



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

एचएमटी लिमिटेड

(भारत सरकार का उपक्रम)
एचएमटी भवन, # 59, बेल्लारी रोड
बेंगलुरु - 560 032, भारत
फोन : 91-80-23330333
फैक्स : 91-80-23339111
ई-मेल : cho@hmtindia.com
वेब साईट : 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

एसईसीएल.S-5

Secl. S-5

09 अगस्त 2024

09th August, 2024

बीएसई लिमिटेड

BSE Limited

फिरोज जीजीभोय टावर्स

Phiroze Jeejeebhoy Towers

25वीं मंजिल, दलाल स्ट्रीट

25th Floor, Dalal Street

मुंबई - 400 001

Mumbai - 400 001

स्क्रिप कोड: 500191

Scrip Code: 500191

नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड

National Stock Exchange of India Limited

"एक्सचेंज प्लाजा"

"Exchange Plaza"

बांद्रा-कुर्ला कॉम्प्लेक्स

Bandra-Kurla Complex

बांद्रा (पूर्व), मुंबई - 400 051

Bandra (E), Mumbai - 400 051

स्क्रिप प्रतीक: HMT

Scrip Symbol: HMT

प्रिय महोदय / महोदया,

Dear Sir / Madam,

Sub: Statement of Audited Standalone and Consolidated Financial Results for the quarter and financial year ended March 31, 2024

Pursuant to Regulation 33(3) of SEBI (LODR) Regulations, 2015, please find enclosed herewith Statement of Audited Standalone and Consolidated Financial Results of the Company for the quarter and financial year ended March 31, 2024 approved by the Board of Directors of the Company at their meeting held today.

Board Meeting commencement time: 16:00

Board Meeting concluded time: 18:35

This is for your kind 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

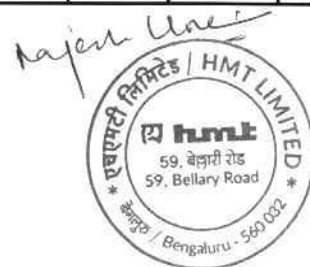
संलग्न: ऊपरोक्त

CIN : L29230KA1953GOI000748

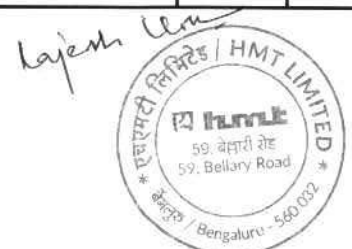
निगमित कार्यालय : ಎಚ್‌ಎಂಟಿ ಭವನ, # 59, ಬೆಲ್ಲಾರಿ ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 032, ಭಾರತ

पंजीकृत कार्यालय : एच एम टी भवन, # 59, बेल्लारी रोड, बेंगलुरु - 560 032 भारत Corporate Office : HMT Bhavan, # 59, Bellary Road, Bengaluru - 560 032, INDIA

HMT LIMITED						
No.59, Bellary Road, Bangalore - 560 032						
CIN L29230KA1953GOI000748						
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS						
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024						
(Rs in lakhs)						
	Particulars	Three months ended			Year ended	
		31-03-2024	31-12-2023	31-03-2023	31-03-2024	31-03-2023
		Audited*	Unaudited	Audited	Audited*	Audited
1	CONTINUING OPERATIONS					
1	Revenue from Operations	1602	1258	2017	4791	5159
2	Other Income	1456	1225	1193	5127	4838
	Total Income	3058	2483	3210	9918	9997
3	Expenses					
	a) Cost of materials consumed	1227	950	2006	3455	4286
	b) Changes in Inventories (Increase)/decrease in SIT/WIP	(299)	(36)	(238)	(143)	(179)
	c) Employee benefits expense	206	187	151	755	734
	d) Depreciation and amortisation expense	57	52	56	211	211
	e) Finance Costs	-	-	-	-	13
	f) Other expenses	1154	850	2342	3893	3441
	Total expenses	2345	2003	4317	8171	8506
4	Profit /(Loss) before Exceptional Items	713	480	(1107)	1747	1491
5	Exceptional items	-	-	-	-	-
6	Profit /(Loss) before tax	713	480	(1107)	1747	1491
7	Tax Expense	(695)	-	785	(695)	785
8	Profit /(Loss) for the period from Continuing Operations(6±7)	1408	480	(1892)	2442	706
II	DISCONTINUED OPERATIONS					
9	Profit /(Loss) for the period from Discontinued Operations	-	-	-	-	-
10	Tax Income/(expense) of Discontinued Operations	-	-	-	-	-
11	Profit/(loss) from Discontinued Operations (9±10)	-	-	-	-	-
12	Profit /(Loss) for the period (8±11)	1408	480	(1892)	2442	706
13	Other Comprehensive Income					
	i) Items that will not be reclassified to profit / (Loss)	13	7	(42)	34	28
	ii) Income Tax relating to items that will not be reclassified to (Profit) / Loss	(9)	-	7	(9)	7
	Net Other Comprehensive Income	22	7	(49)	43	21
14	Total Comprehensive Income for the period (12±13)	1430	487	(1941)	2485	727
15	Paid-up Equity Share Capital (Face Value - Rs10/-)	35560	35560	35560	35560	35560
16	Other Equity	-	-	-	10318	7833
17	Earnings per share from Continuing Operations (face value Rs.10/- each)					
	i) Basic	0.40	0.13	(0.53)	0.69	0.20
	ii) Diluted	0.40	0.13	(0.53)	0.69	0.20
	Earnings per share from Discontinued Operations (face value Rs.10/- each)					
	i) Basic	0.00	0.00	0.00	0.00	0.00
	ii) Diluted	0.00	0.00	0.00	0.00	0.00
	Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each)					
	i) Basic	0.40	0.13	(0.53)	0.69	0.20
	ii) Diluted	0.40	0.13	(0.53)	0.69	0.20



HMT LIMITED			
No.59, Bellary Road, Bangalore - 560 032			
CIN L29230KA1953GOI000748			
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS			
AS AT 31ST MARCH 2024			
(Rs in lakhs)			
STANDALONE STATEMENT OF ASSETS AND LIABILITIES			
Sl.	Particulars	As at 31-03-2024 Audited*	As at 31-03-2023 Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	768	896
	(b) Investment property	141	160
	(c) Financial Assets		
	Investments	71978	71978
	Other Financial Assets	128	1416
	(d) Deferred Tax Asset (Net)	48	4
	(e) Other Assets	72	68
	Sub total	73135	74522
2	Current Assets		
	(a) Inventories	1175	975
	(b) Financial Assets		
	Trade Receivables	1483	1767
	Cash and Cash equivalents	652	7638
	Bank balances other than Cash and Cash equivalents	16808	10231
	Loans	30582	27470
	Other Financial Assets	5703	5661
	(c) Current Tax Assets (Net)	584	966
	(d) Other Assets	2556	2770
	Sub total	59543	57478
3	Non Current Assets held for sale	296	296
	TOTAL ASSETS	132974	132296
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35560	35560
	(b) Other equity	10318	7833
	Total equity	45878	43393
2	Non-current liabilities		
	(a) Financial Liabilities		
	Non Current Financial Liability	-	-
	(b) Provisions		
	Employee Benefits	91	241
	Sub total	91	241
3	Current liabilities		
	(a) Financial Liabilities		
	Borrowings	64172	64172
	Trade Payables		
	Total outstanding dues to Micro, Small & Medium Enterprises	151	11
	Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	1694	417
	(b) Other Financial Liabilities	3686	3686
	(c) Other Current liabilities	16687	19065
	(d) Provisions		
	Employee Benefits	257	131
	Others	288	285
	(e) Current Tax liabilities (Net)	70	895
	Sub total	87005	88662
	TOTAL LIABILITIES	87096	88903
	TOTAL EQUITY & LIABILITIES	132974	132296
		-	-



HMT LIMITED
No.59, Bellary Road, Bangalore - 560 032
CIN L29230KA1953GOI000748
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2024
(Rs in lakhs)
STANDALONE CASHFLOW STATEMENT

	Particulars	Year ended	
		31-03-2024 Audited*	31-03-2023 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	1747	1491
	Profit before tax	1747	1491
	<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
	Depreciation and impairment of Property, Plant and Equipment and Investment Properties	211	211
	Amortisation of Government Grant	-	(11)
	Profit on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	-	(76)
	Interest Income	(2781)	(2107)
	Finance Costs	-	13
	<i>Working capital adjustments:</i>		
	Movements in provisions, Gratuity, others	(38)	3891
	(Increase)/Decrease in trade and other receivables and prepayments	241	(728)
	(Increase)/Decrease in inventories	(195)	(104)
	Increase/(Decrease) in trade and other payables	(962)	8978
	Income tax (paid)/reversed	(1777)	11558
	Net cash flows from operating activities	217	(378)
		(1560)	11180
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets Held for Sale	-	77
	Purchase of property, plant and equipment	(64)	(447)
	Deposits with Banks	(6577)	(4353)
	Interest received	1215	861
	Net cash flows used in investing activities	(5426)	(3862)
C	Financing activities		
	Interest Paid	-	(2)
	Repayment of borrowings	-	-
	Net cash flows from/(used in) financing activities	-	(2)
	Net increase in cash and cash equivalents	(6986)	7316
	Cash and cash equivalents at the beginning of the year	7638	322
	Cash and cash equivalents at year end	652	7638

Note:

- The above Results for the quarter and year ended 31st March 2024 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on 9th August 2024.
- As the Company's Business Activity falls within a single primary operating segment i.e. Food Processing Machineries, the disclosure requirement of Accounting Standard (Ind As 108) on 'Segment Reporting' is not applicable.
- Figures of the last quarter are the balancing figures between Audited figures in respect of the full year and the published year-to-date figures upto the third quarter of the current financial year.
- Figures of previous period / year's have been regrouped wherever necessary to conform with current period / year's figures.
* Subject to C&AG Review

By order of the Board of Directors

Rajesh Kohli
(Rajesh Kohli)

Chairman and Managing Director
(Addl. Charge)

Place: Bangalore

Date: August 9, 2024



HMT LIMITED
No. 59, Bellary Road, Bangalore 560032
CIN L29230KA1953GOI000748

EXTRACT OF THE AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024

(Rs in lakhs)

Particulars	Three months ended			Year ended	
	31-03-2024 Audited*	31-12-2023 Unaudited	2023 Audited	31-03-2024 Audited*	31-03-2023 Audited
1 Total income from Continuing Operations	3058	2483	3210	9918	9997
2 Net profit/ (loss) for the period (before tax, exceptional items)	713	480	(1107)	1747	1491
3 Net profit/ (loss) for the period before tax (after exceptional items)	713	480	(1107)	1747	1491
4 Net profit/ (loss) for the period after tax (after exceptional items)	1408	480	(1892)	2442	706
5 Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-
6 Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax)	1430	487	(1941)	2485	727
7 Paid up Equity Share Capital (face value of Rs.10/- each)	35560	35560	35560	35560	35560
8 Other Equity	-	-	-	10318	7833
9 Earnings Per Share from continuing operations (face value of Rs.10/- each)					
Basic :	0.40	0.13	(0.53)	0.69	0.20
Diluted :	0.40	0.13	(0.53)	0.69	0.20
Earnings Per Share from discontinued operations (face value of Rs.10/- each)					
Basic :	0.00	0.00	0.00	0.00	0.00
Diluted :	0.00	0.00	0.00	0.00	0.00

Note:

1. The above is an extract of the detailed format of Quarterly and Yearly Financial Results filed with the Stock Exchanges under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Yearly Financial Results are available on the websites of Stock Exchange i.e. www.nseindia.com and www.bseindia.com and on the Company's website www.hmtindia.com

2. Figures of previous year have been regrouped wherever necessary.

* Subject to C&AG Review

By order of the Board of Directors

Rajesh Kohli
(Rajesh Kohli)

Chairman and Managing Director
(Addl. Charge)

