



ಎಚ್‌ಎಂಟಿ ಲಿಮಿಟೆಡ್
(ಭಾರತ ಸರ್ಕಾರದ ಉದ್ಯಮ)
ಎಚ್‌ಎಂಟಿ ಭವನ, # 59, ಬೆಲ್ಲಾರಿ ರಸ್ತೆ,
ಬೆಂಗಳೂರು - 560 032, ಭಾರತ
ದೂರವಾಣಿ : 91-80-23330333
ಫ್ಯಾಕ್ಸ್ : 91-80-23339111
ಈ-ಮೇಲ್ : cho@hmtindia.com
ವೆಬ್‌ಸೈಟ್ : www.hmtindia.com

एच एम टी लिमिटेड
(भारत सरकार का उपक्रम)
एच एम टी भवन, # 59, बेल्लारी रोड
बेंगलुरु - 560 032, भारत
फोन : 91-80-23330333
फैक्स : 91-80-23339111
ई-मेल : cho@hmtindia.com
वेब साइट : www.hmtindia.com

HMT LIMITED
(A Govt. of India Undertaking)
HMT BHAVAN
59, Bellary Road,
Bengaluru - 560 032, INDIA
Phone : 91-80-23330333
Fax: 91-80-23339111
E-mail: cho@hmtindia.com
Website : www.hmtindia.com

Secl.S-5
एसईसीएल.S-5

7th September, 2023
7 सितम्बर, 2023

BSE Limited
बीएसई लिमिटेड
Phiroze Jeejeebhoy Towers
फिरोज जीजीभोय टावर्स
25th Floor, Dalal Street
25वीं मंजिल, दलाल स्ट्रीट
Mumbai - 400 001
मुंबई - ४०० ००१
Scrip Code: 500191
स्क्रिप कोड: 500191

National Stock Exchange of India Limited
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
"Exchange Plaza"
"एक्सचेंज प्लाजा"
Bandra-Kurla Complex
बान्द्रा-कुर्ला कॉम्प्लेक्स
Bandra (E), Mumbai - 400 051
बान्द्रा (पूर्व), मुंबई - ४०० ०५१
Scrip Symbol: HMT
स्क्रिप प्रतीक: HMT

Dear Sir/ Madam,
प्रिय महोदय/ महोदया ,

Sub: Notice of 70th Annual General Meeting and Annual Report FY2022-23

We would like to inform you that the 70th Annual General Meeting (AGM) of HMT Limited will be held on **Friday, September 29, 2023 at 10:30 A.M (IST)** through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM).

Pursuant to Regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of the 70th AGM Notice and Annual Report for the financial year 2022-23. The same has already been sent to the members of the Company at their registered email addresses.

This is for your information and record.

Yours faithfully/ भवदीय
For HMT Limited/ एचएमटी लिमिटेड के लिए

(KISHOR KUMAR S/ किशोर कुमार एस)
Manager (Company Secretary)/ प्रबंधक (कंपनी सचिव)

Encl: As above
संलग्न : ऊपरोक्त



एचएमटी लिमिटेड

HMT LIMITED

(CIN No: L29230KA1953GOI000748)

Regd. Office: HMT Bhavan, No.59, Bellary Road, Bangalore-560 032

Ph: 080 - 23330333, e-mail: cosey@hmtindia.com, Website: www.hmtindia.com

NOTICE

Notice is hereby given that the 70th Annual General Meeting of the members of **HMT Limited** will be held on **Friday, September 29, 2023** at 10.30 A.M IST through Video Conferencing / Other Audio-Visual Means to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a. The Audited Standalone Financial Statements for the financial year ended March 31, 2023 and the reports of the Directors' and Auditors' thereon;
 - b. The Audited Consolidated Financial Statements for the financial year ended March 31, 2023 and the report of Auditors' thereon;
2. To appoint a director in place of Shri. Pankaj Gupta (DIN:09716028), who retires by rotation and being eligible has offered himself for re-appointment.
3. To authorize the Board of Directors to fix the remuneration of the Independent Auditors appointed by C&AG of India for the year 2023-24.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and in terms of Ministry of Heavy Industries order dated 10th February 2023, Ms. Arti Bhatnagar (DIN: 10065528), be and is hereby appointed as Government Nominee Director of the Company, liable to retire by rotation and in terms and conditions as may be stipulated by the Government of India."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and in terms of Ministry of Heavy Industries order dated 24th August 2023, Ms. Rita Saxena (DIN: 10294769), be and is hereby appointed as Director (Finance) (Additional Charge) of the Company, liable to retire by rotation and in terms and conditions as may be stipulated by the Government of India."

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder and in terms of Ministry of Heavy Industries order dated 04th September 2023, Ms. Mukta Shekhar (DIN: 10118859), be and is hereby appointed as Government Nominee Director of the Company, liable to retire by rotation and in terms and conditions as may be stipulated by the Government of India.”

Reg. Office: No.59, Bellary Road,
Bangalore-560032

By Order of the Board

Date : 06.09.2023

Sd/-

Place : Bangalore

(S Kishor Kumar)
Company Secretary

1. The Members of the Company
2. All Directors
3. Statutory Auditors
4. Secretarial Auditor

Notes:-

1. Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020, January 13, 2021, May 5, 2022 and December 28, 2022 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC/OAVM herein after called as “e-AGM”. The deemed venue for the AGM shall be the registered office of the Company.
2. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 which set out the details relating to Special Business at the AGM is annexed hereto and forms part of the notice as **Annexure A.**
3. Pursuant to provisions of the Regulations 26 (4) & 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the brief resume / profile of the Directors eligible for appointment/re-appointment vide Item Nos. 2, 4, 5 & 6 is enclosed herewith as **Annexure B.**
4. The Company has appointed M/s KFin Technologies Limited (“KFintech”), Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM. Members can attend the meeting through login credentials provided to them to connect to Video conference. The instructions for e-AGM through Video Conference & remote e-voting/e-voting during the AGM are appended to this Notice as **Annexure C.**
5. The Company has fixed **September 22, 2023** as the ‘Cut-off Date’ to record the entitlement of the shareholders to cast their voting through remote e-voting/e-voting during the

AGM. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date. The remote e-voting period will commence from **September 26, 2023 at 9.00 a.m.** IST and will end on **September 28, 2023 at 5.00 p.m.** IST. Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

6. Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting by VC but shall not be entitled to cast their vote again.
7. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
8. The Company has appointed Shri D. Venkateswarlu, Practicing Company Secretary to act as a scrutinizer, to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total number of votes cast in favour of or against or invalid if any, not later than 48 hours after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith. The results declared along with the Scrutinizer's Report shall be available on the Company's website and on the website of M/s. KFin Technologies Ltd (e-voting agency) and same shall be communicated to the stock exchanges.
9. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM.
10. The Share Transfer Books and Register of Members of the Company shall remain closed from **September 23, 2023 to September 29, 2023** (both days inclusive) in connection with the AGM.
11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, January 15, 2021, May 13, 2022 and 5 January 2023, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website, www.hmtindia.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of M/s. KFin Technologies Ltd, at <https://evoting.kfintech.com>.

13. Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The members may authorize the Board of Directors to fix up an appropriate remuneration of Auditors for the year 2023-24 as may be deemed fit by the Board.
14. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
15. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members. The Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts or Arrangements in which the directors are interested and the relevant documents referred to in the Notice will be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send an e-mail to cosey@hmtindia.com.
16. The Members holding shares in electronic form are requested to update Pan, Address with PIN, Email, mobile number, bank account details and nomination with their Depository Participants (DPs) with whom they are maintaining their demat accounts.

Members holding shares in physical form are requested to advise for any change/updates to KFin Technologies Limited. The said updation/changes related to physical shares to be intimated in prescribed Form ISR-1 and other forms pursuant to SEBI circular SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021, as per instructions mentioned in the form. The said forms can be downloaded from the RTA website- Investor Support Center (ISC) webpage at <https://ris.kfintech.com/clientservices/isc/default.aspx>

The SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023 vide its circular dated March 16, 2023.

i. For registering/updating your email address with the Company permanently and to keep receiving all communication electronically:

- a. Members holding shares in physical mode may contact M/s. KFin Technologies Limited at einward.ris@kfintech.com for the prescribed format to update their e-mail address.
- b. Members holding shares in dematerialized mode are requested to register/ update their email addresses with their respective Depository Participant.

ii. In case of queries, Members are requested to write to einward.ris@kfintech.com or call at the toll-free number 1800 309 4001.

17. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in corporate actions.
18. The Members holding physical shares in single name or jointly are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the RTA website. If a member desires to opt out or cancel the earlier

nomination and record a fresh nomination, he/she may submit the same in Form ISR-3 or SH-14 as the case may be. The said form can be downloaded from the RTA website-Investor Support Center (ISC) webpage at <https://ris.kfintech.com/clientservices/isc/default.aspx>.

19. Members may visit the website of the Company www.hmtindia.com for more information on the Company.
20. The Company has assigned an e-mail ID: cosey@hmtindia.com to enable investors to register their complaints, if not adequately addressed by the RTA.
21. Queries on accounts and operations of the Company, if any, may please be sent to the Company atleast ten days in advance of the AGM so that the replies may be made available at the AGM.
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
23. Upto 2000 members will be able to join on a FIFO basis to the e-AGM.
24. No restrictions on account of FIFO entry into e-AGM in respect of large shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following explanatory statement sets out the material facts relating to the business mentioned in Item No. 4, 5 & 6 of the accompanying Notice.

ITEM NO.4

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Ministry of Heavy Industries vide its order dated 10th February 2023, appointed Ms. Arti Bhatnagar (DIN: 10065528), Additional Secretary & Financial Adviser, Ministry of Heavy Industries as Government Nominee Director of the Company, until further order. Accordingly, Ms. Arti Bhatnagar has been inducted on the Board of Directors of the Company as a Government Nominee Director/Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f., 14th February 2023 (After obtaining Director Identification Number (DIN)) subject to approval by the shareholders of the Company.

Further pursuant to SEBI (LODR) Regulations, 2015, every public sector listed Company shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at next general meeting. Therefore, approval of the shareholders is sought for regularization of the appointment of Ms. Arti Bhatnagar as Government Nominee Director on the same terms and conditions as determined by the Government of India.

The Nomination & Remuneration Committee of the Board of Directors has recommended to the members, the appointment of Ms. Arti Bhatnagar as Government Nominee Director of the Company.

Ms. Arti Bhatnagar, if appointed, shall be liable to retire by rotation. Ms. Arti Bhatnagar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Ms. Arti Bhatnagar does not hold any shares in HMT Limited. None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolution financially or otherwise.

The Board of Directors of your Company recommends passing of the resolution as set out at Item No. 4 as an Ordinary Resolution.

The Board recommends the resolution for approval of the Shareholders.

ITEM NO.5

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Ministry of Heavy Industries vide letter dated 24th August, 2023 has entrusted the additional charge of the post of Director (Finance) of HMT Limited to Ms. Rita Saxena, General Manager (Internal Audit), BHEL, Bengaluru upto 24.05.2024 or till appointment of a regular incumbent or till further orders, whichever is earliest, subject to the approval of Appointments Committee of the Cabinet (ACC). Accordingly, Ms. Rita Saxena has been inducted on the Board of Directors of the Company as a Director (Finance) (Additional Charge) pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f., 25th August 2023 (After obtaining Director Identification Number (DIN)) subject to approval by the shareholders of the Company.

Further pursuant to SEBI (LODR) Regulations, 2015, every public sector listed Company shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at next general meeting. Therefore, approval of the shareholders is sought for regularization of the appointment of Ms. Rita Saxena as Director (Finance) (Additional Charge) on the same terms and conditions as determined by the Government of India.

The Nomination & Remuneration Committee of the Board of Directors has recommended to the members, the appointment of Ms. Rita Saxena as Director (Finance) (Additional Charge) of the Company.

Ms. Rita Saxena, if appointed, shall be liable to retire by rotation. Ms. Rita Saxena is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Ms. Rita Saxena does not hold any shares in HMT Limited. None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolution financially or otherwise.

The Board of Directors of your Company recommends passing of the resolution as set out at Item No. 5 as an Ordinary Resolution.

The Board recommends the resolution for approval of the Shareholders.

ITEM NO.6

In terms of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the terms of office of such Directors.

Ministry of Heavy Industries vide its order dated 04th September 2023, appointed Ms. Mukta Shekhar (DIN:10118859), Joint Secretary, Ministry of Heavy Industries as Government Nominee Director of the Company, until further order. Accordingly, Ms. Mukta Shekhar has been inducted on the Board of Directors of the Company as a Government Nominee Director/Additional Director pursuant to Article 67(D) of the Articles of Association of the Company read with Section 161 (1) of the Companies Act, 2013 w.e.f., 04th September 2023 subject to approval by the shareholders of the Company.

Further pursuant to SEBI (LODR) Regulations, 2015, every public sector listed Company shall ensure that approval of shareholders for appointment of a person on the Board of Directors is

taken at next general meeting. Therefore, approval of the shareholders is sought for regularization of the appointment of Ms. Mukta Shekhar as Government Nominee Director on the same terms and conditions as determined by the Government of India.

The Nomination & Remuneration Committee of the Board of Directors has recommended to the members, the appointment of Ms. Mukta Shekhar as Government Nominee Director of the Company.

Ms. Mukta Shekhar, if appointed, shall be liable to retire by rotation. Ms. Mukta Shekhar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Ms. Mukta Shekhar does not hold any shares in HMT Limited. None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolution financially or otherwise.

The Board of Directors of your Company recommends passing of the resolution as set out at Item No. 6 as an Ordinary Resolution.

The Board recommends the resolution for approval of the Shareholders.

Reg. Office: No.59, Bellary Road
Bangalore-560032

By Order of the Board

Date: 06.09.2023
Place: Bangalore

Sd/-
(S. Kishor Kumar)
Company Secretary

**BRIEF RESUME OF DIRECTORS PROPOSED FOR
APPOINTMENT/ RE-APPOINTMENT AS PER SEBI (LODR) REGULATIONS, 2015****Director seeking re-appointment in this AGM****SHRI. PANKAJ GUPTA**

At the ensuing Annual General Meeting, Shri. Pankaj Gupta, Chairman & Managing Director retires by rotation and being eligible offers himself for reappointment. Shri. Pankaj Gupta shall continue to hold his office of Chairman & Managing Director (Additional Charge) and the reappointment as such director shall not be deemed to constitute a break in his office of Chairman & Managing Director.

Shri. Pankaj Gupta has been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited w.e.f. 25.08.2022 to 24.11.2023 or till the joining of a regular incumbent, or until further orders, whichever is earlier by the Ministry of Heavy Industries.

Shri. Pankaj Gupta aged 59 years has 38 years of rich experience in wide range of business segments with working in various capacities at BHEL. Presently, Shri Pankaj Gupta is Executive Director at BHEL heading the Solar Business Division (SBD) Bengaluru. Under his leadership, more than 270MW of Solar Plants were commissioned during the last financial year. In the last 10 months, 147MW of three floating solar plants were commissioned each having unique and state of the art anchoring & mooring arrangements with distinction of commissioning of largest floating solar plant having capacity of 100MW at NTPC Ramagundam. Earlier as Head of Defence & Aerospace Business sector of BHEL, he was instrumental in introduction of various new products, entering into collaboration with ISRO for manufacturing of Li-Ion space grade cells & MOUs with Russia and Ukraine for supply of Defence equipment. In various capacities he had previously worked in functions of Manufacturing, Technology, Production and Material Planning and spearheaded the successful establishment and indigenisation of frontline Naval equipment manufacturing at BHEL Haridwar. He has done B. Tech. in Production Engineering from Punjab Engineering College, Chandigarh.

Shri. Pankaj Gupta is not holding Directorship/Membership in Committees of the Board in other listed entities. Shri. Pankaj Gupta is holding the additional charge of posts of Chairman & Managing Director in HMT Machine Tools Limited, HMT (International) Limited and HMT Watches Limited, Subsidiary Companies. Shri. Pankaj Gupta has attended all six entitled Board Meetings of HMT Limited held during FY2022-23.

Shri. Pankaj Gupta does not hold any shares in HMT Limited, either in his individual capacity or on a beneficial basis for any other person and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

Directors seeking appointment in this AGM**MS. ARTI BHATNAGAR**

Ms. Arti Bhatnagar has been appointed as Government Nominee Director on the Board of HMT Limited w.e.f. 14.02.2023. She is presently working as Additional Secretary & Financial Adviser, Ministry of Commerce & Industry, Ministry of Heavy Industry and Ministry of MSME.

Ms. Arti Bhatnagar aged 57 is a civil servant of the Indian Defence Accounts Service of the 1990 batch has a post graduate degree in Economics and M. Phil in Defence Strategic Studies from Madras University. Ms. Arti Bhatnagar is an alumni of the National Defence College.

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. She has also worked as a Chief Vigilance Officer for Air India, Pawan Hans Ltd. and Airport Authority of India.

Ms. Arti Bhatnagar is holding directorship in Bharat Heavy Electricals Limited (BHEL), MMTC Limited, State Trading Corporation of India Limited, India Trade Promotion Organization (ITPO), Invest India and India International Convention & Exhibition Centre Limited (IICC Limited). She is a Chairperson of Risk Management Committee, Member of Audit Committee & Stakeholders Relationship Committee of the Board in BHEL, Chairperson of CSR Committee, Member of Audit Committee, Nomination & Remuneration Committee of the Board in MMTC Ltd, Chairperson of CSR Committee, Audit Committee and Remuneration Committee of the Board in India Trade Promotion Organization (ITPO). Ms. Arti Bhatnagar has attended One entitled Board Meeting of HMT Limited held during FY2022-23.

Ms. Arti Bhatnagar does not hold any shares in HMT Limited, either in her individual capacity or on a beneficial basis for any other person and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

MS. RITA SAXENA

Ms. Rita Saxena has been entrusted with the additional charge of the post of Director (Finance), HMT Limited w.e.f. 25.08.2023.

Ms. Rita Saxena aged about 59 years is a qualified Cost Accountant and Postgraduate in Commerce. She brings in 35 years of rich experience in wide range of Finance operations with working in various capacities at BHEL. Presently, Ms. Rita Saxena is 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 & 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&D project, a MHI funded project where BHEL was lead execution agency along with IGCAR & NTPC and had experience of Total Project Management.

Ms. Rita Saxena is not holding directorship in other Companies.

Ms. Rita Saxena does not hold any shares in HMT Limited, either in her individual capacity or on a beneficial basis for any other person and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.

MS. MUKTA SHEKHAR

Ms. Mukta Shekhar has been appointed as Government Nominee Director on the Board of HMT Limited w.e.f. 04.09.2023. She is presently working 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 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.

Ms. Mukta Shekhar is holding directorship in NEPA Ltd, Rajasthan Electronics and Instruments Ltd, Cement Corporation of India Limited, Engineering Projects (India) Limited, Bridge & Roof Company (India) Ltd, HMT Machine Tools Limited, HMT (International) Limited and HMT Watches Limited. She is a member of Audit Committee and Nomination and Remuneration Committee on the Board of HMT Machine Tools Limited.

Ms. Mukta Shekhar does not hold any shares in HMT Limited, either in her individual capacity or on a beneficial basis for any other person and No relationship shared between Directors inter-se and Key Managerial Personnel of the Company.



PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING, ATTENDING THE E-AGM THROUGH VIDEO CONFERENCE AND E-VOTING DURING THE E-AGM SESSION

A. PROCEDURE AND INSTRUCTIONS FOR REMOTE E-VOTING

- I. Instructions for remote e-voting by **Individual shareholders** holding shares of the company in Demat mode.

As per SEBI circular on e-voting Facility, dated December 9, 2020, all individual shareholders holding shares of the Company in the demat mode can cast their vote, by way of single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Accordingly, the procedure to login and access remote e-voting, as devised by the Depositories/ Depository Participant(s), is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> I. Visit URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ol style="list-style-type: none"> I. To register click on link : https://eservices.nsdl.com II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1 <p>3. Alternatively by directly accessing the e-Voting website of NSDL</p> <ol style="list-style-type: none"> I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/ Member' section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.

<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>1. Existing user who have opted for Easi / Easiest</p> <ol style="list-style-type: none"> I. Visit URL: https://web.cdslindia.com/myeasinew/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasinew/home/login II. Proceed with completing the required fields. III. Follow the steps given in point 1. <p>3. Alternatively, by directly accessing the e-Voting website of CDSL</p> <ol style="list-style-type: none"> I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e., KFintech where the e- Voting is in progress
<p>Individual Shareholder login through their demat accounts / Website of Depository Participant</p>	<ol style="list-style-type: none"> I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. III. Click on options available against company name or e-Voting service provider - Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Individual Members who are voting through the facilities provided by their Depository Participants, contact their respective Depository Participants on their helpline/contact details.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

II Login method for e-voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) In case of Members receiving an e-mail from KFintech [applicable to members whose email IDs are registered with the Company / Depository Participant(s)]:

- i. Launch an internet browser and open <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 7678, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering the above details Click on - Login.
- iv. Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the EVEN of HMT Limited and click on 'Submit'.
- vi. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e. **September 22, 2023** under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- vii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- viii. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- ix. You may then cast your vote by selecting an appropriate option and click on "Submit".
- x. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

- xi. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email ID: venkat_acs@yahoo.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

(B) In case of Members who have not registered their e-mail address:

- i. Please follow the steps for registration of e-mail address as mentioned in Notes to the AGM Notice.
 - ii. Please follow all steps above to cast your vote by electronic means after registration of Email ID.
- III. In case of any queries, you may refer to the Help & Frequently Asked Questions (FAQs) and e-voting user manual available in the downloads section of KFintech's website <https://evoting.kfintech.com> or contact Ms. Swati Reddy (Unit: HMT LIMITED), at einward.ris@kfintech.com and evoting@kfintech.com or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. Members who have acquired shares after the dispatch of the Annual Report and on or before the cut-off date i.e. **September 22, 2023**, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:
- a. If the e-mail or mobile number of the member is registered against Folio No./ DP ID Client ID:
The member may send SMS: MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399
Example for NSDL: MYEPWD <SPACE> IN12345612345678
Example for CDSL: MYEPWD <SPACE> 1402345612345678
Example for Physical: MYEPWD <SPACE> HMT123456
OR
The member may go to the home page of <https://evoting.kfintech.com>, and click 'forgot password' and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - b) Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at einward.ris@kfintech.com.

B. INSTRUCTIONS FOR ATTENDING THE E-AGM THROUGH VIDEO CONFERENCE AND E-VOTING DURING THE E-AGM SESSION

1. Members may access the platform to attend the AGM through VC at <https://emeetings.kfintech.com/> by clicking "Video Conference tab" and login through the user id and password provided in the mail received from KFintech. The link for the AGM will be available in the

shareholder/members login where the "Event" and the "Name of the company" can be selected. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.

2. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
3. Members are encouraged to join the Meeting using Google Chrome (preferred browser) for better experience.
4. Members will be required to grant access to the web-cam to enable two-way video conferencing.
5. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
6. Members who may want to express their views or ask questions may visit <https://emeetings.kfintech.com/> and click on the tab "**Post Your Questions**" to post their queries in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall remain active from **September 24, 2023** and **September 25, 2023**.
7. In addition to the above-mentioned step, the Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. Accordingly, the Members may visit <https://emeetings.kfintech.com/> and click on '**Speaker Registration**' during the period from **September 26, 2023** and **September 27, 2023**. Members shall be provided a 'queue number' before the AGM. The company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
8. Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform. Members may click on the voting icon ("Thumb sign") on the left side of the screen to cast their votes.
- 9. Members who may require any technical assistance or support before or during the AGM are requested to contact M/s. KFin Technologies Limited at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.**



 **hmt**
HMT Limited

70th
ANNUAL REPORT
2022-23



CORPORATE MISSION

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

CORPORATE OBJECTIVES & GOALS

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

Chairman's Address

70th Annual General Meeting of HMT Limited

My Dear Shareholders,

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

Global Outlook:

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

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

Indian Economy:

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

Manufacturing Impact on the Future of Indian Economy:

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

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

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

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

Performance & Business Accomplishments

I am pleased to inform you that HMT Limited, on a standalone basis, in the year 2022-23 has experienced a significant turnaround, reaching an impressive revenue of Rs.51.59 crores from operations vis-à-vis Rs.12.58 crore in the year 2021-22. This growth demonstrates our commitment to adaptability, resilience, and determination.

Meanwhile, considering the consolidated performance of the HMT Group, we have observed growth in sales over the past two years. In 2021-22, our sales reached Rs. 175.74 crores, and in the year 2022-23, we achieved sales of Rs. 203.81 crores. Despite the challenges we faced, these figures demonstrate our ability to navigate through difficult times and emerge strong.

The Company desire to expand its Dairy Machinery business and sale of watches. In the dairy machinery business, the Company is focusing on product upgradation, manufacturing collaborations, and turnkey projects to strengthen its position in the market. Similarly, in the watches business, the company is appointing distributors and launching new series to increase sales and market presence.

Initiatives at the Subsidiaries

The Subsidiaries of the Company also took several initiatives during the year 2022-23.

Machine Tools Business

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

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

The Company's growth strategies are multifaceted, formulated to enhance our market presence and expand our product offerings. One of the key focuses is stocking General-Purpose

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

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

Exports

HMT (International) Limited ["HMT(I)"], has observed a steady increase in sales over the past two years. In the year 2022-23 the sales reached Rs.14.15 crores vis-a-vis Rs.10.91 crores in the year 2021-22. 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.0.31 crores in 2022-23 compared to Rs. 0.28 crores in the year 2021-22.

The company has been successful in setting up / upgradation of 9 training centres located at Zimbabwe, Myanmar (3 numbers), Bangladesh, Belize, South Africa, Senegal, Chennai & Vishakpatnam.

HMT(I) is in deliberation for techno-commercial proposals for setting up of training centre at various countries worth Rs 342 Crores. (Papua

New Guinea, Myanmar, Guyana, Senegal, Zimbabwe & Bangladesh).

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.

Status of Closure of Subsidiary Companies

HMT Bearings Limited has been taken up for closure under section 271 and 272 of the Companies Act, 2013. Hon'ble NCLT, Hyderabad has passed the final order for dissolution of the Company on 20th April 2022. As per NCLT order, HMT Limited is in the process of discharge of the obligation relating to the return of capital to the minority shareholders / contributories.

Closure related activities in HMT Watches Limited are under progress.

Future Outlook

Dairy Machinery

The global market is expected to grow at a CAGR of 6-7% during the forecast period 2022-2032. This growth is being driven by a number of factors, including:

- Rising demand for dairy products: The global population is growing, and with it, the demand for dairy products. This is especially true in developing countries, where incomes are rising, and people are increasingly eating more Western-style diets.
- Increasing urbanization: People are moving to cities in large numbers, and this is creating demand for convenient and processed dairy products.
- Changing consumer preferences: Consumers are increasingly demanding healthier and more sustainable dairy products. This is driving innovation in the dairy industry, and dairy machinery manufacturers are developing new

machines that can produce these products.

- Government support: Governments in many countries are providing support to the dairy industry, such as subsidies and tax breaks. This is helping to boost the growth of the industry.

The dairy machinery industry is also being disrupted by new technologies, such as automation and artificial intelligence. These technologies are being used to improve the efficiency and productivity of dairy processing and they are also being used to develop new products and processes.

Overall, the future outlook for the dairy machinery industry is positive. The industry is expected to grow at a healthy pace, and new technologies are being developed that will further boost growth.

Machine Tools

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

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

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

In India, the machine tools industry is expected to grow at a CAGR of 9.4% from 2023 to 2028. This growth will be driven by the government's

Make in India initiative, which is aimed at boosting domestic manufacturing. The industry is also benefiting from the increasing investment in research and development by Indian machine tools companies.

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

Export Business

The Company is gearing up to increase its revenues in the coming years by taking up HMT's products and other Engineering Goods to newer destinations and to take up more turnkey projects in under-developed and developing countries. HMT(I)'s orders pending stands at Rs.23.46 Crores as on 30.06.2023.

Corporate Governance

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

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

Acknowledgement

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

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

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

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

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

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

(Pankaj Gupta)

Chairman & Managing Director
Addl. Charge
Bengaluru

This does not purport to be a record of the proceedings of the 70th Annual General Meeting of the Company.

HMT LIMITED

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BOARD OF DIRECTORS (As on 06.09.2023)

Shri. Pankaj Gupta

Chairman & Managing Director (Addl. Charge)
(w.e.f. 25.08.2022)

Ms. Arti Bhatnagar

Director (w.e.f. 14.02.2023)

Ms. Mukta Shekhar

Director (w.e.f. 04.09.2023)

Ms. Rita Saxena

Director (Finance) (Addl. Charge)
(w.e.f. 25.08.2023)**CHIEF VIGILANCE OFFICER**

Ms. Kalyani Sethuraman IRAS (94) (Addl. Charge)

CHIEF FINANCIAL OFFICER

Smt. Kamna Mehta

COMPANY SECRETARY

Shri Kishor Kumar S

STATUTORY AUDITORM/s. S.S.B & Associates
Chartered Accountants
No.27, Service Road, Between 2nd & 3rd Cross
Pampamahakavi Road, Shankarpuram
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 AGENTSKFin Technologies Ltd
(Previously KFin Technologies Pvt Ltd)
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareddy
Telangana, India - 500032

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

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
OPERATING STATISTICS										
Sales	5159	1258	2346	2613	1960	1480	1043	726	6155	7971
Other Income *	4838	6916	6510	4331	3731	1730	1634	10448	3239	30518
Materials	4286	473	1439	1738	1137	818	267	246	3805	6319
Employee Costs	734	1012	1101	1375	1003	1194	1026	1106	10334	9030
Other Costs	3441	1730	1422	1010	1065	894	5042	470	2293	11754
Depreciation	211	195	202	27	25	25	32	27	367	340
Earnings before Interest	1504	4685	4888	2806	2595	578	(3728)	9348	(8174)	12016
Interest	13	850	1730	2	29	212	288	297	1836	1434
Earnings/(Loss) before Tax	1491	3835	3158	2804	2566	366	(4016)	9051	(10010)	10582
Taxation (net off withdrawal/ refunds)	785	(1)	409	-	-	-	(1861)	-	-	1861
Discontinued Operations (Tractors)	-	-	-	22014	(841)	(1083)	(21794)	(10765)	-	-
Net Earnings	706	3836	2749	24818	1725	(717)	(23949)	(1714)	(10010)	8721
FINANCIAL POSITION										
Net Fixed Assets	1352	1117	1251	1393	1616	1723	1956	2229	2481	2831
Current Assets	58962	48648	44239	41552	32000	18983	18832	9345	64225	67742
Current Liabilities & Provisions	21045	11244	10896	10966	23981	11878	20950	35387	27723	21881
Working Capital	37917	37404	33343	30586	8019	7105	(2117)	(26041)	36502	45861
Capital Employed	39269	38521	34594	31979	9635	8828	(161)	(23812)	38983	48692
Investments	71978	71978	71978	71978	71978	72042	72029	76425	76425	76390
Borrowings	64172	64172	64172	64172	66206	67155	57948	15094	13846	11246
Preference Share Capital (PSC)	3686	3686	3686	3686	3686	3686	3686	3686	66000	-
Net Worth	43393	42666	38714	36099	11721	10029	10234	33833	35562	113838
OTHER STATISTICS										
Capital Expenditure	151	61	61	2	124	10	13	65	8	12
Internal Resources Generated	1702	4030	3360	24845	1752	(692)	(25778)	(1687)	(9643)	10922
Working Capital Turnover Ratio	0.14	0.03	0.07	0.09	0.24	-	-	-	0.17	0.17
Current Ratio	2.8	4.33	4.06	3.79	1.33	1.60	0.90	0.26	2.32	3.10
Return on Capital (%)	3.87	12.82	14.68	13.49	28.11	13.34	-	-	(18.65)	25.70
Employees (Nos)	63	66	81	91	101	103	118	128	1421	1434
Per Capita Sales	81.89	19.06	28.96	28.71	19.41	14.37	8.84	5.67	4.33	5.56

* Includes Extra Ordinary & Exceptional Items

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

DIRECTORS' REPORT

To
The Members
HMT Limited
Bengaluru

Dear Members,

The Board of Directors have pleasure in presenting the 70th Annual Report on the Business & Operations of your Company and Annual Accounts of the Company for the year 2022-23 along with the Auditors' Report. The Comments of the Comptroller & Auditor General of India are attached to this Report.

Financial Highlights/Performance of the Company (Standalone)

Rs. in Crore

Particulars	2022-23	2021-22
Gross Revenue from Continuing Operations	51.59	12.58
Other Income	48.38	69.16
Total Income	99.97	81.74
Profit Before Depreciation and Finance Costs	17.15	48.80
Depreciation	2.11	1.95
Gross Profit/(Loss)	15.04	46.85
Finance Cost	0.13	8.50
Net profit before exceptional Items	14.91	38.35
Add: Exceptional Items	-	-
Net Profit before Tax	14.91	38.35
Provision for Tax	7.85	(0.01)
Net Profit After Tax	7.06	38.36
Profit/Loss from discontinued operations	-	-
Net Profit/(Loss) for the year	7.06	38.36
Other Comprehensive Income	0.21	1.17
Total Comprehensive Income	7.27	39.53

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.7.00 Crore as against Rs. 6.53 Crore in the previous year,

and Sales of Rs. 43.55 Crore (including Revenue from Powder Project Rs.36.80 Cr.) compared to Rs. 6.82 Crore in the previous year. Auxiliary Business Division, Bangalore has registered a Production (Assembly of Watches) of Rs.7.25 Crore during the FY 2022-23 & registered Sales of Rs.8.04 Crore during the year 2022-23 against Rs.2.86 Crore and Rs.5.76 Crores during the previous year respectively and sales includes the Sale of Watches and tractor spare parts.

The total turnover of the Company for the year 2022-23 stands at Rs.51.59 Crore as against Rs.12.58 Crore during 2021-22. The Profit Before Tax during the year 2022-23 is Rs. 14.91 Crore as against Rs.38.35 Crore in the previous year. The reduction of profit is mainly on account of bad debts during the year and income accounted for in the previous year in respect of withdrawal of investment provision in HMT Bearings Limited as per the dissolution order issued by NCLT.

HMT Group along with its Subsidiaries achieved an aggregate production of Rs. 130.83 Crore. Revenue from the operations reported as Rs. 203.81 Crore for the year 2022-23 against Rs. 175.74 Crore of previous year. HMT Group has reported a loss of Rs. 122.98 Crore in the current year against a profit of Rs. 534.09 Crore during the previous year. The decrease in profit during the year is mainly on account of the waiver of GoI liabilities to the extent of Rs. 657.14 Crore consequent to dissolution of HMT Chinar Watches Limited and HMT Bearings Limited vide orders issued by Hon'ble National Company Law Tribunal (NCLT), accounted in the previous year.

FUTURE OUTLOOK

Dairy Processing Equipment Market

According to a report by IMARC Group, the dairy industry in India is expected to exhibit a CAGR of 13.2% during 2023-2028. The Indian government's National Action Plan for Dairy Development aims to increase organised milk production from the current 20-21% to 50% by 2023-2024. The dairy industry in India is aiming to build a \$355 billion industry by 2025.

