

Secl. S-6

22nd June 2022

BSE Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
Mumbai - 400 001
Scrip Code: 500191

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

Dear Sir/ Madam,

**Sub: Statement of Standalone/ Consolidated Audited Financial Results for the
Quarter/ Year ended March 31, 2022**

Pursuant to Regulation 33 (3) of SEBI (LODR) Regulation, 2015, please find enclosed herewith Statement of Standalone/ Consolidated Audited Financial Results of the Company for the Quarter/ Year ended March 31, 2022 approved by the Board of Directors of the Company at their meeting held today.

This is for your kind information and record.



Yours faithfully

For HMT Limited

S. Kishor Kumar S

(Kishor Kumar S)

Manager (Company Secretary)

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 2022

(Rs in lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
		Audited*	Unaudited	Audited	Audited*	Audited
I	CONTINUING OPERATIONS					
1	Revenue from Operations	530	368	828	1,258	2,346
2	Other Income	3,027	1,370	1,374	6,917	6,510
	Total Income	3557	1738	2202	8175	8856
3	Expenses					
	a) Cost of materials consumed	237	139	552	473	1,439
	b) Purchase of Stock in Trade	-	-	-	-	-
	c) Changes in Inventories (Increase)/decrease in SIT/WIP	(30)	57	(245)	80	(196)
	d) Employee benefits expense	246	248	255	1,012	1,101
	e) Depreciation and amortisation expense	53	40	56	195	202
	f) Finance Costs	109	244	342	850	1,730
	g) Other expenses	706	393	496	1,730	1,422
	Total expenses	1,321	1,121	1,455	4,340	5,698
4	Profit /(Loss) before Exceptional Items	2236	617	747	3835	3158
5	Exceptional items	-	-	-	-	-
6	Profit /(Loss) before tax	2236	617	747	3835	3158
7	Tax Expense	(1)	-	409	(1)	409
8	Profit /(Loss) for the period from Continuing Operations(6±7)	2237	617	338	3836	2749
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)	2237	617	338	3836	2749
13	Other Comprehensive Income					
	i) Items that will not be reclassified to profit / (Loss)	194	(33)	30	93	(135)
	ii) Income Tax relating to items that will not be reclassified to Profit / (Loss)	(24)	-	-	(24)	-
	Net Other Comprehensive Income	170	(33)	30	69	(135)
14	Total Comprehensive Income for the period (12±13)	2455	584	368	3953	2614
15	Paid-up Equity Share Capital (Face Value - Rs10/-)	35560	35560	35560	35560	35560
16	Other Equity	-	-	-	7106	3154
17	Earnings per share from Continuing Operations (face value Rs.10/- each)					
	i) Basic	0.83	0.17	0.10	1.08	0.77
	ii) Diluted	0.83	0.17	0.10	1.08	0.77
	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	0.83	0.17	0.10	1.08	0.77
	ii) Diluted	0.83	0.17	0.10	1.08	0.77



HMT LIMITED			
No.59, Bellary Road, Bangalore - 560 032			
CIN L29230KA1953GOI000748			
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS			
FOR THE YEAR ENDED 31ST MARCH 2022			
(Rs in lakhs)			
STANDALONE STATEMENT OF ASSETS AND LIABILITIES			
Sl.	Particulars	As at	As at
		31-03-2022	31-03-2021
		Audited*	Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	937	1049
	(b) Investment property	180	202
	(c) Financial Assets		
	Investments	71978	71978
	Other Financial Assets	6045	1415
	(d) Deferred Tax Asset (Net)	25	-
	(e) Other Assets	65	65
	Sub total	78230	74709
2	Current Assets		
	(a) Inventories	837	1022
	(b) Financial Assets		
	Trade Receivables	231	447
	Cash and Cash equivalents	322	1134
	Bank balances other than Cash and Cash equivalents	5417	9519
	Loans	24573	22865
	Other Financial Assets	257	380
	(c) Current Tax Assets (Net)	465	77
	(d) Other Assets	10436	7315
	Sub total	42538	42759
3	Non Current Assets held for sale	-	-
	TOTAL ASSETS	121768	117468
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35560	35560
	(b) Other equity	7106	3154
	Total equity	42666	38714
2	Non-current liabilities		
	(a) Financial Liabilities		
	Borrowings	-	1792
	Non Current Financial Liability	11	844
	(b) Provisions		
	Employee Benefits	(9)	36
	Sub total	2	2672
3	Current liabilities		
	(a) Financial Liabilities		
	Borrowings	64161	61536
	Trade Payables		
	Total outstanding dues to Micro, Small & Medium Enterprises	2	6
	Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	179	573
	(b) Other Financial Liabilities	3686	3686
	(c) Other Current liabilities	10335	9664
	(d) Provisions		
	Employee Benefits	452	589
	Others	285	28
	Sub total	79100	76082
	TOTAL LIABILITIES	79102	78754
	TOTAL EQUITY & LIABILITIES	121768	117468
		-	-



