Auditors of the Company for the financial year 2023-24.

Replies to the observations by the Auditors in their Report are given by way of an Addendum to this Report. The replies to the Comments by the Comptroller and Auditor General of India on the Accounts are given separately.

## AUDITORS' REPORT

The Statutory Auditors have submitted Independent Auditor's Report along with Addendum to Independent Auditor's Report for the year 2023-24. Comments by the Comptroller & Auditor General of India on the accounts for the year are given separately.

## VIGILANCE ACTIVITIES

There are no operations and there are no employees in the company. The vigilance department of the Holding company is functional and keeping a watch on the overall activities.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

- Continuous review of the performance by the Core Committee with reference to the budgets on an ongoing basis.
- Compliance with laws and regulations.

## **IMPLEMENTATION OF OFFICIAL LANGUAGE**

Since the Company is under closure & no employees are there as on 31.03.2024, implementation of the Official Language is not applicable to the Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- that in the preparation of the annual financial statements for the year ended 31.03.2024, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and were adequate and operating effectively;
- that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

- No specific criteria is laid down for the evaluation of Board, its Committees and the individual Directors. The Company, being a Central Public Sector Enterprise (CPSE), adopted personnel policies and guidelines issued by DPE in line with other CPSEs. Accordingly, your Company has not formulated any separate policy w.r.t appointment or evaluation of senior management and key managerial personnel.

## **MATERIAL CHANGES AND COMMITMENTS**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the financial year ended 31.03.2024 and the date of this report.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Ministry of Heavy Industries vide its order dated 22<sup>nd</sup> May, 2023 appointed Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries as Government Nominee Director of the Company with effect from 22<sup>nd</sup> May, 2023 and until further orders in place of Shri. Rama Kant Singh, Director, Ministry of Heavy Industries.

Ministry of Heavy Industries vide its order dated 04<sup>th</sup> September, 2023 appointed Ms. Mukta Shekhar, Joint Secretary, Ministry of Heavy Industries as Government Nominee Director of the Company with effect from 04<sup>th</sup> September, 2023 and until further orders in place of Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries.

Shri. Pankaj Gupta (DIN:09716028) Executive Director, Bharat Heavy Electricals Limited ceased to be Chairman & Managing Director (Additional charge) of HMT Watches Limited on completion of his term on 24<sup>th</sup> November, 2023.

Ministry of Heavy Industries vide its order dated 29<sup>th</sup> December, 2023 entrusted the additional charge of the post of Chairman & Managing Director of HMT Watches Limited to Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, for a period w.e.f. 25.11.2023 to 24.11.2024, or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the approval of the Appointments Committee of the Cabinet (ACC). Shri. Rajeev Singh, Chairman & Managing

Director (Additional Charge) (DIN: 10447679) has been appointed on the Board of Directors of the Company from 30<sup>th</sup> December, 2023.

Ministry of Heavy Industries vide its order dated 4th March, 2024 entrusted the additional charge of the post of Chairman & Managing Director of HMT Watches Limited to Shri. K Ravishankar, Executive Director, Bharat Heavy Electricals Limited in place of Shri. Rajeev Singh, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the post till 24.08.2024 i.e., date of his superannuation or till the joining of a regular incumbent or until further orders whichever is earliest, subject to ex-post facto approval of Appointments Committee of the Cabinet (ACC). Shri. K. Ravishankar (DIN: 10540509), assumed the additional charge of the post of Chairman & Managing Director of HMT Watches Limited on 08th March, 2024 in the afternoon in place of Shri. Rajeev Singh.

Ministry of Heavy Industries vide its order dated 26th March, 2024 entrusted the additional charge of the post of Chairman & Managing Director of HMT Watches Limited to Shri. Rajesh Kohli, Executive Director, Bharat Heavy Electricals Limited (BHEL), in place of Shri. K. Ravishankar, Executive Director, Bharat Heavy Electricals Limited, with immediate effect and from the date of his assumption of charge of the posts, for a period of one year or till the joining of a regular incumbent, or until further orders, whichever is earliest, subject to the ex-post facto approval of the Appointments Committee of the Cabinet (ACC). Shri. Rajesh Kohli (DIN: 10333951), assumed the additional charge of the post of Chairman & Managing Director of HMT Watches Limited on 5th April, 2024 in the afternoon in place of Shri. K Ravishankar.

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

### **A. CONSERVATION OF ENERGY**

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

### **B. TECHNOLOGY ABSORPTION**

The Company is under closure and hence not applicable.

### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

### **EXTRACT OF ANNUAL RETURN**

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

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

There were no instances of one-time settlement during the financial year 2023-24.

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

There were no applications made or any proceeding pending against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2023-24.

### **OTHERS**

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

During the Financial year 2023-24, the Company did not receive any complaints of Sexual Harassment.

The Company has risk management in place to have a constant watch on the risks that affect the existence of the Company.

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

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

The provisions relating to Corporate Social Responsibility are not applicable to the Company.

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

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

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

As on 31st March 2024, no amount is required to be transferred to Investor Education and Protection Fund (IEPF).

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable to the Company

### ACKNOWLEDGEMENTS

The Directors are thankful to HMT Limited, the Holding Company, the 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, Director General Supplies & Disposals, Director General, Ordnance Factories, various State Governments, Suppliers and Dealers, and valued customers of the Company both in India and abroad for their continued co-operation and patronage.

Directors also sincerely appreciate the contributions made by all the concerned stake holders during the year, despite the difficult situation faced by the Company.

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 07.05.2024

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)



## CORPORATE GOVERNANCE

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

Your Company hereby submits the report on Corporate Governance. The Company is committed to maintain

the highest standards of Corporate Governance and has initiated appropriate action for compliance of the guidelines on Corporate Governance.

### Remuneration of Directors

An amount of Rs.1500/- is payable only to Independent Directors for attending each meeting of the Board and Committees.

### General Body Meetings

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

Financial year	Date	Time	Venue
2020-21	28-07-2021	11: 00 AM	HMT Bhavan, Bengaluru
2021-22	13-07-2022	04: 00 PM	HMT Bhavan, Bengaluru
2022-23	24-08-2023	11: 00 AM	HMT Bhavan, Bengaluru

Annual General Meeting for the current year is scheduled to be held before September 30, 2024 at HMT Bhavan No.59, Bellary Road, Bengaluru-560 032.

### Board of Directors

As on March 31, 2024 the Board of Directors comprised of Chairman & Managing Director and two (2) Part-time Official Directors/ Government Nominee Directors. Currently, the position of part-time Non -Official (Independent) Directors is vacant.