Place: Bangalore
Date: August 9, 2024



HMT LIMITED						
No.59, Bellary Road, Bangalore - 560 032						
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS						
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024						
CIN: L29230KA1953GOI000748						
(Rs in lakhs)						
	Particulars	Three months ended			Year ended	
		31-03-2024 Audited*	31-12-2023 Unaudited	31-03-2023 Audited	31-03-2024 Audited*	31-03-2023 Audited
I	CONTINUING OPERATIONS					
1	Revenue from Operations	4892	3226	10765	16339	20381
2	Other Income	2303	1005	2192	5397	5464
	Total Income	7195	4231	12957	21736	25845
3	Expenses					
	a) Cost of materials consumed	3758	2123	4887	8939	9331
	b) Purchase of Stock in Trade	85	58	860	536	1136
	c) Changes in Inventories (Increase)/decrease in SIT/WIP	(1606)	(106)	1789	337	2797
	d) Employee benefits expense	1305	2115	1263	7582	7747
	e) Depreciation and amortisation expense	164	231	355	828	933
	f) Finance Costs	1811	1667	1601	6806	6902
	g) Other expenses	5930	1321	4872	10009	8762
	Total expenses	11447	7409	15627	35037	37608
4	Profit /(Loss) before Share of Investment in Associate & Joint Venture, Exceptional items & Tax from Continuing Operations	(4252)	(3178)	(2670)	(13301)	(11763)
5a	Share of Profit/(Loss) of an Associate & Joint venture	(1)	-	(1)	(1)	(1)
5b	Exceptional Items	-	-	84	-	84
6	Profit /(Loss) before Tax	(4253)	(3178)	(2587)	(13302)	(11680)
7	Tax Expense	(294)	-	795	(294)	795
8	Profit /(Loss) for the period from Continuing Operations	(3959)	(3178)	(3382)	(13008)	(12475)
II	DISCONTINUED OPERATIONS					
9	Profit /(Loss) for the period from Discontinued Operations	353055	9	26	353070	185
10	Tax income/withdrawal of tax/(Expense) of Discontinued Operations	(84986)	-	-	(84986)	-
11	Profit /(Loss) from Discontinued Operations	268069	9	26	268084	185
12	Profit /(Loss) for the period	264110	(3169)	(3356)	255076	(12290)
13	Other Comprehensive Income					
	i) Items that will not be reclassified to profit /(Loss)	(19)	15	(100)	25	(1)
	ii) Income Tax relating to items that will not be reclassified to Profit / (Loss)	9	-	(7)	9	(7)
	Net Other Comprehensive Income	(10)	15	(107)	34	(8)
14	Total Comprehensive Income for the period (12±13)	264100	(3154)	(3463)	255110	(12298)
15	Profit/(Loss) for the year attributable to :					
	Equity holders	264110	(3169)	(3356)	255076	(12290)
	Non-Controlling Interest	-	-	-	-	-
16	Other Comprehensive Income attributable to:					
	Equity holders	(10)	15	(107)	34	(8)
	Non-Controlling Interest	-	-	-	-	-
17	Total Other Comprehensive income for the year attributable to :					
	Equity holders	264100	(3154)	(3463)	255110	(12298)
	Non-Controlling Interest	-	-	-	-	-
18	Paid-up Equity Share Capital (Face Value - Rs.10/-)	35560	35560	35560	35560	35560
19	Other Equity	-	-	-	(210763)	(465874)
20	Earnings per share from Continuing Operations (face value Rs.10/- each)					
	i) Basic	(1.11)	(0.89)	(0.95)	(3.66)	(3.51)
	ii) Diluted	(1.11)	(0.89)	(0.95)	(3.66)	(3.51)
	Earnings per share from Discontinued Operations (face value Rs.10/- each)					
	i) Basic	75.38	0.00	0.01	75.39	0.05
	ii) Diluted	75.38	0.00	0.01	75.39	0.05
	Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each)					
	i) Basic	74.27	(0.89)	(0.94)	71.73	(3.46)
	ii) Diluted	74.27	(0.89)	(0.94)	71.73	(3.46)

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HMT LIMITED					
No.59, Bellary Road, Bangalore - 560 032					
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS					
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024					
CIN: L29230KA1953GOI000748					
(Rs in lakhs)					
Primary Segment information for the year ended 31st March 2024					
Particulars	Three months ended			Year ended	
	31-03-2024 Audited*	31-12-2023 Unaudited	31-03-2023 Audited	31-03-2024 Audited*	31-03-2023 Audited
1 Segment Revenue					
Food Processing Machinery	1258	942	1789	3605	4355
Machine Tools	2857	1844	8169	9970	14224
Proejcts	494	236	978	1759	1415
Others	344	316	229	1186	805
Total	4953	3338	11165	16520	20799
Less: inter Segment Revenue	61	112	400	181	418
Total	4892	3226	10765	16339	20381
2 Segment Results					
Segment Result before Interest & Taxes					
Food Processing Machinery	200	(26)	93	26	84
Machine Tools	(3502)	(2086)	(1340)	(8841)	(6682)
Proejcts	407	111	440	710	504
Others	453	490	(179)	1609	1316
Total	(2442)	(1511)	(986)	(6496)	(4778)
Less:					
Interest Expenses	1811	1667	1601	6806	6902
Profit/(Loss) before Tax	(4253)	(3178)	(2587)	(13302)	(11680)
3 Segment Assets					
Food Processing Machinery	2440	2671	3154	2440	3154
Machine Tools	31339	31819	36681	31339	36681
Projects	5563	5384	5841	5563	5841
Others	22621	29820	24336	22621	24336
Unallocated and Discontinued	(1603)	(6998)	(398)	(1603)	(398)
Total	60360	62696	69614	60360	69614
4 Segment Liabilities					
Food Processing Machinery	1937	2377	2889	1937	2889
Machine Tools	56426	61197	55130	56426	55130
Projects	1734	1489	2090	1734	2090
Others	17301	17945	18157	17301	18157
Unallocated and Discontinued	158166	418992	421662	158166	421662
Total	235564	502000	499928	235564	499928



HMT LIMITED			
No.59, Bellary Road, Bangalore - 560 032			
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS			
AS AT 31ST MARCH 2024			
CIN: L29230KA1953GOI000748			
(Rs in lakhs)			
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES			
Sl.	Particulars	As at 31-03-2024 Audited*	As at 31-03-2023 Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	3864	4208
	(b) Capital work-in-progress	331	413
	(c) Investment property	169	188
	(d) Financial Assets		
	Investments	18	19
	Other Financial Assets	429	1714
	(e) Other Non current Assets	384	376
	Sub total	5195	6918
2	Current Assets		
	(a) Inventories	11602	11780
	(b) Financial Assets		
	Trade Receivables	13390	18577
	Cash & Cash Equivalents	3250	9554
	Bank balances other than Cash & Cash Equivalents	21461	15950
	Other Financial Assets	445	362
	(c) Current Tax Assets (net)	748	1577
	(d) Other Current Assets	3973	4600
	Sub total	54869	62400
3	Non Current Assets held for sale	296	296
	TOTAL ASSETS	60360	69614
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35560	35560
	(b) Other equity	(210763)	(465874)
	Equity attributable to Equity holders of the parent	(175203)	(430314)
	(c) Non Controlling Interests	-	-
	Total equity	(175203)	(430314)
2	Non-current liabilities		
	(a) Financial Liabilities		
	Non Current Financial Liability	-	-
	(b) Other Current Liabilities	70	91
	(c) Provisions		
	Employee Benefits	3437	3865
	(d) Deferred tax liability (net)	-	43
	Sub total	3507	3999
2	Current liabilities		
	(a) Financial Liabilities		
	Borrowings	102938	372694
	Trade Payables		
	Total outstanding dues to Micro, Small & Medium Enterprises	670	934
	Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	8864	7262
	(b) Other Financial Liabilities	56831	50623
	(c) Other current liabilities	59709	60461
	(d) Provisions		
	Employee Benefits	2597	2677
	Others	370	383
	(e) Current Tax Liabilities (net)	77	895
	Sub total	232056	495929
	TOTAL LIABILITIES	235563	499928
	TOTAL EQUITY & LIABILITIES	60360	69614



HMT LIMITED			
No.59, Bellary Road, Bangalore - 560 032			
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS			
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024			
CIN: L29230KA1953GOI000748			
(Rs in lakhs)			
CONSOLIDATED CASH FLOW STATEMENT			
Sl.	Particulars	Year ended	
		31-3-2024 Audited*	31-3-2023 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	(13302)	(11680)
	Profit/(loss) before tax from discontinued operations	353070	185
	Profit before tax	339768	(11495)
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of PPE, Investment Properties and Intangible Assets	828	933
	Impairment of Intangible assets	-	844
	Profit on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	(23)	(82)
	GOI Liabilities waived off	(269379)	-
	Grant received from GOI	(83747)	-
	Finance income (including fair value change in financial instruments)	(1536)	(952)
	Finance cost (including fair value change in financial instruments)	6806	6902
	Share of (Profit)/Loss of an associate and a Joint venture	1	1
	Working capital adjustments:		
	Movements in provisions	1210	(1095)
	(Increase)/Decrease in trade and other receivables and prepayments	5540	1897
	(Increase)/Decrease in inventories	5	2905
	Increase/(Decrease) in trade and other payables	565	10944
		38	10802
	Income tax (paid)/reversed	(84715)	(509)
	Net cash flows from operating activities	(84677)	10293
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets held for sale	23	88
	Purchase of property, plant and equipment	(383)	(575)
	Deposits with Banks	(5511)	(3590)
	Interest received	1473	1309
	Net cash flows used in investing activities	(4398)	(2768)
C	Financing activities		
	Interest Paid	(598)	(682)
	Proceeds from borrowings (net)	-	1041
	Grant received from GOI	83747	-
	Repayment of borrowings (net)	(378)	-
	Net cash flows from/(used in) financing activities	82771	359
	Net increase in cash and cash equivalents	(6304)	7884
	Cash and cash equivalents at the beginning of the year	9554	1670
	Cash and cash equivalents at year end	3250	9554

Note:

- The above Results for the quarter and year ended 31st March 2024 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on 9th August 2024.
 - As per the CCEA Approval, the operations of the Subsidiary Company i.e. HMT Watches Ltd operations have been discontinued. Accordingly, the transactions have been considered as Discontinued Operations in accordance with IND AS 105.
 - Networth of the HMT Group has been completely eroded. Considering the realisable value of the non-current assets held for sale, support from Government of India and other business plans, the Company has prepared its financial statements on going concern basis and accordingly, no adjustments are considered necessary to the carrying value of its assets and liabilities.
 - Figures of the last quarter are the balancing figures between Audited figures in respect of the full year and the published year-to-date figures upto the third quarter of the current financial year.
 - Figures of previous period / year's have been regrouped wherever necessary to conform with current period/ year's figures.
- * Subject to C&AG Review

By order of the Board of Directors

Rajesh Kohli
(Rajesh Kohli)

Chairman and Managing Director
(Addl. Charge)



Place: Bangalore
Date: August 9, 2024

HMT LIMITED

No. 59, Bellary Road, Bangalore 560032

EXTRACT OF THE CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2024

CIN: L29230KA1953GOI000748

(Rs. In Lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2024 Audited*	31-12-2023 Unaudited	31-03-2023 Audited	31-03-2024 Audited*	31-03-2023 Audited
1	Total income from Continuing Operations	7195	4231	12957	21736	25845
2	Net profit/ (loss) for the period (before tax, exceptional items)	(4252)	(3178)	(2670)	(13301)	(11763)
3	Net profit/ (loss) for the period before tax (after exceptional items)	(4253)	(3178)	(2587)	(13302)	(11680)
4	Net profit/ (loss) for the period after tax (after exceptional items)	(3959)	(3178)	(3382)	(13008)	(12475)
5	Net Profit/(Loss) from Discontinued Operations	268069	9	26	268084	185
6	Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax))	264100	(3154)	(3463)	255110	(12298)
7	Profit/(Loss) for the year attributable to :					
	Equity holder of the parent	264110	(3169)	(3356)	255076	(12290)
	Non-Controlling Interest	-	-	-	-	-
8	Other Comprehensive Income attributable to:					
	Equity holder of the parent	(10)	15	(107)	34	(8)
	Non-Controlling Interest	-	-	-	-	-
9	Total Other Comprehensive income for the year attributable to :					
	Equity holder of the parent	264100	(3154)	(3463)	255110	(12298)
	Non-Controlling Interest	-	-	-	-	-
10	Paid up Equity Share Capital (face value of Rs.10/- each)	35560	35560	35560	35560	35560
11	Other Equity	-	-	-	(210763)	(465874)
12	Earnings Per Share from continuing operations (face value of Rs.10/- each)					
	Basic :	(1.11)	(0.89)	(0.95)	(3.66)	(3.51)
	Diluted :	(1.11)	(0.89)	(0.95)	(3.66)	(3.51)
	Earnings Per Share from discontinued operations (face value of Rs.10/- each)					
	Basic :	75.38	0.00	0.02	75.39	0.05
	Diluted :	75.38	0.00	0.02	75.39	0.05

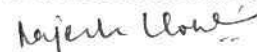
Note:

1. The above is an extract of the detailed format of Quarterly and yearly Financial Results filed with the Stock Exchanges under regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Yearly Financial Results are available on the websites of Stock Exchange of www.nseindia.com and www.bseindia.com and on the Company's website www.hmtindia.com

2. Figures of previous year have been regrouped wherever necessary.

* Subject to C&AG Review

By order of the Board of Directors



(Rajesh Kohli)

Chairman and Managing Director
(Addl. Charge)Place: Bangalore
Date: August 9, 2024



INDEPENDENT AUDITORS' REPORT

To the Members of HMT Limited -

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

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

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

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

Basis for Qualified Opinion

1. Food Processing Machinery Unit, Aurangabad

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

2. Auxiliary Business Division, Bengaluru

(a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.