HMT LIMITED
 No.59, Bellary Road, Bangalore - 560 032
 CIN L28230KA1953GOI000748
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2022
(Rs in lakhs)


	Particulars	Year ended	
		31-03-2022 Audited*	31-03-2021 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	3,835	3,158
	Profit before tax	3,835	3,158
	<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
	Depreciation and impairment of Property, Plant and Equipment and Investment Properties	195	202
	Amortisation of Government Grant	(833)	(1,722)
	Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	(19)	(8)
	Provision withdrawn	-	(166)
	Interest Income	(2,491)	(2,345)
	Dividend received from Subsidiaries	-	(627)
	Finance Costs	850	1,730
	<i>Working capital adjustments:</i>		
	Movements in provisions, Gratuity, others	262	(145)
	(Increase)/Decrease in trade and other receivables and prepayments	(7,237)	(476)
	(Increase)/Decrease in inventories	111	(204)
	Increase/(Decrease) in trade and other payables	273	(44)
	Income tax (paid)/reversed	(5,054)	(647)
	Net cash flows from operating activities	(5,442)	(715)
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets Held for Sale	19	8
	Purchase of property, plant and equipment	(60)	(61)
	Proceeds from Sale of Investments	-	166
	Deividend received from Subsidiaries	-	627
	Deposits with Banks	4,103	(3,214)
	Interest received	585	448
	Net cash flows used in investing activities	4,647	(2,026)
C	Financing activities		
	Interest Paid	(17)	(8)
	Repayment of borrowings	-	-
	Net cash flows from/(used in) financing activities	(17)	(8)
	Net increase in cash and cash equivalents	(812)	(2,749)
	Cash and cash equivalents at the beginning of the year	1,134	3,883
	Cash and cash equivalents at year end	322	1,134

Note:

- The above Results for the quarter and year ended 31st March 2022 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on 22nd June 2022.
- As the Companies Business Activity falls within a single primary operating segment i.e. Food Processing Machineries, the disclosure requirement of Accounting Standard (Ind As 109) on 'Segment Reporting' is not applicable.
- HMT Bearings Ltd, a subsidiary, has been dissolved from the date of the NCLT order dated 20-4-2022. Accordingly, necessary adjustments on the dissolution have been made in the books of HMT Limited in consonance with the said NCLT order, as on 31.3.2022. Further HMT Chinar Watches Ltd, a wholly owned subsidiary has also been dissolved on 10.3.2022.
- The Company has considered the possible effects that may result from the Covid-19 pandemic on receivables, inventories, revenues including leases, Property Plant and Equipment, Going concern and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. Based on the analysis of such information and the nature of current business operations carried by the company, it is of the view that the impact is temporary and does not have material impact on financial statements as at 31st March 2022 and hence has not made any provision in the books of account.
- Figures of previous year have been regrouped wherever necessary.
 * Subject to C&AG Review

Place Bangalore
 Date: June 22, 2022



By order of the Board of Directors

 (A.K. Jain)
 Chairman and Managing Director

HMT LIMITED
No. 59, Bellary Road, Bangalore 560032
CIN L29230KA1963GOI000748

EXTRACT OF THE AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

(Rs in lakhs)