The day-to-day Management of the Company is conducted by the Chairman & Managing Director / General Manager (O&M) HMT Limited and under the supervision and control of the Board of Directors.

During the Financial year 2023-24, Four Board Meetings were held on 12th May 2023, 6th September 2023, 4th January 2024 and 26th March 2024.

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

Name	Category	Attendance particulars		No. of other Directorships and Committee Member /Chairmanship held		
		Board Meetings	General Meeting	Directorship	Committee	
					Membership	Chairmanship
<b>Pankaj Gupta</b> (DIN: 09716028)	<b>Chairman &amp; MD (I/C)</b>	2	1	3	6	1
<b>Rajeev Singh</b> (DIN: 10447679)	<b>Chairman &amp; MD (I/C)</b>	1	-	3	6	1
<b>K. Ravishankar</b> (DIN:10540509)	<b>Chairman &amp; MD (I/C)</b>	1	-	3	6	1
<b>Rama Kant Singh</b> (DIN: 08360278)	<b>NENI</b>	1	-	3	-	-
<b>Dr. Renuka Mishra</b> (DIN: 08635835)	<b>NENI</b>	-	-	3	3	4
<b>Mukta Shekhar</b> (DIN:10118859)	<b>NENI</b>	2	-	8	1	4
<b>Naresh Kumar</b> (DIN:10043608)	<b>NENI</b>	4	-	3	-	-

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

### Disclosures

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

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

### Means of Communication

Being a wholly owned Subsidiary of HMT Limited, Company submits financial results periodically to M/s. HMT Limited, the Holding Company. Annual results are also updated on the Company website - [www.hmtindia.com](http://www.hmtindia.com)

For and on behalf of the Board of Directors

**(Rajesh Kohli)**

Chairman & Managing Director  
(Addl. Charge)

Place: Bengaluru  
Date: 07.05.2024

## FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

**As on the financial year ended on 31.03.2024**

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

### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U33301KA1999GOI025573
ii.	Registration Date	August 09, 1999
iii.	Name of the Company	HMT Watches Limited
iv.	Category/Sub-Category of the Company	Company Limited by Shares / Union Government Company
v.	Address of the registered office and contact details:	HMT Bhavan, 59, Bellary Road, Bengaluru – 560032 Ph.: 91- 80-23330333
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	-NA-

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main Products/ Services	NIC Code of the Product/ service	% total turnover of the company
1	Manufacture and sale of watches	26521	NIL

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/subsidiary/ Joint Venture/ Associate	% of shares held	Applicable section
1	HMT Limited	L29230KA1953GOI000748	Holding	100	2(46)

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

##### (i) Category-wise Share Holding

Category Code	Category of Shareholders	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
<b>(A)</b>	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual/ HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Other-Government Company	-	6490100	6490100	100	-	6490100	6490100	100	-
	Sub-Total A(1) :	-	6490100	6490100	100	-	6490100	6490100	100	-
(2)	FOREIGN									
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total A(2):	-	-	-	-	-	-	-	-	-
	Total A=A(1) + A(2)		6490100	6490100	100	-	6490100	6490100	100	-
<b>(B)</b>	<b>PUBLIC SHAREHOLDING</b>									
(1)	INSTITUTIONS	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	-	-	-	-	-	-	-	-	-
(2)	NON-INSTITUTIONS	-	-	-	-	-	-	-	-	-
	Sub-Total B(2):	-	-	-	-	-	-	-	-	-
	Total B = B(1)+B(2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :	-	-	-	-	-	-	-	-	-
<b>(C)</b>	<b>Shares held by custodians, against which Depository Receipts have been issued</b>	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	-	<b>6490100</b>	<b>6490100</b>	<b>100</b>	-	<b>6490100</b>	<b>6490100</b>	<b>100</b>	-

**ii) Shareholding of Promoters**

Sl. No.	Share-holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
(1)	HMT Limited	6490100	100	-	6490100	100	-	-

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

Sl. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	6490100	100	6490100	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	0	0	0	0
2	At the End of the year	6490100	100	6490100	100

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the Company
Not Applicable								

**v) Shareholding of Directors and Key Managerial Personnel:**

For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
None of the Directors or Key Managerial Personnel is holding any shares in the company				
At the beginning of the year	-NIL-	-NA-	-NIL-	-NA-
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-NA-		-NA-	
At the End of the year	-NIL-	-NA-	-NIL-	-NA-
None of the Directors or Key Managerial Personnel is holding any shares in the company.				

**V. INDEBTEDNESS**

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

(Rs. in Lakhs)

	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2023				
i) Principal Amount	-	2,69,378.75	-	2,69,378.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>2,69,378.75</b>		<b>2,69,378.75</b>
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	-	2,69,378.75	-	2,69,378.75
Net Change	-	2,69,378.75	-	2,69,378.75
Indebtedness at the end of the financial year 31.03.2024				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

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

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	- - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify	-
5	Others – Medical	-
	<b>Total (A)</b>	<b>-</b>
	Ceiling as per the Act	-

**B. Remuneration to other Directors:**

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

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

<b>Sl. No.</b>	<b>Particulars of Remuneration</b>	<b>Key Managerial Personnel (Company Secretary)</b>
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961  (b) Value of perquisites u/s17(2) Income-tax Act,1961  (c) Profits in lieu of salary under section17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit -others, specify...	-
5.	Others, please specify	-
	<b>TOTAL</b>	-

**VII: PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

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

For and on behalf of the Board of Directors

**(Rajesh Kohli)**  
Chairman & Managing Director  
(Addl. Charge)

Place: Bengaluru  
Date: 07.05.2024



## REVISED INDEPENDENT AUDITOR'S REPORT

**(Issued consequent to Audit Observations u/s 143(6)(b) of Companies Act, 2013 issued by O/o CAG, vide letter no. Director (Admin)/2024-2025/DIS-1803228 dt 28.06.2024, and it supersedes our Independent Auditors Report dated 07.05.2024.)**

TO

### THE MEMBERS OF HMT WATCHES LIMITED

#### Report on the Audit of the Financial Statements Opinion:

1. We have audited the financial statements of **HMT WATCHES LIMITED ("the Company")**, which comprise the balance sheet for the year ended 31<sup>st</sup> March, 2024 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company for the year ended March 31, 2024 and its profit, for the year ended on that date.

#### Basis for Opinion:

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

The management of the company intends to close down the company as the company has suffered huge losses and its net worth has been eroded. The Stakeholders, in view of losses, have decided to close the company and apply for voluntary winding up of the company. In view of the same the accounts of the company are not prepared on a Going Concern basis. Since Financial Statements are prepared under liquidation basis our opinion is not modified in relation to Material Uncertainty Related to Going Concern.