- (b) The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and it's ownership is in the name of HMT Limited.
- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.

3. Corporate Head Office and Company as a whole

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.
- (c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.
- (d) Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.
- (e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.
- (f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.
- (g) We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.



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

Key Audit Matters

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

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

Key Audit Matters	How our audit addressed the key matter
Revenue Recognition from Operating Leases as per IND AS 116 - Leases	
<p>The company earns rental income from leasing out properties on a commercial and residential basis.</p> <p>As the rental income earned forms a significant part of the total income earned, the matter is considered as key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> ➤ We have obtained the information such as Number of residential quarters and shops, occupancy, Tenant name, Date of occupancy and vacancy. ➤ We have verified lease agreements on sample basis ➤ We have verified journal entries passed with the rental income to be recognized as per lease agreements. ➤ We have verified the impact of Ind AS 116 on the rent received by the entity.
Revenue recognized from Sale of watches	
<p>The entity is engaged in sale of watches and earns a major part of revenue.</p> <p>And hence, considered this as a key audit matter.</p>	<p>Our Audit Procedures include the following –</p> <ul style="list-style-type: none"> ➤ We have obtained an understanding of how the invoicing for the sales made at the showrooms and sales made through e-Commerce website is done. ➤ We were provided with the transaction log in the e-commerce website against which the invoices are generated. ➤ We have obtained an understanding



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

Emphasis of Matter Paragraph

- (a) We draw your attention to Note No. 49 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested Rs.15 lakh (50% of equity shares) comprising 1,50,000 equity shares of Rs.10 each fully paid up in Sudmo HMT Process Engineers (India) Ltd., Bengaluru (M/s. Sudmo - HMT). M/s.



Sudmo-HMT has no operations. The Board of HMT Ltd has approved (February 2020/ July 2021) for closure of the defunct joint venture company (M/s. Sudmo- HMT) and submitted the closure proposal to Administrative Ministry (July 2021) for approval.

- (b) We draw you attention to Note No. 50 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested Rs.20.84 lakh (39% of equity shares) comprising 20,84,050 equity shares of Rs.1 each fully paid up in Gujarat State Machine Tools Corporation Ltd., Bhavanagar (M/s. GSMTC). The Board of HMT Ltd gave (March 2021) in principle approved for liquidation of M/s. GSMTC and issued the consent letter to Gujarat Industrial Investment Corporation Limited (GIIC), GIIC approved (September 2021) liquidation of M/s. GSMTC and submitted (October 2021) the proposal to Industries & Mines Department. HMT Ltd submitted (April 2022) the liquidation proposal to Administrative Ministry.
- (c) We draw you attention to Note No. 51 of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 wherein HMT Limited has invested 30,00,000 equity shares of 1 Naira each fully paid up in Nigeria Mchine Tools Limited, Nigeria (M/s. NMTL). The Board of HMT Ltd gave (February 2020) approval for divestment of stake in M/s. NMTL and sought approval from Administrative Ministry.
- (d) We draw your attention to Note No. 3C- Additional Information (d)&(e), Note No. 22- Additional Information and Note No. 34 (ii) of Standalone Ind AS financial statements for the financial year ended 31st March, 2024 relating to transfer of land to Raman Research Institute and Government of Uttarakhand (transferee) wherein the Company (transferor) has received entire sale consideration and has given the possession of the land in the earlier years resulting in performance of contract by both the parties 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 Matters

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



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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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



- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, except for the matter described in the Basis for Qualified opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c. The Balance Sheet, the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account.
- d. In our opinion, except for the matter described in the Basis for Qualified opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. The entity is a government entity and in the terms of notification reference No.G.S.R. 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs for Government Companies, sub-section (2) of Section 164 of Companies Act, 2013 regarding disqualification for appointment of director is not applicable. Hence, Comment on the same does not arise.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the financial statements.
 - ii. The company did not have any long term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect to material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The Management of the company has represented that, to the best of their knowledge and belief, that the Company has not advanced or loaned or invested any funds (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The Management of the company has represented that, to the best of their knowledge and belief, other than that as disclosed in the notes to the accounts, that the Company has not received any funds from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule (e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year ended 31st March 2024, and therefore, compliance with section 123 of the Companies Act, 2013 is not applicable.



vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has not been operated throughout the year for all relevant transactions recorded in the software.

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

We give in the “**Annexure D**”, a statement on the compliance to Directions issued by the Comptroller and Audit General of India.

for N S V M & Associates

Chartered Accountants

Firm registration number: 010072S



G C S Mani

Partner

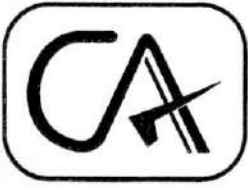
Membership No: 036508

UDIN: 24036508BKDEV1090



Place: Bengaluru

Date: 09-08-2024



HMT Limited

Annexure A to Independent Auditor's Report

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

1. Food Processing Machinery Unit, Aurangabad:

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

2. Auxiliary Business Division, Bengaluru

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

3. Corporate Head Office and Company as a whole:

- a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
- b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 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.



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

for N S V M & Associates

Chartered Accountants

Firm registration number: 010072S



G C S Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEVC1090



Place: Bengaluru

Date: 09-08-2024



HMT Limited

Annexure B to the Independent Auditor's Report

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

(i)

a)

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

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

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

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

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

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

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

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



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

e) According to the information and explanations given by the management, no proceedings has been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.

(ii)

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

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

(iii) According to the information and explanation given to us and based on the audit procedures performed by us, during the year the Company has not made any investments in, nor provided any loans or advances in nature of loans or stood guarantee or provided security to any entity. Thus, paragraph 3(iii) of the Order is not applicable to the Company.

a)

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

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

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



- 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 investments made, guarantee provided and the terms and conditions of loans granted by the Company are prima facie not prejudicial to the interest of the company.
- c) According to the information and explanation provided to us and based on the audit procedures conducted by us, the principal and interest of the loans granted by the Company, the repayment of loan is over due as on 31st March 2024. The details for which are as below:

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

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

- d) According to the information and explanation provided to us and based on the audit procedures conducted by us, in respect of loans and advances in the nature of loans, there is an amount which is overdue for more than ninety days as at the balance sheet date in respect of loans given to its wholly owned subsidiary i.e., HMT Machine Tools Limited as indicated in below table-

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

- e) According to the information and explanation provided to us, there is no loan given falling due during the year, which has been renewed or extended or granted fresh loans to settle the over dues of existing loans given to the same party.
- f) According to the information and explanation provided to us and based on the audit procedures conducted by us, the Company has granted loan or advance in nature of loan to any parties under a agreement which does not stipulate the terms and period of repayment which are as follows

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



- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans, deposit and investments made.
- (v) The Company has not accepted any deposits or has any amounts which are deemed to be deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act rules framed thereunder and the directions issued by the RBI are applicable. Hence paragraph 3 (v) of CARO is not applicable to the company.
- (vi) The Central government has not prescribed maintenance of cost records under section 148(1) of the Act for any of the products/services of the Company. Thus paragraph 3(vi) of CARO is not applicable to the Company.
- (vii)
- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Duty of Customs, Goods and Services tax, Cess and other material statutory dues have not generally been regularly deposited during the year by the Company with the appropriate authorities though there have been serious delays in case of filing GST Returns and payment of taxes.
- According to the information and explanations give to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Duty of Customs, Goods and Services tax, cess and any other material statutory dues were in arrears as at 31 March 2024 except the following, for a period of more than six months from the date they became payable –

Statement of Undisputed Dues			
Sl.No	Nature of Statute	Nature of Dues	Amount (Rs. In Lakhs)
1	Greater Hyderabad Municipal Corporation	Property Tax	723.65
2	Employee State Insurance	Employee State Insurance	2.34
3	VAT/CST	Interest on VAT/CST	1.24
4	GST	Interest on GST	0.16
5	Employee Provident Fund	Employee Provident Fund	41.89
6	Bruhat Bengaluru Mahanagara Palike	Property Tax	19.98
7	Excise Duty	Excise Duty	59.14

In the case of Food Processing Machinery Unit, Aurangabad, there were lapses in collection of TCS, non-deduction of TDS and short deduction of TDS. The amount of undisputed statutory dues arising from such cases is not quantifiable.

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



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

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

(ix)

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

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



- (b) According to the information and explanation given to us by the management, the Company is not declared as willful defaulter by any bank or Financial Institution or other lenders.
- (c) According to the information and explanation given to us by the management, the Company has not obtained any term loan during the year and hence comment on the same does not arise.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us and on an overall examination of the balance sheet of the company/ examination of the cash flow statement of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under Companies Act, 2013.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x)

- (a) According to the information and explanation given to us and based on audit procedure performed, no money was raised by the way of public issue/follow-on-offer (including debt instruments).
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi)

- (a) Based upon audit procedure performed and information and explanation given by the management, we report that no fraud by the company or any fraud on the company has been noticed or reported during the year.
- (b) Based upon audit procedure performed and information and explanation given by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed by us or by other auditors of the Company.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

(xii) The company is not a Nidhi Co. and therefore clause 3(ix) of the order is not applicable to the company.

(xiii) In our opinion, all transactions with the related parties entered into by the Company during the year are in compliance with section 177 and section 188 of the Companies Act of 2013 and the details thereof have been disclosed in the Financial Statement as required by the Accounting standards and Companies Act, 2013.



(xiv)

- (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We were unable to obtain Internal Audit Reports of the two branches i.e., Auxiliary Business Division, Bengaluru and Food Processing Machinery Unit, Aurangabad, hence the Internal Audit Reports have not been considered by us. In case of Corporate Head office, We have obtained and considered the Internal Audit Reports.

(xv)

On the basis of the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

- (a) According to the information and explanation given to us and in our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (b) Based on the audit procedure performed, the Company has not conducted any Non-Banking Financial or Housing Finance activities as per the Reserve Bank of India Act, 1934.
- (c) Based in audit procedure performed, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) Based in audit procedure performed, the Company or any of the companies in the group are Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(xvii)

The Company has not incurred any cash losses in the financial year and in the preceding financial year.

(xviii)

There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) is not applicable.

(xix)

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx)

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



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

for N S V M & Associates
Chartered Accountants
Firm registration number: 010072S



G C S Mani
Partner

Membership No: 036508
UDIN: 24036508BKDEVCI090



Place: Bengaluru
Date: 09-08-2024



Reports on Internal Financial Controls Over Financial Reporting

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

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India, and the Standards on Auditing, as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, with reference to the financial statement.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and



evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company has adequate internal control over financial reporting and whether such internal control was operating effectively as on 31st March, 2024.



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

1. Food Processing Machinery Unit, Aurangabad

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

2. Auxiliary Business Division, Bengaluru

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

3. Corporate Head Office and Company as a whole

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

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



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

for NSVM & Associates

Chartered Accountants

Firm registration number: 010072S



GCS Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEVC1090



Place: Bengaluru

Date: 09-08-2024



HMT LIMITED

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

Sl.No	Directions	Audit Observations
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the management, it has a system where accounting vouchers are processed and prepared manually, due authorizations are obtained which are later entered into IT System i.e., the accounting software maintained by the company. The company has adequate control to ensure the integrity of the accounting transactions.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as



		onetime interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.28.24 crores as on 31.03.2024 out of the Loan received from GOI of Rs. 641.58 crores.
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for NSVM & Associates
Chartered Accountants
Firm registration number: 010072S



GCS Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEVC1090



Place: Bengaluru

Date: 09-08-2024



INDEPENDENT AUDITORS' REPORT

To the Members of HMT Limited -

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of HMT Limited (hereinafter referred to as the "the Holding Company"), its subsidiaries, its associate and joint ventures (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Balance Sheet as at 31st March 2024, and the statement of Profit and Loss (including Other Comprehensive Income) for the year then ended 31 March 2024, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

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

Basis for Qualified Opinion

I. HMT Limited

1. Food Processing Machinery Unit, Aurangabad

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

2. Auxiliary Business Division, Bengaluru

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.



(b) The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.

(c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.

3. Corporate Head Office and Company as a whole

(a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.

(b) IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.

(c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.

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

(e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.

(f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.

(g) We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.



II. HMT Machine Tools Limited (“MTL”)

1. MBX, Bangalore

- (a) Ind AS 2 – according to the details and information provided to us, the value of Raw Materials, Work- in- progress and Stock in Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and stock taking is on Weighted Average basis, however, due to non-availability of valuation report and detailed working of Inventories , we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also, the physical verification of stock has not been done at regular intervals.
- (b) No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities as at March 31, 2024, and the same is non quantifiable. Further, no provision has been made for penalty/damages, if any payable on non-settlement / non-payment of gratuity dues as at March 31, 2024. We are unable to express an opinion on the impact of this non-provision on the financial statements.
- (c) In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the process of reconciliation of party balances is incomplete. Further it is observed that balance in certain accounts having no transactions for more than five years have been carried forward. Due to non-availability of confirmations of balance from parties, we are unable to express an opinion on the correctness of the balances stated and their impact on the financial statements.
- (d) As informed to us, the Unit owns total land of 330.28 acres in Bangalore Complex, which were partly gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In addition, there exists vast area of open spaces. As, the title deeds of the land, physical verification, survey and demarcation of land is not provided, we are unable to comment on the ownership, accuracy of the area of land usage and encroachment if any.