Particulars	Three months ended			Year ended	
	31-03-2022	31-12-2021	2021	31-03-2022	31-03-2021
	Audited*	Unaudited	Audited	Audited*	Audited
1 Total income from Continuing Operations	3557	1738	2202	8175	8856
2 Net profit/ (loss) for the period (before tax, exceptional items)	2236	617	747	3835	3158
3 Net profit/ (loss) for the period before tax (after exceptional items)	2236	617	747	3835	3158
4 Net profit/ (loss) for the period after tax (after exceptional items)	2237	617	338	3836	2748
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))	2455	584	368	3953	2614
7 Paid up Equity Share Capital (face value of Rs.10/- each)	35560	35560	35560	35560	35560
8 Other Equity	-	-	-	7106	3154
9 Earnings Per Share from continuing operations (face value of Rs.10/- each)					
Basic :	0.63	0.17	0.10	1.08	0.77
Diluted :	0.63	0.17	0.10	1.08	0.77
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

(A.K. Jain)

Chairman and Managing Director

Place: Bangalore

Date: June 22, 2022

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

CIN: L29230KA1953GOI000748

(Rs in lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2022 Audited*	31-12-2021 Unaudited	31-03-2021 Audited	31-03-2022 Audited*	31-03-2021 Audited
I	CONTINUING OPERATIONS					
1	Revenue from Operations	8203	3107	8538	17574	20352
2	Other Income	1636	1072	1727	4672	5594
	Total Income	9839	4179	10265	22246	25946
3	Expenses					
	a) Cost of materials consumed	3649	1511	4843	6943	8812
	b) Purchase of Stock in Trade	245	187	302	728	1097
	c) Changes in Inventories (Increase)/decrease in SIT/WIP	1082	(533)	(1140)	2551	1671
	d) Employee benefits expense	2568	2298	2047	9486	9798
	e) Depreciation and amortisation expense	228	239	195	984	971
	f) Finance Costs	832	1993	1572	7445	8393
	g) Other expenses	5423	1202	2422	8613	6000
	Total expenses	14027	6897	10241	36750	36742
4	Profit/(Loss) before Share of Investment in Associate & Joint Venture, Exceptional Items & Tax from Continuing Operations	(4188)	(2718)	24	(14504)	(10796)
5a	Share of Profit/(Loss) of an Associate & Joint venture	0	0	0	0	0
5b	Exceptional Items	0	0	0	0	0
6	Profit/(Loss) before Tax	(4188)	(2718)	24	(14504)	(10796)
7	Tax Expense	6	0	432	6	432
8	Profit/(Loss) for the period from Continuing Operations	(4194)	(2718)	(408)	(14510)	(11228)
II	DISCONTINUED OPERATIONS					
9	Profit/(Loss) for the period from Discontinued Operations	67757	(17)	233	67780	259
10	Tax income/withdrawal of tax/(Expense)of Discontinued Operations	0	0	0	0	(6)
11	Profit/(Loss) from Discontinued Operations	67757	(17)	233	67780	253
12	Profit/(Loss) for the period	63563	(2735)	(175)	53270	(10975)
13	Other Comprehensive Income					
	i) Items that will not be reclassified to profit / (Loss)	202	(30)	210	115	(26)
	ii) Income Tax relating to items that will not be reclassified to Profit / Loss	24	0	(2)	24	(2)
	Net Other Comprehensive Income	226	(30)	208	139	(28)
14	Total Comprehensive Income for the period (12+13)	63789	(2765)	33	53409	(11003)
15	Profit/(Loss) for the year attributable to :					
	Equity holders	63512	(2735)	(175)	53219	(10975)
	Non-Controlling Interest	51	0	0	51	0
16	Other Comprehensive Income attributable to:					
	Equity holders	226	(30)	208	139	(28)
	Non-Controlling Interest	0	0	0	0	0
17	Total Other Comprehensive income for the year attributable to :					
	Equity holders	63738	(2765)	33	53358	(11003)
	Non-Controlling Interest	51	0	0	51	0
18	Paid-up Equity Share Capital (Face Value - Rs.10/-)	35560	35560	35560	35560	35560
19	Other Equity	0	0	0	(453676)	(506961)
20	Earnings per share from Continuing Operations (face value Rs.10/- each)					
	i) Basic	(1.18)	(0.76)	(0.11)	(4.08)	(3.16)
	ii) Diluted	(1.18)	(0.76)	(0.11)	(4.08)	(3.16)
	Earnings per share from Discontinued Operations (face value Rs.10/- each)					
	i) Basic	19.04	0.00	0.07	19.05	0.07
	ii) Diluted	19.04	0.00	0.07	19.05	0.07
	Earnings per share from Continuing & Discontinued Operations (face value Rs.10/- each)					
	i) Basic	17.86	(0.76)	(0.04)	14.97	(3.09)
	ii) Diluted	17.86	(0.76)	(0.04)	14.97	(3.09)



HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

CIN: L29230KA1953GOI000748

(Rs in lakhs)

Primary Segment information for the year ended 31st March 2022

Particulars	Three months ended			Year ended	
	31.03.2021 Audited*	31.12.2021 Unaudited	31.03.2021 Audited	31-03-2022 Audited*	31-03-2021 Audited
1 Segment Revenue					
Food Processing Machinery	368	168	690	682	1891
Machine Tools	7277	2500	7407	15252	16582
Projects	407	243	603	1091	1983
Others	143	199	138	576	455
Total	8215	3110	8838	17601	20911
Less: inter Segment Revenue	12	3	300	27	559
Total	8203	3107	8538	17574	20352
2 Segment Results					
Segment Result before Interest & Taxes					
Food Processing Machinery	(2)	(99)	160	(468)	(34)
Machine Tools	(1604)	(1122)	767	(6163)	(5406)
Projects	159	22	350	115	684
Others	(1909)	474	319	(543)	2353
Total	(3356)	(725)	1596	(7059)	(2403)
Less:					
Interest Expenses	832	1993	1572	7445	8393
Profit/(Loss) before Tax	(4188)	(2718)	24	(14504)	(10796)
3 Segment Assets					
Food Processing Machinery	2898	2652	1123	2898	1123
Machine Tools	38933	37681	42897	38933	42897
Projects	5483	5596	6047	5483	6047
Others	22313	22713	21522	22313	21522
Unallocated and Discontinued	(5512)	(4702)	(3299)	(5512)	(3299)
Total	64115	63940	68290	64115	68290
4 Segment Liabilities					
Food Processing Machinery	3212	3330	1239	3212	1239
Machine Tools	59702	56485	56754	59702	56754
Projects	1762	1936	2283	1762	2283
Others	9900	9689	9658	9900	9658
Unallocated and Discontinued	407555	474281	469757	407555	469757
Total	482131	545721	539691	482131	539691



HMT LIMITED

No.59, Bellary Road, Bangalore - 560 032

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS

FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Sl.	Particulars	As at 31-03-2022 Audited*	As at 31-03-2021 Audited
A	ASSETS		
1	Non Current Assets		
	(a) Property, plant & equipment	4,140	4,595
	(b) Capital work-in-progress	684	578
	(c) Intangible Assets	984	1,125
	(d) Investment property	208	231
	(e) Financial Assets		
	Investments	20	20
	Other Financial Assets	6,579	1,943
	(f) Other Non current Assets	373	389
	Sub total	12,988	8,881
2	Current Assets		
	(a) Inventories	14,306	17,211
	(b) Financial Assets		
	Trade Receivables	15,546	16,853
	Cash & Cash Equivalents	1,670	3,005
	Bank balances other than Cash & Cash Equivalents	11,899	15,970
	Other Financial Assets	519	628
	(c) Current Tax Assets (net)	951	505
	(d) Other Current Assets	5,940	4,941
	Sub total	50,831	59,113
3	Non Current Assets held for sale	296	296
	TOTAL ASSETS	64,115	68,290
B	EQUITY & LIABILITIES		
1	Equity		
	(a) Equity share capital	35,560	35,560
	(b) Other equity	(453,576)	(506,935)
	Equity attributable to Equity holders of the parent	(418,016)	(471,375)
	(c) Non Controlling Interests	-	(26)
	Total equity	(418,016)	(471,401)
2	Non-current liabilities		
	(a) Financial Liabilities		
	Borrowings	-	1,792
	Non Current Financial Liability	11	844
	(b) Other Current Liabilities	136	175
	(c) Provisions		
	Employee Benefits	3,520	4,094
	(d) Deferred tax liability (net)	18	46
	Sub total	3,685	6,951
2	Current liabilities		
	(a) Financial Liabilities		
	Borrowings	371,642	369,356
	Trade Payables		
	Total outstanding dues to Micro, Small & Medium Enterprises	1,147	1,517
	Total outstanding dues of creditors other than Micro, Small & Medium Enterprises	7,603	8,748
	Other Financial Liabilities	44,415	103,921
	(b) Other current liabilities	48,918	44,060
	(c) Provisions		
	Employee Benefits	4,230	4,936
	Others	491	202
	Sub total	478,446	532,740
	TOTAL LIABILITIES	482,131	539,691
	TOTAL EQUITY & LIABILITIES	64,115	68,290



STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS
FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

CIN: L29230KA1953GOI000748

(Rs in lakhs)

CONSOLIDATED CASH FLOW STATEMENT

Sl.	Particulars	Year ended	
		31-03-2022 Audited*	31-03-2021 Audited
A	Operating activities		
	Profit/(loss) before tax from continuing operations	(14,504)	(10,796)
	Profit/(loss) before tax from discontinued operations	67780	259
	Profit before tax	53,276	(10,537)
	Adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and impairment of PPE, Investment Properties and Intangible Assets	985	971
	Gain on disposal of property, plant and equipment and Non Current Assets Held for Sale (net)	(45)	(78)
	Loss on Investments	2,221	-
	Profit on Investments	(2,235)	-
	GOI Liabilities waived off	(65,715)	-
	Finance income (including fair value change in financial instruments)	(1,706)	(2,714)
	Finance cost (including fair value change in financial instruments)	7445	8394
	Working capital adjustments:		
	Movements in provisions	(64)	(1,756)
	Decrease in trade and other receivables and prepayments	(4,801)	(4,735)
	Decrease in inventories	2,757	2,215
	Increase in trade and other payables	3,295	1,221
		(4,587)	(7,019)
	Income tax (paid)/reversed	(457)	(112)
	Net cash flows from operating activities	(5,044)	(7,131)
B	Investing activities		
	Proceeds from sale of property, plant and equipment and Non Current Assets held for sale	45	78
	Purchase of property, plant and equipment	(472)	(207)
	Deposits with Banks	4,071	(3,346)
	Interest received	807	729
	Net cash flows used in investing activities	4,451	(2,746)
C	Financing activities		
	Interest Paid	(404)	(474)
	Proceeds from borrowings (net)	-	1186
	Repayment of borrowings (net)	(338)	-
	Net cash flows from/(used in) financing activities	(742)	712
	Net increase in cash and cash equivalents	(1,335)	(9,165)
	Cash and cash equivalents at the beginning of the year	3005	12170
	Cash and cash equivalents at year end	1670	3005

Note:

- The above Results for the quarter and year ended 31st March 2022 have been reviewed by the Audit Committee and approved by the Board at its Meeting held on 22nd June 2022.
- As per the approval of CCEA, the operations of the Subsidiary Companies i.e. HMT Watches Limited, HMT Chinar Watches Ltd. and HMT Bearings Limited have been discontinued. Accordingly, the figures are considered in discontinued operations. (a) In respect of HMT Chinar Watches Ltd, final report for dissolution was submitted before NCLT on 26-8-2020 by the Insolvency Partner (IP) appointed by NCLT for the purpose, for seeking order for dissolution of HMT Chinar Watches Ltd pursuant to section 59 of the IBC 2016 read with IBBI (Voluntary Liquidation Process) regulations, 2017 and consequently, the NCLT issued dissolution order dated 10.3.2022. Accordingly HMT Chinar Watches Ltd has been dissolved and balances have become nil as on 31.3.2022. (b) HMT Bearings Ltd had filed petition before NCLT for winding up of the Company u/s 271-272 of the Companies Act, 2013. In this regard NCLT has passed Order on 16-12-2020 for winding up of HMT Bearings Ltd appointing Liquidator and based on the final report submitted by the Liquidator on 3.3.2022, NCLT issued dissolution order dated 20.4.2022. Accordingly, HMT Bearings Limited balances have become nil in consonance with said order as on 31.3.2022 and the Company stands dissolved from 20-4-2022 being the date of the Order.
- 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.
- The Group has considered the possible effects that may result from the Covid-19 pandemic on Receivables, Inventories, Revenues including Leases, Property Plant and Equipment, Going Concern and Investment in Subsidiaries. In developing the assumptions relating to the possible future uncertainties because of this pandemic, the Group (Holding Company and its Subsidiaries), as at the date of approval of their respective Standalone Financial Statements has used internal and external sources of information. Eventhough, the units are falling in Containment Zone due to this Covid-19, intermitantly, the Group has been improving its performance steadily. Also the Group is facing travel restriction due to which the erection and commissioning of various projects are getting delayed. Based on the analysis of such information and the nature of current business operations carried by the Group, it is of the view that the impact is temporary and does not have material impact on respective Financial Statements as at 31st March 2022 and hence has not made any provision in the books of account.
- 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