However, according to a report by **Expert Market Research**, the Indian dairy market attained a value of USD 203.3 Billion in 2022 and is projected to reach USD 472.7 Billion by 2028. The market growth in Dairy requires support of significant infrastructure investment across processing, chilling, logistics, cattle feed etc.

The dairy machinery industry in India is expected to see steady growth in the coming years. 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 taken 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

India's machine tool market has grown significantly over the past decade, with a compound annual growth rate (CAGR) of over 13% from 2013 to 2019, according to a report by Research and Markets. The

market size reached USD 1.4 billion in 2022 and is expected to reach USD 2.5 billion by 2028, growing at a CAGR of around 9.4% during 2023-2028.

The growth of the machine tool market in India is primarily driven by the increasing demand for machine tools from various end-use industries such as automotive, aerospace, defence, and medical equipment manufacturing. India's growing population and rising disposable income have also led to an increase in consumer spending on durable goods such as automobiles, which in turn has driven demand for machine tools.

The Indian government has also been taking steps to support the growth of the machine tool industry. For instance, the government launched the "Make in India" initiative in 2014 to encourage domestic manufacturing and attract foreign investment. Additionally, the government has implemented various policies to improve the ease of doing business in India, including streamlining the process for obtaining business licenses and permits.

The future of the machine tools market in India looks promising, with several factors contributing to its growth. Here are some key trends that are likely to shape the future of the machine tools market in India:

1. **Government Initiatives:** The Indian government has been taking several initiatives to promote domestic manufacturing, including the 'Make in India' program. The government's focus on boosting manufacturing in India is likely to drive demand for machine tools in the coming years.
2. **Industry 4.0 and Automation:** The global trend towards Industry 4.0 and automation is expected to drive demand for advanced machine tools in India. Companies in various sectors are increasingly adopting automation technologies to improve productivity, reduce costs, and enhance product quality. This is expected to create opportunities for manufacturers of advanced machine tools in India.
3. **Emerging Sectors:** India is witnessing the

emergence of new sectors such as electric vehicles (EVs), renewable energy, and defence manufacturing. These sectors are expected to drive demand for specialized machine tools and create new opportunities for manufacturers in the Indian machine tools market.

4. **Increasing Investment:** Several global companies have been investing in the Indian machine tools market, either through partnerships or by setting up manufacturing facilities in India. This is expected to drive technology transfer, enhance the capabilities of domestic manufacturers, and boost the competitiveness of the Indian machine tools market.
5. **Growing Exports:** India has emerged as a major exporter of machine tools, with several Indian companies exporting machine tools to various countries. The government's focus on promoting exports is likely to create new opportunities for Indian machine tool manufacturers and further boost the growth of the industry.

In conclusion, the machine tools market in India is expected to witness robust growth in the coming years, driven by government initiatives, emerging sectors, increasing investment, and growing exports. The industry is likely to continue to evolve, with an increasing focus on automation, Industry 4.0, and specialized machine tools.

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 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 2022-23, the Company has not received any complaints of Sexual Harassment and no cases are pending.

FRAUD REPORTING

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

The average net profits of the Company during the three immediately preceding financial years is Rs.3045.45 Lakhs, as such, the Company is required to spend at least two per cent of Rs.3045.45 Lakhs, i.e., Rs.60.91 Lakhs on CSR activities during the FY2022-23 as per the provisions of section 135 (5) of the Companies Act, 2013.

The CSR Annual report for the FY 2022-23 are 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 FY2022-23 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 2022-23.

SUBSIDIARY COMPANIES

HMT Machine Tools Limited

The Subsidiary achieved Sales of Rs.142.24 Crore during 2022-23 against Rs. 152.53 Crore in the previous year and registered Production of Rs.116.58 Crore as against Rs. 117.12 Crore in the previous year. Net loss reported is Rs. 131.65 Crore during the year 2022-23 against reported loss of Rs. 145.73 Crore in the previous year.

HMT (International) Limited

The Subsidiary achieved a turnover of Rs. 14.15 Crore during the year 2022-23 as against Rs.10.91 Crore recorded in the previous year 2021-22. The Subsidiary reported Profit Before Tax (PBT) of Rs. 0.31 Crore against Rs. 0.28 Crore reported in previous year.

SUBSIDIARIES UNDER CLOSURE

As per the Cabinet Committee of Economic Affairs (CCEA) decision during the year 2016, the operations of the subsidiaries namely HMT Watches Limited and HMT Bearings Limited have been closed.

The revenue achieved has been on account of sales/transfer of movable assets of these Subsidiaries. During the year Profit after Tax reported by HMT Watches Limited is Rs. 1.50 Crore.

DISSOLUTION OF SUBSIDIARY COMPANIES

Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench, Hyderabad passed an order for dissolution of HMT Bearings Limited from the date of order dated 20.04.2022 under section 271-272 of the Companies Act, 2013. As per NCLT order,

HMT Limited is in the process of discharge of the obligation relating to the return of capital to the minority shareholders / contributories.

ASSOCIATE /JOINT VENTURE COMPANY

SUDMO-HMT Process Engineers (India) Limited

This Joint Venture Company could not transact any business during the year under review. For the financial year 2022-23, this Company incurred Net Loss of Rs 1.57 Lakhs.

Gujarat State Machine Tools Corporation Limited (GSMTC)

This Associate Company between HMT Limited and GILC Limited has been discontinued its operations since long. Now, the Board of Directors of GILC 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-principal for Liquidation of GSMTC subject to the approval of the Administrative Ministry. Matter is under process.

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

INDIAN ACCOUNTING STANDARDS

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

REDUCTION IN SHARE CAPITAL

Hon'ble National Company Law Tribunal (NCLT) vide its Order dated 16.10.2018 has confirmed/approved reduction in share capital of the Company from Rs.1204.09 Crores to Rs.355.60 Crores by reduction of 848490000 Equity Shares of Rs.10/- each held by President of India (as per the Cabinet Approval). Registrar of Companies,

Karnataka (ROC) has registered the NCLT order on 17.11.2018 and issued "Certificate of Registration confirming the Reduction of Share Capital of HMT Ltd". However, the process of reduction of share capital in the records of Stock Exchanges, Depositories is pending for procedural compliances which are under process in consultation with Registrar and Share Transfer Agent ("RTA"). The shareholding of President of India is 279566626 of Rs.10/- each, equivalent to 78.62% shareholding in the Company as against 1128056626 equity share of Rs.10/- each shown as per RTA records. Hence there is a difference between Paid up Share Capital of the Company as per Audited Financial Statements and Shareholding Pattern provided by RTA.

CONSOLIDATED FINANCIAL STATEMENTS

As required under the Companies Act 2013 and SEBI (LODR) Regulation, 2015, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2022-23, 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.

HUMAN CAPITAL

The employee strength of the Company (HMT Limited) as on March 31, 2023, stood at 63 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, 2023 in SC/ST, Ex-servicemen, Physically Handicapped and Women Employee Categories etc. is detailed below:

Scheduled Castes	12
Scheduled Tribes	03
Other Backward Classes	10
Ex-Servicemen	0
Persons with Disabilities	0
Women employees	16
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. The Official Language Implementation Committee has been constituted in the Units of the Company and its Subsidiaries, including the Corporate Office at Bengaluru to monitor the implementation of the Official Language Act, Rules and Policy in the Company and its Subsidiaries.

In order to propagate the usage of Hindi as the Official Language, "HINDI DIWAS/HINDI WEEK" was observed during the month of September 2022 at all units of the Company. Various competitions in Hindi such as Chitrakatha, Impromptu Speech, Official Language Written Quiz, and Vividha competition were organized during Hindi Week for the employees of HMT Limited and its Subsidiaries working at the Corporate Head Office and participants were awarded prizes during the Grand Hindi Day celebration in the Company. A workshop was also organized during the above period for Hindi Typing. The Hindi Word of the day is displayed in a prominent place in the Company and Hindi Newspapers are being procured on daily basis to propagate the usage

of the official Language among employees. The Officers/ employees of the Company regularly take part in the meetings/ programs, Online webinars and Hindi Month Celebration of the Town Official Language Implementation Committee (TOLIC).

VIGILANCE ACTIVITIES

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Department of the company. Ministry of Heavy Industry vide its order No. 5(47)/2010-P.E.X (e.3152) dated 18.08.2023 has conveyed the extension of entrustment of additional charge of the post of Chief Vigilance Officer, 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 the earliest.

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

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

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

Violations of rules and procedures observed during the inspection of files by CVO/DCVO/ Unit VOs were recorded and depending upon the seriousness of the deviations further actions are taken. Unit Vigilance Officers are advised to discuss deviations noticed by them during their inspection; in the quarterly Vigilance Workshop and

advise the concerned officers that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated.

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

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

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

9. Recommended on Allotment of township quarters to be made online and implementation is in progress.
10. Quarterly vigilance workshops were organized at all manufacturing units to enhance the level of vigilance awareness among the employees and other stakeholders.
11. Efforts are made for effective implementation and usage of 'GEM' by Training and Awareness to the departments.
12. Awareness initiatives on Vigilance to fight corruption in the organization have been uncalculated efficiently.
13. Vigilance Awareness Week 2022, Preventive Vigilance Measures cum housekeeping activities was campaigned for 3 months from 16th Aug 2022 to 15th Nov 2022 as a precursor to VAW with the theme **“Corruption free India for a developed Nation”** “**भ्रष्टाचार मुक्त भारत-विकसित भारत**” was observed in all Units and Offices of HMT Limited and Subsidiary Companies as per the guidelines of CVC.

The number of inspections including surprise inspections carried out by CVC and Unit Vigilance Officers along with the number of property returns scrutinized between April 2022 to March 2023 is tabulated below:-

Inspection	Total carried out between April 2022-March 2023 (by Unit Vigilance Officers)
Periodic Inspection of Purchase Files	456
Surprise Inspection	84
Scrutiny of Annual Property Returns	1126

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 the Corporate Governance is appended as **Annexure-4** to this Report along with the Compliance Certificate from the Auditor as **Annexure-5**.

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (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 31.03.2023, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- ❖ that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year ended on that date;
- ❖ that proper and sufficient care has been taken for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- ❖ that the annual financial statements have been prepared on a going concern basis;
- ❖ that proper internal financial controls were in place and are adequate and were operating effectively;
- ❖ that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;
- ❖ Since the overall performance of the Company is evaluated against the annual MoU targets set by the Department of Public Enterprises (DPE), no specific criteria is laid down for the evaluation of Board and of its Committees and the individual Directors. Since your Company being a Central Public Sector Enterprise (CPSE), the personnel policies and guidelines issued by DPE are being adopted in line with other CPSEs. Accordingly, your Company has not formulated any separate policy in respect of appointment or evaluation of senior management and key managerial personnel.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at March 31, 2023 on its website at <https://www.hmtindia.com/investor-relation/ar/>.

AUDITORS

M/s. S.S.B & Associates, Chartered Accountants, Bengaluru were appointed as Statutory Auditors of the Company for the year 2022-23 by the Comptroller & Auditor General of India. M/s. V D Abhyankar & Associates, 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 by way of an addendum to this Report as **Annexure-7**

SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act 2013 and rules made thereunder, the Company has appointed Shri D. Venkateswarlu, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the year 2022-23. The report of the Secretarial Auditor is appended as **Annexure-8** to this report. The reply to observations of Secretarial Auditor is attached as addendum to Director's report as **Annexure-9**.

SECRETARIAL AUDIT REPORT OF UNLISTED MATERIAL SUBSIDIARY

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Audit Report for the Financial Year 2022-23 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

The Company's Business Responsibility & Sustainability Report for the year 2022-23 is appended as **Annexure-14** to this report.

BOARD MEETINGS AND CHANGE IN DIRECTORS /KEY MANAGERIAL PERSONNEL

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

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

Shri. A.K. Jain, Executive Director, M/s. Bharat Heavy Electricals Limited has been entrusted with the additional charge of the post of Chairman & Managing Director & Director (Finance), HMT Limited upto 24th August, 2022.

Shri. Pankaj Gupta, 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. 25th August, 2022 to 24th November 2023, or till the joining of a regular incumbent, or until further order, whichever is earlier., by the Ministry of Heavy Industries.

Dr. Renuka Mishra, Economic Advisor, Ministry of Heavy Industries was appointed as Government Nominee Director on the Board of HMT Limited with effect from 12th September 2022, until further orders vice Shri. Vijay Mittal, Joint Secretary, Ministry of Heavy Industries.

Shri. Ramji Lal and Shri. Vishweshwar Bhat ceased to be Independent Directors in view of completion of term of three years on close of business hours on 26th January 2023.

Ms. Arti Bhatnagar, Additional Secretary & Financial Adviser, Ministry of Heavy Industries was appointed as Government Nominee Director on the Board of HMT Limited with effect from 14th February 2023, until further orders vice Shri. Shashank Priya, ex-Special Secretary & Financial Adviser, Ministry of Heavy Industries.

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

Subsequent to the financial year, Ministry of Heavy Industries, Government of India, vide its Order No. 1-05/7/2019-PE-X (e-19281) dated 24th August, 2023, has entrusted the additional charge of the post of Director (Finance), HMT Limited, Bengaluru to Ms. Rita Saxena, General Manager (Internal Audit), BHEL, Bengaluru 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), General Manager (Internal Audit), BHEL, Bengaluru has assumed the additional charge of the post of Director (Finance), HMT Limited, Bengaluru on 25th August, 2023.

Further, 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.

Ms. Arti Bhatnagar (DIN: 10065528), Ms. Rita Saxena (DIN: 10294769) and Ms. Mukta Shekhar (DIN: 10118859) 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 and Board of Directors has recommended their appointments.

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

Shri. Pankaj Gupta, Chairman and Managing Director (Additional Charge), Smt. Kamna Mehta, Chief Financial Officer and Shri. Kishor Kumar S, Company Secretary are the KMP's as defined under Section 2(51) of the Companies Act, 2013 as on 31.03.2023.

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

As per section 149(7) of the Companies Act, 2013, during FY2022-23, the Company has received declaration from Shri. R. Vishweshwar Bhat & Shri. Ramji Lal, Independent Directors of the Company.

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

names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended vide Notification No. GSR.774(E), dated 18.12.2020, since Independent Directors of the Company have served as Directors for a period of less than three (3) years on the Board of Listed Company as on the date of inclusion of their names in the database, they are required to undertake online proficiency self-assessment test unless exempted. Independent Directors have informed the Company that they will undertake the online assessment test before the due date unless exempted from the test.

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, 2023 is appended to this report as **Annexure-15**.

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 2023 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.

However, Board has approved to transfer the Immovable assets (Book value Rs.296.06 lakhs), accept all the legal cases and uncrystallized Contingent Liabilities upto Rs.80 crores from HMT Watches Limited, wholly owned subsidiary Company under closure, consequent to administrative approval of Ministry of Heavy Industries. Approval from the Shareholders of the Company obtained on 18th December 2022. Necessary disclosures have been made in the note to the Financial Statements.

Further, Company shall continue with the activity of disposal of immovable assets of HMT Watches Limited and transfer the sale proceeds received in this regard to Administrative Ministry/Government of India as per the Cabinet Committee of Economic Affairs ("CCEA") approval dated 13.01.2016 after deducting the applicable taxes and related expenses thereon.

PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

During FY2022-23, 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 2022-23.

STATUS ON COMPLIANCE WITH THE INSOLVENCY AND BANKRUPTCY CODE, 2016

There are no applications made or any proceeding pending against the Company under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year 2022-23

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 2023, no amount is required to

be transferred to Investor Education and Protection Fund (IEPF).

During FY2022-23, 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

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

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

For and on behalf of the Board of Directors

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

Place: Bengaluru

Date: 06.09.2023

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. A.K. Jain ¹	Chairman / Chairman & Managing Director (Addl. Charge)	2	2
2	Shri. Pankaj Gupta ²	Chairman / Chairman & Managing Director (Addl. Charge)	1	1
3	Shri. Vishweshwar Bhat ³	Member / Independent Director	3	3
4	Shri. Ramji Lal ⁴	Member / Independent Director	3	3
5	Dr. Renuka Mishra ⁵	Member / Govt. Nominee Director	–	–
6	Shri. Shashank Priya ⁶	Member / Part time official Director	–	–
7	Ms. Arti Bhatnagar ⁷	Member / Govt. Nominee Director	–	–

1. Ceased to be Chairman w.e.f. 24.08.2022

2. Appointed as Chairman w.e.f. 25.08.2022

3. Ceased to be Member w.e.f. 26.01.2023

4. Ceased to be Member w.e.f. 26.01.2023

5. Appointed as Member w.e.f. 27.01.2023

6. Appointed as Member w.e.f. 27.01.2023 and Ceased to be Member w.e.f. 14.02.2023

7. Appointed as Member w.e.f. 14.02.2023

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. 304545017/-

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs.6090900/-

(c) Surplus arising out of the CSR projects or programmes 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. 60,90,000/-

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 6040919/-

(b) Amount spent in Administrative Overheads: Rs. 49,981/-

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

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs. 60,90,900/-@

@ Total CSR amount earmarked during the reporting FY2022-23.

(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
1819640*	4271260	28.04.2023	-	-	-

*Amount spent pertaining to FY2022-23 as on 31.03.2023.

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

Sl. No.	Particular	Amount (In Rs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	6090900
(ii)	Total amount spent for the Financial Year	1819640
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

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 subsection (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 (in Rs)	Date of transfer		
1	2019-20	-	-	-	-	-	-	-
2	2020-21	970000	80100	80100	Nil	Nil	NIL	Nil
3	2021-22	4103000	4103000	4103000	Nil	Nil	NIL	Nil

* As on 01.04.2022, ** spent in the reporting FY, *** After FY2022-23.

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: 06.09.2023

Pankaj Gupta
{Chairman & Managing Director (Addl. Charge)}
&
(Chairman, CSR Committee)

Annexure-1A
**DETAILS OF THE CSR ACTIVITIES UNDERTAKEN DURING FY2022-23
(Status of On-going & other than On-going CSR projects)**

Sl. No.	CSR Amount (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	1239640 Approx	Menstrual Health Management and adoption of Reusable Sanitary Napkin (4500 Set/18000 Nos)	Item No. I (HealthCare)	Yadgir, Karnataka	Direct	31.03.2024
2	500000	Mid-day Meal Programme schools	Item No. I (Nutrition)	Ajmer, Rajasthan	Indirect Thru: Akshaya Patra Foundation	29.03.2023
3	3801260 Approx	Aids and assistive devices to Divyangjans / Senior Citizens/Disabled Persons	Item No. I (HealthCare)	Anywhere in Karnataka	Indirect: Thru ALIMCO	31.03.2024
4	194000	Nutrition Food / Blind Walking Sticks/ Metal Cots Other Health Care Accessories to Disabled Students / Orphans in M/s. Bless Society of Rural and Urban Development & M/s. Swavalamban Angavikalara Seva Charitable Trust	Item No. I (HealthCare)	Bangalore, Karnataka	Direct	23.06.2023
5	306019	Braille Books, Computers, its Accessories / Stationeries/ School Bags / Shoes / Other Educational Accessories to Disabled Students Orphans in M/s. Bless Society of Rural and Urban Development & M/s. Swavalamban Angavikalara Seva Charitable Trust	Item No. II (Education)	Bangalore, Karnataka	Direct	13.07.2023
	49981	Administrative Expenses				
	6090900					

Form AOC-1
Annexure - 2

(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
	Sl.No.	HMT Machine Tools Limited	HMT (International) Limited	HMT Watches Limited
	Name of the subsidiary			
1	The date since when subsidiary was acquired	09-08-1999	13-12-1974	09-08-1999
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA	NA
4	Share capital	27659.91	72.00	649.01
5	Reserves & surplus (Accumulated Losses)	(209331.60)#	3631.27	(268727.66)
6	Total assets	36680.66	5883.81	1304.31
7	Total Liabilities	218352.35	2180.54	269382.96
8	Investments	-	-	-
9	Turnover	14224.06	1415.45	-
10	Profit before taxation	(13165.15)	30.71	149.62
11	Provision for taxation	-	10.49	-
12	Profit after taxation	(13165.15)	20.22	149.62
13	Proposed Dividend	NIL	NIL	NIL
14	Extent of shareholding (in percentage)	100%	100%	100%

#Includes Capital Reserve of Rs.2270.82 Lakhs

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

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

* HMT Bearings Limited dissolved vide order dated 20.4.2022 issued by Hon'ble NCLT and balances have become 'NIL' as on 31.3.2022.

Part "B": Associates and Joint Ventures

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

(Rs in Lakhs)

Sl. No.	Particulars	Details	
		Gujarat State Machine Tools Corporation Ltd (Name of Associate)	SUDMO-HMT Process Engineers (India) Limited (Name of Joint Ventures)
1	Latest Audited Balance Sheet Date	31.03.2022	31.03.2023
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	18.77
7	Profit / Loss for the year		
	i. Considered in Consolidation	NIL	(0.79)
	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: 06.09.2023

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

MANAGEMENT DISCUSSIONS AND ANALYSIS

GLOBAL ECONOMIC ENVIRONMENT

The future of Global Dairy Processing Equipment Market looks promising on account of increase in demand for Processed Milk, Fresh Dairy Product etc. The Global Dairy Processing Equipment Industry is also expected to grow in the range 4% to 6% during the current financial year and sustain the same for the near future.

INDUSTRY STRUCTURE AND DEVELOPMENT

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

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

OUTLOOK OF DAIRY MACHINERY INDUSTRY IN INDIA:

The dairy machinery industry in India is expected to grow at a CAGR of 10.06% from 2022 to 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 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 to buy processed dairy products. This is creating a demand for new and innovative dairy machinery that can produce high-quality, safe and affordable dairy products.
- ❖ Growing 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). This support is helping to boost the growth of the dairy industry and the demand for dairy machinery.

The dairy machinery industry in India is a sunrise industry with a lot of potential for growth. The factors mentioned above are expected to drive the growth of the industry in the coming years.

OPPORTUNITIES: Turnkey Projects

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

During the year 2021, the company has received an order for setting up of 30 Metric Ton per Day (MTPD) milk powder making plant from Indore Sahakari Dugdh Sangh Maryadit, Indore, Madhya Pradesh. The order specifies that the set up should be able to produce Whole Milk Powder (WMP), Skimmed Milk Powder (SMP) and Dairy Whitener. This project will be completed by 30.09.2023.

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

CHALLENGE: High capital investment

Dairy processing manufacturers require high capital investments to install various types of processing

equipment. A project of milk processing plant of capacity 3 LLPD requires around Rs. 25 Crores for the Machinery, another Rs.27 Crores for Civil work at the Site and another Rs. 27 Crores to Rs. 30 Crores for fixtures etc. Thus around Rs. 85 Crores to Rs.90 Crores is required. This installation incurs not only high costs but also requires timely maintenance, which acts as a cost addition that affects the operating margins of dairy processors. Moreover, high capital investment affects the product cost steadily and this is not preferred by dairy product manufacturers. Due to this the margins in Dairy Machinery is very low, ranging from 4% - 5%.

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

CONCERNS: Volatile Input Cost

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

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

RISK AND CONCERNS

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

SEGMENT WISE/PRODUCT WISE PERFORMANCE

- ❖ Automatic Day date models: Well- accepted in the market because of design aesthetics, but due to cost factor sales is low.
- ❖ 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

- ❖ Planning to introduce Ladies watches in quartz segment with latest design at different price ranges.

FINANCIAL PERFORMANCE

The turnover of the Company for the year 2022-23 was Rs 51.59 Crores with net profit of Rs.7.06 Crore.

Turnover increased from Rs.6.82 crore of the previous year to Rs.43.55 Crore during current year in respect of Food Processing Machinery Division, Aurangabad, which is mainly on account of project sale of Rs.36.80 crores during the year 2022-23.

The total borrowing by the Company as on 31.3.2023 was Rs 641.72 Crore of Government of India Loan.

RATIO ANALYSIS

	2022-23	2021-22
Trade Receivables Turnover	125 days	67 days
Inventory Turnover	69 days	243 days
Interest Coverage Ratio	956.52%	224.08%
Net Profit Margin (%)	13.68%	305%
Return on Net Worth	1.63%	8.99%

Trade Receivables Turnover (in days) has increased due to increase in trade receivable on account of powder project.

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

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

Net profit decreased during the year on account of bad debts and reversal of provision on investment in the previous year.

Reduction in return on Network is due to reduction in PAT on account of bad debts and provision for tax and reversal of provision on investment in 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 31.03.2023, the Company and its Subsidiaries had a total workforce of 813 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 31.03.2023									
Sl No	Company and Subsidiary	IP as on 31.03.2023	Engineering Graduates	Diploma Holders	Professionals		ITI/ NAC	General Graduates/ Post Graduates	Others
					HR	Finance			
1	HMT Limited	63	20	1	5	5	13	17	2
2	HMT Machine Tools Ltd	731	145	117	7	15	315	48	84
3	HMT Watches Ltd	-	-	-	-	-	-	-	-
4	HMT (International) Ltd	19	13	1	1	3	0	1	0
	Total	813	178	119	13	23	328	66	86

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

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

Sl. No	Organisation	No. of employees opted for VRS				
		2019-20	2020-21	2021-22	2022-23	Total
1	HMT Limited	-	-	-	-	-
2	HMT Machine Tools Ltd.	-	-	-	-	-
3	HMT Watches Ltd.	-	-	-	-	-
4	HMT (International) Ltd.	-	-	-	-	-
	Total	-	-	-	-	-

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: 06.09.2023

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

Annexure- 4

REPORT ON CORPORATE GOVERNANCE

I COMPANY'S PHILOSOPHY

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

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

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

II BOARD OF DIRECTORS

As 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, 2023, the Board of Directors comprised of Chairman & Managing Director (Additional Charge) and Two Government Nominee Directors. As President is the appointing authority for Directors, Government has been requested to appoint Independent Directors to comply with Listing requirements.

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

During the year 2022-23, Ten (10) Board Meetings were held on June 10, June 22, July 15, August 10, September 2, October 28, November 3 in the calendar year 2022 and January 25, February 9, March 17 in the calendar year 2023.

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 31.03.2023		
			Board Meetings	AGM/ EGM	Directorship	# Committee	
						Member ship	Chairman ship
Pankaj Gupta (DIN: 09716028) (w.e.f. 25.08.2022)	C & MD	6	6	Yes	3	1	-
A.K. Jain (DIN: 09262984) (upto 24.08.2022)	C & MD	4	4	-	5	1	-
Arti Bhatnagar (DIN: 10065528) (w.e.f. 14.02.2023)	NENI	1	1	-	6	3	1
Shashank Priya (DIN: 08538400) (upto 14.02.2023)	NENI	9	6	-	2	3	-

Renuka Mishra (DIN: 08635835) (w.e.f. 12.09.2022)	NENI	5	3	Yes	2	1	-
Vijay Mittal (DIN: 09548096) (upto 12.09.2022)	NENI	5	3	-	5	-	-
Vishweshwar Bhat (DIN: 07271510) (upto 26.01.2023)	NEI	8	6	-	1	-	-
Ramji Lal (DIN: 08690278) (upto 26.01.2023)	NEI	8	8	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 31.03.2023. None of the Directors had any relationship inter-se during the year 2022-23.

Details of Directors holding Directorship in other Listed Entities and the category of their Directorship as on 31.03.2023:

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
Shashank Priya	Bharat Heavy Electricals Limited	NENI
	The State Trading Corporation of India Limited	NENI
Vijay Mittal	Bharat Heavy Electricals Limited	NENI
	Andrew Yule & Co Ltd	NENI

NENI: Non-Executive & Non-Independent

Shri A.K. Jain, Executive Director, M/s. Bharat Heavy Electricals Limited has been entrusted with the additional charge of the post of Chairman & Managing Director and Director (Finance), HMT Limited by the Ministry of Heavy Industries, Government of India upto 24.08.2022.

Shri. Pankaj Gupta, 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., 25.08.2022 to 24.11.2023 or until further orders, whichever is earlier, by the Ministry of Heavy Industries.

FAMILIARISATION & TRAINING PROGRAMMES FOR DIRECTORS

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

During the financial year, Shri. Ramji Lal, Independent Director have attended "Two days Orientation Programme for Independent Directors" held on 14th July and 15th July, 2022 at New Delhi

organized by Department of Public Enterprises, Ministry of Finance, Government of India. Details are available at the Company's website at <https://www.hmtindia.com/investor-relation/share-holder-information/#>

SKILLS, EXPERTISE AND COMPETENCIES OF THE BOARD

HMT Limited being a Government Company, all the Directors on the Board are selected and appointed by the Government of India as per a well laid down process for each category of Directors. The skills / expertise / competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of 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. As such, the Board of HMT by itself does not identify any such core skills or competence required for the job.

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

Ms. Arti Bhatnagar, Ms. Rita Saxena & Ms. Mukta Shekhar are proposed for appointment as Director in terms of Article 67 of the Article of Association of the Company read with Section 160 of the Companies Act, 2013 in the ensuing Annual General Meeting. In terms of the provisions of the Companies Act, 2013, Shri. Pankaj Gupta, Chairman and Managing Director will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board recommends the appointment/re-appointment of said Directors.

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

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

III COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

As on 31.03.2023, the Audit Committee consists of three Directors i.e., Dr. Renuka Mishra, Government Nominee Director as Chairman, Ms. Arti Bhatnagar, Government Nominee Director and Shri. Pankaj Gupta, Chairman and Managing Director (Addl. Charge) as members. The Company Secretary shall be the Convener of the Committee Meetings.

As and when the Independent Directors are appointment 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 2022-23, Eight (8) Audit Committee

Meetings were held on June 10, June 22, August 10, September 2, October 28, November 3 in the calendar year 2022 and February 9, March 17 in the calendar year 2023.

DETAILS OF ATTENDANCE OF MEMBERS AT THE AUDIT COMMITTEE MEETING HELD DURING 2022-23

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. Vijay Mittal ¹	NENI	4	1
Dr. Renuka Mishra ²	NENI	4	2
Shri. Ramji Lal ³	NEI	6	6
Shri. Vishweshwar Bhat ⁴	NEI	6	6
Shri. Pankaj Gupta ⁵	C & MD	2	2
Shri. Shashank Priya ⁶	NENI	1	0
Ms. Arti Bhatnagar ⁷	NENI	1	1

1. Ceased to be Member w.e.f. 12.09.2022

2. Appointed as Member w.e.f. 12.09.2022 and Chairman w.e.f. 27.01.2023

3. Ceased to be Chairman w.e.f. 26.01.2023

4. Ceased to be Member w.e.f. 26.01.2023

5. Appointed as Member w.e.f.27.01.2023

6. Appointed as Member w.e.f.27.01.2023 and Ceased to be Member w.e.f. 14.02.2023

7. Appointed as Member w.e.f. 14.02.2023

B. NOMINATION & REMUNERATION COMMITTEE

As on 31.03.2023, the Nomination and Remuneration Committee consists of Three Directors i.e., Dr. Renuka Mishra, Government Nominee Director as Chairman, Ms. Arti Bhatnagar, Government Nominee Director and Shri. Pankaj Gupta, 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 appointment 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 2022-23, Three (3) Nomination and Remuneration Committee Meetings were held on June 10, September 2 in the calendar year 2022 and January 25 in the calendar year 2023.

Details of attendance of member at the Nomination and Remuneration Committee Meeting held during 2022-23

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. A.K. Jain ¹	C & MD	1	1
Shri. Vijay Mittal ²	NENI	2	0
Dr. Renuka Mishra ³	NENI	1	1
Shri. Ramji Lal ⁴	NEI	3	3
Shri. Vishweshwar Bhat ⁵	NEI	3	2
Shri. Shashank Priya ⁶	NENI	-	-
Shri. Pankaj Gupta ⁷	C & MD	-	-
Ms. Arti Bhatnagar ⁸	NENI	-	-

1. Ceased to be Member w.e.f. 24.08.2022

2. Ceased to be Member w.e.f. 12.09.2022

3 Appointed as Member w.e.f. 12.09.2022 and Chairman w.e.f. 27.01.2023

4. Ceased to be Chairman w.e.f. 26.01.2023

5. Ceased to be Member w.e.f. 26.01.2023

6. Appointed as Member w.e.f.27.01.2023 and Ceased to be Member w.e.f. 14.02.2023

7. Appointed as Member w.e.f.27.01.2023

8. Appointed as Member w.e.f.14.02.2023

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 A.K. Jain, Executive Director, M/s. Bharat Heavy Electricals Limited has

been entrusted with the additional charge of the post of Chairman & Managing Director, HMT Limited by the Ministry of Heavy Industries, Government of India upto 24.08.2022 and Shri. Pankaj Gupta, 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., 25.08.2022 to 24.11.2023 or until further orders, whichever is earlier, by the Ministry of Heavy Industries, Government of India.

Accordingly, Shri A.K. Jain and Shri. Pankaj Gupta, 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. A.K. Jain	Shri. Pankaj Gupta
Gross Salary	NIL	NIL
Value of perquisites / Commission / Stock Option	NIL	NIL
Total	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 2022-23.

Details of sitting fees paid to the Non-Official Independent Directors during the year 2022-23 are given below

(Amount in Rs)

Name	Sitting Fees paid/payable for Board & Committee Meetings
Shri. Vishweshwar Bhat	66000
Shri. Ramji Lal	91000

C. SHAREHOLDER COMMITTEE:

i) Share Transfer Sub-Committee

During the FY 2022-23, the Share Transfer Sub-Committee comprised of Shri A.K. Jain, Chairman and Managing Director upto 24.08.2022 and Shri Pankaj Gupta, Chairman and Managing Director w.e.f., 25.08.2022 as a single member to look after transfer/transmission of shares issued by the Company etc. There were no meetings held during FY 2022-23.

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 31.03.2023, the Stakeholders Relationship Committee consists of three Directors i.e., Dr. Renuka Mishra, Government Nominee Director as Chairman, Ms. Arti Bhatnagar, Government Nominee Director and Shri. Pankaj Gupta, Chairman and Managing Director as members. The Company Secretary is the Convener of the Committee Meeting.

As and when the Independent Directors are appointment 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 2022-23, Two Meetings were held on August 10 in the calendar year 2022 and January 25 in the calendar year 2023.

DETAILS OF ATTENDANCE OF MEMBERS AT THE STAKEHOLDER'S RELATIONSHIP COMMITTEE MEETING HELD DURING 2022-23

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. A.K. Jain ¹	C & MD	1	1
Shri. Pankaj Gupta ²	C & MD	1	1
Shri. Vishweshwar Bhat ³	NEI	2	1
Shri. Ramji Lal ⁴	NEI	2	2
Dr. Renuka Mishra ⁵	NENI	-	-
Shri. Shashank Priya ⁶	NENI	-	-
Ms. Arti Bhatnagar ⁷	NENI	-	-

1. Ceased to be Member w.e.f. 24.08.2022
2. Appointed as Member w.e.f. 25.08.2022
3. Ceased to be Member w.e.f. 26.01.2023
4. Ceased to be Chairman w.e.f. 26.01.2023
5. Appointed as Member w.e.f. 12.09.2022 and Chairman w.e.f. 27.01.2023
6. Appointed as Member w.e.f. 27.01.2023 and Ceased to be Member w.e.f. 14.02.2023
7. Appointed as Member w.e.f. 14.02.2023

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 Listing Agreement.