#### Other Information

4. The company's board of directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibility of Management and Those Charged with Governance for the financial Statements.

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flow of the Company in accordance with the accounting principles generally accepted in

India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, , relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

7. 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with SAs, we exercise judgment and maintain professional skepticism throughout the audit. We are 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. 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.

### Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

#### Note No. 2.8(a)

We draw attention to the Note No. 2.8(a) of the “Notes to the financial statements” regarding the closure of HMTWL due to discontinued manufacturing operations in the year 2016-17 and line of approval of the Government of India, all the moveable assets being disposed-off to meet the closure liabilities. By MHI vide letter dated 05-05-2022, MHI directed to transfer all immovable assets from books of HMTWL (under closure) to the books of HMT Ltd the holding Company at book value. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal. Further by MHI vide Letter dated 06-02-2024, HMTWL has been granted an aid of Rs. 837.47 crores towards meeting Income tax liability on account of writing off of GOI Loan amounting to INR 2,69,378.75/- Lakhs- in the books of HMTWL to enable filing closure application of HMTWL u/s 248 of the Companies Act, 2017.

#### Note No. 2.22

We draw attention to the Note No. 2.22 of the “Notes to the financial statement” regarding the write off of Government of India Loan amounting to INR 2,69,378.75 /- Lakhs-. The said amount was due to Government of India and as per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13-01-2017, 27-03-2017, 08-05-2023 & 06-02-2024, the company has written off the GOI Loans amounting to INR 2,69,378.75 /- Lakhs.

#### Note No. 2.29

We draw attention to Note No. 2.29 of the “Notes to the financial statement” regarding preparation of financial statements on liquidation basis. The management of the company intends to close down the company as the company has suffered huge losses and its net worth has been eroded. The Stakeholders, in view of losses, have decided to close

the company and apply for voluntary winding up of the company. In view of the same the accounts of the company are not prepared on a Going Concern basis. Since Financial Statements are prepared under liquidation basis our opinion is not modified in relation to Material Uncertainty Related to Going Concern.

### Report on Other Legal and Regulatory Requirements

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

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet and the Statement of Profit and Loss dealt with in this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us.

- i. As informed to us and as per our review of books of account and other relevant documents, The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts required to be transferred to the Investors Education and Protection account by the Company.
- iv. (a) The management has represented that, to the best of its 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

(b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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

(c) Based on audit procedures which we 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 (i) and (ii) contain any material misstatement.

- v. No dividend has been declared or paid during the year by the Company.
- vi. Based on our examination which included test checks, the Company has used and accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

Place: Bengaluru  
Date: 24.07.2024

For A N K H & ASSOCIATES  
Chartered Accountants  
FRN: 015330S

**Prakash Adiga B**  
Partner  
Membership No: 216858  
UDIN: 24216858BKAHLX7037

**ADDENDUM TO THE INDEPENDENT AUDITORS' REPORT**  
**Dated 07-5-2024 ON THE FINANCIAL STATEMENTS OF**  
**HMT WATCHES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2024**

**TO THE MEMBERS OF HMT WATCHES LIMITED, BENGALURU**

This letter serves as an addendum to and should be read in conjunction with our Independent Auditors' Report dated 07-5-2024 on the financial statements of the Company. This addendum forms part and parcel of our Report.

After Paragraph: "As required by Section 143(5) of the Act, Based on our Audit we report that: of Independent Auditors' Report dated 07-5-2024, the following Paragraph is inserted:

Sl.No.	Particulars	Remarks
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The company is in the process of closure All the accounting transactions during the year were made through IT system. Based on our verification, there are no significant impacts on the integrity of the accounts or towards financial implications for the company.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest, etc. made by a lender to the company due to the company's inability to repay the loan. If yes, the financial impact may be stated.	Ministry of Heavy Industries & Public Enterprises vide their letter dated 13-1-2016 intimated that CCEA in its meeting held on 6-1-2016 had approved the closure of HMT Watches Limited and directed to waive off loans of the Company after the closure.  MHI vide letter dated 8-5-2023 directed the Company for filing winding petition u/s 248 of the Companies act 2013  MHI vide letter dated 6-2-2024 further directed the company to waive off GOI loans Rs 2693.78 cr and the Grant amount released Rs 837.47 cr shall be utilized for payment towards settlement of MAT / Tax liability
3	Whether funds (grants/subsidy etc) received/ receivable for specific schemes from Central/ State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	No such cases noticed during the year.--

**For M/s ANKH & Associates**  
**Chartered Accountants**  
**FRN: 015330S**

**Place: Bengaluru**  
**Date: 24.07.2024**

**Prakash Adiga B**  
**Partner**  
**M.No: 216858**  
**UDIN: 24216858BK AHLX7037**

**The 'ANNEXURE A' referred to the Our Report of even date to the members of HMT WATCHES LIMITED, BENGALURU on the accounts of the company for the year ended 31st March 2024**

(Referred to in "Report on Other Legal and Regulatory Requirements" paragraph 1 of us report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March 2024. We report that:

- i) The Company did not have any Property, Plant and Equipment during the Financial Year 2023-24, hence the question of maintaining proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment does not arise.

The Company did not have any Intangible Assets during the Financial Year 2023-24, hence the question of maintaining proper records showing full particulars of intangible assets does not arise.

- ii) In respect of its Inventories:
- a) According to information and explanation provided to us, the company does not hold any inventory and hence commenting on the physical verification of inventories does not arise.
- b) The company does not hold any inventory and hence the question of commenting on the reasonableness and adequacy of the procedures of physical verification of inventories followed by the management does not arise.
- c) The company does not hold any inventory and hence the question of commenting on the maintenance of inventory records does not arise.
- iii) The company has not granted any loans, secured or unsecured, to any company, firm or other parties listed in the register maintained under section 189 of the Act. Accordingly, clause (iii)(a) and (b) of paragraph 3 of CARO 2020 is not applicable.
- iv) In our opinion and according to the information and explanations given to us, the company during the financial years 23-24 has not granted any loans or provided any guarantees or given any security or made any investments to which the provisions of Section 185 and 186 of the Companies Act 2013. Accordingly, paragraph 3(iv) of the order is not applicable.
- v) In our opinion and according to the information and explanations given to us, during the year, the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act or any other relevant provisions of the Companies Act or the rules framed there under, or directions issued by RBI. Therefore, this clause is not applicable to the Company.
- vi) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act, for any of the activities of the Company.
- vii) In respect of statutory dues:
- According to the information and explanations given to us the Company transferred all the pending statutory dues/ legal cases to HMT limited Holding company as per the MHI letter dated 1-12-2022 as on 31-12-2022. As of 31-03-2024 the Company does not have pending statutory dues in the books of accounts.
- viii) In our opinion and according to the information and explanations given to us, the Company does not have any outstanding dues to financial institutions, banks, or debenture holders during the year.