2. MTP Pinjore

- (a) The unit has created provision for the Customs refund claims amounting to Rs.8.78 lakhs and Claim recoverable (Foreign) amounting to Rs.1.55 lakhs but there is no certainty of recovering the same and had to be written off.
- (b) As per Ind AS-19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March 2024. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up by employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS-19. Hence this is not in compliance with the Ind AS-19 “Employee Benefits”



- (c) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.

3. MTK, Kalamassery

- (a) As per the Accounting policies of HMT Machine Tools Limited, Kalamassery (MTK), revenue in respect of sale of goods will be recognized at the point in time that the customer obtains control of the goods or services which is when it has taken title to the products assumed the risks and rewards of ownership of the product or services. As per the shipping terms there are certain FOR (customer premises) contracts at the year end. Though the invoices in respect of the eight contracts were raised on or before 31 March 2024, the risk and reward of ownership was not transferred before 31 March 2024 as the machines were received at customers site after 31 March 2024. Recognition of sales revenue on invoice basis in FOR (customer premises) contracts without actual delivery at customer premises has resulted in overstatement of Sales by Rs.1,33,68,730/-.
- (b) Notes No.10 Other Assets include Rs. 1,59,61,090/- being ADHOC-ADVANCE (APRIL 2019)-PS and Rs. 1,31,34,286/- being ADHOC-ADVANCE (APRIL 2019)-WG disclosed under Advance to Suppliers/Employees Including Advance No. III – considered good. This is monthly ad hoc payment to the employees of HMT Machine tools Ltd vide office order NO021(M)/19 dated 30th September 2019. The payment was made pursuant to approval of Administrative Ministry vide letter No 1-0501/3/2019+P.E.X(E198595) dated 19th September 2019, where the employees of HMT Machine tools Limited has been paid an additional monthly ad hoc amount equal to 10% of the running Basic Pay plus dearness allowance of the month, with effect from 1st April 2019 (HMT Machine tools Limited made profits during 2018-19). The ad hoc payment attracts Income Tax. Further the ad hoc payment made was not adjusted while settling retired employees. We are of the opinion that this is in the nature of expenditure and should be charged to the Statement of Profit and loss account, as this is an employee benefit payment for which Income tax is applicable. Had it been an advance, it should have been deducted while settling retired employees. Hence, Other Assets are overstated to this extent. (Note: Necessary rectification entry has been passed in Machine Tools Directorate Books.)
- (c) Land shown in Note No.3A Property, Plant and Equipment and in Note No. 3B Investment Property comprises of 349 Acres as per the statement furnished by the unit. As per the copies of records furnished to us, 781 Acres 26 Cents 266 sq links property was assigned to HMT Limited by Govt. of Kerala in 1973. Out of this 432 Acres 19 Cents and 126 sq Links were surrendered/ gifted/ given for various purposes. Balance land in hand is 349 Acres 40 Cents and 140 Sq links. All this land is in the name of HMT Limited and not in the name of HMT Machine Tools limited.
- (d) Margin money deposits amounting to Rs. 84,97,769/- has been classified as other bank balances. Out of the total margin money deposit, amount of Rs. 24,64,346.00/-are subject to confirmation and reconciliation, the consequent effect on the financial statement is unascertainable.
- (e) The Unit has provided interest on MSME on a simple interest basis on the annual outstanding balance. Also, in the case of some agreements, even if the terms of conditions specify payment within 30 days, the unit has taken 45 days as the minimum days for calculation of MSME interest.



4. MTH, Hyderabad

- (a) Division has disclosed the amount of Rs.25.21 crores under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to property tax payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township and it is a clear liability.
- (b) Division has not provided for the clear liability of Rs.12.31 crore under "Expenses" head relating to water and sewerage charges bill raised by Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) for supply of water, instead shown Rs.1,24,59,308/- crore under contingent liability.
- (c) The division has made an excess provision of Rs.1.41 crores on account of Non- moving Raw material, Stores and Spares and Tools up to year ended 31st March 2023 which is continuing in books for the financial year ended 31 March, 2024. This has led to understatement of Inventories in the financial statements.

5. MTA, Ajmer

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.
- (b) The company has not provided for interest for delay in payment to MSME's as per Micro, small, and Medium Enterprises Development Act, 2006 which in turn results in understatement of expenses and liabilities in the financial statements.

6. PTH, Praga Tools Hyderabad and MTD, Bengaluru

- (a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.

Basis for Disclaimer Opinion

The Auditor of MTH, Hyderabad, a branch of HMT Machine Tools Limited has expressed Disclaimer Opinion regarding the financial statements of the division on the basis that the auditor was not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Turnover of MTH, Hyderabad to Total Turnover of HMT Machine tools Limited is 23.19%. Assets of MTH, Hyderabad to Total Assets of HMT Machine tools Limited is 25.22%

The branch auditor has summarised the basis for disclaimer based on the following observations-

- (a) Property, Plant, and Equipment: According to the information available to us, the Division has immovable property transferred to it on lease from the Government of India, but it is not in compliance with IND AS 116 as the lease deeds were not provided. With reference to Note 3A of the financial statements, the Division charges 100% of its cost to depreciation over the useful life of the asset with a residual value of Rs. 1. Upon examining the asset register, we noticed that the dates of purchase of the assets were not available, which raises doubts about



the remaining useful life of these assets. However, division following this as per instructions given by head office

- (b) Capital Work in Progress: We draw an attention to Note 3B of the financial statements which discloses capital work in progress (CWIP) of Rs.1,10,00,000. During the course of audit, no details in respect of CWIP provided. In the absence of the details of the same, we are unable to form an opinion on the existence, completions and valuation of the Capital Work in Progress.
- (c) Inventory Valuation: We draw attention to Notes 5 and 25 of the financial statements. The division disclosed its inventory at Note No.5 Rs.37,12,74,054 for the year ending 31.03.2024 (Pr.Year: 39,05,51,467) for which we were unable to obtain sufficient and appropriate audit evidence regarding the existence, title, and value of the inventory as on that date. Further, during the year under consideration, a provision against non-moving inventories made of Rs.1,19,86,909 and charged to the profit & loss account under "Other Expenses - Note No.25" which carrying the total provision made for the year ending 31.03.2024 is of Rs.4,82,89,601 (Pr.Year 3,63,02,692) disclosed under Note No.5. There is no base is provided except the system generated report, due to which we are unable to form an opinion on the correctness of the provision made against the non-moving inventories.
- (d) Trade Receivables: We draw attention to Note 6 of the financial statements, which discloses trade receivables amounting to Rs.35,51,88,038 (Pr.year Rs.32,80,05,797). Customer-wise balance confirmations were not provided for the year ended March 31, 2024. In the absence of confirmation letters from customers, we are unable to confirm and satisfy ourselves regarding trade receivables. Additionally, customer-wise and transaction-wise ageing of trade receivables was not produced for audit. Consequently, we are unable to confirm the ageing of trade receivables as disclosed in Note 6A.
- (e) Allowance for Credit Loss: We draw attention to Notes 6, 6A and 25 of the financial statements in respect of allowance for expected credit loss against the Trade Receivables. During the year ending 31.03.2024 an amount of Rs. 69,68,182 (PY.Rs.1,74,34,928) is charged to the profit & loss account on account of 'allowance for expected credit loss' under Note No.25 "Other Expenses". The total amount (provision) of 'allowance for expected credit loss' is carrying at Note No.6 is Rs.22,79,77,008 (Pr.year Rs.22,10,08,826). The division fails to justify the provision made for 'expected credit loss' against the Trade Receivables and for the carrying amount as at the year end. Therefore, we are unable to form an opinion on whether the provision made during the year for 'expected credit loss' and the carrying amount for 'expected credit loss' is sufficient
- (f) Other Current Assets: We draw attention to Note 9- "Other Current assets" of the financial statements, the division disclosed the advances given to the suppliers and employees which amounting to Rs.6,97,85,415 (PY Rs.7,37,82,623). The division fails to maintain the details of the suppliers & employees to whom the advances given which is the primary responsibility of the division in maintenance of the accounting records. In the absence of the same we are unable to form an opinion on the same. Additionally, the division provided a provision for 'impairment of doubtful advances' against these suppliers and employees advances which amounting to Rs.2,08,15,692 (Pr.year Rs.2,08,15,692). The division fails to justify the provision made against the supplier and employees advances. Consequently, we are unable to comment on the same.
- (g) Borrowings & Other financial liabilities: We draw attention to Note 13.B and Note 15 of the financial statements, which discloses that the Division availed a term loans from the Government of India amounting to Rs. 90,73,05,000 (PY Rs.90,73,05,000) with interest accrued and due disclosed in the Note No.15 amounting to Rs.130,98,82,874 (PY. Rs.1,15,98,29,947) respectively. Additional information regarding the security and terms of repayment was not provided or disclosed in the financial statements. Due to non-disclosure of required information which is a violation of Schedule III. Further, we are unable to form an opinion on the current and non-current portions of the liability disclosed under Other Financial Liabilities. Additionally, we are unable to conclude the position of these loans as no



third-party confirmation was provided for the audit except a letter from head office showing interest and principle amount outstanding.

- (h) Trade payables: We draw attention to Note 14 of the financial statements, which discloses the amounts due to vendors amounting to Rs.24,50,18,324 (Pr.Year Rs.21,17,65,745). In the absence of confirmation letters from vendors, we are unable to confirm and satisfy ourselves regarding trade payables. Further, the following amounts included in the 'Trade payable under Note No.14' that have remained static / continuing compared to the previous year without justification:

- Liability of OSL Expense: Rs.5,96,88,819
- Hyderabad Metro Water: Rs.8,18,37,775
- Liability for SCR Expense: Rs.79,70,164

In the absence of which we are unable to form an opinion the same.

With reference to the amount disclosed in Note No.14A of the financial statements which Discloses of 'amounts due to Micro enterprises and small enterprises' of the division as per MSMED Act,2006. Division has not been provided the recognition criteria for MSME vendors for the purpose of our audit, which rise doubt on the correctness of the disclosure given in financial statements. Additionally, vendor-wise and transaction-wise ageing of trade payables is not provided to confirm the ageing of trade payables as disclosed in Note 14B.

- (i) Revenue received in advance: We draw attention to Note 16 of the financial statements under 'Other current liabilities' which includes 'revenue received in advance' amounting to Rs. 10,45,70,143 (Pr.Year Rs.10,33,72,324). The division fails to provide the details of the amounts received from the respective customers, and their confirmation letters. In the absence of the same, we are unable to form an opinion on the same.
- (j) Statutory dues: We also draw attention to the same Note No. 16 of the financial statements under 'Other liabilities' which includes 'statutory dues' amounting to Rs.69,96,09,510 (Pr.Year.Rs.67,36,07,948); "Withholding of Taxes and Other Tax Payables" amount to Rs.2,37,35,260 (Pr.Year. Rs.3,69,97,253). Significant portion of these amounts are due from earlier years. The division has not been provided the timelines for the amounts due to various statutory authorities, and any assessment orders for the said dues. Consequently, we are unable to form an opinion on these amounts.
- (k) Other Liabilities: We further also draw an attention to the same Note 16 of the financial statements, 'Other liabilities' includes following liabilities:
- Miscellaneous Recoveries : Rs. 1,20,89,855
 - Advance Received Against Rent : Rs. 25,93,974
 - SCR Expenses : Rs. 52,69,152

The division has not been provided the details of the parties to whom these amounts are payable / due and the confirmation letters from the respective parties. Consequently, we are unable to form an opinion on these amounts.

- (l) Other expenses: With reference to Note 25 of the financial statements - 'Other expenses' which includes PF Trust Loss Rs.1,25,00,000 (Pr.year Rs.1,25,00,000). For the same, the division explained that the Division had opted to pay Provident Fund to its Trust but has defaulted in payment of contribution to the PF trust. Consequently, the Division has shared a loss of Rs. 1,25,00,000/- by the PF Trust due to this default. This amount is carried to the Balance sheet under Statutory dues and disclosed in 'Other Current liabilities' at Note No.16. The division has not been provided any basis for said amounts. Consequently, we are unable to form an opinion on the amounts charged to the Statement of Profit and Loss and carrying to the balance sheet under liabilities.
- (m) Contingent liabilities: We draw attention to Note 26 of the financial statements, which discloses contingent liabilities related to pending litigations and various cases against the Division. We are unable to assess the reliability of these disclosures in the financial statements, nor can verify the status of the litigations and cases presented. Consequently, we are unable to measure the impact of these contingent liabilities on the financial statements, as the current status of many cases could not be tracked due to insufficient information.