During the financial year 2022-23, 5 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 31.03.2023, CSR Committee consists of Three Directors i.e., Shri. Pankaj Gupta, Chairman and Managing Director as Chairman, Ms. Arti Bhatnagar, Government Nominee Director and Dr. Renuka Mishra, Government Nominee Director as Members of the Committee. The Company Secretary is the Convener of the Committee Meeting.

As and when the Independent Directors are appointment 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 2022-23, Three (3) CSR Committee Meeting was held on June 10, August 10 and September 2 in the calendar year 2022.

Details of attendance of member at the CSR Committee Meeting held during 2022-23

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. A.K. Jain ¹	C & MD	2	2
Shri. Pankaj Gupta ²	C & MD	1	1
Shri. Vishweshwar Bhat ³	NEI	3	3
Shri. Ramji Lal ⁴	NEI	3	3
Dr. Renuka Mishra ⁵	NENI	-	-
Shri. Shashank Priya ⁶	NENI	-	-
Ms. Arti Bhatnagar ⁷	NENI	-	-

1. Ceased to be Chairman w.e.f. 24.08.2022
2. Appointed as Chairman w.e.f. 25.08.2022
3. Ceased to be Member w.e.f. 26.01.2023
4. Ceased to be Member w.e.f. 26.01.2023
5. Appointed as Member w.e.f. 27.01.2023
6. Appointed as Member w.e.f. 27.01.2023 and Ceased to be Member w.e.f. 14.02.2023
7. Appointed as Member w.e.f. 14.02.2023

E. RISK MANAGEMENT COMMITTEE

As on 31.03.2023, Risk Management Committee consists of Three Directors i.e., Dr. Renuka Mishra, Government Nominee Director as Chairman, Shri. Pankaj Gupta, Chairman and Managing Director, Shri. M.R.V Raja, 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 appointment 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 2022-23, Three (3) Risk Management Committee Meetings were held on May 2, October 20 in the calendar year 2022 and January 25th in the calendar year 2023.

Details of attendance of member at the Risk Management Committee Meeting held during 2022-23

Name of the Member	Category	Meetings held during respective tenure of Directors	No of Meetings attended
Shri. A.K. Jain ¹	C & MD	1	0
Shri. Pankaj Gupta ²	C & MD	2	2
Shri. Ramji Lal ³	NEI	3	3
Dr. Renuka Mishra ⁴	NENI	-	-
Shri. M.R.V Raja	GM(O&M)	3	3

1. Ceased to be Member w.e.f. 24.08.2022
2. Appointed as Member w.e.f. 25.08.2022
3. Ceased to be Chairman w.e.f. 26.01.2023
4. Appointed as Chairman w.e.f. 27.01.2023

F. PARTICULARS OF SENIOR MANAGEMENT OF THE COMPANY DURING FY2022-23

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. M.R.V Raja	General Manager (Operations & Marketing)	17.10.1988	01.01.2020	-
Shri. S.K. Kadbe	General Manager (Food Processing Aurangabad)	01.02.1993	01.07.2022	-
Shri. Kishor Kumar S	Manager (Company Secretary)	20.03.2017	08.06.2017	-
Smt. Kamna Mehta	Deputy Manager (Corporate Finance)	17.12.2018	12.02.2019	-

INDEPENDENT DIRECTORS' MEETING

During FY 2022-23, One Independent Directors Meeting was held on 22nd January, 2023 and all the Independent Directors participated in the meeting. Independent Directors reviewed the action taken on the minutes of the previous meetings on quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that

is necessary for the Board to effectively and reasonably perform their duties.

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

None of the Independent Directors of the Company resigned before the completion of his/her tenure.

IV GENERAL BODY MEETINGS

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

Financial year	Date	Time	Venue
2019-2020*	20.11.2020	10.30 a.m.	Registered Office at No. 59, Bellary Road, Bengaluru 560 032.
2020-2021*	29.10.2021	10.30 a.m.	
2021-2022*	30.09.2022	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

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

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

c) POSTAL BALLOT

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

V. DISCLOSURES

i) 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 with the interest of the Company at large. However, Board has approved to transfer the Immovable assets (Book value Rs.296.06 lakhs), accept all the legal cases and uncrystallized Contingent Liabilities upto Rs.80 crores from HMT Watches Ltd, wholly owned subsidiary Company under closure, consequent to administrative approval of Ministry of Heavy Industries. Approval from the Shareholders of the Company obtained on 18th December 2022. Necessary disclosures have been made in the note to the Financial Statements.

Further, Company shall continue with the activity of disposal of immovable assets of HMT Watches Limited and transfer the sale proceeds received in this regard to Administrative Ministry/Government of India as per the Cabinet Committee of Economic Affairs (“CCEA”) approval dated 13.01.2016 after deducting the applicable taxes and related expenses thereon.

- ii) We affirm that no personnel are denied to access the audit committee. The personnel are also provided unrestricted access to the senior management in case of any complaints.
- iii) There were some instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges. As on 31.03.2023, the Company is not in compliance with the composition of the Board of Directors, Composition of Committees of Board and delay in submission of annual results as per the requirement of SEBI (LODR) Regulation, 2015. The Company has sought waiver of penalties with Stock Exchanges.
- iv) Policy for determining ‘material’ subsidiaries & Policy on dealing with related party transactions are placed on the Company's website <https://www.hmtindia.com/policies/>.

- v) Details relating to fees paid to the Statutory Auditors are 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 same auditors who have conducted audit of financial statements of HMT Ltd.
- vi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: NIL
- vii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: NIL
- viii) Disclosures with respect to demat suspense account/ unclaimed suspense account: NIL
- ix) List of all credit ratings obtained by Company: NIL
- x) A Certificate received from Company Secretary in Practice, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company is attached with this report as **Annexure - 16**
- xi) During the year 2022-23, the Board of Directors has accepted all the recommendations of its committees which were mandatorily required.
- xii) During the Financial year 2022-23, the Company has not received any complaints of Sexual Harassment and no cases are pending.
- xiii) Utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): NIL
- xiv) Management reply to observations in Corporate Governance certificate:

Administrative Ministry has been requested to appoint three Independent Directors including one women Independent Director on the Board of Directors of the Company and one independent Director of the Company as Director on the Board of material subsidiary to comply with listing requirements. As and when the Independent

Directors are appointment 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) Regulation, 2015.

VI RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL except for 733420900 equity shares of Rs.10/- each which was allotted to President of India way back in 2014 and Listing approval has been 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 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 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 are 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	09th August 1999 Bengaluru	R. Venkata Krishna & Co. Chartered Accountants Date of Appointment: 29.08.2022
HMT (International) Limited	13th December 1974, Bengaluru	M/s. Nagachandra & Associates, Chartered Accountants Date of Appointment: 29.08.2022

VIII. MEANS OF COMMUNICATION

The Company has published its Quarterly Results as per the listing requirements in leading newspapers viz., The Financial Express, Hosa Digantha and Dakshin Bharat Rashtramat. The above results are 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 2022-23 has been obtained and was placed before the Board. **(Refer Annexure - 17)**

X. WHISTLE BLOWER POLICY

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

XI. GENERAL SHAREHOLDERS INFORMATION

i) Annual General Meeting

Date 29th September, 2023

Time 10.30 A.M

Venue The Company is conducting meeting through Video Conference/ Other Audio-Visual Means (VC/ OAVM) pursuant to the MCA Circular dated May 5, 2020, January 13, 2021, May 5, 2022 and December 28, 2022 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM

No dividends have been declared.

ii) Financial Calendar

Financial Year April 01, 2022 to March 31, 2023

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:
Phiroze Jeejeebhoy Towers	500191
25th Floor, Dalal Street, Mumbai-400 001	

National Stock Exchange of India Limited	Scrip Symbol
"Exchange Plaza"	HMT
Bandra-Kurla Complex Bandra (E), Mumbai - 400 051	

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

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

vi) 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 in electronic mode to avail various benefits of dematerialization.

vii) Mandatory & Non-Mandatory Requirements

The Company has complied with all the mandatory requirements specified in Listing Regulations on Corporate Governance, excepting 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 (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 unqualified financial statements. 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 BSE 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 2022 to March 2023

Month	BSE		Market Index (Close)
	High Price	Low Price	S&P BSE SENSEX
Apr-22	29.20	26.05	57060.87
May-22	28.00	23.80	55566.41
Jun-22	27.30	22.10	53018.94
Jul-22	25.95	22.65	57570.25
Aug-22	25.00	22.65	59537.07
Sep-22	30.50	22.65	57426.92
Oct-22	32.45	25.60	60746.59
Nov-22	38.40	27.80	63099.65
Dec-22	40.30	33.35	60840.74
Jan-23	37.40	31.50	59549.90
Feb-23	33.95	26.60	58962.12
Mar-23	27.00	23.00	58991.52

NSE-Company: HMT LTD. (SCRIP SYMBOL - HMT)
Period: April 2022 to March 2023

Month	NSE		Market Index (Close)
	High Price	Low Price	NSE NIFTY
Apr-22	29.25	26.00	17102.55
May-22	27.95	23.95	16584.55
Jun-22	27.25	22.00	15780.25
Jul-22	25.95	22.45	17158.25
Aug-22	24.60	22.30	17759.30
Sep-22	29.95	23.20	17094.35
Oct-22	32.60	26.00	18012.20
Nov-22	38.45	27.40	18758.35
Dec-22	40.35	34.05	18105.30
Jan-23	37.70	31.60	17662.15
Feb-23	33.50	26.35	17303.95
Mar-23	27.10	22.70	17359.75

xi) *Distribution of Shareholding:

The shareholding distribution of Equity shares as of 31.03.2023 is given below:

HMT LIMITED					
Distribution of Shareholding as on 31/03/2023 (AMOUNT WISE TOTAL)					
Sl No	Category (Amount)	No. of Holders	% To Holders	Amount (Rs.)	% To Equity
1	1 - 5000	16387	88.64	18970000.00	0.16
2	5001 - 10000	1103	5.97	9260330.00	0.08
3	10001 - 20000	501	2.71	7832990.00	0.06
4	20001 - 30000	166	0.90	4291840.00	0.04
5	30001 - 40000	73	0.39	2635110.00	0.02
6	40001 - 50000	76	0.41	3589020.00	0.03
7	50001 - 100000	100	0.54	7502400.00	0.06
8	100001 and above	82	0.44	11986834710.00	99.55
	TOTAL	18488	100.00	12040916400.00	100.00

HMT LIMITED					
Distribution of Shareholding as on 31/03/2023 (SHARES WISE TOTAL)					
Sl. No	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	18306	99.02	4657929	0.39
2	5001 - 10000	100	0.54	750240	0.06
3	10001 - 20000	37	0.20	495519	0.04
4	20001 - 30000	19	0.10	489367	0.04
5	30001 - 40000	6	0.03	209351	0.02
6	40001 - 50000	3	0.02	131482	0.01
7	50001 - 100000	10	0.05	637598	0.05
8	100001 and above	7	0.04	1196720154	99.39
	TOTAL:	18488	100.00	1204091640	100.00

HMT LIMITED				
Shareholding Pattern as on 31/03/2023 (Total)				
Sl. No	Description	No. of Cases	Total Shares	% Equity
1	CLEARING MEMBERS	7	1146	0.00
2	H U F	403	462030	0.04
3	INDIAN MUTUAL FUNDS	10	18900	0.00
4	INSURANCE COMPANIES	1	100	0.00
5	BODIES CORPORATES	152	68045927	5.65
6	MUTUAL FUNDS	1	100	0.00
7	NBFC	1	2750	0.00
8	NON RESIDENT INDIANS	89	56274	0.01
9	NON RESIDENT INDIAN NON REPATRIABLE	71	56038	0.00
10	PROMOTERS	2	1128056626	93.69
11	RESIDENT INDIVIDUALS	17751	7391749	0.61
	Total	18488	1204091640	100.00

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

ix) 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 consists 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 Board of Directors in the beginning of the financial year was Five consisting of Chairman and Managing Director (Addl. Charge), two Government Nominee Directors and Two Independent Directors. In view of completion
2. Due to vacancy of required number of Independent Directors on the Board of the Company with effect from 27.01.2023, 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.

x) 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.

xi) REGISTRAR AND SHARE TRANSFER AGENTS

Name: KFIN Technologies Limited
 (Previously KFin Technologies Pvt Ltd)
 Address: Selenium Building, Tower-B
 Plot No 31 & 32, Financial District
 Nanakramguda, Serilingampally
 Hyderabad, Rangareddy, Telangana - 500 032. India
 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>

xi) 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 31st March 2023, the Company's Shares representing 760225891 equity shares were held in dematerialized form and the balance 443865749 shares were in the physical form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE262A01018.

xii) Investor Education and Protection Fund (IEPF)

In terms of the provisions of the Companies Act, 2013 read with rules made thereunder, as on 31st March, 2023, no amount and shares are required to be transferred to IEPF.

xiii) Plant Locations

(1) Food Processing Machinery Division

H-2, MIDC, Chikalhana 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

(Pankaj Gupta)

Chairman & Managing Director
 (Addl. Charge)
 DIN : 09716028

Place: Bengaluru

Date: 06.09.2023

Annexure-5

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

- 1) We, **SSB & Associates**, Chartered Accountants, the Statutory Auditors of **HMT Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2023, 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, 2023 subject to:
 - a) Non-compliance of provisions of SEBI Regulation 17(1)(a), wherein the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020 whereas the vacancy caused by the retirement of the woman independent director has not been filled up within the prescribed time limit.
 - b) 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 31-03-23.

- c) Non-compliance of provisions of SEBI Regulation 17(1)(c) wherein, the Board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors whereas the company has only Three Board of directors as on 31-03-23.
- d) Non-Compliance of provisions of SEBI Regulation 17(2A), wherein the quorum for every meeting of the board of directors of the top 1000 listed entities with effect from April 1, 2019 shall be one-third of its total strength or three directors, whichever is higher, including at least one independent director whereas there is no Independent director since 27.01.23 and as on the date of this certificate.
- e) Non-Compliance of provisions of SEBI Regulation 18(1)(b) and 18(1)(d) wherein Two-thirds of the members of audit committee shall be independent directors whereas there are no Independent directors since 27.01.23 and as on the date of this certificate. Further, 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 there is no Independent director as chairperson since 27.01.23 and as on the date of this certificate.
- f) 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 there are no Independent directors since 27.01.23 and as on the date of this certificate.
- g) Non-Compliance of provisions of SEBI Regulation 19(1)(b) and 19(1)(c) wherein all directors of the nomination and remuneration committee shall be non-executive directors whereas there is one executive director and two non-executive directors. Further, at least two-thirds of the directors shall be independent directors whereas there are no Independent directors since 27.01.23 and as on the date of this certificate.
- h) 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 is no Independent director as chairperson since 27.01.23 and as on the date of this certificate.
- i) Non-Compliance of provisions of SEBI Regulation 19(2A) wherein the quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance whereas there is no Independent director since 27.01.23 and as on the date of this certificate.
- j) Non-Compliance of provisions of SEBI Regulation 20(2A) wherein at least three directors, with at least one being an independent director, shall be members of the stakeholders relationship committee whereas there is no Independent director since 27.01.23 and as on the date of this certificate.
- k) Non-Compliance of provisions of SEBI Regulation 21(2) wherein the Risk management committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director whereas there is no Independent director since 27.01.23 and as on the date of this certificate.
- l) Non-compliance of provisions of SEBI Regulation 24(1) relating to Corporate governance requirements with respect to

subsidiary of listed entity wherein at least one independent director in the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India whereas there is no Independent director since 27.01.23 and as on the date of this certificate.

m) Non-compliance of provisions of SEBI Regulation 25(6) of Obligations with respect to independent directors, in replacing new independent director by listed entity at the earliest after previous independent director resignation or is removed by board of director not later than three months from the date of such vacancy. However, there is no Independent director since 27.01.23 and as on the date of this certificate.

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

For SSB & Associates,
Chartered Accountants,
Firm Reg. No.010372S

K Balaji,

Partner

Membership No.207783

UDIN: 23207783BGTEUS8203

Place : Bangalore

Date : 28-07-2023

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

A. CONSERVATION OF ENERGY:

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

- ❖ Changed existing fluorescent tube lights, Sodium vapour lamps, Mercury vapour lamps at township, office buildings to LED streetlights/bulbs/lights an approximate quantity of 240 nos.
- ❖ Changed existing old rheostat type fan regulators of 100 nos, to new IGBT electronic fan regulators to reduce the consumption of energy.
- ❖ Upgraded to 5-star BIS rated appliances like Air Conditioners, Refrigerators, geysers Fans etc., wherever required in the township guest house.

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

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

(iii) The capital investment on energy conservation equipment

- ❖ Under initial stage & will be intimate later.

B. TECHNOLOGY ABSORPTION:

(i) Efforts made towards technology absorption:

- ❖ Based on the Collaboration Agreement Technology for Food Processing Machinery division, various products have been manufactured over the years. The design of the FPA products needs up-gradation since new technology already developed in the market.
- ❖ Efforts are being made for Joint working arrangement (JWA) with M/s. HAVS, Turkey for manufacturing of self-cleaning cream separator of capacity 10 & 20 KLPH.
- ❖ Work on online platform for Estate Management is under progress.

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

- ❖ Developed Mini Homogenizer of capacity 100 & 200 liters per hour & Road Milk tankers of capacity 15 & 20 KL.
- ❖ We have changed methods & technology for manufacturing items due to which production time has reduced & cost of the product is also reduced.

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

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange earnings and outgo

- ❖ Earnings: Rs.79.91 Lakhs
- ❖ Outgo: Nil

Annexure-7
ADDENDUM TO DIRECTORS REPORT FOR THE YEAR 2022-23 IN RESPECT OF OBSERVATIONS MADE BY STATUTORY AUDITORS ON THE ACCOUNTS OF HMT LIMITED FOR THE YEAR ENDED 31ST MARCH 2023

Audit Observations	Management Reply
<p>1. Food Processing Machinery Unit, Aurangabad</p> <p>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.</p>	<p>The inventory is valued using the weighted average cost method. There are some items of stores (consumables) valued incorrectly due to system error/software drawback. SAP software is going to be installed in the stores department. However, there is no material impact in the valuation of inventories.</p>
<p>2. Auxiliary Business Division, Bengaluru</p> <p>Consequent to Non-receipt of confirmation of balances of Debtors and Creditors, the impact on financial statements cannot be quantified.</p>	<p>Confirmation for balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Disclosure has been made to this effect.</p>
<p>3. Corporate Head Office and Company as a whole</p> <p>a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.</p> <p>b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March 2023. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.</p>	<p>Confirmation for balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Disclosure has been made to this effect in Note no.55.</p> <p>Nigeria Machine Tools Ltd is a company incorporated outside India. The Company could get the previous year Financials from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd. Since the net worth is completely eroded, the company believes that it is more appropriate to conclude that the Fair Value of Investment in these Companies shares as NIL.</p>

Audit Observations	Management Reply
<p>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.</p> <p><i>Indian Accounting Standards</i></p> <p>d. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p> <p>The effect on revenue on all the above transactions are not ascertained.</p>	<p>There are no transactions with struck off companies' u/s 248 of the Companies Act 2013 during the year as per the available information. However, necessary action will be taken during FY 2023-24 on this matter.</p> <p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there is no ECL during the year.</p>

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2023

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

To,
The Members
H.M.T. Limited
CIN : L29230KA1953GOI000748
HMT Bhavan, 59 Bellary Road
Bangalore - 560 032

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 31st March 2023 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 31st March 2023 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 Non-Convertible Securities) Regulations, 2021; **(Not applicable during the audit period);**
- f. 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;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;- **(Not applicable during the audit period);**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;- **(Not applicable during the audit period);** and
- i. 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 (1) & (4) of the Act Companies Act, 2013, with respect to appointment of woman director and composition of Board of Directors of the Company for not having sufficient independent directors on the Board during the FY 2022-23.*
- 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 w.e.f. 27th January 2023.*

- 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 w.e.f. 27th January 2023.*
- 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 w.e.f. 27th January 2023.*

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 2022-23*
- 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 w.e.f. 27th January 2023.*
- 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, Chairman of Committee & Quorum w.e.f. 27th January 2023.*
- iv. *The Company has not complied with the provisions of Regulation 19(1)/ 19(2) of SEBI (LODR), 2015 with respect to composition of Nomination and Remuneration Committee w.e.f. 27th January 2023.*
- 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 w.e.f. 27th January 2023.*
- 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 w.e.f. after 27th January 2023.*
- 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 2021-22 to the Stock Exchanges by submitting with a delay of 23 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, for the closure of Subsidiary Companies, HMT Bearings Limited and HMT Chinar Watches Limited stands dissolved during the financial year and the closure of HMT Watches Limited is under process.
 3. During the year under review, BSE & NSE has imposed an aggregate fine of Rs. 31,44,700/- & Rs. 30,83,340/- respectively for non-compliance under Regulation(s) 17(1), 17(2A), 18(1), 18 (2) (b), 19(1), 19 (2), 21(2) & 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to composition of Board and sub-committees of the Board.

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. The waiver applications were pending before both the exchanges.

Place: Bengaluru
Date: 07th August 2023

D VENKATESWARLU
Company Secretary
FCS No. 8554 :: C P No. 7773
UDIN: F008554E000757819
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-560 032

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

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

Place: Bengaluru
Date: 07th August 2023

D VENKATESWARLU
Company Secretary
FCS No. 8554 :: C P No. 7773
UDIN: F008554E000757819
PR No: 1617 / 2021

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

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
A i)	The company has not complied with the provisions of requirements of section 149 (1) & (4) of the Companies Act, 2013, with respect to appointment of woman director and composition of Board of Directors of the Company for not having sufficient independent directors on the Board during the FY 2022-23.	Dr. Renuka Mishra, Women Director has been appointed as Government Nominee Director w.e.f 12.09.2022 on the Board of Directors of the Company. The term of Shri. Vishweshwar Bhat & Shri. Ramji Lal completed as Independent Directors on 26.01.2023. Administrative Ministry has been requested to appoint requisite number of Independent Director on the Board of Directors of the Company to comply with the provisions of the Companies Act, 2013.
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 w.e.f. 27th January 2023.	
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 w.e.f. 27th January 2023.	As and when the Independent Directors will be appointed on the Board of Directors, Audit Committee, Nomination and Remuneration Committee & CSR Committee of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act, 2013.
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 w.e.f. 27th January 2023.	
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 FY2022-23.	Term of Smt. Neera Tomar completed as Independent Women Director on 17th February 2022. With effect from 01.04.2022, there were two Independent Directors out of five Board of Directors. Further, the term of Shri. Vishweshwar Bhat & Shri. Ramji Lal completed as Independent Directors on 26.01.2023. Administrative Ministry has been requested to appoint three Independent

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 w.e.f. 27th January 2023.	Directors including one independent women 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.
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, Chairman of Committee & Quorum w.e.f. 27th January 2023	
iv)	The Company has not complied with the provisions of Regulation 19(1)/ 19(2) of SEBI (LODR), 2015 with respect to composition of Nomination and Remuneration Committee w.e.f. 27th January 2023	
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 w.e.f. 27th January 2023	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 Director in the Committee Meetings to comply with Listing Regulations.
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 w.e.f. after 27th January 2023	
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 2021-22 to the Stock Exchanges by submitting with a delay of 23 days	HMT Limited & its Subsidiaries have units across India in Bangalore, Pinjore, Aurangabad, Hyderabad, Kalamassery, Ajmer and Ranibagh. Due to administrative reasons, finalization of accounts took more time due to which consideration of accounts by the Company was delayed. Hence, there was delay of 23 days in submission of Audited Financial Results for the quarter and year ended 31.03.2022
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.

FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

**[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 - 560032

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner as applicable to it and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, according to the provisions of:

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

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

Industry Specific Laws

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

General Laws

- a) Industrial and Labour laws, as applicable to the Company such as:
 - i. Maternity Benefit Act, 1961 (applicable to Woman Employees who are outside the preview of the ESI Act)
 - ii. The Contract Labour (Regulation and Abolition) Act, 1970
 - iii. Payment of Wages Act, 1936
 - iv. Workmen's Compensation Act, 1923.
 - v. The Equal Remuneration Act, 1976
 - vi. Employees Liabilities Act, 1938
 - vii. The Employees Provident Fund and Miscellaneous Act, 1952
 - viii. Fatal Accidents Act, 1855
 - ix. The building and other Construction Workers Act, 1996
- b) Indian Boilers Act, 1923
- c) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- d) Indian Contract Act, 1872
- e) Transfer of Property Act, 1882
- f) The RTI Act, 2005
- g) Disaster Management Act, 2005 (During Covid-2019 time)
- h) Legal Metrology Act, 2009.

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

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

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

3. *During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972 etc. and received Notices from statutory Authorities. Besides, there are ongoing litigations with various courts of law.*

We further report that:

The Board of Directors of the Company is constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors appointed by the Govt. of India as mandated for the Government Companies during the period under review. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and filing of necessary Returns under the Act. During the financial year under review, the Independent Director, retired on 26th January 2023 and the vacancy caused has not filled till the date of this report.

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

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Sub committees of Board reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

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

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

For S Kedarnath & Associates

Company Secretaries

Date: 20th July, 2023

Place: Bengaluru

UDIN : F003031E000650249

S. Kedarnath

Company Secretary

C P No 4422

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

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

Annexure - A

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

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

For S Kedarnath & Associates

Company Secretaries

Date: 20th July, 2023
Place: Bengaluru
UDIN : F003031E000650249

S. Kedarnath
Company Secretary
C P No 4422

Annexure - 11

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

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
01	Being a material subsidiary of a Listed Entity, there shall be at least one Independent Director of its Holding Company) on its Board under Regulation 24(1) of SEBI (LODR) Regulations 2015. The Company is yet to comply with this Regulation.	The nomination and appointment of all categories of Directors are done by the Government of India in accordance with the laid down Guidelines. The subject matter of appointment of Independent director falls under the purview of the Government of India. The Administrative Ministry has been requested to appoint Directors to comply with the provisions of Companies Act 2013.
02	The Preference shares have been re-classified as Financial Liability. However, the Authorised Share Capital has not been shown as having Preference Shares leading to inconsistency in presentation of the Financial Statements to that extent.	There is no reduction in Authorized Capital. Company re-classified Preference Shares as Financial Liability in order to comply with new Ind AS and Company will take necessary action during FY 2023-24 as observed.
03	During the Audit, it was observed that the Company has not made timely payment of Employees related statutory dues in several instances and as a result, defaulted the provisions under Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972 etc., and received Notice from statutory Authorities. Besides there are ongoing litigations with various courts of law.	The company is incurring losses from several years, hence not able to make timely payment of the statutory dues as observed by the Auditors. The Company is taking all efforts to generate funds from Internal operations and address the timely payment of the statutory dues.

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 06.09.2023

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

FORM NO. MR 3

Annexure-12

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

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

To,

The Members,

H.M.T. (INTERNATIONAL) LIMITED.

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). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, 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 representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID -19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March 2023 (hereinafter referred to as ("the audit period")) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March 2023 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 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 regarding the Companies Act and dealing with client (Not applicable to the Company, as company's equity shares are maintained in physical form for 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, the following Acts, Rules, Guidelines and Regulations were (Not Applicable):

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

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 report that -

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

Company being an unlisted material Subsidiary of listed entity i.e. HMT Limited (Public Listed Holding Company - a Government of India Enterprise) has not complied with the requirement that there shall be at least one Independent Director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations, 2015.

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 inasmuch as minutes of the Meetings are self explanatory 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:

1. There were no instances of following during the audit period:
 - Public/Rights /Preferential issue of shares/Debentures/Sweat equity.
 - Buy-Back of securities.
 - Merger/Amalgamation /Reconstruction.
 - Foreign Technical Collaborations
 - Major decisions by Members in pursuant to Section 180 of the Act.
2. 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.

For G Haritha & Associates

Place: Bengaluru
Date: 26th June, 2023

G. Haritha
Company Secretary in Practice
FCS 5521 | CP No.10749
Peer Review Certificate No.: 1434/2021
UDIN: **F005521E000502545**

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

Annexure - A

To,
The Members,
H.M.T (INTERNATIONAL) LIMITED.

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-check 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., as the same were dealt with under separate audit/s.
4. Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.
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-check 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: 26th June, 2023

G. Haritha
Company Secretary in Practice
FCS 5521 | CP No.10749
Peer Review Certificate No.: 1434/2021
UDIN: **F005521E000502545**

Annexure-13**ADDENDUM TO SECRETARIAL AUDIT REPORT FOR THE YEAR 2022-23 IN RESPECT OF OBSERVATIONS MADE BY SECRETARIAL AUDITOR ON THE SECRETARIAL AUDIT OF HMT (INTERNATIONAL) LIMITED**

Ref.	SECRETARIAL AUDITORS' OBSERVATIONS	COMPANY'S REPLY
1	Company being an unlisted material Subsidiary of listed entity i.e., HMT Limited (Public Listed Holding Company- a Government of India Enterprise) has not complied with the requirement that there shall be at least one Independent Director of the listed entity on the board of unlisted material subsidiary as per the Regulation 24(1) of SEBI (LODR) Regulations, 2015.	Administrative Ministry has been requested to appoint one Independent Director of HMT Limited, Holding Company as Director on the Board of HMT (International) Ltd, material subsidiary to comply with listing requirements.

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 06.09.2023

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Section A: GENERAL DISCLOSURES

I. Details of the listed entity

Sr. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Listed Entity	L29230KA1953GOI000748
2.	Name of the Listed Entity:	H.M.T. LIMITED
3.	Year of incorporation:	07th February 1953
4.	Registered office address:	HMT Bhavan, 59 Bellary Road, Bangalore 560032 Karnataka, India.
5.	Corporate address:	HMT Bhavan, 59 Bellary Road, Bangalore 560032 Karnataka, India.
6.	E-mail:	cosey@hmtindia.com
7.	Telephone:	91-80-23330333
8.	Website:	www.hmtindia.com
9.	Financial year for which reporting is being done:	1st April, 2022 to 31st March, 2023
10.	Name of the Stock Exchange(s) where shares are listed:	BSE Limited, National Stock Exchange of India Limited
11.	Paid-up Capital:	Rs. 355,60,16,400/-
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:	Name: Shri. S.K. Kadbe Designation: General Manager, (Operations & Marketing) Add: HMT Bhavan No.59, Bellary Road Bengaluru - 560032, Tel.: 91-80-23330333 E-Mail: sk.kadbe@hmtlimited.com
13.	Reporting boundary:	Disclosures made in this report are on a standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing of Dairy & food processing equipment & turnkey projects through HMT Food Processing Machinery Division, Aurangabad	Sale of Dairy & Food Processing equipment & solution for dairy plant & milk powder plant on turn-key basis.	82%
2.	Manufacture and sale of watches through HMT Auxiliary Business Division, Bengaluru	Sale of Wrist watches, Tower Clocks, Floral clocks etc.,	14%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total contributed Turnover
1.	Manufacturing of Dairy & food processing equipment & turnkey projects through HMT Food Processing Machinery Division, Aurangabad	28251	82%
2.	Manufacture and Sale of Watches	26521	14%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants/Units	Number of offices	Total
National	2	4	6
International	NIL	NIL	NIL

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	3
International (No. of Countries)	NIL

b. What is the contribution of exports as a percentage of the total turnover of the entity?