- ix) The Company did not raise any money by way of debt instruments and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x) According to the information and explanations given to us by the management, no material fraud on or by the company has been noticed or reported during the course of our audit.
- xi) During the year Company has not paid any managerial remuneration and therefore this clause is not applicable.
- xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company and therefore the clause is not applicable.
- xiii) According to the information and explanations given to us, all the transactions with the related parties are not in compliance with section 188 and 177 and where applicable the details have been disclosed in the financial statements as required by the accounting standard and Companies Act 2013.
- xiv) According to the Information and Explanation given to us the company is in the process of closure. All the transactions are conducted through HMT Limited ABD. The company has not appointed the internal auditors.
- xv) According to the information and explanations provided to us, the company has not entered into any non-cash transactions with Directors or people connected with them and therefore this clause is not applicable to the company.
- xvi) According to the Information and Explanation given to us, the company is not required to obtain the registration under section 45-IA of the Reserve Bank of India Act, 1934.
- xvii) According to the information and explanations given to us the company has incurred cash losses of Rs. 60.97 Lakhs during the financial year and Rs. 43.42 Lakhs in the preceding financial year.
- xviii) During the year there is no resignation of the statutory auditor hence comment on this clause is not applicable.
- xix) The company does not have any financial assets or financial liabilities as on the date of 31st March 2024. Hence the comment on this clause is not applicable.
- xx)
- a) During the period of audit there is no unspent amount which needs to be transferred to fund specified in schedule VII to the companies act hence comment on this clause is not applicable.
- b) During the year No such amount remaining unspent under sub-section (5) of section 135 of the Companies, hence, comment on this clause is not applicable.
- xxi) The company does not have any subsidiaries and the question of commenting on qualifications or adverse remarks contained in the CARO reports of the subsidiaries does not arise.

**For ANKH & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 015330S**

**Place: Bengaluru**  
**Date: 24.07.2024**

**Prakash Adiga B**  
**Partner**  
**Membership No: 216858**  
**UDIN: 24216858BKAHLX7037**

## **ANNEXURE-B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HMT WATCHES LIMITED, BENGALURU.**

(Referred to in "Report on Other Legal and Regulatory Requirements" paragraph 11 (f) of our report of even date)

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

We were engaged to audit the internal financial controls over financial reporting of **HMT Watches Limited, Bengaluru** ("the Company") as of 31st March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on essential components such as the control environment, the entity's risk assessment process, control activities, Information system and communication and the monitoring of such controls. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:



1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st , 2024 based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For ANKH & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 015330S**

**Place: Bengaluru**

**Date: 24.07.2024**

**Prakash Adiga B**  
**Partner**  
**Membership No: 216858**  
**UDIN:24216858BKAHLX7037**

**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 WATCHES LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of financial statements of HMT Watches Limited for the year ended 31 March 2024 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 24 July 2024 which supersedes their earlier Audit Report dated 07 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HMT Watches Limited for the year ended 31 March 2024 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**

A handwritten signature in black ink, appearing to read 'M. S. Subrahmanyam'.

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

**Place: Hyderabad  
Date: 24 July 2024**

## Significant Accounting Policies:

### i) Basis of preparation:

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

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

### ii) Summary of Significant Accounting Policies:

#### a) Use of estimates:

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

#### b) Property, Plant & Equipment

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

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

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

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

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

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

The carrying amount of an item of PPE is derecognised:

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

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

#### *Special Tools:*

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

### c) Leases

#### The Company as a lessor

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

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a

finance or operating lease by reference to the right-of-use asset arising from the head lease.

#### *Operating Leases as a Lessor*

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

#### **The Company as a lessee**

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

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

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease

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

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

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

#### **d) Borrowing Cost:**

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

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

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

#### **e) Investment Property:**

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

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

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

**f) Intangible Assets:**

- i) Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.
- ii) Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.
- iii) The cost of software internally generated / purchased for internal use which is not an integral part of the related hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.
- iv) Research and Development Expenditure:

*Research Phase:*

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

*Development Phase:*

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

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

**g) Depreciation and Amortisation:**

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

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

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

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

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

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

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

held for sale/ distribution are presented separately in the balance sheet

**i) Government Grants:**

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

**j) Inventories:**

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

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

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

**k) Revenue Recognition:**

A customer contract exists if collectability under the contract is considered probable, the contract has commercial substance, contains payment terms, as well as the rights and commitments of both parties has been approved.

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

*i) Sale of goods and services:*

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

*ii) Rental Income*

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

*iii) Dividend Income:*

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

*iv) Interest Income:*

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

*v) Warranty:*

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

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

*vi) Extended Warranties:*

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

the relevant product, the company will separate and account for these two items separately.

**l) Foreign Currency Translation:**

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

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

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

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

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

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

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

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

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

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

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

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

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of Rs.50,000/-, Earned Leave Encashment (ELE), SA is debited to the respective provision accounts. The provision at the 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 alltrade 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 cancelled or expires.

##### *vii) Fair value of financial instruments:*

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

Fair value hierarchy:

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

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

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

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

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

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

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

#### **i) Judgements:**

In the process of applying the Company's accounting policies, management has made the following

judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements

#### *a Operating lease– Company as lessor:*

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

#### *b Discontinued Operations:*

As per the CCEA Approval on 27/10/2016 it was decided that the Tractors Divisions operations will be closed. According the Assets have been classified based on the definitions under IND AS16, IND AS 40 and IND AS 105. It is planned that the company will lease out the major portions of the land and buildings to a third party to generate lease rentals for the Company and accordingly, it is classified as Investment Properties

#### *c Property, plant & equipment:*

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

#### *ii) Estimates and assumptions:*

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

beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*a Deferred Taxes*

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

*b Defined Benefit Obligations:*

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

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

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

*c Other Long-Term Employee Benefits:*

Other Long-Term Employee Benefits like Earned Leave Encashment is determined through 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), remeasurements 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 Remeasurement 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 31.03.2024**

(Rs. In Lakhs)