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

Key Audit Matters

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

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

Key Audit Matters	How our audit addressed the key matter
1. HMT Limited	
Revenue Recognition from Operating Leases as per IND AS 116 - Leases	
The company earns rental income from leasing out properties on a commercial and residential basis. As the rental income earned forms a significant part of the total income earned, the matter is considered as key audit matter.	Our Audit Procedures include the following – <ul style="list-style-type: none"> ➤ We have obtained the information such as Number of residential quarters and shops, occupancy, Tenant name, Date of occupancy and vacancy. ➤ We have verified lease agreements on sample basis ➤ We have verified journal entries passed with the rental income to be recognized as per lease agreements. ➤ We have verified the impact of Ind AS 116 on the rent received by the entity.
Revenue recognized from Sale of watches	
The entity is engaged in sale of watches and earns a major part of revenue. And hence, considered this as a key audit matter.	Our Audit Procedures include the following – <ul style="list-style-type: none"> ➤ We have obtained an understanding of how the invoicing for the sales made at the showrooms and sales made through e-Commerce website is done. ➤ We were provided with the transaction



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



Emphasis of Matter Paragraph

1. HMT Limited

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

2. HMT Machine Tools Limited ("MTL")

(a) MBX, Bangalore

- i. As informed to us, a portion of the land used for the Roads measuring approximately 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the Direction of the Court land compensation of Rs.18.93 Crores has been fixed, valuing the land @1.65 times the guidance value of land of Rs. 2.70 Crores per acre fixed by the Government of Karnataka. As at March 31, 2024, BBMP has paid adhoc compensation deposit of Rs. 18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-18. Since the land is not transferred to BBMP following legal procedures, the said land measuring 4.25



acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

(b) MTA Ajmer

- i. Due to pending finalization of rates by the Government of Rajasthan, provision of conversion charges, if any, payable for conversion of Revenue land for industrial use at Machine Tool Unit Ajmer, has not been made in the accounts as the matter is sub-judice and execution of lease deed is pending.

3. HMT Watches Limited

(a) Note No. 2.8(a)

We draw attention to the Note No.2.8(a) of the "Notes to the financial statements" regarding the closure of HMTWL due to discontinued manufacturing operations in the year 2016-2017 and line of approval of the Government of India, all the moveable assets being disposed-off to meet the closure liabilities. By MHI vide letter dated 05-05-2022, MHI directed to transfer all immovable assets from books of HMTWL (under closure) to the books of HMT Ltd, the Holding Company at book value. The rights of transfer of immovable assets have been granted an aid of Rs.837.47 crores towards meeting Income tax liability on account of writing off of GOI Loan amounting to Rs.2,69,378.75/- lakhs in the books of HMTWL to enable filing closure application of HMTWL u/s 248 of the Companies Act, 2017.

(b) Note No.2.22

We draw attention to the Note No.2.22 of the "Notes to financial statements" regarding the write off of Government of India Loan amounting to Rs.2,69,278.75/- lakhs. The said amount was due to Government of India and as per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13-01-2017, 08-05-2023 and 06-02-2024, the company has written off the GOI Loans to amounting to Rs.2,69,278.75 lakhs.

(c) Note No.2.29

We draw attention to Note No.2.29 of the "Notes to financial statements" regarding preparation of financial statements on liquidation basis. The management of the company intends to close down the company as the company has suffered huge losses and its net worth has been eroded. The stakeholders, in view of losses, have decided to close the company and apply for voluntary winding up of the company. In the view of the same, the accounts of the company are not prepared on Going Concern basis.

Other Matters

1. Group as a Whole

- (a) The previous year figures in the financial statements of the company were audited by SSB & Associates whose report has been furnished to us in which the auditor have provided a qualified opinion on the Consolidated Financial Statements as on 31-03-2024. The Qualified opinion given by the previous auditor is given as "Annexure A".
- (b) We did not audit the financial statements of the three subsidiaries whose financial statements reflect total assets at March 31, 2024 and total revenues (including revenue from discontinued operations) for the year ended on that date are as follows:

Name of the Subsidiary	Total Assets (Rs.)	Total Revenue (Rs.)
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	(in lakhs)	(in lakhs)
HMT Machine Tools Limited	31,338.53	13,131.83
HMT (International) Limited	5,862.44	1,969.86
HMT Watches Limited	-	61.21

as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors.

- (c) The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2024, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
- (d) Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture for the year ended March 31, 2024 in which share of loss of the Group was Rs.0.57 lakhs has been considered for preparation of these Consolidated Ind AS financial statements.
- (e) The holding company has not received financial statements of Nigeria Machine Tools Limited for the year ended March 31, 2024, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.

2. HMT Limited

- (a) The physical share certificates of 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Limited whose cost is Rs.26,089.90 lakhs and Rs.44,300.00 lakhs respectively are not in possession of the Company as at 31st March 2024.

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

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

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

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



Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associate and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associate and joint venture and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for assessing the ability of the Group and of its associate and joint venture, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for overseeing the financial reporting process of the Group and of its associate and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the



company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, associate companies and joint venture companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "**Annexure B**" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associate and joint venture as noted in the 'other matter' paragraph we report, to the extent applicable, that:

As required by Section 143(3) of the Act, we report that:

- (a) We/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account;



- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors of the Holding as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiary companies, associate and joint venture none of the directors of the Group and of its associate and joint venture is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiaries and of its associate and joint venture and the operating effectiveness of such controls, refer to our separate report in “**Annexure C**”, and
- (g) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and of its associate and joint venture as notes in ‘Other Matter’ paragraph;
- i. The consolidated financial statements has disclosed the impact of pending litigations on its consolidated financial position– Refer Note 37 to the Consolidated financial statements.
 - ii. The Group and of its associate and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group and of its associate and joint venture.
 - iv.
 - a) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group, associates and joint ventures to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group, associates and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds have been received by the Group, associates and joint ventures from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Group, associates and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and



- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement;
- v. The Holding Company, its subsidiaries, associates and joint venture companies incorporated in India have not declared or paid any dividend during the year ended 31st March 2022, and therefore, compliance with section 123 of the Companies Act, 2013 is not applicable.
- vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, except for the HMT Limited (the holding company), HMT Machine Tools Limited and HMT Watches Limited, the company, subsidiaries, associates and joint ventures have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries, associates and joint ventures did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company and above referred subsidiaries, associates and joint ventures as per the statutory requirements for record retention.

for N S V M & Associates

Chartered Accountants

Firm registration number: 010072S



G C S Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEVD6248



Place: Bengaluru

Date: 09-08-2024



HMT Limited

Annexure A to Independent Auditor's Report

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

I. HMT Ltd.

(a) Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 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.

(b) Food Processing Machinery Unit, Aurangabad:

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



II. HMT Machine Tools Limited ("MTL"):

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.

(a) MBX, Bangalore:

1. Non-compliance with Ind AS, as per requirement of the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended on the following standards: Ind AS 2—According to the details and information provided to us, the value of Raw Materials, Work-in-progress and Stock In Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and stock taking is on Weighted Average basis, however, due to non-availability of valuation report and detailed working of Inventories, we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also, the physical verification of stock has not been done at regular intervals.
2. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities as at 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 nonprovision on the financial statements.

(b) MTA, Ajmer

1. Ind AS-36 : Impairment test not done by Ajmer Unit on various assets. Hence financial implication of not conducting impairment test could not be ascertained.
2. We are unable to comment on the applicability of Ind AS-116, Leases to the unit since the required information are not made available to us.
3. The unit has defaulted in settlement/payment of gratuity to the extent of **Rs. 2,00,62,661/-** in the case of employees retired/separated from the unit. Further the unit has not made any provision for penalty for non-payment/ settlement of gratuity as per the Payment of Gratuity Act, 1972. The amount of penalty has not been ascertained by the unit, being contingent in nature.
4. Ajmer Unit has not paid any interest which has been due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the Interest specified under micro, small, and Medium Enterprises Development Act, 2006.



(c) MTP, Pinjore:

1. As per Ind AS -19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 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.
2. As per Ind AS-36, Impairment of Assets, the objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss. The Standard also specifies when an entity should reverse an impairment loss and prescribes disclosures. However the company has failed to conduct an impairment test of assets, as otherwise advised to be conducted once annually.

(d) MTH, Hyderabad

1. Property, plant & equipment is charged at 100% of the cost of asset over their useful life. The residual value for all the assets has been standardized at Re 1. The Division has not appropriately justified and disclosed in the Notes to Accounts for charging depreciation at 100% of the cost of asset over their useful life. In our opinion this is a departure from the Schedule II of the Companies Act, 2013 where it is stated that Residual value should be 5% for the tangible assets and depreciation should be charged at ninety five percent of the cost of asset over their useful life. The Impact of such non-compliance on the loss, Assets and liabilities could not be ascertained. Our observation revealed that the division has not complied with "Component" based depreciation method as required by Ind AS 16 despite the stated policy and necessary identification of components of an item of PPE has not been identified and depreciated accordingly. The impact of such noncompliance on the loss and the accumulated depreciation could not be ascertained.
2. Employee Benefits: Our observation revealed that the division is not in compliance with para 57 of IND AS 19, as defined benefit plan does not include Current service cost plus interest obligation thereof nor does it incorporate plan asset. The impact of the such non compliance on the loss and the current liabilities could not be ascertained.
3. Sale of goods includes Rs.16.43 crore pertaining to four machines dispatched to customers on Free-on-Road (FOR) basis at Customers premises. Though, the invoices in respect of the four contracts were raised on or before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023, the risk and reward of ownership was not transferred before 31st March 2023 as the contracts were on FOR customer premises basis. Recognition of sales revenue on invoice basis in FOR customer premise contracts without actual delivery at customer premises has resulted in overstatement of sales by 16.43 crore and understatement of stock in trade by Rs 12.19 crore with consequential understatement of Loss by Rs 4.24 crore.



4. Property Tax of Rs.25.21 Crores is payable to Greater Hyderabad Municipal Corporation (GHMC) on Factory and Township of HMT machine Tools Limited, Hyderabad (MTH). Since the stay order obtained by MTH on payment of property tax to GHMC was vacated in the month October 2022 by Hon'ble High Court of Telangana, GHMC raised (November 2022) demand on MTH for payment of property tax of 25.21 crore in respect of Factory and Township of MTH. However, the company has not made the necessary entries in this regard.
5. Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) has raised Rs.12.31 crore water and sewerage charges bill. However, the company has not made necessary entries in this regard.
6. Southern Power Distribution Company of Telangana (TSSPDCL) has revised its earlier demand of Rs 1.84 crore to Rs 1.16 crore. Company has disclosed this amount as contingent liability but not made any provision in this regard.

(e) MTM, Bangalore

1. Compliance of Ind AS-36 Impairment of Assets : We draw attention towards Ind AS- 36 Impairment of Assets in relation to the assessment of potential impairment loss of assets of the unit. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted in the Financial Year 2020-2021, it is noted that, the unit is yet to take management approval for disposal of said assets as per the company's procedure and the quantum of impairment value is not available to report.
2. Interest on delayed Provident Fund remittance and loss of the fund for the Financial Year 2022- 23 has not been provided for as amount was not ascertainable.
3. The disclosure requirements as per Schedule III of the Companies Act 2013 read with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 in the financial statements.

II. HMT Watches Limited ("HWL")

(a) Going Concern Status:

1. A material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the financial statements do not adequately disclose this matter.
2. The Board of Directors in its 72nd board meeting held as on 18.01.2016 have decided to close down the company after getting the approval from cabinet committee of Economic Affairs.