1.55%

c. A brief on types of customers

Types of customers:

The Company has wide range of customers from Individual to Private Companies (Domestic & International) and Public Sector Undertakings, including State Milk Federations, District Milk Unions at District Level and Co-operative Dairies.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	32	23	71.87	9	28.13
2.	Other than Permanent (E)	2	1	50.00	1	50.00
3.	Total employees (D + E)	34	24	70.59	10	29.41
WORKERS						
4.	Permanent (F)	31	24	77.42	7	22.58
5.	Other than Permanent (G)	0	0	-	0	-
6.	Total employees (F + G)	31	24	77.42	7	22.58

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	-	0	-
2.	Other than Permanent (E)	0	0	-	0	-
3.	Total employees (D + E)	0	0	-	0	-
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	-	0	-
5.	Other than Permanent (G)	0	0	-	0	-
6.	Total employees (F + G)	0	0	-	0	-

19. Participation/Inclusion/Representation of women*:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	3	2	66.67
Key Management Personnel	2	1	50

*Status as on March 31,2023

20. Turnover rate for permanent employees and workers

	FY2022-23			FY2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	4.34%	11.11%	6.25%	13.04%	0%	9.34%	0%	11.11%	2.70%
Permanent Workers	4.10%	0%	3.23%	0%	0%	0%	4.16%	14.28%	4.54%

V. Holding, Subsidiary and Associate Companies (including joint ventures)**21.(a) Names of holding / subsidiary / associate companies / joint ventures**

S. No	Name of the holding/subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	HMT Machine Tools Limited CIN: U02922KA1999GOI025572	Subsidiary	100	No
2	HMT Watches Limited CIN: U33301KA1999GOI025573	Subsidiary	100	No
3	H.M.T. (International) Limited CIN: U33309KA1974GOI002707	Subsidiary	100	No
4	SUDMO-HMT Process Engineers (India) Limited CIN: U05190KA1994PLC024253	Joint Venture	50	No
5	Gujarat State Machine Tools Corporation Limited CIN: U29220GJ1975SGC002669	Associate	39.86	No

VI. CSR Details
22. (i) Whether CSR is applicable as per Section 135 of Companies Act, 2013:

Yes, CSR is applicable for HMT Limited

(ii) Turnover (in Rs.): Rs. 515924601/-

(iii) Net worth (in Rs.): Rs. 4339290345/-

VII. Transparency and Disclosures Compliances
23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY2022-23			FY2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes https://pgportal.gov.in/	32	0	-	29	0	-
Investors (other than shareholders)	No	-	-	NA	-	-	NA
Shareholders	Yes The contact details provided at https://www.hmtindia.com/investor-relation/investors-grievance/	5	0	-	8	0	-
Employees and workers	Yes https://www.hmtindia.com/policies/	0	0	-	0	0	-
Customers	Yes https://www.hmtindia.com/policies/	309	0	-	216	0	-
Value Chain Partners	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-

24. Overview of the entity's material responsible business conduct issues

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	R	HMT has Corporate Governance framework by strictly adhering to statutory norms and following the best practices. Being a Government Company, the appointment of all Directors and fixation of terms and conditions (including tenure & remuneration of Functional Directors) are made by the Government of India. The Company has no control over filling up of the vacancy within the stipulated time frame specified under the Act/ Rules / Regulations, to comply the same.	Administrative Ministry being requested to fill up the requisite number of Directors.	Negative Implications
2	Skilled Manpower	R	Development of new products/ services or area of business require specific skill set and competencies.	Training & skill development to the workers & also hiring manpower having requisite skill set	Negative Implications
3	Equal Opportunity & Non discrimination	O	During the recruitment as well as service period, Company ensures an equal opportunity and non-discrimination like gender, caste, religion, race, region etc in line with the Government Policies	-	Positive Implications
4	Environment & Sustainability	R	This is pertaining to issues on pollution control and discharge of emissions. When the regulations become stricter then requires much closer monitoring.	These risks associated with environmental pollution through the discharge of waste and hazardous emissions, which may cause damage to the	Negative Implications

				<p>local ecology and environment.</p> <p>-Various initiatives such as Water management, Waste management, Emission management and Energy management are taken up by the company by implanting sewage treatment plants, recycling of industrial waste water, and extensive plantation and creation of green belts to de-risk and protect the environment.</p>	
5	Local community involvement and social development	○	Maintaining healthy relationships with local communities has enabled the company to effectively contribute to social development and thus create foundation for a sustainable business.	The Company continues to engage in CSR and social activities to create deeper bonds with the community at large.	Positive implications
6	Health and Safety	R	Safeguarding the health and safety of our employees is an integral part of our business. We are constantly working towards ensuring total adherence to the Company's safety, health, and environmental policy.	Company provide health and safety training to all our employees on how to maintain safety in the workplace environment.	Negative Implications
7	Water and waste management	○	Reduction in impact on the environment by efficiently managing & recycling/ reusing natural resources like water and waste generated during operations	-	Positive implications
8	Customer Satisfaction	○	The Company provides products and services that enhance value and customer satisfaction by means of continual improvement in People, Systems, Processes, Technology and Practices.	-	Positive implications

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://www.hmtindia.com/policies/								
2. Whether the entity has translated the policy into procedures. (Yes / No) ?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No) ?	N	N	N	N	N	N	N	N	N
4. Name of the national and international codes / certifications / labels / standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Policies are in line with the applicable statutes / guidelines / rules etc., issued by Gol and other Regulatory Authorities and updated from time to time.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Ex cell ent*	Y	Y	Y	Y	Y	Y	Y	Y
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Name: A.K Jain (Upto 24.08.2022) Designation: Chairman & Managing Director (Addl. Charge) DIN: 09262984 Telephone No: 080-23330333 Email ID: cmd@hmtindia.com			Name: Pankaj Gupta (w.e.f 25.08.2022) Designation: Chairman & Managing Director (Addl. Charge) DIN: 09716028 Telephone No: 080-23330333 Email ID: cmd@hmtindia.com					
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes Name: A.K Jain (Upto 24.08.2022) Designation: Chairman & Managing Director (Addl. Charge) DIN: 09262984 Telephone No: 080-23330333 Email ID: cmd@hmtindia.com			Yes Name: Pankaj Gupta (w.e.f 25.08.2022) Designation: Chairman & Managing Director (Addl. Charge) DIN: 09716028 Telephone No: 080-23330333 Email ID: cmd@hmtindia.com					

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
10. Details of Review of NGRBCs by the Company:																		
Performance against above policies and follow up action	All the policies are reviewed periodically (Annually) or on a need basis by respective Committees of Board and recommended to the Board for approval.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Status of Compliances are placed before Committees of Board and Board of Directors on quarterly basis. Policies and procedures of the organization are subject to audits/ reviewed by CAG etc.																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No																	

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated: NA**

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	No								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	No								
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	No								
It is planned to be done in the next financial year (Yes/No)	No								
Any other reason (please specify)	No								

* Projected rating/grading for FY 2022-23 as per DPE guidelines for Corporate Governance

** As the Company has formulated policies based on all the nine Principles, hence, Not Applicable

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators:

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	1	Orientation Programme for Independent Directors which covers Roles and Responsibilities of an Independent Director, Effectiveness in Board Meetings, Committees and Decision Making, Business Familiarization	20%
Key Managerial Personnel	3	CSR, SEBI (LODR) Regulations, Related Party Transaction, Insider Trading Regulations & SDD, Resolution Process, Guarantors & Bankruptcy under IBC	50%
Employees other than BoD and KMPs	1	Induction / Orientation Programme for newly inducted vigilance officers	100%
Worker	0	0	0

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal be preferred? (Yes/No)
Penalty/Fine*	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding Fees	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal be preferred? (Yes/No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

*Note: Due to Non-Compliance of the SEBI (LODR) Regulation, 2015 for composition of the Board of Directors / Board Level Committees and delay in submission of annual results, stock exchanges have levied fines and the Company has requested for waiver of the same.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, Conduct, Discipline & Appeal Rules weblink - www.hmtindia.com/wp-content/uploads/2022/10/HMT-Ltd-CDA-Rules-2020

Whistle blower policy link https://www.hmtindia.com/wp-content/uploads/2021/07/HMT_Whistle_Blower_Policy.pdf

The Company is subject to RTI Act 2005, audit by Statutory Auditors and CAG audit under section 139 of the Companies Act, 2013.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2022-23	FY2021-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest

	FY2022-23		FY2021-22	
	Numbers	Remarks	Numbers	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs (other than directors)	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest

Not applicable

Note: Administrative Ministry has been requested to appoint three Independent Directors including one women Independent Director on the Board of Directors of the Company to comply with listing requirements. As and when the Independent Directors are appointment on the Board by the Government of India, Committees of the Board shall be reconstituted accordingly to comply with the provisions of the Companies Act 2013, SEBI (LODR) Regulation, 2015 and DPE guidelines. The company shall make efforts in the submission of annual results to stock exchanges within the stipulated period.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year: NIL

Total number of awareness programmes held	Topics/ principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. The Company receives annual declarations from its Directors and KMPs on the entities they are interested in and ensures requisite approvals as required under the applicable laws as well as the Company's policies are in place before transacting with such entities / individuals. The Company's Board has approved a Code of Business Conduct & Ethics for all Board Members and Senior Management Personnel'.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY2022-23	FY2021-22	Details of improvements in environmental and social impacts
R&D	Nil	Nil	Nil
Capex	Nil	Nil	Nil

2. a. Does the entity have procedures in place for sustainable sourcing?

Yes

b. If yes, what percentage of inputs were sourced sustainably?

HMT has a procurement policy that supports sustainable sourcing. HMT has implemented e-procurement/ GeM as business improvement and sustainable business practice. HMT sources various input material and component from several of its value chain partners 25.39 % of our inputs are sourced sustainably.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

HMT products fall under capital goods category where product life goes beyond 25 years in majority of cases. The market requirement is for extension of the life of products or systems through process of refurbishments. After end of desired life of capital goods, they become unfit for reuse and hence being disposed as scrap by owner of the capital good products.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

No

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format? No

NIC Code	Name of the Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes / No) If yes, provide the web-link.
-	-	-	-	-	-

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product/ Service	Description of the risk / concern	Action Taken
Nil	Nil	Nil

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2022-23	FY2021-22
Nil	Nil	Nil

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2022-23			FY2021-22		
	Re-Used	Recy- cled	Safely Disposed	Re- Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1.a. Details of measures for the well-being of employees:

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Insurance		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	23	0	-	16	69.57	0	0	23	100	0	0
Female	9	0	-	7	77.78	9	100	0	0	0	0
Total	32	0	-	23	71.88	9	28.13	23	71.88	0	0
Other than Permanent employees											
Male	1	0	-	0	-	0	0	1	100	0	0
Female	1	0	-	0	-	1	100	0	0	0	0
Total	2	0	-	0	-	1	50	1	50	0	0

b. Details of measures for the well-being of workers:

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Insurance		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	24	0	-	9	37.50	0	0	24	100	0	0
Female	7	0	-	4	57.14	7	100	0	0	0	0
Total	31	0	-	13	41.94	7	22.58	24	77.42	0	0
Other than Permanent employees											
Male	0	0	-	0	-	0	-	0	-	0	-
Female	0	0	-	0	-	0	-	0	-	0	-
Total	0	0	-	0	-	0	-	0	-	0	-

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of Total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of Total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Yes	100	100	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	0	0	NA	0	0	NA
Others (Please specify)	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company has provided reservations for PWD in recruitments as per Government Directives and complies with provisions of Rights of Persons with Disabilities Act, 2016.

The company is an equal opportunity employer and does not discriminate on the basis of gender, race, caste, religion, linguistic, region etc. in recruitment and employment relationship.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
Total	100%	100%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

HMT has a well laid out grievance redressal mechanism and grievance committee for resolution of complaints and grievances while keeping in mind the principles of natural justice, confidentiality, sensitivity, and no retaliation for employees. Redressal of grievance shall also be adopted through whistle blower mechanism. The Company also has an Internal Complaints Committee under POSH Policy to redress the grievances, if any.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY2022-23			FY2021-22		
	Total Employees/workers in respective category (A)	No. of Employees/workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total Employees/workers in respective category (C)	No. of Employees/workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	32	32	100	32	32	100
Male	23	23	100	23	23	100
Female	9	9	100	9	9	100
Total Permanent Workers	31	31	100	34	34	100
Male	24	24	100	28	28	100
Female	7	7	100	6	6	100

8. Details of training given to employees and workers:

Category	FY2022-23					FY2021-22				
	Total (A)	On Health and Safety measures		On Skill Upgradation		Total (D)	On Health and Safety measures		On Skill Upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
Employees										
Male	23	0	-	7	30.43	23	0	-	8	34.78
Female	9	0	-	2	22.22	9	0	-	1	11.11
Total	32	0	-	9	28.13	32	0	-	9	28.13
Workers										
Male	24	0	-	0	-	28	0	-	0	-
Female	7	0	-	0	-	6	0	-	0	-
Total	31	0	-	0	-	34	0	-	0	-

9. Details of performance and career development reviews of employees and worker

Category	FY2022-23			FY2021-22		
	Total (A)	No. (B)	% (B/A)	Total (D)	No. (E)	% (E/D)
Employees						
Male	23	23	100	23	23	100
Female	9	9	100	9	9	100
Total	32	32	100	32	32	100
Workers						
Male	24	24	100	28	28	100
Female	7	7	100	6	6	100
Total	31	31	100	34	34	100

10. Health and safety management system:
a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. All the manufacturing Units of the Company is covered under the Occupational Health and Safety Management System.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The system includes risk identification, risk assessment, risk mitigation and controls, training of employees, internal and external audits, management reviews, corrective and preventive actions.

c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks.

Yes. The process is available at all locations.

D. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Yes. Available in all units to all category of employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2022-23	FY2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Compliance with statutory requirements, safety systems, engineering controls, observing safety week, safety training and promoting safety cultures.

13. Number of Complaints on the following made by employees and workers:

	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No significant risk / concern was reported on health, safety and / or working conditions in value chain partners.

Leadership Indicators

- 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes

- 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Yes, the measures are being taken care of by the contract organizations.

- 3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2022-23	FY2021-22	FY2022-23	FY2021-22
Employees	0	0	0	0
Workers	0	0	0	0

- 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, The Company provides training and career development opportunities to its employees which allows them smooth transition into different career fields.

- 5. Details on assessment of value chain partners:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

- 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

No significant risk / concern was reported on health, safety and / or working conditions in value chain partners.

PRINCIPLE 4:

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

- 1. Describe the processes for identifying key stakeholder groups of the entity.**

All individuals/ groups of individuals or entities which are affected by our operations, product and/or services, or can influence and /or have interest in our operations, product and/or services are mapped as stakeholders.

HMT has identified Customers, Employees, Contract support staff, Investors, suppliers, Government, Media and Local Communities as the key Stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of Communication (E-mail, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, other)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ Others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Email, Monthly Newsletter, Notice Boards, Intranet Websites, Shop Floor, Plant Council and Meetings	Need basis	Career management and growth, learning opportunities, new initiatives and gathering of information feedback
Customers	No	Visits, Meetings, Survey, Newsletters, Brochures, social media, and e-mail	Need basis	Information on business offering and to understand Customer requirements
Investors	No	Meetings, Press Release and Stock Exchanges	Quarterly and Need basis	Investor related communication
Suppliers	No	Supplier Meetings, Social Media and Mailers	Need basis	To educate about the recent developments in the industry
Government/ Regulatory Bodies	No	Policy advocacy, Partnership with industry bodies and Meetings	Need basis	Ensure compliance
Local Community / Society	Yes	Press Release, Social Media, GOs	Need basis on the characteristics of each CSR projects	To develop the CSR project along with the community, according to the need of the community

Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

During the Annual General Meeting, there will be interaction by shareholders on various queries regarding the performance, strategies and outlook of the Company. They share their grievances, provide valuable feedback on improvements performance, not only from a business perspective but also on critical economic, environmental and social topics/ areas. The supplier feedback received through emails, during interactions with top management of HMT. The customer grievances/ feedback is taken by the company on various platforms. The Company's approach towards CSR is in line with guidelines of Department of Public Enterprises, the Government of India wherein the Company targets on aspirational districts.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, stakeholder consultation is used to support the identification and management of environmental and social topics. Each of the stakeholder group bring a different perspective on materiality & views of which shall be considered during formulation of policies and activities of the Company.

- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

The Company focuses on serving disadvantaged, vulnerable and marginalized stakeholders in core areas through various CSR initiatives. CSR programs in the areas of education, women empowerment, clean water and sanitation, skilling and livelihood, health and well-being were taken up for marginalized sections of communities including aspirational districts identified by Government of India.

PRINCIPLE: 5
Businesses should respect and promote human rights
Essential Indicators

- 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY2022-23			FY2021-22		
	Total (A)	No. of Employees/ workers covered (B)	% (B/A)	Total (C)	No. of Employees/ workers covered (D)	% (D/C)
Employees						
Permanent	32	0	-	32	0	-
Other than Permanent	2	0	-	0	0	-
Total Employees	34	0	-	32	0	-
Workers						
Permanent	31	0	-	34	0	-
Other than Permanent	0	0	-	0	0	-
Total Employees	31	0	-	34	0	-

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2022-23					FY2021-22				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
Employees										
Permanent	41	0	0	41	100	39	0	0	39	100
Male	28	0	0	28	100	27	0	0	27	100
Female	13	0	0	13	100	12	0	0	12	100
Other than Permanent	14	8	57.14	6	42.86	5	0	0	5	100
Male	13	8	61.54	5	38.46	5	0	0	5	100
Female	1	0	0	1	100	0	0	0	0	0
Workers										
Permanent	21	0	0	21	100	26	0	0	26	100
Male	19	0	0	19	100	24	0	0	24	100
Female	2	0	0	2	100	2	0	0	2	100
Other than Permanent	51	30	58.82	21	41.18	0	0	0	0	0
Male	15	9	60.00	6	40	0	0	0	0	0
Female	36	21	58.33	15	41.67	0	0	0	0	0

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/salary/ wage of respective category	Number	Median remuneration/salary/ wage of respective category
Board of Directors (BoD)	0	0	0	0
Key Managerial Personnel	1	1463312	1	1055498
Employees other than BoD and KMP	40	586441	13	478235
Workers	34	269842	38	185350

* Independent Directors are not considered. Total sitting fees paid to Independent Directors was Rs.157000 in FY 2022-23. Median sitting fees paid to Independent Director was Rs.78500 in FY 2022-23

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. Grievance Redressal Officers are identified in each units of HMT to address human rights issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HMT has a well laid out grievance redressal mechanism and grievance committee for resolution of complaints and grievances while keeping in mind the principles of natural justice, confidentiality, sensitivity, and no retaliation for employees. Redressal of grievance shall also be adopted through whistle blower mechanism. The Company also has an Internal Complaints Committee under POSH Policy to redress the grievances, if any.

6. Number of Complaints on the following made by employees and workers:

	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0		0	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	1	0		0	0	
Other human related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has policies in place to protect the identity of the complainant. it protects complainant from discrimination, victimization, retaliation, or adoption of any unfair employment practices. The Internal Complaints Committee constituted under POSH Policy is a mechanism to prevent adverse consequences to the complainant in discrimination and harassment cases.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirement forms a part of business agreement or contract.

Statutory and regulatory requirement clauses stipulate human values, child labour, equal remuneration and social security.

The service contracts between HMT and service provider contain a clause, meeting human rights requirement like child labour, minimum wages etc.

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100
Others - please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

The Company has not received any complaint on the human rights issues.

The Company strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed. The same is ensured in the company's policies, procedures and practices.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

During periodic audit at Units and offices, it is ensured compliance with all the Statutory laws/ Regulatory requirement and rules made thereunder. The Company conducts various programmes, platforms where employees can highlight issues or raise concerns faced at the workplace.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

4. Details on assessment of value chain partners:*

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100
Discrimination at workplace	100
Child Labour	100
Forced Labour/Involuntary Labour	100
Wages	100
Others - please specify	None

* Note: All the vendors who are having business in our factory premises are educated on our various policies and statutory obligation

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY2022-23	FY2021-22
Total electricity consumption (A) in Kilo Joules	10943038800	10855256400
Total fuel consumption (B) in Kilo Joules	60363000	79617600
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	11003401800	10934874000
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	21.32753852	86.95358367
Energy intensity (optional) - the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessment/ evaluation/ assurance has been carried out by any external agency.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format: Not Applicable

Parameter	FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) -the relevant metric may be selected by the entity	-	-

No assessment/ evaluation/ assurance has been carried out by any external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Not Applicable

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format: Not Applicable

Parameter	Please specify unit	FY2022-23	FY2021-22
NO _x	-	-	-
SO _x	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others - please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If Yes, name of external agency. *NO*

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format: Not Applicable

Parameter	Unit	FY2022-23	FY2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	-	-	-
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	-	-	-
Total Scope 1 and Scope 2 emissions per rupee of turnover	-	-	-
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If Yes, name of external agency. *No*

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

No

8. Provide details related to waste management by the entity, in the following format: Not Applicable

Parameter	FY2022-23	FY2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	-	-
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H) . Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G+ H)	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If Yes, name of external agency. No

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.** Not Applicable
10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:** Not Applicable.

S. No.	Location of operations offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
-	-	-	-

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: Not Applicable

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, HMT is compliant with the applicable environmental law/ regulations/ guidelines in India.

S. No.	Specify the law / regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY2022-23	FY2021-22
From renewable sources		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	Nil	Nil
From non-renewable sources		
Total electricity consumption (D)	10943038800	10855256400
Total fuel consumption (E)	60363000	79617600
Energy consumption through other sources (F)	0.00	0.00
Total energy consumed from non-renewable sources (D+E+F)	11003401800	10934874000

No independent assessment/ evaluation/assurance was carried out by an external agency

2. Provide the following details related to water discharged: Not Applicable

Parameter	FY2022-23	FY2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(ii) To Groundwater		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

Not Applicable

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter		FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)			
(i)	Surface water	-	-
(ii)	Groundwater	-	-
(iii)	Third party water	-	-
(iv)	Seawater / desalinated water	-	-
(v)	Others	-	-
Total volume of water withdrawal (in kilolitres)		-	-
Total volume of water consumption (in kilolitres)		-	-
Water intensity per rupee of turnover (Water consumed / turnover)		-	-
Water intensity (optional) - the relevant metric may be selected by the entity		-	-
Water discharge by destination and level of treatment (in kilolitres)			
(i)	Into Surface water		-
	- No treatment	-	-
	- With treatment-please specify level of treatment	-	-
(ii)	Into Groundwater	-	-
	- No treatment	-	-
	- With treatment- please specify level of treatment	-	-
(iii)	Into Seawater	-	-
	- No treatment	-	-
	- With treatment- please specify level of treatment	-	-
(iv)	Sent to third-parties	-	-
	- No treatment	-	-
	- With treatment- please specify level of treatment	-	-
(v)	Others	-	-
	- No treatment	-	-
	- With treatment- please specify level of treatment	-	-
Total water discharged (in kilolitres)		-	-

No independent assessment/ evaluation/assurance was carried out by an external agency

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Not Applicable

Parameter	Unit	FY2022-23	FY2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	-	-	-
Total Scope 3 emissions per rupee of turnover	-	-	-
Total Scope 3 emission intensity (optional) - the relevant metric may be selected by the entity	-	-	-

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format: Not Applicable

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
-	-	-	-

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes. units of HMT are having emergency preparedness plans to handle any disaster including fire fighter devises which is designed to contain the incident, minimize casualties/ prevent further injuries, mitigation measures etc. Awareness/training will be provided to each employees on their role in case of emergency.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard. Not Applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. Not applicable

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

NIL

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers / associations (State / National)
-	-	-

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

No such case during the period

Name of the Authority	Brief of the case	Corrective action taken
-	-	-

Leadership Indicators

1. Details of public policy positions advocated by the entity: Not applicable

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of review by Board (Annually/ Half Yearly/ Quarterly/ Others- please specify)	Web Link, if available
-	-	-	-	-	-

PRINCIPLE: 8

Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. Not Applicable

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
-	-	-	-	-	-

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: Not Applicable

S. No.	Name of the projects for which R&R is ongoing	State	District	No. of project Affected Families (PAFs)	% PAFs covered by R&R	Amount paid to PAFs in the FY (in INR)
-	-	-	-	-	-	-

3. Describe the mechanisms to receive and redress grievances of the community.

Through Centralised Public Grievance Redress and Monitoring System (CPGRAMS)/ Public Grievance Portal grievances will be received & assigned to Public Grievance Officer in HMT.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY2022-23	FY2021-22
Directly source from MSMEs/Small producers	15.53	54.63
Sourced directly from within the district and neighboring districts	4.85	27.57

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above): Not Applicable.

Details of negative social impact identified	Corrective action taken

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Amount spent on CSR projects in designated aspirational districts during FY 2022-23 are.

Sl. No.	State	Aspirational District	Amount spent (in INR)
1	Karnataka	Yadgir	1239640*

*Approx. Rs. 1239640 has been assigned to Yadgir District which is an ongoing project.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Yes

(b) From which marginalized /vulnerable groups do you procure?

Company has been supporting Micro and Small Enterprises (MSEs). Preferences as mandated in the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order for MSEs (issued by Ministry of MSME-Gol), are followed.

(c) What percentage of total procurement (by value) does it constitute?

HMT procured 15.53 % of its procurement from MSMEs in FY2022-23.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/Acquired (Yes/No)	Benefits shared (Yes/No)	Basis of calculating benefit share
	Nil	Nil	Nil	Nil

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

No dispute related to Intellectual Property rights emerged during FY 2022-23

Name of the Authority	Brief of the case	Corrective action taken
Nil	Nil	Nil

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of person benefited*	% of beneficiaries from vulnerable and marginalized groups
1	Menstrual Health Management and adoption of Reusable Sanitary Napkin (4500 Set/18000 Nos)	4500	100%
2	Mid-day Meal Programme schools	2006	100%
3	Aids and assistive devices to Divyangjans / Senior Citizens / Disabled Persons	557	100%

4	Nutrition Food / Blind Walking Sticks / Metal Cots Other Health Care Accessories to Disabled Students / Orphans in M/s. Bless Society of Rural and Urban Development & M/s. Swavalamban Angavikalara Seva Charitable Trust	115	100%
5	Braille Books, Computers, its Accessories / Stationeries/ School Bags / Shoes / Other Educational Accessories to is-abled Students Orphans in M/s. Bless Society of Rural and Urban Development & M/s. Swavalamban Angavikalara Seva Charitable Trust	115	100%

*Approximate

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Mechanism is in place in HMT to record customer feedbacks through various ways. Company has multiple avenues to raise complaint and feedback for customer convenience like letters, emails, phone calls and during meetings. The complaints are escalated for resolution. Subsequently, the information is utilised to improve the business operations / services.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and Social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	NIL

3. Number of consumer complaints in respect of the following:

	FY2022-23		Remarks	FY2021-21		Remarks
	Received during the year	Pending resolution at the end of year		Received during the year	Pending resolution at the end of year	
Data privacy	-	-		-	-	
Advertising	-	-		-	-	
Cyber-security	-	-		-	-	
Delivery of essential services	-	-		-	-	
Restrictive Trade practices	-	-		-	-	
Unfair Trade practices	-	-		-	-	

Other	309	0	Generally, All these customer complaints are pertaining to Order tracking, Quality issues with watch received, Replacement, Refunds etc. All complaints are resolved within a maximum time frame of 1 Month	216	0	Generally, All these customer complaints are pertaining to Order tracking, Quality issues with watch received, Replacement, Refunds etc. All complaints are resolved within a maximum time frame of 1 Month
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4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	0	0
Forced recalls	0	0

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy.

Yes, the Company has framework on cyber security & risks related to data privacy/data security which is covered in the Risk Management Policy of the Company at weblink <https://www.hmtindia.com/policies/>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable

Leadership Indicators
1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available). www.hmtindia.com

Information on all product and services can be easily accessible to all customer on HMT website at <https://www.hmtindia.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As per the contractual terms and conditions, HMT provides to customers the Operation Manual and training on products or systems & also give training at our factory.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

The customers are informed through e-mailers/letters and any other communication means agreed to in the Contract/Purchase Order regarding any risk of disruption/discontinuation of essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes. All the required and standard information are displayed/stenciled on the products dispatched by HMT. Yes. HMT conducts customer satisfaction survey for major products/ services. The Company also displays information about products benefits and dos and don'ts over and above the mandatory information required by law. This information is published on product packaging, instruction manuals, product listings.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact: NIL

b. Percentage of data breaches involving personally identifiable information of customers : NIL

For and on behalf of the Board of Directors

Place: Bengaluru

Date: 06.09.2023

(Pankaj Gupta)

Chairman & Managing Director

(Addl. Charge)

DIN : 09716028

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, 2023.

Date: 06.09.2023

Place: Bengaluru

(Pankaj Gupta)

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 31st March 2023 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 31st March 2023.

S No	Name of the Director	DIN	Date of appointment in the Company
1	Mr. Pankaj Gupta ¹	09716028	25/08/2022
2	Dr. Renuka Mishra ²	08635835	12/09/2022
3	Ms. Arti Bhatnagar ³	10065528	14/02/2023
4	Mr. Shashank Priya ⁴	08538400	01/10/2019
5	Mr. Vijay Mittal ⁵	09548096	25/03/2022
6	Mr. Vishweshwar Ramachandra Bhat ⁶	07271510	27/01/2020
7	Mr. Ramji Lal ⁷	08690278	05/02/2020
8	Mr. Ashok Kumar Jain ⁸	09262984	01/08/2021

1. Held the post of Chairman & Managing Director (Additional Charge) w.e.f. 25.08.2022
2. Held the post of Government Nominee Director w.e.f. 12.09.2022
3. Appointed as Government Nominee Director w.e.f. 14.02.2023
4. Ceased from the post of Government Nominee Director w.e.f. 14.02.2023
5. Ceased from the post of Government Nominee Director w.e.f. 12.09.2022
6. Ceased from the post of Non-Executive Independent Director w.e.f. 27.01.2023
7. Ceased from the post of Non-Executive Independent Director w.e.f. 27.01.2023
8. Ceased from the post of Chairman & Managing Director w.e.f. 25.08.2022

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: 25th July 2023

D VENKATESWARLU

Practicing Company Secretary

FCS: 8554 :: CP: 7773

UDIN: F008554E000674648

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 2022-23 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee regarding:
 - (i) Any significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HMT Limited

Kamna Mehta, CFO

Date: 20th July, 2023

Pankaj Gupta, CMD/CEO



**STANDALONE
FINANCIAL
STATEMENT**



REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Provisional Comments by Director, Indian Audit and Accounts Department, Office of the Director General of Commercial Audit, Hyderabad, vide No.DGCA/Hyd/A/c Desk/HMT/2022-23/1.19/172 dated 30.08.2023 and it supersedes our Independent Auditor's Report dated 20th July 2023]

To the Members of HMT Limited

Report on Audit of the Standalone Ind AS Financial Statements

Qualified Opinion:

We have audited the Standalone Ind AS financial statements of HMT Limited ("the Company") which comprise of Standalone Balance Sheet as at 31st March, 2023, the Standalone Statement of Profit and Loss, Standalone Statement of Changes in Equity, the Standalone Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for effects of the matters described in the Basis of Qualified Opinion section of our report, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Standalone Balance Sheet, of the state of affairs of the Company as at 31st March, 2023 and
- (b) in the case of the Standalone Statement of Profit and Loss including Other Comprehensive Income, of the profit for the year ended on that date.
- (c) in the case of the Standalone Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Standalone Cash Flow Statement, of the flow of cash in the Company for the year

ended on that date.

Basis of Qualified Opinion:

1. Food Processing Machinery Unit, Aurangabad:

As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 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 31st 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.

Indian Accounting Standards

- 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.

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

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

Material Uncertainty Related to Going Concern:

Attention of the members is invited Note 44 of the Standalone Ind AS financial statements regarding the reasons for preparing these Standalone Ind AS financial Statements of the Company on going concern basis. The appropriateness of the said basis is inter-alia dependent on the Company's ability to realise from sale of non-current assets held for sale, support from Government of India and other business plans. We have relied on the representation of the Company in this respect. Our Opinion is not modified in respect of this matter.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Revenue Recognition from operating leases	
<p>Revenue Recognition from operating leases as per Ind AS 116 Leases</p> <p>Reference to Sl.No 2(k)(ii) of notes forming part of the financial statements</p> <p>The Company's total income includes a major portion of income from operating leases</p>	<p>Our Audit Procedures included the following :-</p> <ul style="list-style-type: none"> • We have verified the Lease agreements on sample basis. • We have verified the journal entries posted with the invoices and assessed their appropriateness. • We have verified the income from operating leases recognized by the Company in accordance with Ind AS 116 Leases. • We conclude that there are no material non compliances in the recognition of income from operating leases.
Transfer of Immovable Property , Legal Cases and Contingent Liabilities of HMT Watches Ltd to the Company	
<p>Transferring Immovable Properties, Legal Cases and Contingent Liabilities from HMT Watches Ltd.</p> <p>Reference to Note No. 52 of notes forming part of Standalone Financial Statements.</p>	<p>Our Audit Procedures included the following :-</p> <ul style="list-style-type: none"> • We have verified the minutes of the board meeting of HMT Limited, dated 10th June, 2022 and dated 28th October, 2022. • We have verified the entries passed in the books of account of the company to give effect to takeover of Immovable assets, Legal cases and contingent liability • We have verified the agreements for transfer of Immovable properties and legal cases and the terms and conditions therein. • We conclude that there are no material non compliances in the above transfer.

Emphasis of Matter Paragraph

1. We draw your attention to Note No. 49 of Standalone Ind AS financial statements for the financial year ended 31st March, 2023 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.
2. We draw your attention to Note No. 50 of Standalone Ind AS financial statements for the financial year ended 31st March, 2023 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.
3. We draw your attention to Note No. 51 of Standalone Ind AS financial statements for the financial year ended 31st March, 2023 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.
4. 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, 2023 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 and consequently provision for tax has been provided by the Company of Rs. 980 Lakhs. 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 Information [“Information Other than the Standalone Ind AS Financial Statements and Auditor’s Report Thereon”]

The Company’s Board of Directors are responsible for the Other information. The other information comprises the information included in the Company’s Annual Report but does not include the Standalone Ind AS financial statements and our Auditor’s report thereon. The Other information is expected to be made available to us after the date of Auditor’s report.

Our opinion on the Standalone Ind AS financial statements does not cover the Other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is

a material misstatement of this other information, we are required to report that fact. However, as the Board's Report is not made available to us, we have nothing to report.

Management's Responsibility for Standalone Ind AS Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements:

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

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters:

- i) We did not audit the financial statements/ information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 3,242.56 lakhs as at March 31, 2023 and total revenues of Rs. 4,386.89 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s V D Abhyankar & Associates, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.
- ii) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2023.

Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in

- the **"Annexure-A"** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with books of account.
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. Hence our comment on the same does not arise.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.
 - h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - i) The Company has disclosed its pending litigations which would impact its financial position in note 33 of the Standalone Ind AS financial statements.
 - ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 56 to the Notes to financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of

- the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 57 to the Notes to financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement as stated above.
- v) The company has not declared or paid dividend during the year under Audit.
3. As required by Section 143 (5) of the Act, our submissions are as under:
- We give in the **"Annexure-C"**, a statement on the compliance to Directions issued by the Comptroller and Audit General of India.
4. Pursuant to Ministry of Corporate Affairs notification dated 24.03.2021 read with notification dated 31.03.2022 requirement of reporting by the auditor on use of accounting software for maintaining its books of account with audit trail (edit log) is applicable for the Company only w.e.f 01.04.2023. Hence reporting on this clause is not applicable.

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

K. Balaji
Partner
Membership Number: 207783
UDIN: 23207783BGTEVK1744

Place: Bengaluru
Date : 04.09.2023

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

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

(B) The company does not have intangible assets. Hence, our comment on the same does not arise.

b) Based on the information and explanation given to us by the Company, physical verification of Property, Plant & Equipments carried out once in 3 years and is reasonable considering size of the company.

However, in Auxiliary Business Division- the fixed assets of Auxiliary Business Division have been physically verified as per the policy by the management during the Financial year 2022-23. However, physical verification of the Property, Plant & Equipment of the erstwhile Tractor division merged with Auxiliary Business Division was carried out during financial year 2016-17. In our opinion, the division has to make arrangements for physical verification of

assets belonging to Tractor division merged with Auxiliary Business Division. Further, no material discrepancies were noticed in the case of Property, Plant & Equipment of Auxiliary Business Division but since we do not have latest physical verification report of Tractor Division, we are unable to comment on the discrepancy if any, on Property, Plant & Equipment of Tractor division.

c) According to the information and explanation given to us by the Company, read with foot note to note 3B and foot notes to note 3C of the Standalone Ind AS financial statements, title deed of all immovable properties are held in the name of the Company except:

(i) The Branch Auditor has reported that the following property held by Food Processing Machinery Unit of the company is under dispute, as the land has been encroached upon. The matter is pending with the Honourable High Court as stated in Note No. 3A of the Standalone Ind AS Financial Statements.

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

d) Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year, however company does not have any intangible assets. Hence, our comment on the same does not arise.

e) As per the information and explanation given to us by the company, there are no proceedings

initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence our comment on the same does not arise.

- ii) (a) The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, the physical verification of inventories belonging to erstwhile

Tractor Division merged with Auxiliary Business Division was not conducted and hence we are unable to comment on the discrepancies if any and its impact on Standalone Ind AS Financial statements.

- (b) According to the information and explanation given to us, during the year the company has not taken any working capital loan. Hence, our comment on the same does not arise.
- iii) (a) During the year, the Company has granted unsecured loans/ advances/ provided security to its subsidiaries as given below:

(Rs. in Lakhs)

Particulars	Loans	Advances in the nature of Loans	Security/ Gurantee
Aggregate amount granted/ provided during the year	1,515.00	141.41	
- Subsidiaries			
HMT Machine Tools Ltd	1,515.00	80.84	
HMT (International) Ltd	-	56.70	
- Joint Venture			
SUDMO HMT Process Engineers (India) Ltd	-	3.87	
Balance outstanding as at balance sheet date in respect of above cases			
- Subsidiaries			
HMT Machine Tools Ltd	26,088.58	7,952.00	9,454.00
HMT (International) Ltd	-	246.92	
- Joint Venture			
SUDMO HMT Process Engineers (India) Ltd	-	8.70	

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

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal is not due as on 31st March, 2023 whereas payment of interest is not regular. The details of which are as follows:-

(Rs. in Lakhs)

Name of the Entity	Amount	Due date	Extent of Delay	Remarks, if any
HMT Machine Tools Limited	Rs. 556.99	31-03-2019	1462 Days	-
HMT Machine Tools Limited	Rs. 1,345.47	31-03-2020	1096 Days	-
HMT Machine Tools Limited	Rs. 1,640.73	31-03-2021	731 Days	-
HMT Machine Tools Limited	Rs.1,828.65	31-03-2022	365 Days	-

Further, the Company has accounted Bad Debts under other expenses, amounting to Rs. 1,398.11 lakhs being unrealisable interest income for the year on the loans given to HMT Machine Tools Limited, pursuant to Board of Directors approval.