Particulars	NOTE NO	As at 31-Mar-2024	As at 31-Mar-2023
<b>ASSETS</b>			
Non-Current Assets			
Property, Plant and Equipment	2.2	-	-
<b>Current Assets</b>			
a) Inventories	2.3	-	-
b) Financial Assets			
i. Trade Receivables	2.4	-	-
ii. Cash and Cash Equivalents	2.5	-	1,284.80
iii. Other Financial Assets (Int accrued on FD)	2.6	-	13.91
iv. Funds available with Gratuity Ttrust	2.6 A	-	-
c) Other Current Assets (TDS recovered by Bank)	2.7	-	5.60
Non Current Assets Held for Sale	2.8	-	-
<b>TOTAL ASSETS</b>		<b>-</b>	<b>1,304.31</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity Share Capital	2.9	<b>649.01</b>	649.01
Other Equity	2.10	<b>(649.01)</b>	(2,68,727.66)
<b>Non-current liabilities</b>			
a) Financial liabilities			
b) Provisions			
i. Employee Benefit obligations		-	-
c) Other non- current liabilities			
<b>Current liabilities</b>			
a) Financial liabilities			
i. Borrowings		-	-
ii. Trade and other payables	2.11	-	-
iii. Other financial liabilities	2.12	-	2,69,378.75
b) Provisions			
i. Employee Benefit obligations		-	-
ii. Others	2.13	-	-
c) Other current liabilities	2.14	-	4.21
<b>TOTAL LIABILITIES</b>		<b>0.00</b>	1,304.31
Summary of Significant Accounting Policies	2.1		
See accompanying notes to the financial statements	2.2 To 2.30	<b>(0.00)</b>	<b>0.00</b>

As per our report of even date attached  
For M/s ANKH & ASSOCIATES  
Chartered Accountants  
FRN : 015330S

**Prakash Adiga B**  
Partner  
M.No : 216858

Place : Bengaluru  
Date: 07-05-2024

For and on behalf of the Board of Directors of  
H M T Watches Limited

**Rajesh Kohli**  
Chairman &  
Managing Director  
DIN : 10333951

**Mukta Shekhar**  
Govt Nominee  
Director  
DIN: 10118859

**Naresh Kumar**  
Govt Nominee  
Director  
DIN: 10043608

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-3-2024

(Rs. In Lakhs)

Particulars	NOTE NO	Year Ended 31-Mar-2024	Year Ended 31-Mar-2023
<b>Continuing Operations</b>			-
<b>Discontinued Operations</b>			
Revenue from operations	2.15		-
Other income	2.16	61.21	137.26
<b>Total revenue</b>		61.21	137.26
<b>Expenses</b>			
Cost of material consumed	2.17	-	-
Changes in inventory of work-in progress, stock-in- trade and finished goods.	2.18	-	-
Employee benefit expense	2.19	-	-
Other expense	2.20	122.18	166.40
Finance Cost	2.21	-	14.28
<b>Total expenses</b>		122.18	180.68
<b>Profit/ (loss) before exceptional items and tax</b>		(60.97)	(43.42)
<b>Exceptional items:</b>			
GOV. Loans waived	2.22	2,69,378.75	193.04
GOV. Grant Recived		83,747.00	-
<b>Profit/ (loss) before tax</b>		3,53,064.78	149.62
Tax expense			
a) Current tax		84,986.12	-
b) Deferred tax		-	-
c) Income Tax for earlier year		-	-
<b>Profit/ (loss) for the period from discontinued operations</b>		2,68,078.66	149.62
<b>Profit/ (loss) for the period</b>		2,68,078.66	149.62
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement Gains/(Loss) on Defined Benefit Obligations		-	-
Items that will be reclassified to profit or loss			
<b>Other Comprehensive Income</b>		-	-
<b>Total comprehensive income for the period</b>		2,68,078.66	149.62

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-3-2024

(Rs. In Lakhs)

Particulars	NOTE NO	Year Ended 31-Mar-2024	Year Ended 31-Mar-2023
Earnings per equity share (for continuing operations)			
a) Basic		-	-
b) Diluted		-	-
Earnings per equity share (for discontinued operations)			
a) Basic	2.30	<b>4,130.58</b>	2.31
b) Diluted		<b>4,130.58</b>	2.31
Earnings per equity share (for discontinued & continuing operations)			
a) Basic		<b>4,130.58</b>	2.31
b) Diluted		<b>4,130.58</b>	2.31
Summary of Significant Accounting Policies	2.1		
See accompanying notes to the financial statements	2.2 To 2.30		

As per our report of even date attached  
 For M/s ANKH & ASSOCIATES  
 Chartered Accountants  
 FRN : 015330S

**Prakash Adiga B**  
 Partner  
 M.No : 216858

Place : Bengaluru  
 Date: 07-05-2024

For and on behalf of the Board of Directors of  
 H M T Watches Limited

**Rajesh Kohli**  
 Chairman &  
 Managing Director  
 DIN : 10333951

**Mukta Shekhar**  
 Govt Nominee  
 Director  
 DIN: 10118859

**Naresh Kumar**  
 Govt Nominee  
 Director  
 DIN: 10043608

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2024

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-24	Year Ended 31-Mar-23
<b>Operating activities</b>		
Profit before tax from continuing operations	-	-
Profit/(loss) before tax from discontinued operations	3,53,064.78	149.62
<b>Profit before tax</b>	<b>3,53,064.78</b>	<b>149.62</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	-	0.00
Gain/(Loss) on disposal of property, plant and equipment	0.00	242.17
Finance income	(59.68)	(83.37)
Finance Cost	0.00	14.28
<b>Working capital adjustments:</b>		
Movements in provisions, gratuity	0.00	0.00
Increase in trade and other receivables and prepayments	19.52	1915.90
Decrease in inventories	0.00	0.00
Increase in trade and other payables	(2,69,382.97)	(3090.61)
	<b>83,641.65</b>	<b>(852.01)</b>
Income tax paid	(84,986.12)	0.00
<b>Net cash flows from operating activities</b>	<b>(1,344.47)</b>	<b>(852.01)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	0.00	53.89
Interest received	59.68	83.37
<b>Net cash flows used in investing activities</b>	<b>59.68</b>	<b>137.26</b>
<b>Financing activities</b>		
Proceeds from Loan/(Repayment of Loan )	0.00	0.00
Interest paid	0.00	(14.28)
<b>Net cash flows from/(used in) financing activities</b>	<b>0.00</b>	<b>(14.28)</b>
Net increase in cash and cash equivalents	(1,284.79)	(729.03)
Cash and cash equivalents at the beginning of the year	1,284.79	2,013.82
<b>Cash and cash equivalents at year end</b>	<b>(0.00)</b>	<b>1,284.79</b>