3. The accumulated losses of the company as at the close of 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.
 4. The company has been incurring continues losses for the past many years.
 5. The total liabilities of the company as at the close of 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).
- (b) As per the communication received from Ministry of Heavy Industries and Public Enterprises vide letters dated 13.01.2017 & 27.03.2017, the company has not adjusted / written off the GOI Loans and holding company loans amounting to Rs. 2,69,378.75 lakhs during the financial year 2022-23. However, as per the minutes of 79th meeting of Board of Directors of HMT Watches Ltd, the board has decided to account the write off loan together with interest at the time of closure of the company as approved by CCEA vide letter dated 13.01.2016. Consequently, the company has overstated the GOI liabilities (Note 2.12) to the extent of Rs.2,69,378.75 lakhs and overstated the negative balance of Other Equity (Note 2.10) by Rs.2,68,378.75 lakhs. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.

for N S V M & Associates

Chartered Accountants

Firm registration number: 010072S


G C S Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEVD6248



Place: Bengaluru

Date: 09-08-2024



HMT Limited

Annexure C to the Independent Auditor's Report

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(xxi) Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sl. No.	Name of Company	CIN	Relation	Clause number of the CARO report which is qualified or is adverse
1	HMT Limited	L29230KA1953GOI000748	Holding Company	Clause (i) (b) Clause (i) (c) Clause(iii) (a) (A) Clause(iii) (c) Clause(iii) (d) Clause(iii) (f) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a) Clause (xiv) (b)
2	HMT Machine Tools Limited	U02922KA1999GOI025572	Subsidiary Company	Clause (i) (b) Clause (vii) (a) Clause (vii) (b) Clause (ix) (a)



				Clause (xvii)
3	HMT Watches Limited	U33301KA1999GOI25573	Subsidiary Company	-
4	HMT (INTERNATIONAL) Limited	U3309KA1974GOI002707	Subsidiary Company	-

for N S V M & Associates

Chartered Accountants

Firm registration number: 010072S


G C S Mani

Partner

Membership No: 036508

UDIN: 24036508BKDEV6248



Place: Bengaluru

Date: 09-08-2024



Annexure C to the Independent Auditors' Report

on the Consolidated Financial Statements of HMT Limited for the period ended 31 March 2024

Report on the Internal Financial Controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to paragraph 1(f) under 'Report on other regulatory requirements' Section of our report to the members of HMT Limited of even date)

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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



We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter Paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

1. Qualified Opinion of HMT Limited

According to the information and explanations given to us and based on our audit, the Company has not established its internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. As a result, we are unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion whether the company has adequate internal control over financial reporting and whether such internal control was operating effectively as on 31st March, 2024.

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



(i) Food Processing Machinery Unit, Aurangabad

- (a) The branch does not have an appropriate internal control system for inventory as there is no integration between the financial accounting module and inventory module.

- (b) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.
- (c) The branch has not maintained proper records and reconciliations of GST, TDS on GST Liability, which have a material impact on the financial reporting of such amounts in the financial statements. Further, the branch does not have adequate internal control on the payments of statutory dues i.e., GST, TDS, PF, PT ESIC etc. within due dates.

(ii) Auxiliary Business Division, Bengaluru

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

(iii) Corporate Head Office and Company as a whole

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

2. HMT Machine Tools Limited (“MTL”)

In our opinion, to the best of our information and according to the explanations given to us, two divisions viz., 1) HMT- Hyderabad (Disclaimer Opinion as above) & 2) Praga Tools – Hyderabad, the following material weaknesses is identified in the company relating to inadequate internal financial controls over financial reporting as at March 31st 2024 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

(i) In respect of PTH, Praga Tools Hyderabad

- (a) The company did not have adequate appropriate internal controls for reconciling inventories resulting into im-proper update to the financial books, physical verification of inventory and Fixed Assets, obtaining balance confirmation from sundry debtors, sundry creditors and other parties. The company is incurring cash losses from more than “3” years, not able to serve the Govt. Of India loans. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.
- (b) The company does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/procurements. And adequate internal control is not initiated in respect of payment of statutory dues within due dates and filing of statutory dues under various statutes in turn resulting in various penalties, late fees and other consequences under different statutes.



(ii) In respect of MTA Ajmer

- (a) The company does not have adequate internal control in regard to physical verification of inventory which shall have a material impact on the financial statements.
- (b) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.
- (c) The company does not have adequate internal financial control on keeping sufficient cash balances with it in order to pay the statutory dues within due dates which has led the entity to incur penalties and late fees under various statutes.
- (d) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/procurements.

(iii) In respect of MBX, Bengaluru

- (a) The Branch does not have an appropriate internal control system to reconcile the financial accounts pertaining to Goods and Services Tax etc. with the relevant tax records and returns which can possibly result into under/over statement of such amounts in the financial statements. Such non-reconciliation also raises the possibility of not properly accounting the purchases/procurements.
- (b) The Branch does not have adequate internal control on filing the statutory returns and paying the statutory dues within due dates which exposes the company to various late fees, penalties and other consequences under various statutes.

(c) In respect of MTP, Pinjore

- (a) The branch does not have adequate internal controls for reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors and other parties.

(d) In respect of MTH, Hyderabad

- (a) The branch does not have an appropriate internal control in regard to maintenance of books of accounts and a proper Accounting and Finance matrix is not adopted in regard to accounting entries passed, modified, deleted in the Books of Accounts. This may pose a severe threat on the accuracy of the financial statements.
- (b) The branch does not have an adequate internal control in respect of compliance to Statutory dues within due dates which in return expose the division for various penalties, late fees and other consequences.

(e) In respect of MTD, Bengaluru

- (a) The branch does not have adequate internal controls reconciling and obtaining balance confirmation from Sundry Debtors, Sundry Creditors, deposits, advances and other parties. This could result in material weakness, in the financial reporting process of debtors, creditors, deposits, advances and other parties.



- (b) The branch does not have an adequate internal control in respect of filing of statutory returns and payments of statutory dues under various statutes which exposes the company to various late fees, penalties and other consequences under various statutes.
- (f) In respect of the HMT Machine Tools Limited
- (a) Non reconciliation and non-confirmation of Trade receivables, trade payables balances, deposits, Advance Received against Sales account, EMD Received and Paid A/c and other old balances and advances.
- (b) Substantial delay / non filings of statutory returns and delay/non-payment of statutory dues exposes the Company to various late fees, penalties and other consequences under various statutes ex. IT Act, GST Act, Profession Tax Act, PF/ESI/Gratuity Acts (Payments to Funds set up under the Acts), including Property Taxes which are not ascertainable and provided for in books of account in some instances.
- (c) Lack of centralised control over recording and corrective legal/administrative actions in responding to an accounting of default/non-payment notices/claims received from statutory bodies viz., Income Tax, TDS, GST, PF, etc.
- (d) Need effective centralised management control over computerisation, accounting and inventory system with proper staffing of accounts dept at units and Directorate.


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

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

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, in so far as it relates to the three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries to the extent made available to us.

for N S V M & Associates
Chartered Accountants
Firm registration number: 010072S


G C S Mani
Partner
Membership No: 036508
UDIN: 24036508BKDEVD6248



Place: Bengaluru
Date: 09-08-2024

HMT LIMITED
(STANDALONE)



Statement of Impact of Audit qualification (for Audit Report with modified opinion) submitted
Along-with Annual Financial Results - (Standalone and Consolidated separately)

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income (Rs. in Lakhs)	9917.96	9917.96
	2.	Total Expenditure (Rs. in Lakhs)	8170.62	8170.62
	3.	Net Profit / (Loss) (Rs. in Lakhs)	2485.05	2485.05
	4.	Earnings Per Share (in Rs.)	0.69	0.69
	5.	Total Assets (Rs. in Lakhs)	132973.56	132973.56
	6.	Total Liabilities (Rs. in Lakhs)	87095.61	87095.61
	7.	Net Worth (Rs. in Lakhs)	45877.95	45877.95
	8.	Any other financial item (s) (as felt appropriate by the Management)	Nil	Nil
II	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification: As per Enclosure		
	b.	Type of Audit Qualification: Qualified Opinion		
	c.	Frequency of Qualification: As per Enclosure		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Nil		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of Audit Qualification: Nil		
		(ii) If Management is unable to estimate the impact, reasons for the same: As per enclosure		
		(iii) Auditors Comments on (i) or (ii) above:		
	Signatories:			
	• CEO/Managing Director	<i>Rajesh Uone</i>		
	• CFO	<i>Jyana</i>		
	• Audit Committee Chairman	<i>Sumanta Mishra</i>		
	• Statutory Auditor			
	Place : Bangalore			
	Date : 09.08.2024			



**HMT LIMITED
(CONSOLIDATED)**

**Statement of Impact of Audit qualification (for Audit Report with modified opinion) submitted
Along-with Annual Financial Results - (Stand-alone and Consolidated separately)**

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2024 [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
1	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/ Total income (Rs. in Lakhs)	21736.07	21736.07
	2.	Total Expenditure (Rs. in Lakhs)	35037.06	35037.06
	3.	Net Profit / (Loss) (Rs. in Lakhs)	255110.38	255110.38
	4.	Earnings Per Share (in Rs.)	71.73	71.73
	5.	Total Assets (Rs. in Lakhs)	60360.44	60360.44
	6.	Total Liabilities (Rs. in Lakhs)	235563.63	235563.63
	7.	Net Worth (Rs. in Lakhs)	(175203.19)	(175203.19)
	8.	Any other financial item (s) (as felt appropriate by the Management)	Nil	Nil
II	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification: As per Enclosure			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of Qualification: As per Enclosure			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Nil			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of Audit Qualification: Nil			
	(ii) If Management is unable to estimate the impact, reasons for the same: As per enclosure			
	(iii) Auditors Comments on (i) or (ii) above:			
III	Signatories:			
	• CEO/Managing Director	<i>Kajal Chowdhury</i>		
	• CFO	<i>S. Prasad</i>		
	• Audit Committee Chairman	<i>Reshma Mishra</i>		
	• Statutory Auditor			
	Place : Bangalore			
	Date : 09.08.2024			

QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES		
HMT LIMITED		
<u>STANDALONE-2023-24</u>		
Audit Observations	Management Reply	Frequency of Qualification
<p>1. <u>Food Processing Machinery Unit, Aurangabad</u></p> <p>As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates and therefore, cost could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of the Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.</p>	<p>The inventory is valued using the weighted average cost method except in the case of consumables comprising of low value items which is valued on estimated basis. Accounting Software is going to be installed in the store department. However, there is no material impact in the valuation of inventories.</p>	Repetitive
<p>2. <u>Auxiliary Business Division, Bengaluru</u></p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>b. The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p> <p>The unit was formed to look after the Estate maintenance of the units at Bangalore. Consequently, due to an increase in the maintenance cost of the estate, the unit start generating the income. Post subsidization in 2000 of the Company the Land and buildings have been transferred to M/s. HMT Machine Tools Limited, in line with the scheme of Arrangement. Hence the land and buildings are not recorded in the books of accounts of the unit. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Limited.</p>	<p>Repetitive</p> <p>First Time</p>



<p>c. Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p>	<p>in the revenue records to this effect. Fresh Lease deeds in respect of Land are pending for the execution.</p> <p>Since the ABD is looking after estate and employees of Bangalore based offices including HMT Machine Tools Division, Bangalore, the rental income recorded in the unit books to maintain the estate etc.</p> <p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024. Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory.</p>	<p>First Time</p>
<p>3. Corporate Head Office and Company as a whole</p> <p>(a) Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>(b) IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.</p> <p>(c) Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p> <p>(d) Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p> <p>The subject property is a owner-occupied property i.e. owned and occupied by the Company. The purpose of short term let out is to earn rental to meet the cost of its maintenance. The same is not held even for capital appreciation. Hence, being an owner-occupied property, it has been treated as PPE as per Ind AS16.</p> <p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024 and disclosed in Financials statement No. no.38(B) Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory.</p> <p>There is no component of time value of money involved while recognising the</p>	<p>Repetitive</p> <p>First Time</p> <p>First Time</p> <p>Repetitive</p>



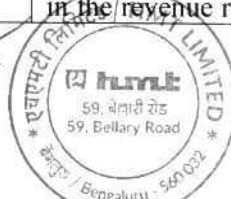
<p>measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p> <p>(e) As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.</p> <p>(f) As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.</p> <p>(g) We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.</p>	<p>revenue. However, the provisions against trade receivables are recognised as per best judgement of the management based on the current available information. Provision made in the books are reviewed on an ongoing basis.</p> <p>HMT Machine Tools Limited is having huge land bank and the market value of these land is much higher than the long outstanding receivable from them, ever considering the guidance value. The same will be recovered from the proceeds on sale of land. As such there is no ECL.</p> <p>The liabilities towards the procurements have been classified under Trade Payable and other than procurement as "Accrued expenses" grouped under Other Current Liabilities. The practice is being followed consistently. However, the same will be reviewed and will accordingly be classified during 2024-25</p> <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.</p>	<p>First Time</p> <p>First Time</p> <p>First Time</p>
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Rajesh Kumar



QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES		
CONSOLIDATED FINANCIAL STATEMENTS – 2023-24		
1. <u>HMT LIMITED (“HMTL”)</u>		
Audit Observations	Management Reply	Frequency of Qualification
<p>1. <u>Food Processing Machinery Unit, Aurangabad</u></p> <p>As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 2 (ii) (j) stock of raw material, it is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, the correctness of stock items rates and therefore, cost could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of the Company’s records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method adopted by the company. We are also unable to ascertain its consequent impact, if any, on the Standalone Ind AS financial statements.</p>	<p>The inventory is valued using the weighted average cost method except in the case of consumables comprising of low value items which is valued on estimated basis</p>	<p>Repetitive</p>
<p>2. <u>Auxiliary Business Division, Bengaluru</u></p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>b. The Company records rental income generated from the buildings situated on the land which is not recorded in the books of accounts of the Company. On examination of records produced for verification, the status of the land and its ownership is in the name of HMT Limited.</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p> <p>The unit was formed to look after the Estate maintenance of the units at Bangalore. Consequently, due to an increase in the maintenance cost of the estate, the unit start generating the income. Post subsidization in 2000 of the Company the Land and buildings have been transferred to M/s. HMT Machine Tools Limited, in line with the scheme of Arrangement. Hence the land and buildings are not recorded in the books of accounts of the unit. However, the mutation of Title Deeds is yet to be done in the name of HMT Machine Tools Limited, in the revenue records to this effect. Fresh</p>	<p>Repetitive</p> <p>First Time</p>