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

(Rs. In Lakhs)

No. of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks, if any
Single Case	Rs. 6,591.66	Rs. 5,371.84	Rs. 11,963.50	-

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

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

(Rs. In Lakhs)

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of advances in the nature of loans			
- Repayable on demand (A)	Rs.2,835.77	-	Rs.2,835.77
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	Rs.2,835.77	-	Rs.2,835.77
Percentage of loans/ advances in the nature of loans to the total loans	8.27%	-	8.27%

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

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

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

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

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

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, GST

have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in few cases.

As per our verification and according to

the information and explanation given to us, there are no undisputed statutory dues except the following statutory dues which remained outstanding as at 31st March, 2023 for a period more than six months from the date they became payable:

(Rs. in Lakh)

Sl. No.	Nature of the Statute	Nature of Dues	Amount
In respect of Corporate Head Office:			
1.	Greater Hyderabad Municipal Corporation	Property tax	597.44
In respect of Auxiliary Business Division:			
2	Employee State Insurance	Employee State Insurance	2.34
3	VAT/CST	Interest on VAT/CST	1.24

b) According to the information and explanation given to us by the Company, there are no dues outstanding on account of any disputes in

respect of statutory dues as at 31st March, 2023 except the following:

(Rs. in Lakh)

Name of the Statute	Nature of Dues	Amount (Rs.in lakhs)	Amount paid under protest (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax Ordinance, 2000	Haryana Local Area Development Tax	486.18	Nil	From 2005 to 2015	Honourable High Court of Punjab and Haryana
Central Sales Tax Act, 1956	Appeal	53.00	NIL	FY 2013-14	DY. Commissioner of Sales Tax (Appeals)
Employee Provident Fund Act, 1952	EPF Dues	1,681.81	NIL	Various Years	Employee Provident Fund Appellate Tribunal

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

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

Nature of Borrowing [Interest Free]	Name of the lender	Amount of installment and period of default	No of Days Delay or Unpaid
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018.	1,895
		b) Rs.6,073.60 Lakhs due since 21.01.2019.	1,530
		c) Rs.6,073.60 Lakhs due since 21.01.2020.	1,165
		d) Rs.6,073.60 Lakhs due since 21.01.2021.	799
		e) Rs.6,073.60 Lakhs due since 21.01.2022.	434
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800.00 Lakhs due since 16.02.2018.	1,869
		b) Rs.4,800.00 Lakhs due since 16.02.2019.	1,504
		c) Rs.4,800.00 Lakhs due since 16.02.2020.	1,139
		d) Rs.4,800.00 Lakhs due since 16.02.2021.	773
		e) Rs.4,800.00 Lakhs due since 16.02.2022.	408
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1958.00 Lakhs due since 29.04.2018.	1,797
		b) Rs.1958.00 Lakhs due since 29.04.2019.	1,432
		c) Rs.1958.00 Lakhs due since 29.04.2020.	1,067
		d) Rs.1958.00 Lakhs due since 29.04.2021.	701
		e) Rs.1958.00 Lakhs due since 29.04.2022	336

(b) The Company is not declared wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not obtained any term loan during the year and hence our comment on application of term loans funds does not arise.

(d) The Company has not raised any funds on short term or long term basis, hence our comment on utilization of the same does not arise.

(e) The Company has not taken any funds from any entity or person to meet the obligations of its subsidiaries, associates or joint ventures, Hence our comment on the same does not arise.

(f) The Company has not raised any loans during the year on the pledge of securities held in subsidiaries. Hence our comment on the same does not arise.

x) (a) In our opinion based on the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence, comment on the same does not arise.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Hence our comment on the same does not arise.

xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial

statements and as per the information and explanations given by the management, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the course of our audit.

- (b) No report has been filed by the Company Auditors in Form ADT-4 as per Section 143(12) of the Act since there were no instances of fraud by the company or any fraud on the company has been noticed or reported during the year.
- (c) No Whistle-blower complaints were received during the year by the auditor and hence our comment on the same does not arise.
- xii) The Company is not a Nidhi Company and hence our comment on matters mentioned in sub clause (a) to (c) of clause (xii) of the order does not arise.
- xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- xiv) (a) The Company has a formal internal audit system which is commensurate with the size of the company and nature of its Business which needs to be more effective.
(b) We have considered the Internal Auditor's reports which has been submitted for the period under audit.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.
- xvi) As the Company is not carrying on the business of Non-Banking Finance, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, our comment on clauses (b) to (d) of the order does not arise.
- xvii) The company has not incurred any cash losses in the financial year but in the immediately preceding financial year the company has incurred cash losses.
- xviii) There has been no resignation of Company's Statutory Auditors during the financial year. Hence, our comment on the same does not arise.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- xx) (a) The Company does not have unspent amount in respect of other than ongoing projects in compliance with second proviso sub-section (6) of section 135 of the said Act. Hence, our comment on the same does not arise.
- (b) According to the information and explanation given to us, the Company has transferred the remaining amount unspent relating to an ongoing project in compliance with the provision of sub-section (6) of section 135 of the said Act.
- xxi) The reporting under clause (xxi) is not applicable to Standalone Financial Statements.

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

K. Balaji
Partner
Membership Number: 207783
UDIN: 23207783BGTEVK1744

Place: Bengaluru
Date : 04.09.2023

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

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

We have audited the internal financial controls over financial reporting of HMT Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

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

Auditors’ Responsibility:

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting:

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

Qualified Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India except:

Company as a Whole:

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

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

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

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

As explanation given by the management, stock is valued by adopting Weighted Average Cost method. However, the details related to inventory valuation were not provided for our verification. Hence, we could not verify the rates considered in Inventory Valuation. Further, the overhead cost was also not identified and allocated. These could potentially result in the material misstatement in the Company's Consumption, Inventory and Expense account balances.

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

K. Balaji
Partner
Membership Number: 207783
UDIN: 23207783BGTEVK1744

Place: Bengaluru
Date : 04.09.2023

ANNEXURE - C 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 2022-23 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA ("C&AG") UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013

Sl. No.	Directions	Audit Observations
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the Company, it has system in place where all the accounting vouchers are manually prepared and entered into IT systems after proper authorization. We are of the opinion that there is no material financial implications on the Company.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.28.50 crores as on 31.03.2023 out of the Loan received from GOI of Rs. 641.58 crores.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF HMT LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of HMT Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 04 September 2023 which supersedes their earlier Audit Report dated 20 July 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Standalone financial statements of HMT Limited for the year ended 31 March 2023 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

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

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

M.S. Subrahmanyam

(M.S. Subrahmanyam)

**Director General of Commercial Audit
Hyderabad**

Place: Hyderabad

Date: 06 September 2023

Standalone significant accounting policies for the year ended March 31, 2023

1. Background:

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

2. Significant Accounting Policies:

i) Basis of preparation:

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

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

ii) Summary of Significant Accounting Policies:

a) Use of estimates:

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

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

b) Property, Plant & Equipment

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

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

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

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

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

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

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

The carrying amount of an item of PPE is derecognised:

(a) on disposal; or

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

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

Special Tools:

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

c) Leases

The Company as a lessor

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

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

Operating Leases as a Lessor

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

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

The Company as a lessee

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

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

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

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

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

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

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

d) Borrowing Cost:

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

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

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

e) Investment Property:

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

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

Investment properties are derecognised either when they have been disposed 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.

I) Foreign Currency Translation:

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

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

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

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

functional currencies using the exchange rate in effect on the date of the transaction.

m) Retirement & Other Employee Benefits:

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

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

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

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

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

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

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

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

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

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

n) Income taxes:

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

i) Current taxes:

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

ii) *Deferred Taxes:*

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

o) Provisions:

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

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

p) Impairment:

i) *Financial assets:*

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind

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

ii) *Non-financial assets:*

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

Impairment losses are recognized in the statement of profit and loss. After

impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

q) Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) Financial assets at amortised cost:

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a

business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company presents the subsequent changes in fair value in Other Comprehensive Income.

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

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

v) Financial Liabilities:

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

vi) De-recognition of financial instruments:

The Company 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 to 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 intervals 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 2023

(Rs. in lakhs)

Particular	Notes	As at 31-3-2023	As at 31-3-2022
ASSETS			
Non-current Assets			
Property, Plant and Equipment	3A	896.29	936.96
Investment Property	3B	160.13	179.85
Financial Assets			
Investments	4	71,977.91	71,977.91
Other Financial Assets	11	1,884.05	6,045.26
Deferred Tax Asset (Net)	5	4.28	24.64
Other Non Current Assets	13	67.98	64.98
		74,990.64	79,229.60
Current assets			
Inventories	6	974.81	837.05
Financial Assets			
Trade Receivables	7	1,767.31	230.62
Cash and Cash Equivalents	8	7,638.04	321.93
Bank balances other than Cash and Cash Equivalents	9	9,769.51	5,416.73
Loans	10	26,088.58	24,573.58
Other Financial Assets	11	282.56	257.53
Current Tax Assets (Net)	12	965.48	464.80
Other Current Assets	13	9,523.21	10,435.90
		57,009.50	42,538.14
Non Current Assets Held for Sale	3C	296.15	0.09
		296.15	0.09
TOTAL ASSETS		132,296.29	121,767.83
EQUITY AND LIABILITIES			
Equity			
Share Capital	14	35,560.16	35,560.16
Other Equity	15	7,832.74	7,106.19
Total Equity		43,392.90	42,666.35
Non-current Liabilities			
Financial liabilities			
Non-current Financial Liability	17	-	11.13
Provisions			
Provision for Employee Benefits	18	241.01	(9.21)
		241.01	1.92

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2023

(Rs. in lakhs)

Particular	Notes	As at 31-3-2023	As at 31-3-2022
Current Liabilities			
Financial Liabilities			
Borrowings	16	64,171.74	64,160.61
Trade Payables	19		
<i>Total outstanding dues to Micro, Small & Medium Enterprises</i>		10.52	2.17
<i>Total outstanding dues of creditors other than Micro, Small & Medium Enterprises</i>		417.56	178.68
Other Financial Liabilities	20	3,686.00	3,686.00
Other Current Liabilities	21	19,065.62	10,334.82
Provisions			
Provision for Employee Benefits	18	130.93	452.33
Others	23	285.35	284.95
Current Tax Liabilities (Net)	22	894.66	-
		88,662.38	79,099.56
Total Liabilities		88,903.39	79,101.48
TOTAL EQUITY AND LIABILITIES		132,296.29	121,767.83

Significant Accounting Policies and Notes forming part of Accounts

As per our Report of even date attached

For and on behalf of the Board of Directors of HMT Limited

For S S B & Associates

 Chartered Accountants
 F.R.N : 010372S

Pankaj Gupta

 Chairman and Managing Director
 DIN 09716028

Arti Bhatnagar

 Director
 DIN 10065528

K. Balaji

Partner

M.No : 207783

UDIN : 23207783BGTEUP7649

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : July 20, 2023

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31ST MARCH 2023**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-3-2023	Year Ended 31-3-2022
CONTINUING OPERATIONS			
Revenue from Operations	24	5,159.25	1,257.55
Other Income	25	4,837.33	6,916.52
Total Income		9,996.58	8,174.07
EXPENSES			
Cost of Materials consumed	26	4,285.60	472.57
Changes in Inventories of finished goods, Stock in trade and work-in-progress	27	(178.80)	80.44
Employee benefits expense	28	734.27	1,011.77
Depreciation and amortization expense	29	210.84	194.84
Finance costs	30	12.69	850.07
Other expenses	31	3,441.37	1,729.67
Total expense		8,505.97	4,339.36
Profit/(loss) before exceptional items and tax from continuing operations		1,490.61	3,834.71
Exceptional items	32	-	-
Profit/(loss) before tax from continuing operations		1,490.61	3,834.71
(1) Current tax		1,180.00	-
(2) Deferred tax		13.39	(1.18)
(3) Adjustment of tax relating to earlier periods		(408.60)	-
		784.79	(1.18)
Profit/(loss) for the year from continuing operations		705.82	3,835.89
DISCONTINUED OPERATIONS			
		-	-
Profit/(loss) for the year		705.82	3,835.89

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31ST MARCH 2023**

(Rs. in lakhs)

Particulars	Notes	Year Ended 31-3-2023	Year Ended 31-3-2022
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		27.70	93.22
Tax expense/(income)		6.97	(23.46)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		20.73	116.68
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		726.55	3,952.57
Earnings per share for continuing operations	39		
i) Basic, profit from continuing operations attributable to equity holders		0.20	1.08
ii) Diluted, profit from continuing operations attributable to equity holders		0.20	1.08
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		0.20	1.08
ii) Diluted, profit for the year attributable to equity holders		0.20	1.08

Significant Accounting Policies and Notes forming part of Accounts
As per our Report of even date attached
For and on behalf of the Board of Directors of HMT Limited
For S S B & Associates
Chartered Accountants

F.R.N : 010372S

Pankaj Gupta

Chairman and Managing Director

DIN 09716028

Arti Bhatnagar

Director

DIN 10065528

K. Balaji
Partner

M.No : 207783

UDIN : 23207783BGTEUP7649

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : July 20, 2023

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH 2023**

(Rs. in lakhs)

Particulars	Year Ended 31-3-2023	Year Ended 31-3-2022
Operating activities		
Profit/(loss) before tax from continuing operations	1,490.61	3,834.71
Profit before tax	1,490.61	3,834.71
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	191.12	172.61
Depreciation of investment properties	19.72	22.23
Amortisation of government grant	11.13	832.88
Profit on disposal of property, plant and equipments	(76.48)	(19.44)
Interest income	(2106.67)	(2490.54)
Finance costs	12.69	850.07
Working capital adjustments:		
Movements in provisions, gratuity and government grants	3,891.28	262.34
Increase in trade and other receivables and prepayments	(727.37)	(7,237.15)
(Increase)/Decrease in inventories	(104.35)	111.46
Increase in trade and other payables	8,978.03	272.40
	11,557.45	(5,054.19)
Income tax (paid)/reversed	(377.42)	(387.84)
Net cash flows from operating activities	11,180.03	(5,442.03)
Investing activities		
Proceeds from sale of property, plant and equipment	76.52	19.48
Purchase of property, plant and equipment	(446.55)	(60.50)
Deposits with Banks	(4,352.78)	4,102.70
Interest received	860.45	585.38
Net cash flows used in investing activities	(3,862.36)	4,647.06
Financing activities		
Interest Paid	(1.56)	(17.19)
Repayment of borrowings	-	-
Net cash flows from/(used in) financing activities	(1.56)	(17.19)

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED
31ST MARCH 2023**

(Rs. in lakhs)

Particulars	Year Ended 31-3-2023	Year Ended 31-3-2022
Net increase in cash and cash equivalents	7,316.11	(812.16)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	321.93	1,134.09
Cash and cash equivalents at year end	7,638.04	321.93

Significant Accounting policies and Notes forming part of Accounts.

Note: 1) The above statement has been prepared under the indirect method as set out in Ind AS 7
2) The Cash and Cash equivalents has been considered as per Note No.8

As per our Report of even date attached
For and on behalf of the Board of Directors of HMT Limited
For S S B & Associates

 Chartered Accountants
F.R.N : 010372S

Pankaj Gupta

 Chairman and Managing Director
DIN 09716028

Arti Bhatnagar

 Director
DIN 10065528

K. Balaji

 Partner
M.No : 207783
UDIN : 23207783BGTEUP7649

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : July 20, 2023

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

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

As at 31st March 2022

Balance as at 1st April 2021	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
35,560.16	-	35,560.16

B. Other Equity

As at 31st March 2023

	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 2022	13,453.11	(4,585.37)	-	(1,761.55)	7,106.19
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset	-	-	-	20.73	20.73
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	705.82	-	-	705.82
Balance as at 31 March 2023	13,453.11	(3,879.55)	-	(1,740.82)	7,832.74

STATEMENT OF CHANGES IN EQUITY

As at 31st March 2022

(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 2021	13,453.11	(8,421.26)	-	(1,878.23)	3,153.62
Discontinued operations	-	-	-	-	-
Remeasurement of the net defined benefit liability/ asset	-	-	-	116.68	116.68
Dividends including (DDT)	-	-	-	-	-
Total Comprehensive Income for the year	-	3,835.89	-	-	3,835.89
Balance as at 31 March 2022	13,453.11	(4,585.37)	-	(1,761.55)	7,106.19

Significant Accounting policies and Notes forming part of Accounts.

As per our Report of even date attached
For and on behalf of the Board of Directors of HMT Limited
For S S B & Associates

 Chartered Accountants
 F.R.N : 010372S

Pankaj Gupta

 Chairman and Managing Director
 DIN 09716028

Arti Bhatnagar

 Director
 DIN 10065528

K. Balaji

Partner

M.No : 207783

UDIN : 23207783BGTEUP7649

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : July 20, 2023

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

3A. PROPERTY, PLANT AND EQUIPMENT

(Rs. In lakhs)

	Land & Land Development	Buildings	Plant and Machinery	Furniture, Fittings & Office Appliances	Special Tools	Transport Vehicles	Land-Lease hold	Total
Gross carrying value								
As At 1 April 2021	158.19	718.04	10,827.91	462.01	623.99	64.99	17.09	12,872.22
Additions	-	41.80	16.49	3.37	-	(1.16)	-	60.50
Disposals	-	-	(10.20)	(0.11)	-	(0.28)	-	(10.59)
As At 31 March 2022	158.19	759.84	10,834.20	465.27	623.99	63.55	17.09	12,922.13
Additions/Adjustment	-	131.57	16.51	2.41	-	-	-	150.49
Disposals	-	-	(40.01)	(0.09)	-	-	-	(40.10)
As At 31 March 2023	158.19	891.41	10,810.70	467.59	623.99	63.55	17.09	13,032.52
Accumulated Depreciation								
As At 1 April 2021	-	341.60	10,330.36	455.03	620.91	64.99	10.22	11,823.11
Depreciation charge for the year	-	28.59	142.53	1.36	-	-	0.13	172.61
Disposals/Adjustment	-	-	(10.68)	1.57	-	(1.44)	-	(10.55)
As At 31 March 2022	-	370.19	10,462.21	457.96	620.91	63.55	10.35	11,985.17
Depreciation charge for the year	-	60.96	128.63	1.40	-	-	0.13	191.12
Disposals/Adjustment	-	-	(39.97)	(0.09)	-	-	-	(40.06)
As At 31 March 2023	-	431.15	10,550.87	459.27	620.91	63.55	10.48	12,136.23
Net carrying value								
As At 31 March 2023	158.19	460.26	259.83	8.32	3.08	-	6.61	896.29
As At 31 March 2022	158.19	389.65	371.99	7.31	3.08	-	6.74	936.96
31-3-2023	Amount	31-3-2022	Amount					
Net carrying value								
Plant Property and Equipment	896.29		936.96					

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.9883.40 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.130.56 lakhs

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
3B. INVESTMENT PROPERTY			
Gross carrying value			
As at 1 April 2021	10.75	1,444.97	1,455.72
Additions	-	-	-
Deduct/adjustment	-	-	-
As at 31 March 2022	10.75	1,444.97	1,455.72
Additions	-	-	-
Deduct/adjustment	-	-	-
As at 31 March 2023	10.75	1,444.97	1,455.72
Depreciation and impairment			
As at 1 April 2021	-	1,253.64	1,253.64
Depreciation	-	22.23	22.23
Deduct/adjustment	-	-	-
As at 31 March 2022	-	1,275.87	1,275.87
Depreciation	-	19.72	19.72
Deduct/adjustment	-	-	-
As at 31 March 2023	-	1,295.59	1,295.59
Net carrying value			
As at 31 March 2023	10.75	149.38	160.13
As at 31 March 2022	10.75	169.10	179.85

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, 2023 is Rs.2,27,020.15 Lakhs (as at March 31, 2022 Rs. 2,27,020.15 Lakhs)
- iii) **Land:**
 - (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 27 acres and 660.75 acres respectively, nominally valued at Rs. 1/- each.
 - (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of sale deed is pending. The Company has obtained stay order from the Honourable Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government

of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

Additional Information:

Information regarding income and expenditure of Investment property

(Rs. in lakhs)

Particular	31-Mar-23	31-Mar-22
Rental income derived from investment properties	380.26	286.27
Direct operating expenses (including repairs and maintenance) generating rental income	(355.66)	(308.74)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.47)	(2.55)
Profit/(loss) arising from investment properties before depreciation and indirect expenses	22.13	(25.02)
Less - Depreciation	19.72	22.23
Profit arising from investment properties before indirect expenses	2.41	(47.25)

3C. Non Current Assets Held for Sale

(Rs. in Lakhs)

Nature of Asset	As at 31-Mar-23	As at 31-Mar-22
Land	24.13	0.09
Buildings	272.02	-
Total	296.15	0.09

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 upon and the matter has been taken up with the Government 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 STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
4. Financial assets		
Investments In Equity Instruments		
Investments at fair value through Other Comprehensive Income (FVTOCI)		
Unquoted equity shares (fully paid)		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
Total FVTOCI investments	-	-
Investment in Equity Instruments of Subsidiaries, Associates and Joint Venture at Cost:		
Investment in Joint Venture		
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	15.00	15.00
Investments in Associates		
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	-	-
Investment in Subsidiaries		
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	3.00	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	27,659.91	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	649.01	649.01
Total Investment in Equity instruments in subsidiaries and Joint Venture	28,326.92	28,326.92

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
Investments in Preference Shares		
Investment in Subsidiaries		
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)	44,300.00	44,300.00
Total Investment in Preference Shares	44,300.00	44,300.00
Total	72,626.92	72,626.92
Less: Allowance for Investments in Subsidiaries		
HMT Watches Ltd, Bangalore	649.01	649.01
	649.01	649.01
Total Investments	71,977.91	71,977.91
Current	-	-
Non Current	71,977.91	71,977.91
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	72,626.92	72,626.92
Aggregate amount of impairment in value of investments	649.01	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-23	As at 31-Mar-22
5. Deferred Tax Assets (Net)		
Deferred Tax Asset	79.80	97.40
Less : Deferred Tax Liability	75.52	72.76
	4.28	24.64
6. Inventories		
Raw Materials and Components	162.90	194.49
Work-in-Progress	279.44	268.71
Finished Goods	167.75	131.26
Stock in Trade	593.26	461.68
Stores and Spares	21.41	27.10
Tools and Instruments	28.45	65.62
Scrap	0.69	0.69
	1,253.90	1,149.55
Less: Provision for Non-moving Inventories	279.09	312.50
	974.81	837.05
7. Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	1,767.31	230.62
Doubtful	9,933.52	6,142.07
	11,700.83	6,372.69
Allowance for doubtful debts		
Unsecured, considered doubtful	9,933.52	6,142.07
	1,767.31	230.62

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

7A Agewise details

As at the end of current financial year.

(Rs. in lakhs)

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	1,705.71	23.47	7.68	4.80	25.65	1,767.31
Undisputed - Considered doubtful	-	-	-	-	93.69	93.69
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	9,839.83	9,839.83
	1,705.71	23.47	7.68	4.80	9,959.17	11,700.83

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	155.62	2.28	25.66	38.83	8.23	230.62
Undisputed - Considered doubtful	-	-	-	-	83.17	83.17
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	6,058.90	6,058.90
	155.62	2.28	25.66	38.83	6,150.30	6,372.69

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
8. Cash and Cash Equivalents:		
Current Accounts	307.76	311.84
Deposits with maturity of three months or less	7,330.08	10.00
Cash and Cheques on hand	0.20	0.09
	7,638.04	321.93
9. Bank balances other than Cash and Cash Equivalents:		
Deposits with maturity more than three months but less than twelve months	9,769.51	5,416.73
	9,769.51	5,416.73
10. Loans		
Unsecured		
Loans to subsidiaries		
Considered Good		
HMT Machine Tools Ltd	26,088.58	24,573.58
Total	26,088.58	24,573.58
11. Other Financial Assets		
Non-Current		
Deposits with Banks exceeding twelve months of maturity	1,850.17	5,820.17
Interest accrued and due	33.88	225.09
	1,884.05	6,045.26
Current		
Interest accrued and due	282.56	257.53
	282.56	257.53
12. Current Tax Asset/(Liability) (Net)		
Advance tax/TDS Receivables	1,034.56	942.48
Less: Current Tax provision	69.08	477.68
	965.48	464.80
13. Other Current Assets		
Non-Current		
Deposits	67.98	64.98
	67.98	64.98
Current		
Advances to subsidiary companies		
HMT Machine Tools Ltd	7,952.00	7,871.16
HMT International Ltd	246.92	190.22
	8,198.92	8,061.38

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
Advances and Other Receivables		
Advances recoverable in cash or in kind		
Secured		
Considered Good	-	0.50
Unsecured		
Considered Good #	1,162.72	2,345.61
Considered Doubtful	378.18	201.71
	1,540.90	2,547.82
Less: Allowance for Doubtful Advances	378.18	201.71
	1,162.72	2,346.11
Interest on Trade Receivable	5,924.75	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.75	5,924.90
	-	-
Collector of customs	-	1.76
Deposits	161.57	26.65
	9,523.21	10,435.90

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 31.3.2023 an amount of Rs.4.99 lakhs (Rs.4.99 lakhs Previous year) is due from HSIIDC.
- (b) Advances to Joint Ventures Rs.8.70 lakhs (Rs. 4.83 lakhs Previous Year)
- (c) Loans and Advances include.

Type of Borrower	Promoters	Directors	KMPs	Related Parties
Amount of loans or advances in the nature of loan outstanding				
- Repayable on Demand	Nil	Nil	Nil	2835.77
- without specifying any terms or period of repayment	Nil	Nil	Nil	Nil
% age of total loans and advances in the nature of loans				8.27%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23		As at 31-March-22	
	No.	Amount	No.	Amount
14 Equity Share Capital				
Authorised Share Capital:				
Equity shares of Rs.10 each	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
Issued, Subscribed & Paid up:				
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	35,56,01,640	35,560.16	35,56,01,640	35,560.16

Additional Information:
1 Equity Shares:

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

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

2 Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	No. of shares	Percentage	No. of shares	Percentage
Equity Shares:				
Hon'ble President of India	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 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 STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
15 Other Equity:		
i) General Reserve:		
As per last Balance Sheet	13,453.11	13,453.11
ii) Retained Earnings:		
As per last Balance Sheet	(4,585.37)	(8,421.26)
Adjustments:		
Amount transferred from Statement of Profit & Loss	705.82	3,835.89
	(3,879.55)	(4,585.37)
iii) FVTOCI Reserve:		
As per last Balance Sheet	(1,761.55)	(1,878.23)
Adjustments:		
On implementation of Ind AS		
- Reclassification of actuarial gain/losses on defined benefit plans	20.73	116.68
	(1,740.82)	(1,761.55)
Total	7,832.74	7,106.19
16. Borrowings		
Unsecured		
Current maturities of long-term Debts	-	1,946.87
Loan from Govt. of India (Defaulted) (Refer foot note 1 below)	64,158.00	62,200.00
Interest free loan from Government of India (Defaulted) (refer foot note 2 below)	13.74	13.74
Total current borrowings	64,171.74	64,160.61
Aggregate Secured loans	-	-
Aggregate Unsecured loans	64,171.74	64,160.61

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
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1. Period and amount of Default are as follows:

Nature of Borrowing	Name of the lender	Amount of installment and period of default	No of Days Delay or Unpaid
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018.	1,895
		b) Rs.6,073.60 Lakhs due since 21.01.2019.	1,530
		c) Rs.6,073.60 Lakhs due since 21.01.2020.	1165
		d) Rs.6,073.60 Lakhs due since 21.01.2021.	799
		e) Rs.6,073.60 Lakhs due since 21.01.2022.	434
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800 Lakhs due since 16.02.2018.	1,869
		b) Rs.4,800 Lakhs due since 16.02.2019.	1504
		c) Rs.4,800 Lakhs due since 16.02.2020.	1139
		d) Rs.4,800 Lakhs due since 16.02.2021.	773
		e) Rs.4,800 Lakhs due since 16.02.2022.	408
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1,958 Lakhs due since 29.04.2018.	1,797
		b) Rs.1,958 Lakhs due since 29.04.2019.	1432
		c) Rs.1,958 Lakhs due since 29.04.2020.	1066
		d) Rs.1,958 Lakhs due since 29.04.2021.	701
		e) Rs.1,958 Lakhs due since 29.04.2022.	336

2. During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industries whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries.

17. Non current financial liability

Deferred Government Grant	-	11.13
	-	11.13

18. Provision for employee benefits
Non Current

Gratuity	(10.99)	(232.06)
Earned Leave Encashment	135.51	121.59
Settlement Allowance	41.36	37.24
Provident Fund	75.13	64.02
	241.01	(9.21)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
Current		
Gratuity	46.02	285.02
Earned Leave Encashment	27.97	96.45
Settlement Allowance	2.06	14.70
Wage and Salary Revision arrears (1992-1995)	54.88	56.16
	130.93	452.33
19. Trade payables		
Total outstanding dues to Micro, Small & Medium Enterprises	10.52	2.17
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	417.56	178.68
Total	428.08	180.85

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	10.52				10.52
Others	266.82	3.10	4.20	143.44	417.56
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	277.34	3.10	4.20	143.44	428.08

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	2.17	-	-	-	2.17
Others	28.99	3.35	0.56	145.78	178.68
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	31.16	3.35	0.56	145.78	180.85

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
The details of amounts outstanding to Micro, Small and Medium Enterprises ("MSMED") based on information available with the Company is as under:		
Principal amount due and remaining unpaid	10.52	2.17
Interest due on above and the unpaid interest	2.00	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.	2.00	2.00
* includes amount reversed on account of final settlement made with MSMED vendors.		
20. Other Financial Liabilities		
3.5% preference Share Capital (Defaulted)	3,686.00	3,686.00
Total	3,686.00	3,686.00

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)

	As at 31-Mar-23	As at 31-Mar-22
21. Other Liabilities		
Current		
Dues to subsidiary companies		
HMT Watches Ltd	-	987.83
Revenue received in advance	1,007.12	2,268.66
Advance received against sale of land [(Ref: Note No.3C-Additional information (d) &(e)]	8,128.74	-
Accrued Expenses	1,558.38	1,427.16
Other liabilities (Earnest Money Deposit, Statutory dues, etc.,)	8,371.38	5,651.17
Total	19,065.62	10,334.82
22. Current Tax Liabilities		
Current Tax provision	1,180.00	-
Less: Advance tax/TDS Receivables	285.34	-
Total	894.66	-

Additional Information:

The current tax provision of Rs. 1,180 lakhs include an amount of Rs. 980 lakhs created as a result of part performance of a contract under section 53A Transfer of Property Act, 1882 in line with section 2(47) and section 45 of the Income Tax Act, 1961.