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS

2) The Cash and Cash equivalents has been considered as per Note No.2.5

As per our report of even date attached  
For M/s ANKH & ASSOCIATES  
Chartered Accountants  
FRN : 015330S

For and on behalf of the Board of Directors of  
H M T Watches Limited

**Prakash Adiga B**  
Partner  
M.No : 216858

**Rajesh Kohli**  
Chairman &  
Managing Director  
DIN : 10333951

**Mukta Shekhar**  
Govt Nominee  
Director  
DIN: 10118859

**Naresh Kumar**  
Govt Nominee  
Director  
DIN: 10043608

Place : Bengaluru  
Date: 07-05-2024

# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED

## STATEMENT OF CHANGES IN EQUITY



A. Equity Share Capital				(Rs. In Lakhs)
Balance at the beginning of the reporting period 1st April 2022	Changes in equity share capital during the year 2022-23	Balance at the end of the reporting period 31st March 2023	Changes in equity share capital during the year 2023-24	Balance at the end of the reporting period 31st March 2024
6,49,01,000	Nil	6,49,01,000	Nil	6,49,01,000

### B. Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income			Total equity attributable to equity holders of the company
	Capital reserve	Retained earnings	General Reserve	FVTOCI reserve	Discon- tinued operations	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
Balance as of 1st April 2022	-	-	-	-	(2,68,877.28)	-	-	(2,68,877.28)
Changes in accounting policy or prior period errors								-
Restated balance as of 1st April 2022	-	-	-	-	(2,68,877.28)	-	-	(2,68,877.28)
Discontinued operations					149.62			149.62
Remeasurement of the net defined benefit liability/asset, net of tax effect					-			-
Total Comprehensive Income for the year								-
At 31 March 23	-	-	-	-	(2,68,727.66)	-	-	(2,68,727.66)



Particulars	Reserves and Surplus			Discon-tingued operations	Other Comprehensive Income			Total equity attributable to equity holders of the company
	Capital reserve	Retained earnings	General Reserve		FVTOCI reserve	Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	
<b>Balance as of 1st April 2022</b>	-	-	-	(2,68,727.66)	-	-	(2,68,727.66)	
Changes in accounting policy or prior period errors								
<b>Restated balance as of 1st April 2023</b>	-	-	-	(2,68,727.66)	-	-	(2,68,727.66)	
Discontinued operations				2,68,078.66	-	-	2,68,078.66	
Remeasurement of the net defined benefit liability/asset, net of tax effect				-	-	-		
Total Comprehensive Income for the year								
<b>At 31 March 2024</b>	-	-	-	(649.01)	-	-	(649.01)	

**As per our report of even date attached  
For M/s ANKH & ASSOCIATES**

**Chartered Accountants  
FRN : 015330S**

**Prakash Adiga B**

Partner

M.No : 216858

Place : Bengaluru

Date: 07-05-2024

**For and on behalf of the Board of Directors of  
H M T Watches Limited**

**Rajesh Kohli**

Chairman & Managing  
Director

DIN : 10333951

**Mukta Shekhar**

Govt Nominee  
Director

DIN: 10118859

**Naresh Kumar**

Govt Nominee  
Director

DIN: 10043608

## NOTES ON FINANCIAL STATEMENTS

### 2.2 PROPERTY, PLANT AND EQUIPMENT

(Rs. in lakhs)

Particulars	Land - Freehold	Land- Leasehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Special Tools	Total
<b>Gross Block</b>								
<b>At 1 April 2022</b>	296.06	-	-	-	-	-	-	<b>296.06</b>
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	(296.06)	-	-	-	-	-	-	<b>(296.06)</b>
<b>At 31 March 2023</b>	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	-	-	-	-	-	-	-	-
<b>Accumulated Depreciation</b>								
<b>At 1 April 2021</b>	-	-	-	-	-	-	-	-
Depreciation/Amortisation charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	-	-	-	-	-	-	-	-
Depreciation/Amortisation charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Assets Held for Sale	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	-	-	-	-	-	-	-	-
<b>Net book value</b>								
At 31 March 2024	-	-	-	-	-	-	-	-
At 31 March 2023	-	-	-	-	-	-	-	-
<b>Net book value</b>								
Plant Property and Equipment	-	-	-	-	-	-	-	-
		<b>31-03-2024 Amount</b>		<b>31-03-2023 Amount</b>				

## NOTES ON FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-3-2024 INR Lacs	31-3-2023 INR Lacs
<b>2.3 INVENTORIES</b>		
(At Cost or NRV whichever is lower)		
Raw Materials	-	-
MIT	-	-
Stores and Spares	-	-
Scrap	-	-
Finished Goods	-	-
Work-in-progress	-	-
<b>Total</b>	-	-
Less: Provisions	-	-
<b>Total</b>	-	-
<b>2.4 TRADE RECEIVABLES</b>		
Trade receivable others	-	-
<b>Total</b>	-	-
<b>TRADE RECEIVABLES</b>		
<b>Secured Considered good</b>		
Unsecured, considered good		-
Doubtful		-
Less Allowance for doubtful Debts		-
<b>Total</b>		-
Trade Receivable for a period > 6 Month		-
Trade Receivable for a period < 6 Month		-
<b>2.5 CASH AND CASH EQUIVALENTS</b>		
Balances with scheduled banks		
- Current Account	0.00	119.80
Deposit with scheduled banks > three months and < 12 months	0.00	55.00
Deposit with scheduled banks > three months and < 12 months	0.00	1110.00
<b>Total</b>	-	1,284.80

## NOTES ON FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-3-2024 INR Lacs	31-3-2023 INR Lacs
<b>2.6 OTHER FINANCIAL ASSETS</b>		
Interest Accrued on Bank deposit	0.00	13.91
<b>Total</b>	<b>-</b>	<b>13.91</b>
<b>2.6 A</b>		
Less: Fund Available in Gratuity Trust		
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2.7 OTHER CURRENT ASSETS</b>		
<b>Dues from Related Parties</b>		
Chinar Watches Ltd		
Machine Tools Ltd		-
HMT Ltd		
HMT (I) Ltd		
HMT Bearings		
<b>Secured</b>		
- Considered Good		
<b>(Unsecured considered good)</b>		
- Considered Good (Statutory)		
Claimes recoverable doubt ful		
Less: provisions made during 2021-22		
Advances		
<b>GST</b>		
- Capital Advances		
- Other Advance		
Less: Provision for doubtful advances		
- Claims recoverable		
Less : Provision for Doubtful Claims		
Deposits with various authorities - court cases		
Advance tax / TDS receivable/ tyagi	0.00	5.60
<b>Total</b>	<b>-</b>	<b>5.60</b>
<b>2.8 Non Current Assets Held for Sale</b>		
Land - Freehold	0.00	0.00
Buildings	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

\*regrouping

2.8 (a) The manufacturing operations have been discontinued during the year 2016-17 and in line with approval of the Government of India, all the moveable assets being disposed off to meet the closure liabilities. MHI vide letter dated 05-05-2022 directed to transfer all immovable assets from books of HMTWL (under closure) to the books of HMT Ltd the holding Company at book value. The rights of transfer of immovable assets have been assumed by the Government and HMT Limited is the custodian of the properties till their disposal. Further by MHI vide Letter dated 06-02-2024, HMTWL has been granted an aid of Rs. 831.76 crores towards meeting Income tax liability on account of writing off of GOI Loan in the books of HMTWL to enable filing closure application of HMTWL u/s 248 of the Companies Act, 2017.