Rayesh Kumar



<p>c. Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p>	<p>Lease deeds in respect of Land are pending for the execution. Since the ABD is looking after estate and employees of Bangalore based offices including HMT Machine Tools Division, Bangalore, the rental income recorded in the unit books to maintain the estate etc.</p> <p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024 and disclosed in Financials statement No. no.38(B) Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory</p>	<p>First Time</p>
<p>3. <u>Corporate Head Office and Company as a whole</u></p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>b. IND AS 40 defines Investment Property as property held to earn rentals or for capital appreciation or both. It is observed that Corporate Head Office derives rental income partly from building (owned by the entity) which is not classified as Investment property in the standalone financial statements.</p> <p>c. Ind AS 40 requires the Company to obtain a fair valuation report of the investment properties from a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. However, we observe that the Company has not complied with the above requirement as prescribed by Ind AS-40.</p>	<p>Letters were sent through e mail and post to all parties requesting them to confirm the balance as on 31.03.2024. Reconciliations as per available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. But confirmation was not received from the parties.</p> <p>The subject property is a owner-occupied property i.e. owned and occupied by the Company. The purpose of short term let out is to earn rental to meet the cost of its maintenance. The same is not held even for capital appreciation. Hence, being an owner-occupied property, it has been treated as PPE as per Ind AS16.</p> <p>The Company has not obtained any fair valuation of the investment property from an independent valuer. Since the Company has not restated the financials statement, the fair value has been disclosed based on the Guidance value of the Investment Property as on 31.03.2024 and disclosed in Financials statement No. no.38(B) Further, as per clause 32 of Ind AS-40, valuation of investment property by independent valuer is not mandatory.</p>	<p>Repetitive</p> <p>First Time</p> <p>First Time</p>



<p>d. Ind-AS 109 requires an entity to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p>	<p>There is no component of time value of money involved while recognising the revenue. However, the provisions against trade receivables are recognised as per best judgement of the management based on the current available information. Provision made in the books are reviewed on an ongoing basis.</p>	<p>Repetitive</p>
<p>e. As per Ind AS-109, the Company has to recognize loss allowance for expected credit losses on a financial asset. In the instant case, we observe that the Company has long outstanding receivable from HMT Machine Tools Limited in respect of which the Company has not recorded any expected credit losses. In our opinion as HMT Machine Tools Ltd is incurring continuous losses and has a negative net worth, the ability of the Company to recover the amount receivable from HMT Machine Tools Limited remains doubtful.</p>	<p>HMT Machine Tools Limited is having huge land bank and the market value of these land is much higher than the long outstanding receivable from them, ever considering the guidance value. The same will be recovered from the proceeds on sale of land. As such there is no ECL.</p>	<p>First Time</p>
<p>f. As per Schedule III of Companies Act, 2013, trade payables include all amounts due on account of purchase of goods and services received in the normal course of business. In the instant case, we observe that an amount of Rs 1510.99 lacs which is presently disclosed as Accrued expenses under the head Other Current Liabilities must be disclosed under Trade Payables. Further, the Company must provide ageing analysis for the amount disclosed under the head Accrued Expenses.</p>	<p>The liabilities towards the procurements have been classified under Trade Payable and other than procurement as "Accrued expenses" grouped under Other Current Liabilities. The practice is being followed consistently. However, the same will be reviewed and will accordingly be classified during 2024-25</p>	<p>First Time</p>
<p>g. We draw your attention to Note No.53 wherein the Company has stated that it has no transactions with struck off companies under section 248 of The Companies Act, 2013. However, Company has not provided appropriate audit evidence to establish that they do not have such transactions.</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.</p>	<p>Repetitive</p>

Rajesh Kumar



2. HMT MACHBINE TOOLS LIMITED ("MTL")

MBX, Bangalore

- a. Ind AS 2 – according to the details and information provided to us, the value of Raw Materials, Work- in- progress and Stock in Trade (Finished Goods) are taken on the basis of job cards issued for the particular work order and stock taking is on Weighted Average basis, however, due to non-availability of valuation report and detailed working of Inventories , we are unable to comment on the compliance with Ind AS 2 and the impact on financials due to this. Also, the physical verification of stock has not been done at regular intervals.
- b. No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities as at March 31, 2024, and the same is non quantifiable. Further, no provision has been made for penalty/damages, if any payable on non-settlement / non-payment of gratuity dues as at March 31, 2024. We are unable to express an opinion on the impact of this non-provision on the financial statements.
- c. In the absence of confirmation from parties regarding Trade payables, Trade receivables, Advances received, Advances paid, Deposits (including security deposit), the process of reconciliation of party balances is incomplete. Further it is observed that balance in certain accounts having no transactions for more than five years have been carried forward. Due to non-availability of confirmations of balance from parties, we are unable to express an opinion on the correctness of the balances stated and their impact on the financial statements.
- d. As informed to us, the Unit owns total land of 330.28 acres in Bangalore Complex, which were partly gifted and partly acquired over the years. The said land is used for factory buildings, offices, residential quarters, hospital, cinema, stadium, commercial complex, internal roads etc. In

Unit will submit all the documents to Branch Auditor evidencing the compliance of Ind AS 2, during the Interim Audit for the FY 2024-25. Unit will also ensure that physical verification of stock is done at regular intervals.

Repetitive

Unit has made provision for liabilities wherever demand is raised by the Authorities. Unit will take necessary action in FY 2024-25 in consultation with MTD

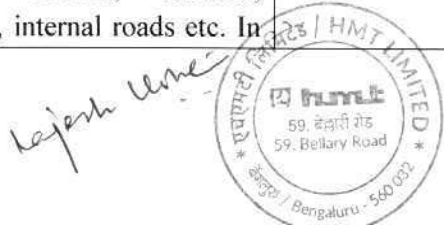
Repetitive

Confirmation of balances under Trade payables and other liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustment are made wherever required as per management assessment

Repetitive


The unit will take necessary action for physical verification. Survey and demarcation of land will be made during 2024-25

First time



<p>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.</p>		
<p>MTP Pinjore</p> <p>a. The unit has created provision for the Customs refund claims amounting to Rs.8.78 lakhs and Claim recoverable (Foreign) amounting to Rs.1.55 lakhs but there is no certainty of recovering the same and had to be written off.</p> <p>b. As per Ind AS-19, defined benefit plan is termed as any plan in which the enterprise has obligation to provide the agreed benefits to current and former employees and the actuarial risk and investment risk fall. Therefore, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March 2024. Consequent effect of the same on the financial statements for the years is not ascertainable. Accordingly, provident fund set up by employer which require interest shortfall to be met by the employer would be in effect defined benefit plan in accordance with Ind AS-19. Hence this is not in compliance with the Ind AS-19 "Employee Benefits"</p> <p>c. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p>	<p>Provision exists in the books of accounts and approval of competent authority for write off will be sought in year 2024-25. However, it will not have impact on profit.</p> <p>Necessary action will be taken during 2024-25</p> <p>Confirmation of balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment</p>	<p>First time</p> <p>First time</p> <p>Repetitive</p>
<p>MTK, Kalamassery</p> <p>a. As per the Accounting policies of HMT Machine Tools Limited, Kalamassery</p>	<p>Audit observation has been noted. The materials were dispatched before 31st</p>	<p>Repetitive</p>

Rajesh Uthappa



59, Bellary Road
59, Bellary Road

(MTK), revenue in respect of sale of goods will be recognized at the point in time that the customer obtains control of the goods or services which is when it has taken title to the products assumed the risks and rewards of ownership of the product or services. As per the shipping terms there are certain FOR (customer premises) contracts at the year end. Though the invoices in respect of the eight contracts were raised on or before 31 March 2024, the risk and reward of ownership was not transferred before 31 March 2024 as the machines were received at customers site after 31 March 2024. Recognition of sales revenue on invoice basis in FOR (customer premises) contracts without actual delivery at customer premises has resulted in overstatement of Sales by Rs.1,33,68,730/-.

- b. Notes No.10 Other Assets include Rs. 1,59,61,090/- being ADHOC-ADVANCE (APRIL 2019)-PS and Rs. 1,31,34,286/- being ADHOC-ADVANCE (APRIL 2019)-WG disclosed under Advance to Suppliers/Employees Including Advance No. III – considered good. This is monthly ad hoc payment to the employees of HMT Machine tools Ltd vide office order NO021(M)/19 dated 30th September 2019. The payment was made pursuant to approval of Administrative Ministry vide letter No 1-0501/3/2019+P.E.X(E198595) dated 19th September 2019, where the employees of HMT Machine tools Limited has been paid an additional monthly ad hoc amount equal to 10% of the running Basic Pay plus dearness allowance of the month, with effect from 1st April 2019 (HMT Machine tools Limited made profits during 2018-19). The ad hoc payment attracts Income Tax. Further the ad hoc payment made was not adjusted while settling retired employees. We are of the opinion that this is in the nature of expenditure and should be charged to the Statement of Profit and loss account, as this is an employee benefit

March 2024. The customer has accepted the consignment.

Corrective action taken in the consolidation at Head Quarters by passing necessary entry charging to Statement of Profit and Loss Account.

First time

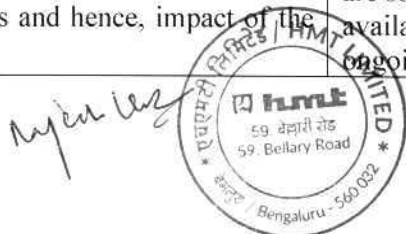


<p>payment for which Income tax is applicable. Had it been an advance, it should have been deducted while settling retired employees. Hence, Other Assets are overstated to this extent. (Note: Necessary rectification entry has been passed in Machine Tools Directorate Books.)</p> <p>c. Land shown in Note No.3A Property, Plant and Equipment and in Note No. 3B Investment Property comprises of 349 Acres as per the statement furnished by the unit. As per the copies of records furnished to us, 781 Acres 26 Cents 266 sq links property was assigned to HMT Limited by Govt. of Kerala in 1973. Out of this 432 Acres 19 Cents and 126 sq Links were surrendered/ gifted/ given for various purposes. Balance land in hand is 349 Acres 40 Cents and 140 Sq links. All this land is in the name of HMT Limited and not in the name of HMT Machine Tools limited.</p> <p>d. Margin money deposits amounting to Rs. 84,97,769/- has been classified as other bank balances. Out of the total margin money deposit, amount of Rs. 24,64,346.00/-are subject to confirmation and reconciliation, the consequent effect on the financial statement is unascertainable.</p> <p>e. The Unit has provided interest on MSME on a simple interest basis on the annual outstanding balance. Also, in the case of some agreements, even if the terms of conditions specify payment within 30 days, the unit has taken 45 days as the minimum days for calculation of MSME interest.</p>	<p>Due to funds constraints, the mutation of the property not yet done in the name of HMT Machine Tools Ltd.</p> <p>Necessary action will be taken to reconcile the same during 2024-25</p> <p>Audit observation has been noted. MSME Act provides for upto 45 days, interest liabilities has been worked out considering the delay after 45 days. However, same will be reviewed and the liability will revised in year 2024-25 on case to case basis.</p>	<p>First Time</p> <p>First Time</p> <p>First time</p>
<p>MTH, Hyderabad</p> <p>a. Division has disclosed the amount of Rs.25.21 crores under contingent liability instead of creating a liability under 'Expenses' head as the amount is related to property tax payable to Greater Hyderabad</p>	<p>Since the claim against the Company is under dispute . Company has contested the claim and outflow of resources is not probable. As per Ind-AS 37, it has accordingly been disclosed as Contingent liability.</p>	<p>First time</p>