23. Provisions - others

	Warranty Claims	Provision for Indirect Taxes	Others	Total
As At 1 April 2022	6.39	1.25	277.31	284.95
Arising during the year	4.50	-	-	4.50
Utilised	(3.85)	-	(0.25)	(4.10)
Unused amounts reversed	-	.	-	-
As At 31 March 2023	7.04	1.25	277.06	285.35
Current	7.04	1.25	277.06	285.35
As At 1 April 2021	6.22	22.07	-	28.29
Arising during the year	4.37	-	277.31	281.68
Utilised	(4.20)	-	-	(4.20)
Unused amounts reversed	-	(20.82)	-	(20.82)
As At 31 March 2022	6.39	1.25	277.31	284.95
Current	6.39	1.25	277.31	284.95

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
24. Revenue from operations		
Sale of Products		
Food Processing Machinery	575.12	549.79
Watches	726.22	512.94
Spares and Accessories	151.37	173.49
Revenue from Powder Project	3,679.63	-
	5,132.34	1,236.22
Sale of Services		
Sundry Jobs and Miscellaneous Sales	12.21	10.42
Packing / Forwarding charges	14.70	10.91
	26.91	21.33
Revenue from Operations	5,159.25	1,257.55
25. Other income		
Interest Income		
Interest income on Bank Deposits	693.89	635.40
Interest income on HC loans from subsidiaries	1,412.40	1,854.72
Interest from Dealers/Others	0.38	0.42
	2,106.67	2,490.54
Dividend Income		
Dividend received from subsidiaries	-	-
	-	-
Other Income		
Recoveries from Staff/Others	345.70	310.97
Royalties from Subsidiaries	3.86	2.01
Rental Income	1,973.18	1,357.18
Profit on Sale of Property, Plant and Equipment	76.48	19.44
Provisions Written back	125.77	1,682.31
Amortisation of Govt. Grant	11.13	832.88
Other non operating Income	194.54	221.19
	2,730.66	4,425.98
Total Other Income	4,837.33	6,916.52

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. In lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
26. Cost of Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	194.49	221.97
Add: Purchases	4,190.09	431.08
	4,384.58	653.05
Less: inventory at the end of the year	162.90	194.49
Cost of raw material and components consumed	4,221.68	458.56
Consumption of Stores, Spares, Tools & Packing Materials	63.92	14.01
Total raw materials and components consumed	4,285.60	472.57
Particulars of Materials Consumed		
Steel	82.47	74.18
Non-ferrous Castings	10.66	9.58
Standard parts & components	4,115.65	374.80
Others	12.90	-
Total	4,221.68	458.56
27. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	131.26	118.22
Less: inventory at the end of the year	167.75	131.26
Changes in Inventory	(36.49)	(13.04)
Work in Progress		
Inventory at the beginning of the year	268.71	383.49
Less: inventory at the end of the year	279.44	268.71
Changes in Inventory	(10.73)	114.78
Stock in Trade		
Inventory at the beginning of the year	461.68	440.04
Less: inventory at the end of the year	593.26	461.68
Changes in Inventory	(131.58)	(21.64)
Scrap		
Inventory at the beginning of the year	0.69	1.03
Less: inventory at the end of the year	0.69	0.69
Changes in Inventory	-	0.34
Total	(178.80)	80.44

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
28. Employee benefits expense		
Salaries,Wages and Bonus	585.15	842.78
House Rent Allowance	28.74	17.48
Gratuity	19.47	29.02
Contribution to PF & FPS	60.38	77.44
Deposit Linked Insurance	1.01	3.25
Welfare Expenses	39.52	41.80
	734.27	1,011.77
29. Depreciation and amortization		
Depreciation of tangible assets	191.12	172.61
Depreciation on Investment Properties	19.72	22.23
	210.84	194.84
30. Finance costs		
Interest Expense		
Interest Expense (Gol Loans)	11.13	832.88
Others	0.01	14.60
Other Borrowing Cost		
Discounting Charges	1.55	2.59
Total finance costs	12.69	850.07
31. Other expenses		
Manufacturing Expenses		
Power and Fuel	30.65	29.06
Provision for Non Moving Inventories	-	76.32
Selling & Distribution Expenses		
Advertisement and Publicity	7.04	21.13
Carriage outwards	2.94	2.72
Establishment Expenses		
Rates and Taxes	276.87	212.30
Insurance	11.98	12.48
Water and Electricity	364.07	344.49
Printing and Stationery	10.21	10.25
Auditors Remuneration #	2.69	2.42
Provision for Doubtful Debts,Loans and Advances	191.84	31.12
Warranty claims	4.50	4.36

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
Loss sustained by PF Trust	39.17	24.77
Bad Debts	1,398.11	-
Travelling Expenses	28.01	13.55
Repairs and Maintenance-Other than Machinery	345.24	339.69
Security Charges	198.54	190.14
Corporate Social Responsibility	60.91	41.03
Other Expenses	536.72	449.72
Less: Recovery of Common Expenses from Subsidiary Companies	(68.12)	(75.88)
	3,441.37	1,729.67
# As auditor	2.07	2.07
For taxation matters	0.20	0.15
For other services	0.42	0.20
	2.69	2.42

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	60.91	41.03
ii) Shortfall amount from the previous year	41.83	9.70
	102.74	50.73
iii) Amount spent during the year		
- on the project in Health and Nutrition Sector- supply of		
> Oxygen Cylinder to " New Govt. District Hospital" at Yadgir District)	-	8.90
> 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	-
> Artificial Aids and Assistive Divices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Bangalore	2.30	-
> Mid day meal plan, the Akshya Patra Foundation, Ajmer	5.00	-
> Reusable Sanitary Napkins to Women, Yadgir District	10.90	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
- Transfer to PM National Relief Fund	0.59	-
Total amount spent during the year	60.03	8.90
vi) Amount carried forward (shortfall at the end of the year)	42.71	41.83
v) Reasons for Shortfall: The Company has identified certain ongoing activities referred below: Nature of CSR Activities on Health Care a) Distribution of Artificial Aids and Assistive Divices to Divyangjans/ Senior Citizens/Disabled Persons through Alimco, Bangalore b) Health care accessories to Disabled students/Orphans in M/s Bless Society of Rural and Urban Development & M/s Swavalamban Angavikala Seva Charitable Trust, Bangalore		
32. Exceptional Items	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	As at 31-Mar-23	As at 31-Mar-22
33 Contingent Liabilities		
Claims against the company not acknowledged as debt:		
a) Tax related claims pending in appeal		
i) Sales Tax	53.64	-
ii) Income Tax	37.92	-
b) Non receipt of related Forms against levy of concessional Sales Tax	-	3.22
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	52.64	52.64
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	4,154.95	4,173.55
e) Various legal cases relating to employees and other contingent liabilities pertaining to HMT Watches Ltd (Ref: Note No.52)	9,896.80	
f) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	23.89
g) Guarantees and Counter Guarantees and LCs issued [(including Rs.9454.00 Lakhs and Rs.8018.00.lakhs (previous year) against Corporte Guarantee of Rs.12272 lakhs issued to HMT Machine Tools Ltd)]	9,649.58	8,228.18
h) Income tax deducted at source demand under the traces software for short and non remittances of tax deduction at source - matter under examination.	79.40	75.40
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.	311.77	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 and awaiting reply from Stock Exchanges. Hence, the exact penalties amount from stock exchanges could not be ascertained		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	As at 31-Mar-23	As at 31-Mar-22
34 Other Disclosures:		
(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 - Advance received against sale of land represents Rs. 926.64 lakhs from M/s Raman Research Institute towards sale of land and buildings at Bangalore and Rs. 7202.10 Lakhs (including TDS) for 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 income pending approval from the Concerned Authorities for execution of Sale Deed.		
35. Preference Share Capital:		
(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	5,607.63	5,607.63
36 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	24.29	24.85

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	Year Ended 31-Mar-23	Year Ended 31-Mar-22
37 Transactions with Key Managerial Personnel		
<i>Compensation of key management personnel of the Company</i>		
i) Short-term employee benefits	20.80	29.76
ii) Post - employment benefits	2.91	4.33
iii) Other long term benefits	1.48	2.38
Total compensation paid to key management personnel	25.19	36.47

38A 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-23	31-Mar-22	31-Mar-23	31-Mar-22
Financial assets				
Loans - Fair value through Profit & loss	26,088.58	24,573.58	26,088.58	24,573.58
Total	26,088.58	24,573.58	26,088.58	24,573.58
Financial liabilities				
Fair value through profit & loss	-	-	-	-
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
Total	64,171.74	64,171.74	64,171.74	64,171.74

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022

(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)
Assets measured at fair value:					
FVTOCI financial investments:					
Unquoted equity shares					
Nigeria Machine Tools Ltd	-	-	-	-	-
Assets for which fair values are disclosed					
Investment properties					
Land*	31-Mar-22		2,27,020.15		2,27,020.15
Financial Liability					
Interest Free Government of India Loan	31-Mar-22	8% Effective Rate of Interest used	64,171.74		64,171.74
* Based on guidance value not restated in the financial statements since Investment property					

A) Nigeria Machine Tools Ltd is a company incorporated outside India, and as per its latest audited balance sheet dated 31-12-2020 net worth is completely eroded and hence the fair value at Rs. NIL is considered.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Particulars	31-Mar-23	31-Mar-22
39 Earnings per share (EPS)		
Profit attributable to equity holders:		
Continuing operations	705.82	3,835.89
Discontinued operation	-	-
Profit attributable to equity holders for basic earnings	705.82	3,835.89
Profit attributable to equity holders adjusted for the effect of dilution	705.82	3,835.89
Weighted average number of Equity shares for basic EPS	35,56,01,640	35,56,01,640
Effect of dilution:		
Convertible preference shares		
Weighted average number of Equity shares adjusted for the effect of dilution *	35,56,01,640	35,56,01,640
Earnings per share for continuing operations		
i) Basic, profit from continuing operations attributable to equity holders	0.20	1.08
ii) Diluted, profit from continuing operations attributable to equity holders	0.20	1.08
Earnings per share for discontinuing operations		
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:

i) Defined Contribution Plan:

(Rs. In Lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
Employer's Contribution to Pension Fund	5.40	8.07

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 for Provident fund.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below:

	31-Mar-23	31-Mar-22
	%	%
Discount rate:		
Gratuity plan	7.52	7.27
Settlement Allowance	7.52	7.27
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-23	31-Mar-22	31-Mar-23	31-Mar-22
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%	0%
Withdrawal Rate	1% to 3%	1% to 3%	1% to 3%	1% to 3%
Attrition Rate				
Normal Retirement Age	60 yrs	60 yrs	60 yrs	60 yrs
Average Future Service	19.81	14.15	19.81	14.15

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

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

Particulars	1-Apr-22	Gratuity cost charged to profit or loss		Ben-efits paid	Remeasurement gains/(losses) in other comprehensive income				Sub-total included in OCI	Contri-butions by em-ployer	31-Mar-23
		Ser-vice cost	Net in-terest ex-pense		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 assump-tions	Actuarial changes arising from changes in financial assump-tions			
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	(272.66)	20.69	-	-	20.69	8.93	330.29
Benefit liability	(52.97)			(19.47)	-				28.48	8.93	(35.03)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

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

Particulars	Gratuity cost charged to profit or loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					31-Mar-22	
	Service cost	Net interest expense	Sub-total included in profit or loss		Return on plan assets (excluding amounts included in net interest expense)	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	(872.01)	(18.99)	(50.83)	(69.82)	235.64	4.10	(8.04)	113.75	109.81	-	(596.38)
Fair value of plan assets	703.99	-	40.80	40.80	(235.64)	(4.10)	-	-	(4.10)	38.36	543.41
Benefit liability	(168.02)		(29.02)		-				105.71	38.36	(52.97)

2) Settlement Allowance:

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

Particulars	Defined Benefit cost charged to profit or loss			Benefit paid	Remeasurement gains/(losses) in other comprehensive income					31-Mar-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 demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
Defined benefit obligation	(51.94)	-	(3.34)	(3.34)	11.99	-	1.57	(1.70)	(0.13)	-	(43.42)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	(51.94)		(3.34)	11.99	-				(0.13)	-	(43.42)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

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

Particulars	1-Apr-21		Defined Benefit cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income					31-Mar-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	(57.81)	-	(3.17)	21.54	-	-	(7.02)	(5.48)	(12.50)	-	(51.94)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	(57.81)		(3.17)	21.54					(12.50)		(51.94)

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.75.13 as on 31.3.2023 and Rs,64.01 lakhs as on 31.3.2022.

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 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	17.56	20.45	17.38	19.94
Change in rate of salary increase	9.60	8.84	8.50	8.65
Change in withdrawal rates	0.80	0.99	0.69	0.86

(ii) Settlement Allowance

(Rs. in lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	5.43	6.88	4.67	5.87
Change in rate of salary increase	5.57	6.90	4.90	5.99
Change in withdrawal rates	5.84	7.45	5.07	6.40

C. The expected contributions for gratuity for the next financial year Rs.35.03 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. A.K Jain (w.e.f 01.08.2021 upto 24.08.2022)	Key Managerial Persons (KMP)
	Mr. Pankaj Gupta (w.e.f. 25.08.2022)	
	Mr. Vijay Mittal (w.e.f. 25.03.2022 upto 12.09.2022)	
	Dr. Renuka Mishra (w.e.f. 12.09.2022)	
	Mr. Shashank Priya (w.e.f 01.10.2019 upto 14.02.2023)	
	Mrs. Arti Bhatnagar (w.e.f. 14.02.2023)	
	Mr. Vishweshwar Bhat (w.e.f 27.01.2020 upto 26.01.2023)	
	Mr. Ramji Lal (w.e.f. 05.02.2020 upto 26.01.2023)	
	Mr. S. Kishor Kumar	
	Ms. Kamna Mehta	

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

Transactions during the year with Related Parties:

a) Loans and Advances given and repayment thereof :

(Rs. in lakhs)

Name of Related Party	As at	Opening Balance	Loans Given	Repayment	Interest	Closing Balance
Loans						
HMT Machine Tools Ltd	Current year	24,573.58	1,515.00		-	26,088.58
	Previous year	22,864.82	1,700.00		8.76	24,573.58

Name of Related Party	As at	Opening Balance	Advance Given (Net)*	Advance taken (Net)*	transfer	Closing Balance
b) Advances (Dr / (Cr))						
SUDMO HMT Process Engineers (India) Ltd	Current year	4.83	3.87	-	-	8.70
	Previous year	2.42	2.41	-	-	4.83
HMT Machine Tools Ltd	Current year	7,871.16	80.84	-	-	7,952.00
	Previous year	5,934.35	1,936.81	-	-	7,871.16
HMT Watches Ltd	Current year	(987.83)	2,403.49	-	1,415.66	-
	Previous year	(989.79)	1.96	-	-	(987.83)
HMT Bearings Ltd	Current year	-	-	-	-	-
	Previous year	(1,868.29)	1,868.29	-	-	-
HMT (International) Ltd	Current year	190.22	56.70	-	-	246.92
	Previous year	116.41	73.81	-	-	190.22

* 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

(Rs. in lakhs)

d) Name of the Transacting Related Party		MTL	HWL	CWL	HMT(I)	BLH	TOTAL
Revenue from Operations	Current year	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-
Other Income:	Current year	1398.11	31.93	-	-	-	1,430.04
	Previous year	1828.66	41.83	-	-	-	1,870.49
Dividends	Current year						
	Previous year						
Purchases	Current year	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-
General Expenses:							
Other Expenses	Current year	1398.11	-	-		-	1,398.11
	Previous year	-	-	-		-	-
Recovery of expenses	Current year	(12.58)	(3.90)	-	(51.64)	-	(68.12)
	Previous year	(13.84)	(5.20)	-	(56.84)	-	(75.88)
Interest		-	-	-	-	-	-

e) Transactions with Key Managerial Persons:
Remuneration paid to KMP

	Current Year	Previous Year
- S.Girish Kumar	-	14.96
- S.Kishore Kumar	14.63	12.97
- Kamna Mehta	10.56	8.54
	25.19	36.47

Directors sitting fees

- Neera Tomar	-	0.75
- Vishweshwar Bhatt	0.66	0.27
- Ramji Lal	0.91	0.75
	1.57	1.77

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
42. RATIO ANALYSIS

	Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance	Reason for Variance for more than 25%
1	Current Ratio	Current Assets	Current Liabilities	0.64	0.54	18.52%	
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	1.56	1.59	-1.89%	
3	Debt Service Coverage Ratio	Earnings available for debt service(EBITDA)	Debt service (Interest + Principal)	0.03	0.06	-50.00%	Reduction in EBITDA due to bad debts written off and reduction in provision withdrawn during the year
4	Return on Equity Ratio	Net Profit after taxes	Average Shareholder's equity	1.64%	9.43%	-82.60%	Due to decrease in Profit after tax on account of written off bad debts and reduction in withdrawal of provision during the year
5	Inventory turnover ratio	Sales	Average Inventory	5.69	1.35	321.04%	Increase in Sales
6	Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	5.16	3.71	39.04%	Increase in Credit Sales
7	Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	13.97	1.17	1093.16%	Increase in Credit Purchases
8	Net capital turnover ratio	Net Sales	Average Working Capital	(0.15)	(0.04)	320.31%	Increase in Net Sales
9	Net profit ratio	Net Profit before taxes	Revenue	13.68%	305.03%	-95.51%	Due to decrease in PAT on account of bad debts written off and reduction in provision withdrawn and increase in revenue
10	Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Network + Total Debt	1.34%	3.49%	-61.53%	Reduction in EBIT due to bad debts written off and reduction in provision withdrawn during the year
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.3679.63 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.

Movement in deferred tax asset/(liability) (Rs. In lakhs)

Particulars	31.3.2023	31.3.2022
Net deferred Tax asset/liability at the beginning of the year	24.64	-
Add: deferred Tax benefits / (charges) for the year	(20.36)	24.64
Net deferred Tax asset/liability at the end of of the year	4.28	24.64

The net Deferred Tax Asset as at 31st March 2023 comprises the tax impact arising from the timing differences on account of:

Particulars	31.3.2023	31.3.2022
Depreciation	(75.52)	(72.76)
Provision for employee benefits	79.80	97.40

The Company has not recognised defferred tax asset on unusable tax losses in the absence of resonable 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.1398.11 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 (Februaryy 2020/July 2021)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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.

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 Transfer of immovable assets and legal cases

The Company in its Board Meetings has approved to transfer the Immovable assets (Book value Rs.296.06 lakhs), accept all the legal cases and uncrystallised Contingent Liabilities upto Rs.80 crores from HMT Watches Ltd, consequent to administrative approval of Ministry of Heavy Industries. Alongwith the Board of Directors approval it is also taken approval from the Shareholders of the Company on 18th December 2022. Accordingly the Company has taken the following transactions in its Books of Accounts as on 31.12.2022.

Particulars (title of account)	Debit Balance	Credit Balance	Net Payable
HMT Limited Legal A/c		1768.87	
HMT Limited Immovable Assets A/c (Net)		630.58	
HMT Limited Corporate Head Office A/c	498.38		
HMT Limited ABD A/c	485.40		
Total	983.78	2399.45	
Net Payable from HWL			1415.67

53 The Company has no transactions with struck off Companies under section 248 of the Companies Act, 2013.

54 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

55 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.

56 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.

- 57 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.
- 58 The figures of previous year have been regrouped/reclassified, wherever necessary, to conform to the current year’s classification.



**CONSOLIDATED
FINANCIAL
STATEMENT**



REVISED INDEPENDENT AUDITOR'S REPORT

[Issued Consequent to Provisional Comments by Director, Indian Audit and Accounts Department, Office of the Director General of Commercial Audit, Hyderabad, vide No.DGCA/Hyd/A/c/Desk/HMT/2022-23/1.19/175 dated 30.08.2023 and Revision of Independent Auditor's Report of HMT Machine Tools Ltd, the subsidiary company by its Statutory Auditor dated 05.09.2023. This supersedes our Independent Auditor's Report dated 20th July 2023]

To the Members of HMT Limited

Report on Audit of the Consolidated Ind AS Financial Statements

Qualified Opinion:

We have audited the Consolidated Ind AS financial statements of HMT Limited ("the Holding Company"), its subsidiaries, associates and joint ventures (collectively referred as "the Group") which comprise of Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Group as at 31st March, 2023 and
- (b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the loss for the year ended on that date.
- (c) in the case of the Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Cash Flow Statement, of the flow of cash in the Group for the year ended on that date.

Basis of Qualified Opinion:

I. HMT Ltd.

Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 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.

Food Processing Machinery Unit, Aurangabad:

5. 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.

MBX, Bangalore:

2. 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.

3. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the No provision

has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities as at 31st March 2023 and the same is non quantifiable. Further, no provision has been made for penalty/damages, if any payable on non-settlement/non-payment of gratuity dues as at 31st March 2023. We are unable to express an opinion on the impact of this non-provision on the financial statements.

MTA, Ajmer

4. 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.
5. 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.
6. 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.
7. 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.

MTP, Pinjore:

8. As per Ind AS -19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2023. Consequent effect of the same

on the financial statements for the years is not ascertainable. Accordingly, provident fund set up employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS -19. Hence this is not in compliance with the Ind AS-19 Employee Benefits.

9. 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.

MTH, Hyderabad

10. 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.

11. 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.
12. 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.
13. 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.
14. Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) has raised Rs.12.31 crore water and sewerage charges bill. However, the company has not made the necessary entries in this regard.

15. 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.

MTM, Bangalore

16. 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.

17. 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.

18. 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.

III. HMT Watches Limited ("HWL")

1. Going Concern Status:

- a. 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.
- b. 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.
- c. The accumulated losses of the company as at the close of 31st 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.

- d. The company has been incurring continues losses for the past many years.
 - e. The total liabilities of the company as at the close of 31st 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).
2. 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.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that

are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern:

Attention of the members is invited to Note 52 of the Consolidated Ind AS financial statements regarding the reasons for preparing these Consolidated Ind AS financial statements of the Group on going concern basis, notwithstanding the fact that the network of the Group is eroded. The appropriateness of the said basis is inter-alia dependent on the Group’s ability to realise from sale of “non-current assets held for sale”, support from Government of India and other business continuity plans. We have relied on the representation of the management of the holding company and our opinion is not modified in respect of this matter.

Key Audit Matters:

Key audit matters are those matters that, in

our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
I. HMT Ltd.	
Revenue Recognition from operating leases	
Revenue Recognition from operating leases as per Ind AS 116 Leases Reference to Sl.No 2(k)(ii) of notes forming part of the financial statements The Company’s total income includes a major portion of income from operating leases	Our Audit Procedures included the following :- <ul style="list-style-type: none"> ❖ We have verified the Lease agreements on sample basis. ❖ We have verified the journal entries posted with the invoices and assessed their appropriateness. ❖ We have verified the income from operating leases recognized by the Company in accordance with Ind AS 116 Leases ❖ We conclude that there are no material non compliances in the recognition of income from operating leases.

Transferring Immovable Properties, Legal Cases and Contingent Liabilities from HMT Watches Ltd.	
Reference to Note No. 52 of notes forming part of Standalone Financial Statements.	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> ❖ We have verified the minutes of the board meeting of HMT Limited, dated 10th June, 2022 and dated 28th October, 2022. ❖ We have verified the entries passed in the books of account of the company to give effect to takeover of Immovable assets, Legal cases and contingent liability ❖ We have verified the agreements for transfer of Immovable properties and legal cases and the terms and conditions therein. ❖ We conclude that there are no material non compliances in the above transfer.
Key audit matters	How our audit addressed the key audit matter
II. HMT Watches Ltd.	
1) Going concern assumption:-	
Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.	We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company. On the going concern assumption and financing requirements, please refer the going concern on Sl. No. III of Basis of Qualified Opinion of this Audit Report.
2) Evaluation of uncertain tax matters:	
The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Notes 2.23 to the Financial Statements of the HMT Watches Limited.	The Company made a Contingent Liabilities for Rs. 80.00 Crore. Ministry of Heavy industries vide letter dated agreed that the Contingent Liabilities up to Rs. 80.00 Crore will be funded by the GOI. In view of the above, there should be no objection to transfer the un crystallised liabilities of HMT Watches Limited to HMT limited (Holding company) MHI also further directed, the requisite urgent action should be taken to file the closure application at the earliest

III. HMT Machine Tools Ltd.	
Going Concern	<p>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.</p>

Emphasis of Matter Paragraph

I. HMT Limited:

1. We draw you attention to Note No. 57 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2023 wherein HMT Limited, the holding company 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.
2. We draw you attention to Note No. 58 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2023 wherein HMT Limited, the holding company 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 approval 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.
3. We draw you attention to Note No. 59 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2023 wherein HMT Limited, the holding company 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.
4. We draw your attention to Note No. 3D-Additional Information (d)&(e), Note No. 21-Additional Information and Note No. 38 (b) of Consolidated Ind AS financial statements for the financial year ended 31st March, 2023 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 and consequently provision for tax has been provided by the Company of Rs. 980 Lakhs. 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.

II. HMT Machine Tools Ltd:

MBX, Bangalore Unit:

- 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.
- As informed to us, a portion of the land used for Roads measuring approximately 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the Direction of the Court land compensation of Rs.18.93 Crores has been fixed, valuing the land @1.65

times the guidance value of land of Rs. 2.70 Crores per acre fixed by the Government of Karnataka. As at 31 March 2022, BBMP has paid adhoc compensation deposit of Rs.18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-14B. Since the land is not transferred to BBMP following legal procedure the said land measuring 4.25 acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

MTK, Kalamassery Unit:

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

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

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

1) Land assigned by Government of Kerala to HMT Ltd

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

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

SI No.	Particulars	Acres	Hectares
1	Land surrendered to Kerala Govt vide GO(MS)No:207/2000/ Dtd. 4.7.2000	300	121.95
2	Land allotted to HMT Ltd (Holding Co) vide GO(MS)No: 207/2000 Dtd.4.7.2000	100	40.485
3	Land allotted to KSEB vide Chairman Sanction No: M 15/74 Dated 31.5.74	1.58	0.64
4	Land surrendered to :-		
	a) Land given to KSEB for construction of watchman's cabin for the substation vide Chairman's Sanction A/166/71,Dtd: 25.08.1971	0.28	0.1133
	b) Land given to NAD which was wrongly included in Patta No.13938 , Dtd:30.10.73.Later deleted by revenue authorities (see correction in Patta)	2.28	0.9225
	c) Land surrendered to Kerala Govt for Ancillary Industrial Estate vide Form B Rule 7 Declaration dated 14.12.1990 and Chairman Sanction No: M 15/74 Dated 31.5.74	6.895	2.7902
	d) Land given for Periyar Valley Canal (No sanction seen)	0.13	0.0526
	e) Land gifted to Postal authorities vide gift deed dated 2.9.1981 (Draft copy only seen)	0.25	0.1012
	f) Land surrendered to Kerala Govt for Irumpanam- Kalamassery Road Third Reach vide Form B Rule 7 declaration dated 18.4.1994	20.77726	8.408272
	Total B	432.19126	175.4631
	Balance Land In hand : A-B	349.4014	140.7351

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

As per Memorandum of Association of HMT Machine Tools limited, under Clause III A, The Main object to be persued by the company on its incorporation, in Paragraph 1, it is said as follows: "To acquire all the assets, properties and liabilities of and takeover as a going concern, the business of HMT Limited, now carried on under its Machine

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

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

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

8. The Unit filed Civil Revision Petition against the proceedings of the Taluk Land Board on the legality of the ceiling proceedings initiated under the Kerala Land Reforms Act, 1963 before the Honourable High Court of Kerala at Ernakulum. The Honourable High Court vide Order No.CRP No.1026 of 2002 dated 03.12.2014 set aside the order of the Taluk Land Board directing HMT to surrender 251 Acres and 40 cents of land held in excess of the ceiling area.

However, the Unit filed Special Leave Petition Numbered as 389/2016 before the Honourable Supreme Court of India against order of the Honourable High Court of Kerala CRP No.1026/2002 dated 13.12.2014 challenging the observation of the Honourable High Court of Kerala stating that "the lands so held by a person under grant from the Government otherwise than by way of lease of license is declared to be a Government land under section 2(1)(d) and (e) of the Assignment Act. The lands in question were very much Government Land till it was assigned in favour of HMT by Patta No.10015 dated 30.10.1973 and Patta No.12398 dated 30.10.1973. It is the situation obtaining as on 01.01.1964 that should be taken for the purpose of granting exemption under the Act as per the law laid down in this regard. The lands in question were obviously Government lands as on 01.04.1964 to which the provisions of Section 81 falling under Chapter III of the Act do not apply. No exemptions of the nature granted have any validity in the eye of law when Chapter III of the Act does not apply and the notifications relied on are *non est* in law".

The Honourable Supreme Court of India vide Order no.SLP386/2016 dated 15.01.2016 ordered to maintain status quo existing as on date until further orders. It is further noticed that the

Appeal No.382/2016 filed before the Honourable Supreme Court of India is pending.

Praga Tools (PTH), Hyderabad:

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

Our opinion on the above matters is not modified.

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

The Holding Company's management and Board of Directors are responsible for the Other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the financial statements and our Auditor's report thereon. The Other information is expected to be made available to us after the date of Auditor's Report.

Our opinion on the Consolidated Ind AS financial statements does not cover the Other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the Other information identified above when it becomes available and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, as the Board's Report is not made available to us, we have nothing to report.

Management's Responsibility for Consolidated Ind AS Financial Statements:

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the respective management and Board of Directors either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements:

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

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

- Identify and assess the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act,

we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in

the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters:

I. Group as a whole:

1. We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of Rs 43,868.78 lakhs as at March 31, 2023 and total revenues of Rs 19,235.85 lakhs (including amount included in discontinued operations) for the year ended on that date 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.

2. The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2023, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
3. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs.0.79 lakhs has been considered for preparation of these Consolidated Ind AS financial statements.
4. The holding company has not received financial statements of (an associate) Nigeria Machine Tools Limited for the year ended March 31, 2023, and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

II. HMT Ltd- Standalone financial statements

5. 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. 3,242.56 lakhs as at March 31, 2023 and total revenues of Rs. 4,386.89 lakhs for the year ended on that date. The financial statements/information of this branch has been audited by the branch auditor M/s V D Abhyankar & Associates, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.

The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31st, 2023.

III. HMT- Machine Tools Limited

6. As reported by the Statutory Auditor, financial statements of the six units of the company namely **MBX, Bangalore, MTP- Pinjore, MTK-Kalamassery, MTH-Hyderabad, MTA-Ajmer, PTH-Hyderabad**; which reflect total assets of Rs 33,560.16 Lakhs (out of Rs.36,680.67 for HMT Machine Tools Ltd) as at 31st March 2023, total revenue of Rs.17,065.16 Lakhs (out of Rs.17,503.86 for HMT Machine Tools Ltd) for the year ended **31st March 2023**, as considered in the standalone financial statements of the Company and MTD, Directorate has not been audited. These financial statements have been audited by other auditors by CAG whose reports have been furnished to us by the management and our opinion on the standalone, in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of subsections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid units, **is based solely** on the reports of the other auditors.

IV. MTH Hyderabad

7. The Company not following the E-invoicing process since the said provisions shall apply to those organization, whose turnover exceeds Rs.10 crore, vide Notification No. 17/2022, w.e.f 1st October 2022.
8. GST receivables representing input tax credit balances has been reported. This balance is not reconciled with credit ledger on GSTIN portal as on the reporting date.

V. MTK Kalamassery

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

VI. PTH Hyderabad:

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

VII. HMT Watches Limited

11. Note No 2.12-regarding loan from Government of India (GOI). We have not been provided confirmation from department of Heavy Industries.
12. Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Company's turnover is less than Rs 25.00 cr.
13. The Company does not have a Qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and

Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal & Regulatory Requirements

1. As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements.
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with books of account.
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. the holding company and its subsidiaries which are Government companies, in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. In case of SUDMO HMT Process Engineers

(India) Limited, a Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2023, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.

Further in the case of SUDMO HMT Process Engineers (India) Limited, a Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.

h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,

i) The Consolidated Ind AS financial statements disclose the pending litigations which would impact the financial position in note 37 of the Consolidated Ind AS financial statements.

ii) The Group did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the

Holding Company, its subsidiaries and joint ventures.

iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 61 of Other Information of the Consolidated Ind AS financial statements, no funds have been advanced or given loan or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary company/Joint Venture Company have not reported on the above said matter. Hence we are unable to comment on the same.

Sl. No.	Name of the Company	Relationship
1	HMT International Ltd.	Subsidiary Company
2	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture

(2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 62 of the Consolidated Ind AS financial statements. Other Information of the Notes to financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with

the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary company/Joint Venture Company have not reported on the above said matter. Hence we are unable to comment on the same.

(3) Based on the audit procedures performed

Sl. No.	Name of the Company	Relationship
1	HMT International Ltd.	Subsidiary Company
2	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture

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

- v) The Holding company and its Subsidiary companies have not declared or paid any dividend during the year
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of the respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided by the management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in CARO reports of the said respective companies included in the consolidated financial statements except following

Sl. No	Name	CIN	Nature of Relationship	Clause number of CARO report
1	H.M.T. Limited	L29230KA1953GOI000748	Holding Company	Clause (i) (b) Clause (i)(c) (i) Clause (ii) (a) Clause (iii) (c) Clause (iii) (d) Clause (iii) (f) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a) Clause (xiv) (a)
2	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary Company	Clause (i) (b) Clause (i) (c) Clause (ii) (a) Clause (vi) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a) Clause (xvii)
3.	HMT Watches Limited	U33301KA1999GOI25573	Subsidiary Company	Clause (iii) Clause (viii) Clause (ix) Clause (x) Clause (xi) Clause (xiii) Clause (xvii) Clause (xix)

Note: Reporting of these clauses by the Statutory Auditor of the Subsidiary Company is not as required in para 3 of Companies (Auditor's Report) Order, 2020.

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

K. Balaji
Partner

Place : Bengaluru
Date : 05-09-2023

Membership Number: 207783
UDIN: 23207783BGTEVM4312

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

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

In conjunction with our audit of the Consolidated Ind AS financial statements of HMT Limited (“the Holding Company”) as of 31st March 2023, we have audited the internal financial controls with reference to the Consolidated Ind AS financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date. However in case of Sudmo HMT Process Engineering (India) Ltd. which is a joint venture company, as reported by its Auditor, the reporting on Internal Financial controls over financial reporting is not applicable for the year under review.

Management’s Responsibility for Internal Financial Controls:

The respective Board of Directors of the Holding company, its subsidiary companies and its Joint Venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of

reliable financial information, as required under the Companies Act, 2013 (“the Act”).

Auditors’ Responsibility:

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Ind AS financial statements:

A company's internal financial controls with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Ind AS financial statements, including

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

OPINION:

I. Qualified Opinion of HMT Ltd.:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India except:

Company as a Whole:

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

In respect of Food Processing Machinery Unit, Aurangabad

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

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

As explanation given by the management, stock is valued by adopting Weighted Average Cost method, However, the details related to inventory valuation were not provided for our verification. Hence, we could not verify the rates considered in Inventory Valuation. Further, the overhead cost was also not identified and allocated. These could potentially result in the material misstatement in the company's Consumption, Inventory & Expense account balances.

II. Qualified Opinion (issued by Statutory Auditors of HMT Machine Tools Ltd.)

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

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

- i) Books of account are not being maintained in all completeness on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary/suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.
- ii) Delay in recording of inventory movements in the inventory records and its reporting

to Accounts department resulting in inappropriate updation of financial books.

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

2. In respect of Whole Company

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

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

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

on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

III. Opinion (issued by Statutory Auditors of HMT Watches Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

IV. Opinion (issued by Statutory Auditors of HMT (International) Limited):

In our opinion, 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, 2023, 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.

Other Matters

The opinion reported under section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

Place : Bengaluru
Date : 05-09-2023

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

K. Balaji
Partner
Membership Number: 207783
UDIN: 23207783BGTEVM4312

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HMT LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2023

The preparation of consolidated financial statements of HMT Limited, Bangalore for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) 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 05 September 2023 which supersedes their earlier Audit Report dated 20 July 2023.

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 2023 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.

In view of the revision made in the Statutory Auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditor's report under section 143(6) (b) read with section 129(4) of the Act.

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



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

Place: Hyderabad

Date: 06 September 2023

Consolidated Significant Accounting Policies for the year ended March 31, 2023

1. Background:

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

2. Significant Accounting Policies:

i) Basis of preparation:

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

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

ii) Basis of Consolidation

The consolidated financial statements of HMT Limited ("Parent Company"), subsidiary companies, associates and joint venture (collectively referred as "the Group") used in the preparation of this consolidated financial statements have been drawn up on the same reporting date as that of the parent company i.e. year ended March 31, 2023. 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.

I) Foreign Currency Translation:

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

Foreign-currency denominated monetary assets and liabilities are translated into the relevant

functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.