2.8 (B)

<b>Transferred to various agencies with date.</b>					
	<b>Freehold</b>	<b>Date</b>	<b>Lease hold</b>	<b>Date</b>	<b>Total Land</b>
(a) M/s ISRO, Land at Tumkur, Karnataka	109.82	27.06.2018	-	-	109.82
(b) GOUK, Land at Ranibagh			33.32	03.08.2019	33.32
(c) GOUL, Land and at Ranibagh	-	-	13.36	22.07.2019	13.36
NH 4 WFT (Occupied during 2006 for Road widening)	2.88	-			2.88
<b>Total</b>	<b>112.70</b>		<b>46.68</b>		<b>159.38</b>

<b>Lands transferred to holding company*</b>					
(a) Land at Bengaluru	89.70				89.70
(b) Land at Tumkur	6.988	30.12.2022	-	-	6.988
(c) Land at Ranibagh	45.622				45.622
<b>Total</b>	<b>142.31</b>	<b>-</b>		<b>-</b>	<b>142.31</b>
<b>Grand Total</b>	<b>255.01</b>		<b>46.68</b>		<b>301.69</b>
<b>Transferred to holding company</b>	<b>730 Sq ft</b>				
(a) 2 BHK Flat at Mumbai.					

**Total Land is 301.69 Acres (WFB 89.740, WFT 119.650, WFR 92.300)**

## NOTES ON FINANCIAL STATEMENTS

### NOTES FORMING PART OF BALANCE SHEET

(Rs. in lakhs)

#### 2.9 Share Capital

##### Share capital

#### Authorised share capital

##### Equity Shares

	Number (In Lakhs)	Amount
<b>At 1 April 2022</b>	70	700.00
Increase/(decrease) during the year	-	-
<b>At 31 March 2023</b>	<b>70</b>	<b>700.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2024</b>	<b>70</b>	<b>700.00</b>

#### Issued Capital

##### Equity shares of INR 10 each issued and fully paid

	Number	Amount
<b>At 1 April 2022</b>	<b>64,90,100</b>	<b>649.01</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2023</b>	<b>64,90,100</b>	<b>649.01</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2024</b>	<b>64,90,100</b>	<b>649.01</b>

"The company has only one class of equity shares having par value of INR10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of the Share Holder	No of Shares	% holding	No of Shares	% holding
Equity shares of INR10 each fully paid	64,90,100	100.00%	64,90,100	100.00%
HMT Limited				

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

## NOTES ON FINANCIAL STATEMENTS

### 2.10 Other Equity

Particulars	31-3-2024 INR lacs	31-3-2023 INR lacs
Retained Earnings	(649.01)	(2,68,727.66)
<b>Total</b>	<b>(649.01)</b>	<b>(2,68,727.66)</b>

Components of other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

#### During the year ended 31 March 2024

	Retained Earnings INR lacs	Total INR lacs
Re-measurement gains (losses) on defined benefit plans	-	-

### 2.11 TRADE AND OTHER PAYABLES

Particulars	31-3-2024 INR Lacs	31-3-2023 INR Lacs
Due to micro and small enterprises*		
Dues to Trade Payable		
<b>Total</b>		-

\*Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company has not received any confirmation from Vendors regarding their status under MSMED ACT 2006 and hence disclosure relating to amounts un-paid as at the year .

### 2.12 OTHER FINANCIAL LIABILITIES

Particulars	31-3-2024 INR Lacs	31-3-2023 INR Lacs
GOI Liabilities	-	2,69,378.75
<b>Total</b>	-	2,69,378.75

Note: Consequent to the approval accorded by the CCEA in its meeting held on 06-01-2016 and communication from DHI vide letter dated 13-01-2016 to close down the operations, the loan from Government of India, Interest Accrued there on upto 2014-15 has been classified under other Financial liabilities.

### 2.13 PROVISIONS- OTHERS

Particulars	31-3-2024 INR Lacs	31-3-2023 INR Lacs
Income tax provision		-
<b>Closing Balance</b>		-

## NOTES ON FINANCIAL STATEMENTS

### 2.14 OTHER CURRENT LIABILITIES

Particulars	31-3-2024 INR Lacs	For the year ended 31-03-2023 INR Lacs
<b>Dues to Related Parties</b>		
HMT International Ltd		
HMT Machine Tools Ltd (directorate)		
HMT Chinar Watches Ltd		
HMT Ltd, (Holding Company)		-
HMT Bearings Ltd		
Statutory Liability Excise duty		
Advance Received Sale of Assets (MSTC)		
Advance received against sale of land & Building		
E M D Received		
Retention Deposit		
Security Deposit		
Gratuity Payable		
Earned Leave Encashment Payable		
Pay Revision Payable		
Settlement Allowance Payable		
Others		
TDS pending payments		
Doora darsan		
BBMP tax 31-3-2022 WFB		
Security deopsits and EMD from WMD		
Expenses Payable	0.00	4.21
7Q & 14B Interest Payable		
<b>Total</b>	<b>0.00</b>	<b>4.21</b>



## NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
	INR Lacs	INR Lacs
<b>2.15 REVENUE FROM OPERATIONS</b>		
Sale of Watches		-
<b>Total</b>		-
<b>2.16 OTHER INCOME</b>		
<b>A. Other Income</b>		
Miscellaneous Income (sale of scarp and building Materials)		42.54
GST Refund		4.72
Misc Income	1.53	6.63
	1.53	53.89
<b>B. Interest Income</b>		
Interest received on Fixed Deposits	59.68	54.76
Interest received from CHO on FD		4.34
Interest received from Gratuity		24.27
Income tax Refund		-
	59.68	83.37
<b>Total</b>	61.21	137.26
<b>2.17 COST OF MATERIAL CONSUMED</b>		
<b>A, Raw material and Components</b>		
Inventory at the beginning of the year		-
Add: Purchases		-
Inventory at the end of the year		
<b>B, Stores, Spares and Other Component Consumed</b>		
Opening		-
Closing		
<b>Total</b>		-

## NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
	INR Lacs	INR Lacs
<b>2.18 Changes in inventory of work-in progress, stock-in- trade and finished goods.</b>		
<b>Finished goods</b>		
Opening		-
Closing		
<b>Work in progress</b>		
Opening		-
Closing		
<b>Inventory of Scrap</b>		
Opening		-
Closing		
<b>Total</b>		-
<b>2.19 EMPLOYEE BENEFIT EXPENSES</b>		
Staff welfare exp.		-
Others		-
<b>Total</b>		-
<b>2.20 OTHER EXPENSES</b>		
Water and Electricity	14.75	9.40
Rates and Taxes*	26.73	19.96
Travelling Expenses & Conveyance Allowance	1.75	7.30
Printing and Stationary Expenses	0.39	0.42
Auditors Remuneration	0.89	0.89
Advertisement & publication		0.88
Miscellaneous Expenses	0.96	2.43
Legal Expenses & Professional charges	4.00	15.56
Postage and telephone expenses	0.05	0.06
Repair & Maintenance	0.10	0.21
MSTC Service Charges		0.43
7Q/14B Interest		
Security Expenses	36.41	39.35
Casual Labour Charges	29.79	43.24
Share of Holding Company Exp.		3.90
Other Provision (WFT)		

## NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-03-2024	For the year ended 31-03-2023
	INR Lacs	INR Lacs
Service charges (HMT ABD)	6.36	21.98
P F Trust Loss		
Bank charges	-	0.40
<b>Total</b>	<b>122.18</b>	<b>166.40</b>
<b>2.21 Finance Cost</b>		
Other Interest		14.28
<b>Total</b>		<b>14.28</b>
<b>2.22 Exceptional items</b>		
Grant Received from GOI	83,747.00	
Waiver of GOI Loans	2,69,378.75	
Profit on sale of Plant & Machinery , Scrap		-
Liabilities no longer required		197.23
Provision For Advances		(52.83)
Provision no longer required		48.64
<b>Total</b>	<b>3,53,125.75</b>	<b>193.04</b>
<b>2.23 CONTINGENT LIABILITIES &amp; COMMITMENTS (to the extent not provided for)</b>		
<b>Contingent Liabilities</b>		
Claims against the company not acknowledged as debt		NIL
The Company made contingent liabilities towards legal and other payment	-	
The same has been approved by the Board of directors of the company and Ministry of heavy Industries vide letter dated 1-12-2022 to transfer to HMT Limited Holding Company		

## NOTES ON FINANCIAL STATEMENTS

Particulars	For the year ended 31-	For the year ended 31-
	03-2024	03-2023
	INR Lacs	INR Lacs
<b>2.24 VALUE OF IMPORTS CALCULATED ON CIF BASIS BY THE COMPANY DURING THE FINANCIAL YEAR</b>		NIL
NIL	NIL	
<b>2.25 EXPENDITURE IN FOREIGN CURRENCY</b>		
Expenditure in foreign currency during the financial year on account of royalty, know-how,		Nil
	Nil	
		Nil
<b>2.26 EARNINGS IN FOREIGN EXCHANGE</b>	Nil	

### 2.27 Segment reporting as per IND AS 108

The Company was carrying on the business of manufacture, sale and servicing of wrist watches. Due to decision of closure of business, entire business has been classified under discontinued operation.

### 2.28 Related Party Disclosure (IND AS 24)

During year following transaction took place with related parties:

Name of the Related Party	Nature of Transactions	Rs. in Lacs
HMT LTD (ABD, Bengaluru)	Service Charges	6.36
HMT LTD (CHO)	Other Expenses	76.12
HMT LTD (CHO)	Common Expenses	
HMT LTD (CHO)	Interest Paid	-
HMT LTD (CHO)	Interest Received	

### 2.29 Preperation of Financial Statements

\* The financial statements have been prepared on liquidation basis as the management of the company intends to close down the business. The company has been incurring huge losses resulting in erosion of capital of the company. Considering the position of the company, the stakeholders of the company has decided to close down the business and apply for voluntary liquidation of the company. Based on this, the management has decided that going concern assumption is no longer applicable to the company and therefore the same has not been applied towards the preparation and presentation of financial statements.

**2.30 Earnings per share (EPS)**

	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>INR Lacs</b>	<b>INR Lacs</b>
Profit attributable to equity holders:		
Continuing operations	-	-
Discontinued operation	2,68,078.66	149.62
Less: Other Comprehensive Income		-
<b>Profit attributable to equity holders for basic earnings</b>	<b>2,68,078.66</b>	<b>149.62</b>
Interest on convertible preference shares		-
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>2,68,078.66</b>	<b>149.62</b>
Weighted average number of Equity shares for basic EPS*	2,68,078.66	149.62
Effect of dilution:		-
Convertible preference shares		-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>2,68,078.66</b>	<b>149.62</b>
<b>Earnings per equity share (for discontinued operations)</b>	<b>4,130.58</b>	<b>2.31</b>

\* 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.

As per our report of even date attached  
For M/s ANKH & ASSOCIATES  
Chartered Accountants

FRN : 015330S

**Prakash Adiga B**

Partner

M.No : 216858

Place : Bengaluru

Date:07-05-2024

For and on behalf of the Board of Directors of  
H M T Watches Limited

**Rajesh Kohli**  
Chairman & Managing  
Director

DIN : 10333951

**Mukta Shekhar**  
Govt Nominee Director

DIN: 10118859

**Naresh Kumar**  
Govt Nominee  
Director

DIN: 10043608



HMT Limited strengthens healthcare through CSR. Shri Rajesh Kohli, C&MD (Addl. Charge), handed over a cardiac ambulance to GMCH, Chhatrapati Sambhajnagar, Maharashtra in the presence of officials from HMT and GMCH.



Rashtriya Ekta Diwas – 2024



Visit of Ambassador of India to Myanmar to Indo Myanmar Industrial training Centre set up by HMT (International) Limited in Thaton, Myanmar



Independence Day - 2024



As part of its CSR initiatives, Shri S.K. Kadbe, GM(O&M), HMT Limited, along with other HMT executives, distributed 115 blazers to female students of Government PU College, Jalahalli, Bengaluru.



Vigilance Awareness Week – 2024



 **hmt**  
**HMT Limited**

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