Mayank Kumar



<p>Municipal Corporation (GHMC) on Factory and Township and it is a clear liability.</p> <p>b. Division has not provided for the clear liability of Rs.12.31 crore under "Expenses" head relating to water and sewerage charges bill raised by Hyderabad Metropolitan Water Supply & Sewerage Board (HMWSSB) for supply of water, instead shown Rs.1,24,59,308/- crore under contingent liability.</p> <p>c. The division has made an excess provision of Rs.1.41 crores on account of Non-moving Raw material, Stores and Spares and Tools up to year ended 31st March 2023 which is continuing in books for the Financial year ended 31 March, 2024. This has led to understatement of Inventories in the financial statements.</p>	<p>Since the claim against the Company is under dispute. Company has contested the claim and outflow of resources is not probable. As per Ind-AS 37, it has accordingly been disclosed as Contingent liability.</p> <p>A technical committee has been constituted to assess the suitability of the nonmoving items to recommend for necessary action.</p>	<p>First time</p> <p>First time</p>
<p>MTA, Ajmer</p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the same on the standalone financial statements cannot be quantified.</p> <p>b. The company has not provided for interest for delay in payment to MSME's as per Micro, small, and Medium Enterprises Development Act, 2006 which in turn results in understatement of expenses and liabilities in the financial statements.</p>	<p>Confirmation of balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment</p> <p>Necessary action will be taken for providing interest during 2024-25</p>	<p>Repetitive</p> <p>First Time</p>
<p>PTH, Praga Tools, Hyderabad and MTD, Bangaluru</p> <p>a. Non - receipt of balance Confirmations with regard to Trade Receivables, Trade Payables, Other Current Assets and Other Current liabilities and hence, impact of the</p>	<p>Confirmation of balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential</p>	<p>Repetitive</p>

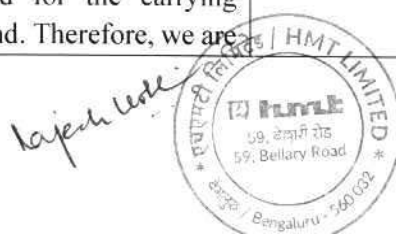


same on the standalone financial statements cannot be quantified.	adjustment and provision are made wherever required as per management assessment	
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3. HMT MACHINE TOOLS LIMITED
DISCLAIMER OPINION ON MTH, HYDERABAD

<p>(a) Property, Plant, and Equipment: According to the information available to us, the Division has immovable property transferred to it on lease from the Government of India, but it is not in compliance with IND AS 116 as the lease deeds were not provided. With reference to Note 3A of the financial statements, the Division charges 100% of its cost to depreciation over the useful life of the asset with a residual value of Rs. 1. Upon examining the asset register, we noticed that the dates of purchase of the assets were not available, which raises doubts about the remaining useful life of these assets. However, division following this as per instructions given by head office</p>	<p>The immovable property is gifted by State Government to the Company and not on lease. The unit has correctly disclosed the same under PPE as per Ind AS 16. The value of the Assets are being carried forward in books of accounts as per historical records available with the company and calculation of depreciation is being carried out based on the useful life of assets from the year of acquisitions. The closing balance of Gross Block, Accumulated depreciation and Net Block are carried forward with due reconciliation every year and have been subjected to Audit in all these years. So it is submitted that depreciation on all these assets in the books have been carried out since the year of acquisition mentioned in the fixed assets register even though date of acquisition is not mentioned. Depreciation on PPE is provided on straight line basis over the useful life of the various assets as prescribed in Schedule II to the Act, pro-rata with reference to the date of addition or deletion. As and when PPE gets fully depreciated, Re.1/- is retained as book value of the PPE. PPE costing less than Rs. 10,000/- shall be depreciated to Re.1/- in the year of purchase.</p>	<p>First time</p>
<p>(b) Capital Work in Progress: We draw an attention to Note 3B of the financial statements which discloses capital work in progress (CWIP) of Rs.1,10,00,000. During the course of audit, no details in respect of CWIP provided. In the absence of the details of the same, we are unable to form an opinion on the existence, completions and valuation of the Capital Work in Progress.</p>	<p>A L45 Lathe Machine was received on 31.3.2022 from supplier and pending erection and commissioning, the same is carried under CWIP. The Commissioning work will be completed shortly. PO No.1103110/57694 dt.20-2-2019</p>	<p>First Time</p>
<p>(c) Inventory Valuation: We draw attention to Notes 5 and 25 of the financial statements. The division disclosed its inventory at Note</p>	<p>The valuation of inventories and the provision towards non-moving items is</p>	<p>First Time</p>

<p>No.5 Rs.37,12,74,054 for the year ending 31.03.2024 (Pr.Year: 39,05,51,467) for which we were unable to obtain sufficient and appropriate audit evidence regarding the existence, title, and value of the inventory as on that date. Further, during the year under consideration, a provision against non-moving inventories made of Rs.1,19,86,909 and charged to the profit & loss account under “Other Expenses - Note No.25” which carrying the total provision made for the year ending 31.03.2024 is of Rs.4,82,89,601 (Pr.Year 3,63,02,692) disclosed under Note No.5. There is no base is provided except the system generated report, due to which we are unable to form an opinion on the correctness of the provision made against the non-moving inventories.</p>	<p>as per accounting policy of the Company</p>	
<p>(d) Trade Receivables: We draw attention to Note 6 of the financial statements, which discloses trade receivables amounting to Rs.35,51,88,038 (Pr.year Rs.32,80,05,797). Customer-wise balance confirmations were not provided for the year ended March 31, 2024. In the absence of confirmation letters from customers, we are unable to confirm and satisfy ourselves regarding trade receivables. Additionally, customer-wise and transaction-wise ageing of trade receivables was not produced for audit. Consequently, we are unable to confirm the ageing of trade receivables as disclosed in Note 6A.</p>	<p>Proper disclosure has been made in the financials under Note No. 6A, Additional disclosure. Suitable provisions against the trade receivable aging more than 5 years has been made in the Books as per accounting policy.</p>	<p>First Time</p>
<p>(e) Allowance for Credit Loss: We draw attention to Notes 6, 6A and 25 of the financial statements in respect of allowance for expected credit loss against the Trade Receivables. During the year ending 31.03.2024 an amount of Rs. 69,68,182 (PY.Rs.1,74,34,928) is charged to the profit & loss account on account of ‘allowance for expected credit loss’ under Note No.25 “Other Expenses”. The total amount (provision) of ‘allowance for expected credit loss’ is carrying at Note No.6 is Rs.22,79,77,008 (Pr.year Rs.22,10,08,826). The division fails to justify the provision made for ‘expected credit loss’ against the Trade Receivables and for the carrying amount as at the year end. Therefore, we are</p>	<p>There is no component of time value of money involved while recognising the revenue. However, the provisions against trade receivables are recognised as per best judgement of the management based on the current available information. Provision made in the books are reviewed on an ongoing basis.</p>	<p>First Time</p>



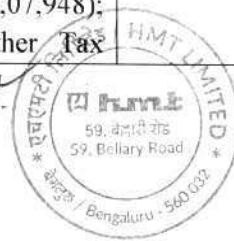
<p>unable to form an opinion on whether the provision made during the year for 'expected credit loss' and the carrying amount for 'expected credit loss' is sufficient</p>		
<p>(f) Other Current Assets: We draw attention to Note 9- "Other Current assets" of the financial statements, the division disclosed the advances given to the suppliers and employees which amounting to Rs.6,97,85,415 (PY Rs.7,37,82,623). The division fails to maintain the details of the suppliers & employees to whom the advances given which is the primary responsibility of the division in maintenance of the accounting records. In the absence of the same we are unable to form an opinion on the same. Additionally, the division provided a provision for 'impairment of doubtful advances' against these suppliers and employees advances which amounting to Rs.2,08,15,692 (Pr.year Rs.2,08,15,692). The division fails to justify the provision made against the supplier and employees advances. Consequently, we are unable to comment on the same.</p>	<p>The said amount includes the year 1992 pay revision arrears relating to large number of employees including Ex-employees. The same is maintained separately and summary has been accounted in the financials.</p>	<p>First time</p>
<p>(g) Borrowings & Other financial liabilities: We draw attention to Note 13.B and Note 15 of the financial statements, which discloses that the Division availed a term loans from the Government of India amounting to Rs. 90,73,05,000 (PY Rs.90,73,05,000) with interest accrued and due disclosed in the Note No.15 amounting to Rs.130,98,82,874 (PY. Rs.1,15,98,29,947) respectively. Additional information regarding the security and terms of repayment was not provided or disclosed in the financial statements. Due to non-disclosure of required information which is a violation of Schedule III. Further, we are unable to form an opinion on the current and non-current portions of the liability disclosed under Other Financial Liabilities. Additionally, we are unable to conclude the position of these loans as no third-party confirmation was provided for the audit except a letter from head office showing interest and principle amount outstanding.</p>	<p>The details are maintained at Machine Tools Directorate.</p>	<p>First Time</p>

Rajesh Kumar



<p>(h) Trade payables: We draw attention to Note 14 of the financial statements, which discloses the amounts due to vendors amounting to Rs.24,50,18,324 (Pr. Year Rs.21,17,65,745). In the absence of confirmation letters from vendors, we are unable to confirm and satisfy ourselves regarding trade payables. Further, the following amounts included in the 'Trade payable under Note No.14' that have remained static / continuing compared to the previous year without justification:</p> <ul style="list-style-type: none"> • Liability of OSL Expense: Rs.5,96,88,819 • Hyderabad Metro Water: Rs.8,18,37,775 • Liability for SCR Expense: Rs.79,70,164 <p>In the absence of which we are unable to form an opinion the same.</p> <p>With reference to the amount disclosed in Note No.14A of the financial statements which Discloses of 'amounts due to Micro enterprises and small enterprises' of the division as per MSMED Act,2006. Division has not been provided the recognition criteria for MSME vendors for the purpose of our audit, which rise doubt on the correctness of the disclosure given in financial statements. Additionally, vendor-wise and transaction-wise ageing of trade payables is not provided to confirm the ageing of trade payables as disclosed in Note 14B.</p>	<p>Confirmation of balances under Trade payables and Other Current Liabilities are sought and reconciliation as per the available records is carried out on ongoing basis. Consequential adjustment and provision are made wherever required as per management assessment. The MSME details are available with Material Management Department.</p>	<p>First time</p>
<p>(i) Revenue received in advance: We draw attention to Note 16 of the financial statements under 'Other current liabilities' which includes 'revenue received in advance' amounting to Rs. 10,45,70,143 (Pr.Year Rs.10,33,72,324). The division fails to provide the details of the amounts received from the respective customers, and their confirmation letters. In the absence of the same, we are unable to form an opinion on the same.</p>	<p>In respect of old advance received from customer will review and necessary action for adjustment will be carried out in FY 24-25.</p>	<p>First Time</p>
<p>(j) Statutory dues: We also draw attention to the same Note No. 16 of the financial statements under 'Other liabilities' which includes 'statutory dues' amounting to Rs.69,96,09,510 (Pr.Year.Rs.67,36,07,948); "Withholding of Taxes and Other Tax</p>	<p>Due to severe financial constraints the unit was not able to clear statutory dues timely. However, efforts are being made to clear these dues.</p>	<p>First Time</p>

Najema Hossain



<p>Payables" amount to Rs.2,37,35,260 (Pr.Year. Rs.3,69,97,253). Significant portion of these amounts are due from earlier years. The division has not been provided the timelines for the amounts due to various statutory authorities, and any assessment orders for the said dues. Consequently, we are unable to form an opinion on these amounts.</p>		
<p>(k) Other Liabilities: We further also draw an attention to the same Note 16 of the financial statements, 'Other liabilities' includes following liabilities:</p> <ul style="list-style-type: none"> • Miscellaneous Recoveries: Rs. 1,20,89,855 • Advance Received Against Rent : Rs. 25,93,974 • SCR Expenses : Rs. 52,69,152 <p>The division has not been provided the details of the parties to whom these amounts are payable / due and the confirmation letters from the respective parties. Consequently, we are unable to form an opinion on these amounts.</p>	<p>Since most of the liabilities are very old. Necessary action for adjustment will be taken after reviewing the same.</p>	<p>First Time</p>
<p>(l) Other expenses: With reference to Note 25 of the financial statements - 'Other expenses' which includes PF Trust Loss Rs.1,25,00,000 (Pr.year Rs.1,25,00,000). For the same, the division explained that the Division had opted to pay Provident Fund to its Trust but has defaulted in payment of contribution to the PF trust. Consequently, the Division has shared a loss of Rs. 1,25,00,000/- by the PF Trust due to this default. This amount is carried to the Balance sheet under Statutory dues and disclosed in 'Other Current liabilities' at Note No.16. The division has not been provided any basis for said amounts. Consequently, we are unable to form an opinion on the amounts charged to the Statement of Profit and Loss and carrying to the balance sheet under liabilities.</p>	<p>In view of the pending finalization of PF Trust Balance Sheet, provisionally the trust amount has been considered.</p>	<p>First Time</p>
<p>(m) Contingent liabilities: We draw attention to Note 26 of the financial statements, which discloses contingent liabilities related to pending litigations and various cases against the Division. We are unable to assess the</p>	<p>Since the claim against the Company is under dispute. Company has contested the claim and outflow of resources is not probable. As per Ind-AS 37, it has</p>	<p>First Time</p>



<p>reliability of these disclosures in the financial statements, nor can verify the status of the litigations and cases presented. Consequently, we are unable to measure the impact of these contingent liabilities on the financial statements, as the current status of many cases could not be tracked due to insufficient information.</p>	<p>accordingly been disclosed as Contingent liability.</p>	
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By: [Handwritten Signature]