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

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

m) Retirement & Other Employee Benefits:

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

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

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

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

The Company recognizes the net obligation of a defined benefit plan i.e. Gratuity and

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

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

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

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

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

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

n) Income taxes:

Income tax expense comprises current tax expense and the net change in the deferred tax

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

i) Current taxes:

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

ii) Deferred Taxes:

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

o) Provisions:

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because

it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Impairment:

i) Financial assets:

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

ii) Non-financial assets:

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

amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

q) Financial Instruments:

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

i) Cash & cash equivalents:

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

ii) *Financial assets at amortised cost:*

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

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

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

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

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

v) *Financial Liabilities:*

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the

balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

vi) *De-recognition of financial instruments:*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. 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 31 MARCH 2023

(Rs. in lakhs)

	Notes	As at 31-Mar-23	As at 31-Mar-22
ASSETS			
Non-current assets			
Property, Plant and Equipment	3A	4,208.30	4,140.31
Capital work in progress	3A	412.50	683.45
Investment Property	3B	188.16	208.44
Intangible assets	3C	0.00	984.29
Financial Assets			
Investments	4	18.77	19.56
Other Financial Assets	9	2,181.92	6,578.78
Other Non Current Assets	11	376.21	372.66
		7,385.86	12,987.49
Current assets			
Inventories	5	11,780.37	14,306.16
Financial Assets			
Trade Receivables	6	18,577.42	15,545.59
Cash and Cash Equivalents	7	9,553.46	1,669.57
Bank balances other than Cash and Cash Equivalents	8	15,488.63	11,899.09
Other Financial Assets	9	355.25	519.28
Current Tax Assets (net)	10	1,577.14	951.59
Other Current Assets	11	4,599.89	5,939.66
		61,932.16	50,830.94
Non Current Assets Held for Sale	3D	296.15	296.15
TOTAL ASSETS		69,614.17	64,114.58
EQUITY AND LIABILITIES			
Equity			
Share Capital	12	35,560.16	35,560.16
Other equity	13	(465,873.73)	(453,575.98)
Equity attributable to equity holders of the parent		(430,313.57)	(418,015.82)
Non-controlling interests		-	-
Total equity		(430,313.57)	(418,015.82)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

(Rs. in lakhs)

	Notes	As at 31-Mar-23	As at 31-Mar-22
Non-current Liabilities			
Financial liabilities			
Non Current Financial Liability	15	-	11.13
Other non current liabilities	20	90.71	136.47
Provisions			
Provision for Employee Benefits	16	3,864.83	3,519.45
Deferred tax liability (net)	17	42.68	18.33
		3,998.22	3,685.38
Current liabilities			
Financial Liabilities			
Borrowings	14	372,694.09	371,641.83
Trade payables	18		
<i>Total outstanding dues to Micro, Small & Medium Enterprises</i>		934.50	1,147.56
<i>Total outstanding dues of creditors other than Micro, Small & Medium Enterprises</i>		7,262.21	7,602.63
Other financial Liabilities	19	50,622.95	44,414.85
Other Current Liabilities	20	60,461.03	48,917.73
Provisions			
Provision for Employee Benefits	16	2,677.31	4,229.62
Others	22	382.77	490.80
Current Tax Liabilities (net)	21	894.66	-
		495,929.52	478,445.02
Total liabilities		499,927.74	482,130.40
TOTAL EQUITY AND LIABILITIES		69,614.17	64,114.58

Significant Accounting Policies and Notes forming part of Accounts

As per our Report of even date attached

For and on behalf of the Board of Directors of HMT Limited

For S S B & Associates

 Chartered Accountants
 F.R.N : 010372S

Pankaj Gupta

 Chairman and Managing Director
 DIN 09716028

Arti Bhatnagar

 Director
 DIN 10065528

K. Balaji

 Partner
 M.No : 207783
 UDIN : 23207783BGTEUQ2264

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

 Place : Bangalore
 Date : 20.07.2023

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31 MARCH 2023**

(Rs. in lakhs)

	Notes	Year ended 31-Mar-23	Year ended 31-Mar-22
CONTINUING OPERATIONS			
Revenue from Operations	23	20,380.86	17,573.85
Other income	24	5,464.41	4,672.61
Total Income		25,845.27	22,246.46
EXPENSES			
Cost of Materials consumed	25	10,227.22	6,942.67
Purchase of Stock In Trade	26	1,136.43	728.76
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	27	2,796.83	2,551.31
Employee benefits expense	28	8,548.87	9,485.71
Depreciation and amortization expense	29	932.65	984.10
Finance costs	30	6,901.65	7,445.42
Other expenses	31	7,456.61	8,875.56
Less: Jobs Done for Internal Use	32	(391.49)	(263.35)
Total expense		37,608.77	36,750.18
Profit/(loss) before share of profit/(loss) from investment in associate and a joint venture, exceptional items and tax from continuing operations		(11,763.50)	(14,503.72)
Share of profit/(loss) of an associate and a joint venture	34	(0.79)	(0.31)
Profit/(loss) before exceptional items and tax from continuing operations		(11,764.29)	(14,504.03)
Exceptional items	33	83.83	-
Profit/(loss) before tax from continuing operations		(11,680.46)	(14,504.03)
(1) Current tax		1,186.50	6.80
(2) Deferred tax		17.38	(4.48)
(3) Adjustment of tax relating to earlier periods		(408.60)	3.58
	35	795.28	5.90
Profit for the year from continuing operations		(12,475.74)	(14,509.93)
DISCONTINUED OPERATIONS			
Profit/(loss) before tax for the year from discontinued operations	36	185.45	67,780.42
Tax Income/ (expense) of discontinued operations		-	-
Profit/(loss) from discontinued operations		185.45	67,780.42
Profit/(loss) for the year		(12,290.29)	53,270.49
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit plans		(0.49)	115.21
Income tax effect - Credit/(debit)		(6.97)	23.46

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
31 MARCH 2023**

(Rs. in lakhs)

Notes	Year ended 31-Mar-23	Year ended 31-Mar-22
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(7.46)	138.67
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(12,297.75)	53,409.16
Profit/(loss) for the year		
Attributable to:		
Equity holders	(12,290.29)	53,219.94
Non-controlling interests	-	50.55
Other Comprehensive Income		
Attributable to:		
Equity holders	(7.46)	138.67
Non-controlling interests	-	-
Total comprehensive income for the year		
Attributable to:		
Equity holders	(12,297.75)	53,358.61
Non-controlling interests	-	50.55
Earnings per share for continuing operations	47	
i) Basic, profit from continuing operations attributable to equity holders	(3.51)	(4.08)
ii) Diluted, profit from continuing operations attributable to equity	(3.51)	(4.08)
Earnings per share for discontinued operations		
i) Basic, profit from discontinued operations attributable to equity holders	0.05	19.05
ii) Diluted, profit from discontinued operations attributable to equity holders	0.05	19.05
Earnings per share from continuing and discontinued operations		
i) Basic, profit for the year attributable to equity holders	(3.46)	14.97
ii) Diluted, profit for the year attributable to equity holders	(3.46)	14.97

As per our Report of even date attached**For and on behalf of the Board of Directors of HMT Limited****For S S B & Associates**Chartered Accountants
F.R.N : 010372S**Pankaj Gupta**Chairman and Managing Director
DIN 09716028**Arti Bhatnagar**Director
DIN 10065528**K. Balaji**

Partner

M.No : 207783

UDIN : 23207783BGTEUQ2264

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : 20.07.2023

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2023**

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
Operating activities		
Profit/(loss) before tax from continuing operations	(11,680.46)	(14,504.03)
Profit/(loss) before tax from discontinued operations	185.45	67,780.42
Profit before tax	(11,495.01)	53,276.39
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	771.89	820.83
Depreciation of investment properties	20.15	22.66
Amortisation of intangible assets	140.61	140.61
Impairment of intangible assets	843.68	-
Gain on disposal of property, plant and equipment	(81.75)	(44.68)
Loss on investments	-	2,220.41
Profit on investments	-	(2,234.66)
GOI liabilities waived off	-	(65,714.61)
Finance income (including fair value change in financial instruments)	(951.70)	(1,705.53)
Finance costs (including fair value change in financial instruments)	6,901.65	7,445.42
Share of (profit)/ loss of an associate and a joint venture	0.79	0.31
Working capital adjustments:		
Movements in provisions	(1,095.10)	(64.27)
Increase in trade and other receivables and prepayments	1,896.97	(4,800.94)
Decrease in inventories	2,905.46	2,756.58
Increase in trade and other payables	10,944.06	3,294.96
	10,801.70	(4,586.52)
Income tax (paid)/reversed	(508.79)	(457.02)
Net cash flows from operating activities	10,292.91	(5,043.54)
Investing activities		
Proceeds from sale of property, plant and equipment	88.22	45.32
Purchase of property, plant and equipment	(575.27)	(471.83)
Deposits with Banks	(3,589.54)	4,071.14
Interest received	1,308.86	806.47
Net cash flows used in investing activities	(2,767.73)	4,451.10

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
Financing activities		
Interest Paid	(682.42)	(404.43)
Proceeds from borrowings (net)	1,041.13	-
Repayment of borrowings(net)	-	(338.46)
Net cash flows from/(used in) financing activities	358.71	(742.89)
Net increase in cash and cash equivalents	7,883.89	(1,335.33)
Net foreign exchange difference		
Cash and cash equivalents at the beginning of the year	1,669.57	3,004.90
Cash and cash equivalents at year end	9,553.46	1,669.57

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

As per our Report of even date attached
For and on behalf of the Board of Directors of HMT Limited
For S S B & Associates
Chartered Accountants

F.R.N : 010372S

Pankaj Gupta

Chairman and Managing Director

DIN 09716028

Arti Bhatnagar

Director

DIN 10065528

K. Balaji
Partner

M.No : 207783

UDIN : 23207783BGTEUQ2264

Kishor Kumar Shankar

Company Secretary

Kamna Mehta

Chief Financial Officer

Place : Bangalore

Date : 20.07.2023

STATEMENT OF CHANGES IN EQUITY
A. Equity Share Capital

As at 31st March 2023 (Rs. In lakhs)

	Changes in Equity Share Capital during the year	Balance as at 31st March 2023
Balance as at 1st April 2022	-	35,560.16
35,560.16		

As at 31st March 2022 (Rs. In lakhs)

	Changes in Equity Share Capital during the year	Balance as at 31st March 2022
Balance as at 1st April 2021	-	35,560.16
35,560.16		

B. Other Equity

(Rs. In lakhs)

	Reserves and Surplus				Equity component of Financial Liability	other comprehensive income				Total equity
	Capital Reserve	Retained earnings	General Reserve	FVTOCI Reserve		Equity Instruments through other comprehensive income	Other items of Other Comprehensive Income	Total equity attributable to equity holders of the company	Non-controlling interests	
Balance as of 1st April 2022	2,270.82	(465,406.06)	16,600.97	1.37	-	(7,043.08)	(453,575.98)	-	(453,575.98)	
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	
Balance as of 1st April 2022	2,270.82	(465,406.06)	16,600.97	1.37	-	(7,043.08)	(453,575.98)	-	(453,575.98)	
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)	
At 31 March 2023	2,270.82	(477,696.35)	16,600.97	1.37	-	(7,050.54)	(465,873.73)	-	(465,873.73)	

STATEMENT OF CHANGES IN EQUITY

As at 31st March 2022

(Rs. In lakhs)

	Reserves and Surplus			FV-TOCI Reserve	Equity component of Financial Liability	other comprehensive income					
	Capital Reserve	Retained earnings	General Reserve			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	
Balance as of 1st April 2021	2,270.82	(518,626.00)	16,600.97	1.37	-	-	(7,181.75)	(26.49)	(506,934.59)	(26.49)	(506,961.08)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-
Balance as of 1st April 2021	2,270.82	(518,626.00)	16,600.97	1.37	-	-	(7,181.75)	(26.49)	(506,934.59)	(26.49)	(506,961.08)
Discontinued operations	-	67,729.87	-	-	-	-	-	26.49	67,729.87	-	67,756.36
Dividend Distribution Tax	-	-	-	-	-	-	-	-	-	-	-
Equity component of Financial Liability	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	138.67	-	138.67	-	138.67
Total Comprehensive Income for the year	-	(14,509.93)	-	-	-	-	-	-	(14,509.93)	-	(14,509.93)
At 31 March 2022	2,270.82	(465,406.06)	16,600.97	1.37	-	-	(7,043.08)	-	(453,575.98)	-	(453,575.98)

Significant Accounting Policies and Notes forming part of Accounts

As per our Report of even date attached For and on behalf of the Board of Directors of HMT Limited

For S B & Associates
Chartered Accountants
F.R.N : 0103725

Pankaj Gupta
Chairman and Managing Director
DIN 09716028

Arti Bhatnagar
Director
DIN 10065528

K. Balaji
Partner
M.No : 207783
UDIN : 2320783BGTEUQ2264

Kishor Kumar Shankar
Company Secretary

Kamna Mehta
Chief Financial Officer

Place : Bangalore
Date : 20.07.2023

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	16.21	-	-	-	16.21
Projects in progress	-	110.00	-	274.70	384.70
	16.21	110.00	11.59	274.70	412.50

Agewise details as at the end of previous Financial year

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	more than 3 years	
CNC Horizontal Machining Centre	-	-	170.00	-	170.00
CNC Cylindrical Grinding Machine	-	-	117.16	-	117.16
Construction of New Hanger	-	11.59	-	-	11.59
Projects temporarily suspended	-	-	-	-	-
Projects in progress	110.00	-	65.00	209.70	384.70
	110.00	11.59	352.16	209.70	683.45

Details of CWIP completion schedule as at the end of current financial year:

For Capital Work in Progress, 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
	209.70	110.00	-	65.00

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	-
	319.70	-	65.00	-

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
Gross carrying value								
As at 1 April 2021	259.42	3,603.43	38,503.69	1,133.99	1,972.01	104.97	17.09	45,594.60
Additions	-	41.80	216.22	4.24	105.39	(1.16)	-	366.49
Transferred to Investment Property	-	-	-	-	-	-	-	-
Disposals	-	-	(72.61)	(0.11)	-	(0.28)	-	(73.00)
At 31 March 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 from Investment property	-	-	(172.40)	(2.76)	-	-	-	(175.16)
Disposals/Adjust	-	-	-	-	-	-	-	-
At 31 March 2023	259.55	3,776.80	38,954.39	1,143.49	2,304.43	103.53	17.09	46,559.28
Accumulated Depreciation								
As at 1 April 2021	-	2,628.07	35,412.00	1,108.98	1,735.07	104.97	10.22	40,999.31
Depreciation charge for the year	-	49.02	656.23	4.97	110.48	-	0.13	820.83
Disposals/Adjust	-	-	(72.49)	1.57	-	(1.44)	-	(72.36)
At 31 March 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)
At 31 March 2023	-	2,757.95	36,386.35	1,118.11	1,974.56	103.53	10.48	42,350.98
Net carrying value								
At 31 March 2023	259.55	1,018.85	2,568.04	25.38	329.87	-	6.61	4,208.30
At 31 March 2022	259.42	968.14	2,651.56	22.60	231.85	-	6.74	4,140.31
31-03-23	31-03-22	Amount	Amount					
Net carrying value								
Property, Plant and Equipment	4,208.30	4,140.31						
Capital work in progress - Opening	683.45	578.11						
Additions	16.20	114.66						
Disposals/Adjust	(287.15)	(9.32)						
Capital work in progress - Closing	412.50	683.45						

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.9883.40 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.130.56 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
3B. INVESTMENT PROPERTY

(Rs. in lakhs)

	Land & Land Development	Buildings	Total
Gross carrying value			
Opening balance at 1 April 2021	18.24	1,471.14	1,489.38
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	-	-	-
Closing balance at 31 March 2022	18.24	1,471.14	1,489.38
Additions	-	-	-
Less: Deductions/adjustments/transfer to PPE	(0.13)	-	(0.13)
Closing balance at 31 March 2023	18.11	1,471.14	1,489.25
Depreciation and impairment			
Opening balance at 1 April 2021	-	1,258.28	1,258.28
Depreciation	-	22.66	22.66
Less: Deductions/adjustments	-	-	-
Closing balance at 31 March 2022	-	1,280.94	1,280.94
Depreciation	-	20.15	20.15
Less: Deductions/adjustments	-	-	-
Closing balance at 31 March 2023	-	1,301.09	1,301.09
Net carrying value			
At 31 March 2023	18.11	170.05	188.16
At 31 March 2022	18.24	190.20	208.44

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, 2023 is Rs.2,80,183.78 lakhs (previous year Rs.2,88,436.99 lakhs).
- iii) **Land:**
 - (a) The Company is in possession of land located at Pinjore, Kalamassery and Hyderabad gifted by the respective State Governments admeasuring 382.54 acres, 209.83 acres and 660.75 acres respectively, nominally valued at Rs.1/- each.
 - (b) In respect of land at Hyderabad, an area admeasuring 28.40 acres was leased to various Government Departments at Hyderabad. Pending registration of transfer, the Company has agreed to release 14.20 acres of land in exchange for 14.20 acres of land under an exchange agreement with a State Public Sector Undertaking. The Company has also leased 1,000 sq. yards of land, for which lease deed was executed and agreed to release another two acres of land to Telangana (formerly called as Andhra Pradesh) Postal Department in Hyderabad, the execution of which is pending. The

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Company has obtained stay from the Andhra Pradesh High Court, against repossession of 106 acres and 35 guntas of land by the Government of Telangana (formerly called as Government of Andhra Pradesh). No finality has been reached on the proposal for surrender of 300 acres of land owned by the Company at Hyderabad, to the Government of Telangana (formerly called as Government of Andhra Pradesh), in lieu of payment of part sale consideration and issue of marketable title for the balance land.

Additional Information:

Information regarding income and expenditure of Investment property	(Rs. in Lakhs)	
	31-Mar-23	31-Mar-22
Rental income derived from investment properties	388.52	293.68
Direct operating expenses (including repairs and maintenance) generating rental income	(355.66)	(308.74)
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(2.47)	(2.55)
Profit arising from investment properties before depreciation and indirect expenses	30.39	(17.61)
Less - Depreciation	(20.15)	(22.66)
Profit arising from investment properties before indirect expenses	10.24	(40.27)

3C. INTANGIBLE ASSET

	Intangible assets	Total
Gross carrying value		
Opening balance at 1 April 2021	1,494.48	1,494.48
Additions	-	-
Closing balance at 31 March 2022	1,494.48	1,494.48
Additions /(deletions)	(1,406.12)	(1,406.12)
Closing balance at 31 March 2023	88.36	88.36
Amortisation and impairment		
Opening balance at 1 April 2021	369.58	369.58
Amortisation	140.61	140.61
Closing balance at 31 March 2022	510.19	510.19
Amortisation	140.61	140.61
Additions /(deletions)	(562.44)	(562.44)
Closing balance at 31 March 2023	88.36	88.36
Net carrying value		
At 31 March 2023	-	-
At 31 March 2022	984.29	984.29
Net carrying value	31-3-2023	31-3-2022
Intangible Assets	-	984.29

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
3D NON CURRENT ASSETS HELD FOR SALE

(Rs. in lakhs)

Particulars	31-Mar-23	31-Mar-22
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 admeasureing 89.74 acres of which 7 acres of land has been encroached upon and the matter has been taken up with the Govt. of Karnataka to shift the un-authorized occupants.
- (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)

	As at 31-Mar-23	As at 31-Mar-22
Financial assets		
4. Investments		
Investments In Equity Instruments		
Investments at fair value through Other Comprehensive Income (FVTOCI)		
Unquoted equity shares (fully paid)		
30,00,000 (Previous year: 30,00,000) Equity Shares of 1 Naira each fully paid up in Nigeria Machine Tools Ltd, Nigeria	-	-
Total FVTOCI investments	-	-
Investment in Equity Instruments of Associates and Joint Venture		
Investments in Joint Venture		
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	18.77	19.56
Investments in Associates		
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	-	-
Total Investment in Equity instruments in Associate and Joint Venture	18.77	19.56
Total Investments	18.77	19.56
Current	-	-
Non Current	18.77	19.56
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	18.77	19.56
Aggregate amount of impairment in value of investments	-	-
5. Inventories		
Raw Materials and Components	2,535.50	2,521.42
Material and Components in Transit	22.91	56.56
Work-in-Progress	4,427.11	5,256.38
Finished Goods	3,549.77	5,952.33
Stock in Trade	978.59	465.43
Stores and Spares	1,432.01	1,438.54
Tools and Instruments	245.82	328.35
Scrap	95.97	174.13
	13,287.68	16,193.14
Less: Provision for Non-moving Inventories	1,507.31	1,886.98
	11,780.37	14,306.16

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
6. Trade Receivables		
Secured, considered good	-	-
Unsecured, considered good	18,577.42	15,545.59
Doubtful	17,854.50	17,392.45
	36,431.92	32,938.04
Allowance for doubtful debts		
Unsecured, considered doubtful	17,854.50	17,392.45
	18,577.42	15,545.59

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	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	5,633.58	5,804.58
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	12,049.92	12,049.92
	11,145.79	1,332.34	2,140.29	1,374.36	20,439.14	36,431.92

As at the end of previous financial year.

Particulars	Outstanding for the following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Undisputed - Considered good	8,248.97	1,044.21	2,318.15	1,827.18	2,107.08	15,545.59
Undisputed - Considered doubtful	10.25	21.70	151.55	91.38	5,082.10	5,356.98
Disputed - Considered good	-	-	-	-	-	-
Disputed - Considered doubtful	-	-	-	-	12,035.47	12,035.47
	8,259.22	1,065.91	2,469.70	1,918.56	19,224.65	32,938.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
7. Cash and Cash equivalents		
Current accounts	1,879.63	1,170.78
Deposits with maturity three months or less	7,671.39	495.90
Cash and Cheques on hand	2.44	2.89
	9,553.46	1,669.57
8. Banks balances other than Cash and Cash equivalents		
Deposits with maturity more than three months but less than twelve months	15,488.63	11,899.09
	15,488.63	11,899.09
9. Other Financial Assets		
Non-Current		
Deposits with Banks exceeding twelve months of maturity	1,850.47	6,066.90
Margin Money with Banks	297.57	273.74
Interest accrued & due	33.88	238.14
	2,181.92	6,578.78
Current		
Interest accrued & due	355.25	519.28
	355.25	519.28
10. Current Tax Assets (net)		
Advance tax/TDS receivables*	1,652.72	1,436.07
Less: Current Tax provision	75.58	484.48
	1,577.14	951.59
*Primarily consists of TDS receivables		
11. Other Assets		
Non-Current		
Deposits	376.21	372.66
Capital Advances	1.97	1.97
Less: Allowance for Doubtful Advances	1.97	1.97
Total Non Current Assets	376.21	372.66
Current		
Advances and other receivables		
Advances recoverable in cash or in kind		
Secured		
Considered Good	-	0.50
Less: Allowance for Doubtful Advances	-	-
	-	0.50

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
Unsecured		
Considered Good #	4,416.72	5,787.90
Considered Doubtful	1,133.68	995.56
	5,550.40	6,783.96
Less: Allowance for Doubtful Advances	1,133.68	995.56
	4,416.72	5,788.40
Interest on Trade Receivable	5,924.75	5,924.90
Less: Allowance for interest on Trade Receivable	5,924.75	5,924.90
	-	-
Deposits	183.17	151.26
Total Current Assets	4,599.89	5,939.66

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 31.3.2022 an amount of Rs.4.99 lakhs (Rs.4.99 lakhs Previous year) is due from HSIIDC.
- (b) Advances to Joint Ventures Rs.8.70 lakhs (Rs.4.83 lakhs Previous year)
- (c) Loans and Advances include

Type of Borrower	Promoters	Directors	KMPs	Related Parties
Amount of loans or advances in the nature of loan outstanding				
- Repayable on Demand	Nil	Nil	Nil	2835.77
- without specifying any terms or period of repayment	Nil	Nil	Nil	Nil
% age of total loans and advances in the nature of loans				8.27%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

12 EQUITY SHARE CAPITAL

(Rs. In lakhs)

	As at 31-Mar-23		As at 31-Mar-22	
	No	Amount	No	Amount
Authorised Share Capital:				
Equity shares of Rs.10 each	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
	1,23,00,00,000	1,23,000.00	1,23,00,00,000	1,23,000.00
Issued, Subscribed & Paid up:				
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	35,56,01,640	35,560.16	35,56,01,640	35,560.16

Additional Information:

1 Equity Shares:

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

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

2 Details of shareholders holding more than 5% shares in the Company:

Name of the Shareholder	No. of shares	Percentage	No. of shares	Percentage
<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
13. OTHER EQUITY

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
i) Capital Reserve:		
As per last Balance Sheet	2,270.82	2,270.82
ii) General Reserve:		
As per last Balance Sheet	16,600.97	16,600.97
Add:		
Transferred from Statement of Profit & Loss	-	-
	16,600.97	16,600.97
iii) Retained Earnings:		
As per last Balance Sheet	(465,406.06)	(518,626.00)
Adjustments:		
Dividend distribution tax	-	-
Amount transferred from Statement of Profit & Loss (net of share to non controlling interest)	(12,290.29)	53,219.94
	(477,696.35)	(465,406.06)
iv) As per last Balance Sheet	(7,041.71)	(7,180.38)
Adjustments:		
- Reclassification of of actural gain/losses on defined benefit plans	(7.46)	138.67
	(7,049.17)	(7,041.71)
Total	(465,873.73)	(453,575.98)

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)

	As at 31-Mar-23	As at 31-Mar-22
14. Borrowings		
Current		
Secured		
Cash Credit	4,290.79	2,997.89
Emergency Credit Loan	-	251.77
	4,290.79	3,249.66
Unsecured		
Current maturities of long-term Debts	-	1,946.87
Loan from Govt. of India (Defaulted) #	99,010.81	97,052.81
Loan from Govt. of India (*)	269,378.75	269,378.75
Interest free Loan from Governemnt of Indla (Defaulted) (refer foot note No.2 below)	13.74	13.74
	368,403.30	368,392.17
Total Current borrowings	372,694.09	371,641.83
Aggregate Secured loans	4,290.79	3,249.66
Aggregate Unsecured loans	368,403.30	368,392.17

Period and amount of default (Ref. Note No. 67)

- 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.
 - During the FY 2018-19 the Company has received Rs.13.74 lakhs towards reimbursement of consultancy charges paid to IIM, Bangalore for Financial & Strategic Review of consolidation & restructuring plan of the Company. However, the Company is in process of obtaining clarification from Department of Heavy Industry whether the same is grant or loan. Based on the clarification the same will be treated as income or borrowing in the year of confirmation from department of Heavy Industries.
- (*) Loan from Government of India including interest of Rs. 2,69,378.75 Lakhs in the books of account of HMT Watches Ltd has been waived off by Government of India and it is to be written off after closure of the company vide Department of Heavy Industries order dated 13th January, 2016.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
15. Non Current Financial Liability		
Deferred Government Grant	-	11.13
	-	11.13
16. Provision for employee benefits		
Non Current		
Gratuity	2,444.91	2,002.20
Earned Leave Encashment	1,155.81	1,247.18
Settlement Allowance	188.98	206.05
Provident Fund	75.13	64.02
	3,864.83	3,519.45
Current		
Gratuity	860.60	1,421.07
Earned Leave Encashment	303.84	450.84
Settlement Allowance	45.42	70.45
Wage and Salary Revision arrears (1992-1995)	1,467.45	2,287.26
	2,677.31	4,229.62
17. Deferred Tax Liability(Net)		
Deferred Tax Liability	170.24	167.48
Less : Deferred Tax Asset	127.56	149.15
	42.68	18.33
18. Trade Payables		
Total outstanding dues to Micro, Small & Medium Enterprises	934.50	1,147.56
Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	7,262.21	7,602.63
Total	8,196.71	8,750.19

18A Trade Payable 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	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	-	-	-	-	-
	5,248.06	761.85	743.62	1,443.18	8,196.71

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	592.50	256.27	48.60	250.19	1,147.56
Others	3,913.45	1,361.85	425.85	1,901.48	7,602.63
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	4,505.95	1,618.12	474.45	2,151.67	8,750.19

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

Principal amount due and remaining unpaid	934.50	1,147.56
Interest due on above and the unpaid interest	66.98	68.96
Interest remaining due and payable in the succeeding year until the dues are actually paid	-	-
Interest paid	2.16	1.88
Interest accrued and remaining unpaid at the end of the accounting year.	127.41	67.08

19. Other Financial Liabilities

3.5% Preference Share Capital (Defaulted)	3,686.00	3,686.00
Interest accrued and due on borrowings		
Loans from Government of India	44,884.65	38,676.55
Interest accrued but not due on borrowings		
Government of India Loan	2,052.30	2,052.30
Total	50,622.95	44,414.85

3.5% Preference Share Capital

Each Redeemable Preference Shares has a par value of Rs.100/- per share and is redeemable after 3 years. The preference shares carry a dividend of 3.5% per annum and conversion of cumulative dividend into equity shares on accrual. The dividend rights are cumulative. The preference shares rank ahead of the equity shares in the event of a liquidation.

In accordance with the CCEA approval and DHI's directions thereon during January 2016, 3.5% Redeemable Preference Shares of 4,06,14,000 nos. (Rs.40,614.00 lakhs) out of 4,43,00,000 nos. of Rs.100/- each (Rs.44,300.00 lakhs) will be extinguished and set off against the Loans and advances to subsidiaries 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Capital out of sale proceeds of the identified surplus assets of HMT Machine Tools Ltd. Since the sale of identified assets has not taken place which is pre-condition for redemption, remaining 3.5% Redeemable Preference Share Capital is not redeemed.

(Rs. In lakhs)

	As at 31-Mar-23	As at 31-Mar-22
20. Other Liabilities		
Non Current		
Grant from Government of India	67.91	113.67
Grant in Aid	22.80	22.80
	90.71	136.47
Current		
Revenue received in advance	6,004.33	7,085.25
Advance received against land sale	8,128.74	926.64
Accrued expenses	2,535.37	1,979.02
Other liabilities (Employee related liabilities, OSL for expenses, EMD, Statutory dues etc.,)	43,792.59	38,926.82
Total	60,461.03	48,917.73
21. Current Tax Liabilities		
Current Tax provision	1,180.00	-
Less: Advance tax/TDS Receivables	285.34	-
Total	894.66	-

Additional Information

The current tax provision of Rs. 1,180 lakhs include an amount of Rs. 980 lakhs created as a result of part performance of a contract under section 53A Transfer of Property Act, 1882 in line with section 2(47) and section 45 of the income Tax Act, 1961

22. Provisions - others

	Warranty Claims	Provision for Indirect Taxes and salary revision arrears	Others	Total
At 1 April 2022	101.84	111.65	277.31	490.80
Arising during the year	68.52	-	-	68.52
Utilised	(21.64)	(110.40)	(0.25)	(132.29)
Unused amounts reversed	(44.26)	-	-	(44.26)
At 31 March 2023	104.46	1.25	277.06	382.77
Current	104.46	1.25	277.06	382.77
At 1 April 2021	69.33	132.47	-	201.80
Arising during the year	84.46	-	277.31	361.77
Utilised	(37.96)	-	-	(37.96)
Unused amounts reversed	(13.99)	(20.82)	-	(34.81)
At 31 March 2022	101.84	111.65	277.31	490.80
Current	101.84	111.65	277.31	490.80

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
23. Revenue from operations		
Sale of Products		
Food Processing Machinery	575.12	549.79
Watches	726.22	512.94
Spares and Accessories	151.37	173.49
Revenue from Powder Project	3,679.63	-
	5,132.34	1,236.22
Sale of Services		
Sundry Jobs and Miscellaneous Sales	12.21	10.42
Packing / Forwarding charges	14.70	10.91
	26.91	21.33
Total	5,159.25	1,257.55
Machine Tools		
Sale of Products	11,226.09	11,207.87
Accessories	1,736.58	3,082.85
	12,962.67	14,290.72
Sale of Services		
Sale of Services	324.83	195.35
Sundry Jobs and Miscellaneous Sales	463.03	671.15
Packing / Forwarding charges	55.63	67.84
	843.49	934.34
Total	13,806.16	15,225.06
Exports		
Sales and Commission	127.97	418.19
Project Sales & Services	1,287.10	672.23
Export Assistance	0.38	0.82
	1,415.45	1,091.24
Revenue from Operations	20,380.86	17,573.85
24. Other income		
Interest Income		
Interest income on Bank Deposits	933.35	866.49
Interest from Dealers/Others	7.22	6.16
	940.57	872.65

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
Other Income		
Recoveries from Staff/Others	410.48	367.01
Rent Received	2,539.39	1,668.52
Profit on Sale of Property, Plant and Equipment	81.75	44.68
Government Grant	45.76	38.33
Provisions Withdrawn	691.03	363.67
Amortisation of Govt. Grant	11.13	832.88
Other non operating Income	744.30	484.87
	4,523.84	3,799.96
Total Other Income	5,464.41	4,672.61
25. Cost of Materials Consumed		
Raw materials and Components		
Inventory at the beginning of the year	2,521.42	2,958.12
Add: Purchases	8,735.61	5,142.40
	11,257.03	8,100.52
Less : inventory at the end of the year	2,535.50	2521.42
Cost of raw material and components consumed	8,721.53	5,579.10
Consumption of Stores, Spares, Tools & Packing Materials	1,505.69	1,363.57
Total raw materials and components consumed	10,227.22	6,942.67
Particulars of Materials Consumed		
Steel	404.05	458.46
Non-ferrous Metals	2.63	1.82
Ferrous Castings	810.60	531.37
Non-ferrous Castings	53.30	56.25
Forgings	26.95	81.44
Standard parts & components	7,078.19	3,999.36
Others	345.81	450.40
Total	8,721.53	5,579.10
26. Purchase of Stock in Trade		
Purchases of Stock in Trade	1,136.43	728.76
	1,136.43	728.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
27. Changes in Inventory		
Finished Goods		
Inventory at the beginning of the year	5,952.33	8,518.45
Less: inventory at the end of the year	3,549.77	5,952.33
Changes in Inventory	2,402.56	2,566.12
Work in Progress		
Inventory at the beginning of the year	5,256.38	5,091.97
Less: inventory at the end of the year	4,427.11	5,256.38
Changes in Inventory	829.27	(164.41)
Stock in Trade		
Inventory at the beginning of the year	465.43	572.80
Less: inventory at the end of the year	978.59	465.43
Changes in Inventory	(513.16)	107.37
Scrap		
Inventory at the beginning of the year	174.13	216.36
Less: inventory at the end of the year	95.97	174.13
Changes in Inventory	78.16	42.23
Total	2,796.83	2,551.31
28. Employee benefits expense		
Salaries, Wages and Bonus	5,798.89	6,239.16
House Rent Allowance	127.31	137.86
Gratuity	540.28	666.74
Contribution to PF & FPS	577.40	630.83
Deposit Linked Insurance	38.07	42.24
Contribution to ESI	4.00	4.22
Welfare Expenses	1,462.92	1,764.66
	8,548.87	9,485.71
29. Depreciation and amortization		
Depreciation of Tangible Assets	771.89	820.83
Depreciation on Investment Properties	20.15	22.66
Amortisation of Intangible Assets	140.61	140.61
	932.65	984.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
30. Finance costs		
Interest Expense		
Government of India Loans	6,208.10	6,208.10
Interest Expense (GoI Loans)	11.13	832.88
Cash Credit loans from Banks	680.86	387.25
Others	0.01	14.60
Other Borrowing Cost		
Discounting Charges	1.55	2.59
Total finance costs	6,901.65	7,445.42
31. Other expenses		
Manufacturing Expenses		
Power and Fuel	807.31	786.03
Repairs to machinery	36.79	61.80
Provision for Non Moving Inventories	58.39	164.08
Selling & Distribution Expenses		
Advertisement and Publicity	10.27	24.21
Carriage outwards	190.95	130.91
Establishment Expenses		
Rent	31.71	29.42
Rates and Taxes	1,882.84	1,019.76
Insurance	45.29	53.07
Water and Electricity	441.00	477.47
Repairs to building	36.96	25.56
Printing and Stationery	44.37	38.87
Auditors Remuneration #	9.75	9.36
Loss on investments	-	2,220.41
Provision for Doubtful Debts, Loans and Advances	816.52	751.81
Warranty claims	68.52	84.45
Loss sustained by PF Trust	44.89	30.65
Travelling Expenses	216.23	226.27
Corporate Social Responsibility	60.91	41.03
Technology platform "SURGE" expenses	44.70	38.31
Diference in exchange	4.80	(0.66)
Other Expenses	2,604.41	2,662.75
	7,456.61	8,875.56

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
#As auditor	6.00	6.00
For taxation matters	2.29	1.92
Cost audit fee & expenses	1.04	1.24
For other services	0.42	0.20
	9.75	9.36

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	60.91	41.03
ii) Shortfall amount from the previous year	41.83	9.70
	102.74	50.73
iii) Amount spent during the year		
- on the project in Health and Nutrition Sector- supply of		
> Oxygen Cylinder to " New Govt. District Hospital" at Yadgir District)	-	8.90
> 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	-
> Oxigen Cylinder to " Mandya Institute of Medical Sciences, Mandya	4.58	-
> Artificial Aids and Assistive Divices to Divyangjans/Senior Citizens/ Disabled persons through Alimico, Bangalore	2.30	-
> Mid day meal plan, the Akshya Patra Foundation, Ajmer	5.00	-
> Reusable Sanitary Napkins to Women, Yadgir District	10.90	-
- Transfer to PM National Relief Fund	0.59	-
Total amount spent during the year	60.03	8.90
iv) Amount carried forward (shortfall at the end of the year)	42.71	41.83
v) Reasons for Shortfall		
The Company has identified certain ongoing activities referred below		
vi) Nature of CSR Activities on Health Care		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended 31-Mar-23	Year Ended 31-Mar-22
a) Distribution of Artificial Aids and Assistive Devices to Divyangjans/Senior Citizens/Disabled Persons through Alimco, Bangalore		
b) Health care accessories to Disabled students/Orphans in M/s Bless Society of Rural and Urban Development & M/s Swavalamban Angavikala Seva Charitable Trust, Bangalore		
32. Jobs Done for Internal Use	(391.49)	(263.35)
Shop manufactured Special Tools	(391.49)	(263.35)
33. Exceptional Items		
Reversal of differential Depreciation charged against NUM and SAP	83.83	-
	83.83	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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:

(Rs. in lakhs)

	31-Mar-23	31-Mar-22
Current assets, including cash and cash equivalents	46.36	44.07
Current liabilities, including tax payable	(8.82)	(4.96)
Equity	37.54	39.11
Proportion of the Company's ownership	0.50	0.50
Carrying amount of the investment	18.77	19.56

Summarised statement of profit and loss of the SUDMO- HMT Process Engineers (India) Limited:

Revenue	2.49	2.39
Finance cost	-	-
Other expense	(4.06)	(3.00)
Profit before tax	(1.57)	(0.61)
Income tax expense	-	-
Profit for the year (continuing operations)	(1.57)	(0.61)
Total comprehensive income for the year (continuing operations)	(1.57)	(0.61)
Company's share of profit for the year	(0.79)	(0.31)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

35. Income Tax

The major components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are:

	(Rs. in lakhs)	
	31-Mar-23	31-Mar-22
Continuing Operations		
<u>Statement of profit and loss</u>		
Profit or loss section		
Current income tax:		
Current income tax charge	1,186.50	6.80
Deferred tax:		
Relating to origination and reversal of temporary differences	17.38	(4.48)
Adjustment of Tax :		
Relating to earlier years	(408.60)	3.58
Income tax expense reported in the statement of profit and loss	795.28	5.90
Discontinued Operations		
Current income Tax	-	-
Adjustment of Tax relating to earlier years	-	-
OCI section		
Deferred tax related to items recognised in OCI during in the year		
Net loss/(gain) on remeasurements of defined benefit plans	(6.97)	23.46
Income tax charged to OCI	(6.97)	23.46

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. Therefore, these operations were considered as Discontinued Operations in accordance with IND AS 105. (Ref. Note No. 55 and 56)
- b) Accordingly, the previous year numbers (31.03.2022) consists of the results includes HMT Chinar Watches and HMT Bearings Ltd . The results of current year ended 31.03.2023, below consists of only HMT Watches Ltd.

The results of Discontinued Operations for the year are presented below: (Rs in lakhs)

	Year ended 31-Mar-23	Year ended 31-Mar-22
Revenue		
Revenue from Operations	-	-
Other income	132.92	214.53
Expenses		
Material Consumption, purchase of stock and changes in inventory	-	-
Employee Benefit Expenses	-	-
Depreciation	-	-
Other Expenses	140.51	523.25
Finance costs	-	-
Profit/(loss) before exceptional items and tax from a discontinued operation	(7.59)	(308.72)
Exceptional items	193.04	68,089.14
Profit/(loss) before tax from a discontinued operation	185.45	67,780.42
Tax (expenses)/income:	-	-
Related to current pre-tax profit/(loss)	-	-
Related to measurement to fair value less costs of disposal (deferred tax)	-	-
Profit/(loss) for the year from a discontinued operation	185.45	67,780.42
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	-	296.06
Total Non Current Assets	-	296.06
The net cash flows incurred as follows:		
Operating	(852.01)	(333.29)
Investing	137.26	180.96
Financing	(14.28)	(26.06)
Net cash (outflow)/inflow	(729.03)	(178.39)
Earnings per share:		
Basic, profit/(loss) for the year from discontinued operation	0.05	19.05
Diluted, profit/(loss) for the year from discontinued operation	0.05	19.05

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
37. Contingent Liabilities		
1) Claims against the company not acknowledged as debt;		
Details		
i) a) Tax related claims pending in appeal		
i) Excise Duty	32.31	32.31
ii) Sales Tax	267.19	213.55
iii) Property Tax	4,945.11	4,667.75
iv) Income Tax	37.92	-
b) Non receipt of related Forms against levy of concessional Sales Tax	54.40	57.62
c) Employee related claims relating to Lockouts, Back wages, Incentive & Annual bonus, etc., pending adjudication, to the extent ascertainable	1,592.15	443.61
d) Various cases relating to defective product, accident causing injuries to third parties, claims relating to supply of materials etc.	13,829.15	21,788.37
e) Various legal cases relating to employees and other contingent liabilities pertaining to HMT Watches Ltd (Ref Note No. 60)	9,896.80	-
f) Guarantees and Counter Guarantees and LCs issued [(including Rs.9454.00 Lakhs (Rs.8018.00. lakhs previous year) against Corporate Guarantee of Rs.12272 lakhs issued to HMT Machine Tools Ltd)]	12,084.58	10,593.06
g) Liability towards interest, penalty/damages as per 14B of Employees Provident Fund and Misc. provision Act, 1952	23.89	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.	311.77	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.	79.40	75.40
j) Estimated amount of contracts remaining to be executed on capital account and not provided for	65.00	525.48
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 and awaiting reply from Stock Exchanges. Hence, the exact penalties amount from stock exchanges could not be ascertained		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
38. Other Disclosures		
(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 - Advance received against sale of land represents Rs. 926.64 lakhs from M/s Raman Research Institute towards sale of land and buildings at Bangalore and Rs. 7202.10 Lakhs (including TDS) for 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 recognised as income pending approval from the Concerned Authorities for execution of Sale Deed.		
39. Preference Share Capital		
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	5,607.63	5,607.63
40. Inventories include		
usable slow/non moving and surplus stores and materials/work in progress and Finished goods	818.08	1,002.91
41. Trade Receivables include		
Dues towards erection and commissioning for a period exceeding one year	856.14	273.50
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)

	As at 31-Mar-23	As at 31-Mar-22
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	-
42. Advances include		
Amounts recoverable from employees advances, bonus etc pending adjudication / negotiations	2.75	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	177.95	968.93
43. Contingent Asset		
Debts written off in the past, but action of recovery proceedings is being continued before the courts	138.98	138.98

44. Related Party Transactions & Disclosure u/s 186 of Companies Act 2013

Name of the Related Party	Relationship
Mr. A.K. Jain (w.e.f. 01.08.2021 upto 24.08.2022)	Key Managerial Persons (KMP)
Mr. Pankaj Gupts (w.e.f. 25.08.2022)	
Mr. Vijay Mittal (w.e.f. 25.03.2022 upto 12.09.2022)	
Dr. Ranuka Mishra (w.e.f. 12.09.2022)	
Mr. Shashank Priya (w.e.f. 01.10.2019 upto 14.02.2023)	
Mrs. Arti Bhatnagar (w.e.f. 14.02.2023)	
Mr. Vishweshwar Bhat (w.e.f. 27.01.2020 upto 26.01.2023)	
Mr. Ramji Lal (w.e.f. 05.02.2020 upto 26.01.2023)	
Mr. S. Kishor Kumar	
Ms. Kamna Mehta	

Transactions with Key Managerial Personnel
Compensation of key management personnel of the Company

Mr. S. Girish Kumar	-	14.96
Mr. S. Kishor Kumar	14.63	12.97
Ms. Kamna Mehta	10.56	8.54
	25.19	36.47

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	As at 31-Mar-23	As at 31-Mar-22
Directors' sitting fees		
Smt. Neera Tomar (w.e.f. 27.03.2019)	-	0.75
Mr. Vishwehwar Bhatt (w.e.f 27.01.2020)	0.66	0.27
Mr. Ramji Lal (w.e.f 05.02.2020)	0.91	0.75
	1.57	1.77
Related Party Transactions with Subsidiaries		
Transactions and balance with its own subsidiaries are eliminated in consolidation.		
Related Party Transactions with Joint Venture		
Sudmo HMT Process Engineers (India) Ltd		
Advance (Dr/Cr)		
Opening Balance	4.83	2.42
Advance given (Net)	3.87	2.41
Advance taken (Net)	-	-
Transfers	-	-
Closing Balance	8.70	4.83

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-23	31-Mar-22	31-Mar-23	31-Mar-22
Financial assets				
FVTOCI financial investments	-	-	-	-
Total	-	-	-	-
Financial liabilities				
Borrowings	3,08,522.35	3,07,481.22	3,08,522.35	3,07,481.22
Interest Free Government of India Loan	64,171.74	64,171.74	64,171.74	64,171.74
Total	3,72,694.09	3,71,652.96	3,72,694.09	3,71,652.96

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 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 2023 and 31 March 2022 is as shown below:

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2023

	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
Assets measured at fair value:					
FVTOCI financial investments:					
Unquoted equity shares					
Nigeria Machine Tools Limited	-				-
Assets for which fair values are disclosed					
<u>Investment properties</u>					
Land *	31-Mar-23	Circle rate	2,80,183.78		2,80,183.78
Financial Liability					
Interest Free Government of India Loan	31-Mar-23	8% Effective Rate of Interest used	64,171.74		64,171.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2022

	Date of valuation	Valuation technique	Fair value measurement using		
			Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
Assets measured at fair value:					
FVTOCI financial investments:					
Unquoted equity shares					
Nigeria Machine Tools Limited	-	-	-	-	-
Assets for which fair values are disclosed					
<u>Investment properties</u>					
Land *	31-Mar-22	Circle rate	2,88,436.99		2,88,436.99
Financial Liability					
Interest Free Government of India Loan	31-Mar-22	8% Effective Rate of Interest used	64,171.74		64,171.74

*** Based on guidance value**

A) Nigeria Machine Tools Ltd is a company incorporated outside India, and as per its latest audited balance sheet dated 31-12-2020 net worth is completely eroded and hence the fair value at Rs. NIL is considered.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
47. Earnings per share (EPS)

(Rs. in lakhs)

	31-Mar-23	31-Mar-22
Profit attributable to equity holders:		
Continuing operations	(12,475.74)	(14,509.93)
Discontinued operations	185.45	67,729.87
Profit attributable to equity holders for basic earnings	(12,290.29)	53,219.94
Profit attributable to equity holders adjusted for the effect of dilution	(12,290.29)	53,219.94
Weighted average number of Equity shares for basic EPS	3,55,601,640	3,55,601,640
Effect of dilution:		
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution *	3,55,601,640	3,55,601,640
Earnings per share for continuing operations		
i) Basic, profit from continuing operations attributable to equity holders	(3.51)	(4.08)
ii) Diluted, profit from continuing operations attributable to equity holders	(3.51)	(4.08)
Earnings per share for discontinuing operations		
i) Basic, profit from discontinuing operations attributable to equity holders	0.05	19.05
ii) Diluted, profit from discontinuing operations attributable to equity holders	0.05	19.05

* 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 :

(Rs. in lakhs)

Particulars	Year Ended 31 March 2023	Year Ended 31 March 2022
Employer's Contribution to Pension Fund	114.46	129.47

ii) Defined Benefit Plans :

The Company contributes to Provident Fund trust, Gratuity and settlement allowance to the employees which are defined benefit plans.

The Company has not obtained the actuarial valuation report from the independent actuary for its Provident Fund trust.

a) The principal assumptions used in determining defined benefit obligation of the Company's plan is shown below

	31-Mar-23 %	31-Mar-22 %
Discount rate:		
Gratuity plan	7.52	7.27
Settlement Allowance	7.52	7.27
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-23	31-Mar-22	31-Mar-23	31-Mar-22
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% to 5%	0% to 5%	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	18.67	14.17	18.67	14.17

*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 2023 changes in the defined benefit obligation and fair value of plan assets (Rs. in lakhs)

Particulars	1-Apr-22			Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income						31-Mar-23
	Service cost	Net interest expense	Sub-total included in profit or loss	Service cost	Net interest expense	Sub-total included in profit or loss		Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	
Defined benefit obligation	(5,900.45)	(350.84)	(557.44)	(206.60)	(350.84)	(557.44)	1,761.93	(20.69)	-	111.65	(145.50)	(54.54)	-	(4,750.50)
Fair value of plan assets	2,477.17	0.00	141.32	0.00	141.32	141.32	(1,761.93)	41.58	-	-	-	41.58	546.85	1,444.99
Benefit liability	(3,423.28)		(416.12)									(12.96)	546.85	(3,305.51)

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

Particulars	1-Apr-21			Gratuity cost charged to profit or loss			Benefits paid	Remeasurement gains/(losses) in other comprehensive income						31-Mar-22
	Service cost	Net interest expense	Sub-total included in profit or loss	Service cost	Net interest expense	Sub-total included in profit or loss		Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	
Defined benefit obligation	(6,823.17)	(431.25)	(659.81)	(228.56)	(431.25)	(659.81)	1,401.69	4.10	-	(159.12)	335.86	180.84	-	(5,900.45)
Fair value of plan assets	2,591.46	-	154.98	-	154.98	154.98	(1,401.69)	(43.02)	-	-	-	(43.02)	1,175.44	2,477.17
Change in Asset Ceiling	6.47	-	0.88	-	0.88	0.88	-	-	-	-	-	-	(7.35)	-
Benefit liability	(4,225.24)		(503.95)									137.82	1,168.09	(3,423.28)

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

(Rs. in lakhs)

Particulars	1-Apr-22		Defined Benefit cost charged to profit or loss		Benefits paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-23	
	(276.50)	(21.97)	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation				(16.48)	(38.45)	67.45	-	-	6.66	6.44	13.10	-	(234.40)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	(276.50)				(38.45)	67.45					13.10		(234.40)

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

Particulars	1-Apr-21		Defined Benefit cost charged to profit or loss		Benefits paid	Remeasurement gains/(losses) in other comprehensive income					Contributions by employer	31-Mar-22	
	(301.41)	(23.83)	Service cost	Net interest expense		Sub-total included in profit or loss	Return on plan assets (excluding amounts included in net interest expense)	Re measurement due to asset ceiling (excluding interest income)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			Experience adjustments
Defined benefit obligation				(16.04)	(39.87)	87.38	-	-	(6.72)	(19.55)	(22.60)	-	(276.50)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	(301.41)				(39.87)	87.38					(22.60)		(276.50)

C. Provident Fund (Interest shortfall)

The Company's Contribution paid / payable to Provident Fund and the liability / obligation is recognised on accrual basis. The Company's Provident Fund Trust is exempted u/s section 17 of the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The condition for grant of exemptions stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the Trust vis-a-vis Statutory rate. The Company does not anticipate any further obligations in the near foreseeable future having regard to the assets of the fund and return on investment.

The Company (Standalone) has recognised the obligation on the basis of Actuarial Valuation carried out as on 31st March 2023, 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. 75.13 lakhs as on 31.3.2023 and Rs. 64.01 lakhs as on 31.3.2022

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

48 B. 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 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	180.99	164.40	177.38	167.27
Change in rate of salary increase	122.07	117.99	115.33	129.76
Change in withdrawal rates	25.10	21.60	5.61	7.13

(ii) Settlement Allowance

(Rs. In lakhs)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Change in discounting rate	19.23	18.42	18.58	17.88
Change in rate of salary increase	17.23	20.62	16.21	19.77
Change in withdrawal rates	13.91	21.06	12.15	19.53

C. The expected contributions for gratuity for the next financial year will be Rs. 2381.35 lakhs and Settlement allowance NIL.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

49 Segment reporting

Year ended 31 March 2023

I. Revenue

(Rs. In lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue	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
Total	4,371.38	14,314.10	1,567.37	2,894.54	(1,825.96)	21,321.43
Less:						
Interest expense	1.56	8,287.07	-	11.13	(1,398.11)	6,901.65
Depreciation and Amortisation expense	13.45	708.78	13.03	197.39	-	932.65
Segment result	4,356.37	5,318.25	1,554.34	2,686.02	(427.85)	13,487.13
Add: Unallocable income	-	-	-	-	-	4,606.88
Less: Unallocable expenses	-	-	-	-	-	29,774.47
Total Profit / Loss before tax	-	-	-	-	-	(11,680.46)
Less: Income Tax expense	-	-	-	-	-	795.28
Profit/Loss for the Year						(12,475.74)

II. Assets and Liabilities

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Total Segments	Discontinued	Adjustment/ Elimination	Total
Total assets	3,154.12	36,680.67	5,840.55	31,090.17	76,765.51	1,304.31	(8,455.65)	69,614.17
Total liabilities	2,889.15	61,883.50	2,090.31	18,156.50	85,019.46	4.21	4,14,904.07	4,99,927.74

Year ended 31 March 2022

I. Revenue

(Rs. in Lakhs)

Particulars	Food Processing Unit	Machine Tools	Projects	Others	Adjustment/ Intersegment Elimination	Total
Revenue from Operations	682.22	15252.76	1091.24	575.33	(27.70)	17,573.85
Interest income	34.25	79.45	151.63	2,456.29	(1,848.97)	872.65
Total	716.47	15,332.21	1,242.87	3,031.62	(1,876.67)	18,446.50
Less:						
Interest expense	1.07	8,424.01	-	849.00	(1,828.66)	7,445.42
Depreciation and Amortisation expense	13.31	776.61	12.65	181.53	-	984.10
Segment result	702.09	6,131.59	1,230.22	2,001.09	(48.01)	10,016.98
Add: Unallocable income	-	-	-	-	-	3,799.65
Less: Unallocable expenses	-	-	-	-	-	28,320.66
Total Profit / Loss before tax	-	-	-	-	-	(14,504.03)
Less: Income Tax expense	-	-	-	-	-	5.90
Profit/Loss for the year						(14,509.93)

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
Total assets	2,898.33	38,932.61	5,482.93	22,312.93	69,626.80	5,512.85	(11,025.07)	64,114.58
Total liabilities	3,212.35	59,701.64	1,761.59	9,899.68	74,575.26	2,494.07	405,061.07	482,130.40

Reconciliations to amounts reflected in the financial statements

(Rs. in lakhs)

Reconciliation of Profit/Loss	31-Mar-23	31-Mar-22
Segment result	13,487.13	10,016.98
Add: Unallocable income	4,606.88	3,799.65
Less: Unallocable expenses	29,774.47	28,320.66
Profit / Loss of Continuing Operations before tax	(11,680.46)	(14,504.03)
Add/Less: Profit or Loss from Discontinued Operations	185.45	67,780.42
Total Profit / Loss before tax	(11,495.01)	53,276.39
Less: Tax Expense	(795.28)	(5.90)
Profit/Loss for the year	(12,290.29)	53,270.49
Reconciliation of assets		
Segment operating assets	76,765.51	69,626.80
Assets held by Discontinued Operations	1,304.31	5,512.85
Inter-segment (elimination)	(8,455.65)	(11,025.07)
Total assets	69,614.17	64,114.58
Reconciliation of liabilities		
Segment operating liabilities	85,019.46	74,575.26
Liabilities of Discontinued Operations	4.21	2,494.07
Inter-segment (elimination)	(8,455.65)	(11,025.07)
Deferred tax liabilities	42.68	18.33
Borrowings	423,317.04	416,067.81
Total liabilities	499,927.74	482,130.40

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment income and expenses, assets and liabilities are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

The Company has classified an operating segment as a discontinued operation in 2016. Ind-AS 108 does not provide guidance as to whether segment disclosures apply to discontinued operations. Although the disposed segment is material, the Company has not disclosed the results within the segment disclosures under Ind-AS 108. Ind-AS 105 states that the requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. Since Ind-AS 108 does not refer to discontinued operations, entities are not required to include them as a reportable segment. The Assets and Liabilities of Discontinued Operations is reported in the 'adjustments and elimination' column.

(Rs. in lakhs)

	31-Mar-23	31-Mar-22
Major Customer- Details of Revenue from Single Customer exceeding 10% of total revenue		
India	5,386.31	3,524.01
Outside India	-	-
Total revenue per consolidated statement of profit or loss	5,386.31	3,524.01

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. 3679.63 Lakhs (Previous Year Rs.167.05)

Machine Tools

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
50 Ratio Analysis

Ratio	Numerator	Denominator	FY 2022-23	FY 2021-22	% Variance	Reason for Variance
1 Current Ratio	Current Assets	Current Liabilities	0.12488	0.10624	17.54%	-
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)	-0.01	-0.02	-43.54%	Due to reduction in Profit After Tax due to discontinuance of operations of HMT Chinar Watches Limited and HMT Bearings Limited.
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	1.56	1.12	40.11%	Due to increase in turnover and reduction in the average inventories
6 Trade Receivables turnover ratio	Credit Sales	Average Trade receivables	1.19	1.08	10.61%	-
7 Trade payables turnover ratio	Net Credit Purchases/ Services	Average Trade Payables	1.34	0.76	76.46%	Due to Increase in purchases compared to previous year
8 Net capital turnover ratio	Net Sales	Average Working Capital	-0.05	-0.04	25.00%	Due to increase in turnover and reduction in the average working capital
9 Net profit ratio	Net Profit After tax	Revenue	-60.30%	303.12%	-119.89%	Due to reduction in Profit After Tax due to discontinuance of operations of HMT Chinar Watches Limited and HMT Bearings 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 31.3.2023	As on 31.3.2022
Net deferred Tax asset / liability at the beginning of the year	18.33	46.27
Add : deferred ax benefits / (charges) for the year	24.35	(27.94)
Net deferred Tax asset / liability at the end of the year	42.68	18.33

The net Deferred Tax Asset/(Liability) comprises the tax impact arising from the timing differences on account of:

Particulars	As on 31.3.2023	As on 31.3.2022
Depreciation	(169.32)	(167.48)
Provision for employee benefits	126.64	149.15

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 HMT Chinar Watches Ltd, a wholly owned subsidiary, has been approved for voluntary liquidation on March 25, 2019 under section 59 of Insolvency and Bankruptcy code 2016 (IBC 2016). After completion of closure compliances, Insolvency Professional (IP) appointed for the purpose, has remitted the final dividend of Rs. 609.28 Lakhs and the Share Capital of Rs. 166.01 Lakhs to HMT Limited. Final report for dissolution was submitted to the Hon'ble NCLT on 26.8.2020 by the IP and the Hon'ble NCLT has issued dissolution order on 10-3-2022 and accordingly HMT Chinar Watches Ltd balances have become nil as on 31.3.2022 in Consolidated Financials Statements of the Company for the FY 2021-22

56 HMT Bearings Limited, a subsidiary has submitted petition under section 271-272 of the Companies Act, 2013 before Hon'ble National Company Law Tribunal, Hyderabad on 19.06.2020 for voluntary winding up of the Company. Hon'ble NCLT, Hyderabad vide its order dated 16.12.2020 allowed petition and

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

passed order for winding up of HMT Bearings Ltd and also appointed Shri. Sai Ramesh Kanuparthi, Insolvency Professional (IP), from Hyderabad to act as Company Liquidator for the purpose. Hon'ble NCLT has issued dissolution order vide dated 20-4-2022, based on the Balance Sheet submitted by IP on 3.3.2022 and accordingly HMT Bearings Limited balances have become nil as on 31.3.2022 in Consolidated Financial Statements of the Company for the FY 2021-22.

- 57 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.
- 58 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.
- 59 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.

60 Transfer of immovable assets and legal cases

The Company at its Board Meetings has approved to transfer the Immovable assets (Book value Rs.296.06 lakhs), accept all the legal cases and uncrystallised Contingent Liabilities upto Rs.80 crores from HMT Watches Ltd, consequent to administrative approval of Ministry of Heavy Industries. Alongwith the Board of Directors approval it is also taken approval from the Shareholders of the Company on 18th December 2022. Accordingly the Company has taken the following transactions in its Books of Accounts as on 31.12.2022.

Particulars (title of account)	Debit Balance	Credit Balance	Net Payable
HMT Limited Legal A/c		1768.87	
HMT Limited Immovable Assets A/c (Net)		630.58	
HMT Limited Corporate Head Office A/c	498.38		
HMT Limited ABD A/c	485.40		
Total	983.78	2399.45	
Net Payable from HWL			1415.67

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- 61 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.
- 62 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.
- 63 The Company has no transactions with struck off Companies under section 248 of the Companies Act, 2013.
- 64 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
- 65 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.
- 66 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
67 Period and amount of Default are as follows:

Nature of Borrowing	Name of the Lender	Amount of Installment and period of default (Rs. in Lakhs)	No. of days Delay or Unpaid
CAPEX Loan @ 15.50% Interest dated 30.03.2006	Government of India	1) Rs. 79 Lakhs due from 02.04.2007	5,477
		2) Rs. 79 Lakhs due from 02.04.2008	5,111
		3) Rs. 79 Lakhs due from 02.04.2009	4,746
		4) Rs. 79 Lakhs due from 02.04.2010	4,381
		5) Rs. 79 Lakhs due from 02.04.2011	4,016
VRS Loan @ 3.5% interest dated 01.11.2007	Government of India	1) Rs. 556.95 Lakhs due from 27.12.2008	4,842
		2) Rs. 556.95 Lakhs due from 27.12.2009	4,477
		3) Rs. 556.95 Lakhs due from 27.12.2010	4,112
		4) Rs. 556.95 Lakhs due from 27.12.2011	3,747
		5) Rs. 556.95 Lakhs due from 27.12.2012	3,381
For payment of Statutory Dues @ 15.50% Interest dated 29.03.2007	Government of India	1) Rs. 156.40 Lakhs due from 30.03.2008	5,114
		2) Rs. 156.40 Lakhs due from 30.03.2009	4,749
		3) Rs. 156.40 Lakhs due from 30.03.2010	4,384
		4) Rs. 156.40 Lakhs due from 30.03.2011	4,019
		5) Rs. 156.40 Lakhs due from 30.03.2012	3,653
HMT Limited			
Government of India Loan [Interest Free] dated 21.01.2017	Government of India	1) Rs.6,073.60 Lakhs due since 21.01.2018.	1895
		2) Rs.6,073.60 Lakhs due since 21.01.2019.	1530
		3) Rs.6,073.60 Lakhs due since 21.01.2020.	1165
		4) Rs.6,073.60 Lakhs due since 21.01.2021.	799
		5) Rs.6,073.60 Lakhs due since 21.01.2022.	434
Government of India Loan [Interest Free] dated 16.02.2017	Government of India	1) Rs.4,800 Lakhs due since 16.02.2018.	1869
		2) Rs.4,800 Lakhs due since 16.02.2019.	1504
		3) Rs.4,800 Lakhs due since 16.02.2020.	1139
		4) Rs.4,800 Lakhs due since 16.02.2021.	773
		5) Rs.4,800 Lakhs due since 16.02.2022.	408
Government of India Loan [Interest Free] dated 29.04.2017	Government of India	1) Rs.1,958 Lakhs due since 29.04.2018.	1797
		2) Rs.1,958 Lakhs due since 29.04.2019.	1432
		3) Rs.1,958 Lakhs due since 29.04.2020.	1066
		4) Rs.1,958 Lakhs due since 29.04.2021.	701
		5) Rs.1,958 Lakhs due since 29.04.2022.	366

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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	5842
		2) Rs.79 Lakhs due since 02.04.2008	5476
		3) Rs.79 Lakhs due since 02.04.2009	5111
		4) Rs.79 Lakhs due since 02.04.2010	4746
		5) Rs.79 Lakhs due since 02.04.2011	4381
VRS Loan @ 3.5@ interest dated 01.11.2007	Government of India	1) Rs.556.95 Lakhs due since 27.12.2008	5207
		2) Rs.556.95 Lakhs due since 27.12.2009	4842
		3) Rs.556.95 Lakhs due since 27.12.2010	4477
		4) Rs.556.95 Lakhs due since 27.12.2011	4112
		5) Rs.556.95 Lakhs due since 27.12.2012	3746
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	5479
		2) Rs.156.40 Lakhs due since 30.03.2009	5114
		3) Rs.156.40 Lakhs due since 30.03.2010	4749
		4) Rs.156.40 Lakhs due since 30.03.2011	4384
		5) Rs.156.40 Lakhs due since 30.03.2012	4018
VRS Loan @ 3.5@ interest dated 31.12.2008	Government of India	1) Rs.243.29 Lakhs due since 15.01.2010	4823
		2) Rs.243.29 Lakhs due since 15.01.2011	4458
		3) Rs.243.29 Lakhs due since 15.01.2012	4093
		4) Rs.243.29 Lakhs due since 15.01.2013	3727
		5) Rs.243.29 Lakhs due since 15.01.2014	3362
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	3529
		2) Rs.888.52 Lakhs due since 01.08.2014	3164
		3) Rs.888.52 Lakhs due since 01.08.2015	2799
		4) Rs.888.52 Lakhs due since 01.08.2016	2433
		5) Rs.888.52 Lakhs due since 01.08.2017	2068
For payment of Statutory Dues @13.50% interest dated 18.03.2014	Government of India	1) Rs.392 Lakhs due since 21.03.2015	2932
		2) Rs.392 Lakhs due since 21.03.2016	2566
		3) Rs.392 Lakhs due since 21.03.2017	2201
		4) Rs.392 Lakhs due since 21.03.2018	1836
		5) Rs.392 Lakhs due since 21.03.2019	1471
For payment of Statutory Dues @13.50% interest dated 23.09.2014	Government of India	1) Rs.480 Lakhs due since 04.10.2015	2735
		2) Rs.480 Lakhs due since 04.10.2016	2369
		3) Rs.480 Lakhs due since 04.10.2017	2004
		4) Rs.480 Lakhs due since 04.10.2018	1639
		5) Rs.480 Lakhs due since 04.10.2019	1274

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Working Capital	Government	1) Rs.500 Lakhs due since 04.10.2015	2735
Loan @13.50 %	of India	2) Rs.500 Lakhs due since 04.10.2016	2369
interest dated		3) Rs.500 Lakhs due since 04.10.2017	2004
23.09.2014		4) Rs.500 Lakhs due since 04.10.2018	1639
		5) Rs.500 Lakhs due since 04.10.2019	1274
For payment of	Government	1) Rs.378.20 Lakhs due since 11.10.2015	2728
Statutory Dues	of India	2) Rs.378.20 Lakhs due since 11.10.2016	2362
@13.50% interest		3) Rs.378.20 Lakhs due since 11.10.2017	1997
dated 09.10.2014		4) Rs.378.20 Lakhs due since 11.10.2018	1632
		5) Rs.378.20 Lakhs due since 11.10.2019	1267
For payment of	Government of	1) Rs.548.60 Lakhs due since 11.10.2015	2728
Salaries & Wages	India	2) Rs.548.60 Lakhs due since 11.10.2016	2362
@13.50% interest		3) Rs.548.60 Lakhs due since 11.10.2017	1997
dated 09.10.2014		4) Rs.548.60 Lakhs due since 11.10.2018	1632
		5) Rs.548.60 Lakhs due since 11.10.2019	1267
For implementation	Government	1) Rs.586.80 Lakhs due since 10.02.2016	2606
of 1997 pay revision	of India	2) Rs.586.80 Lakhs due since 10.02.2017	2240
@13.50% interest		3) Rs.586.80 Lakhs due since 10.02.2018	1875
dated 06.02.2015		4) Rs.586.80 Lakhs due since 10.02.2019	1510
		5) Rs.586.80 Lakhs due since 10.02.2020	1145
Working Capi-	Government of	1) Rs.1000 Lakhs due since 10.02.2016	2606
tal Loan @13.50	India	2) Rs.1000 Lakhs due since 10.02.2017	2240
% interest dated		3) Rs.1000 Lakhs due since 10.02.2018	1875
06.02.2015		4) Rs.1000 Lakhs due since 10.02.2019	1510
		5) Rs.1000 Lakhs due since 10.02.2020	1145
For payment of	Government of	1) Rs.526.80 Lakhs due since 31.03.2016	2556
Statutory Dues	India	2) Rs.526.80 Lakhs due since 31.03.2017	2191
@13.50% interest		3) Rs.526.80 Lakhs due since 31.03. 018	1826
dated 31.03.2015		4) Rs.526.80 Lakhs due since 31.03.2019	1461
		5) Rs.526.80 Lakhs due since 31..03.2020	1095
For implementation	Government of	1) Rs.634 Lakhs due since 03.10.2016	2370
of 1997 pay revision	India	2) Rs.634 Lakhs due since 03.10.2017	2005
@13.50% interest		3) Rs.634 Lakhs due since 03.10. 018	1640
dated 30.09.2015		4) Rs.634 Lakhs due since 03.10.2019	1275
		5) Rs.634 Lakhs due since 03..10.2020	909

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

68 Statutory Group Information

(Rs. in lakhs)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Rs. in lakhs	As % of consolidated net Profit/Loss	Rs. in lakhs	As % of consolidated net Other Comprehensive income	Rs. in lakhs	As % of consolidated net Total Comprehensive assets	Rs. in lakhs
HMT Ltd								
Balance as at 31 March, 2023	14.61%	-62,872.51	-4.90%	601.91	-277.88%	20.73	-5.06%	622.64
Balance as at 31 March, 2022	14.58%	-60,959.04	-3.49%	-1,859.34	84.14%	116.68	-3.26%	-1,742.66
Subsidiaries								
HMT Machine Tools Ltd								
Balance as at 31 March, 2023	24.07%	-103,588.11	110.42%	-13,570.48	440.62%	-32.87	110.62%	-13,603.35
Balance as at 31 March, 2022	21.97%	-91,836.50	-23.95%	-12,758.08	59.17%	82.05	-23.73%	-12,676.03
HMT International Ltd								
Balance as at 31 March, 2023	-0.98%	4,206.93	-4.02%	493.62	-62.73%	4.68	-4.05%	498.30
Balance as at 31 March, 2022	-0.95%	3,976.25	0.20%	107.80	-43.31%	-60.06	0.09%	47.74
HMT Watches Ltd								
Balance as at 31 March, 2023	62.30%	-268,078.65	-1.51%	185.45	0.00%	-	-1.51%	185.45
Balance as at 31 March, 2022	64.40%	-269,216.09	0.28%	151.67	0.00%	-	0.28%	151.67
HMT Chinar Watches Ltd								
Balance as at 31 March, 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2022	0.00%	-	112.08%	59,703.21	0.00%	-	111.78%	59,703.21
HMT Bearings Ltd								
Balance as at 31 March, 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2022	0.00%	-	14.78%	7,874.99	0.00%	-	14.74%	7,874.99
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2023	0.00%	-0.00	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2022	0.00%	-0.00	0.09%	50.55	0.00%	-	0.09%	50.55
Associates (investment as per the equity method)								
Balance as at 31 March, 2023	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Balance as at 31 March, 2022	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Joint ventures (investment as per the equity method)								
SUDMO-HMT Process Engineers (India) Ltd								
Balance as at 31 March, 2023	0.00%	18.77	0.01%	-0.79	0.00%	-	0.01%	-0.79
Balance as at 31 March, 2022	0.00%	19.56	0.00%	-0.31	0.00%	-	0.00%	-0.31
Total								
Balance as at 31 March, 2023	100.00%	-430,313.57	100.00%	-12,290.29	100.00%	-7.46	100.00%	-12,297.75
Balance as at 31 March, 2022	100.00%	-418,015.82	100.00%	53,270.49	100.00%	138.67	100.00%	53,409.16

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