(A.K. Jain)

Chairman and Managing Director



EXTRACT OF THE CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

CIN: L29230KA1953GOI000748

(Rs. In Lakhs)

	Particulars	Three months ended			Year ended	
		31-03-2022 Audited*	31-12-2021 Unaudited	31-03-2021 Audited	31-03-2022 Audited*	31-03-2021 Audited
1	Total income from Continuing Operations	9,839	4,179	10,265	22,246	25,946
2	Net profit/ (loss) for the period (before tax, exceptional items)	(4188)	(2718)	24	(14504)	(10796)
3	Net profit/ (loss) for the period before tax (after exceptional items)	(4188)	(2718)	24	(14504)	(10796)
4	Net profit/ (loss) for the period after tax (after exceptional items)	(4194)	(2718)	(408)	(14510)	(11228)
5	Net Profit/(Loss) from Discontinued Operations	67757	(17)	233	67780	253
6	Total Comprehensive Income for the period (comprising profit for the period and other comprehensive income(net of tax))	63789	(2765)	33	53409	(11003)
7	Profit/(Loss) for the year attributable to :					
	Equity holder of the parent	63512	(2735)	(175)	53219	(10975)
	Non-Controlling Interest	51	-	-	51	-
8	Other Comprehensive Income attributable to:					
	Equity holder of the parent	226	(30)	208	139	(28)
	Non-Controlling Interest	-	-	-	-	-
9	Total Other Comprehensive income for the year attributable to :					
	Equity holder of the parent	63738	(2765)	33	53358	(11003)
	Non-Controlling Interest	51	-	-	51	-
10	Paid up Equity Share Capital (face value of Rs.10/- each)	35,560	35,560	35,560	35,560	35,560
11	Other Equity	-	-	-	(453676)	(506961)
12	Earnings Per Share from continuing operations (face value of Rs.10/- each)					
	Basic :	(1.18)	(0.76)	(0.11)	(4.08)	(3.16)
	Diluted :	(1.18)	(0.76)	(0.11)	(4.08)	(3.16)
	Earnings Per Share from discontinued operations (face value of Rs.10/- each)					
	Basic :	19.04	0.00	0.07	19.05	0.07
	Diluted :	19.04	0.00	0.07	19.05	0.07

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

(A.K. Jain)

Chairman and Managing Director



Place: Bangalore
Date: June 22, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of HMT Limited

Report on Audit of the Standalone Ind AS Financial Statements

Qualified Opinion:

We have audited the Standalone Ind AS financial statements of HMT Limited ("the Company") which comprise of Standalone Balance Sheet as at 31st March, 2022, the Standalone Statement of Profit and Loss, Standalone Statement of Changes in Equity, the Standalone Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

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

- (a) in the case of the Standalone Balance Sheet, of the state of affairs of the Company as at 31st March, 2022 and
- (b) in the case of the Standalone Statement of Profit and Loss including Other Comprehensive Income, of the profit for the year ended on that date.
- (c) in the case of the Standalone Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Standalone Cash Flow Statement, of the flow of cash in the Company for the year ended on that date.

Basis of Qualified Opinion:

1. Food Processing Machinery Unit, Aurangabad:

As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 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

Indian Accounting Standards

- a. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80 Lakhs. Consequently, we are unable to ascertain the impact due to deviation in inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2022.
- b. The unit has not carried out any assessment on Impairment of Property, Plant & Equipment as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS 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, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.

Indian Accounting Standards

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

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

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013 (“the Act”). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Act and the Rules 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 qualified opinion.



Material Uncertainty Related to Going Concern:

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

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



Key audit matters	How our audit addressed the key audit matter
Revenue Recognition from operating leases	
<p>Revenue Recognition from operating leases as per Ind AS 116 Leases</p> <p>Reference to Sl.No 2(k)(ii) of notes forming part of the financial statements</p> <p>The Company's total income includes a major portion of income from operating leases</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have verified the Lease agreements on sample basis. • We have verified the journal entries posted with the invoices and assessed their appropriateness. • We have verified the income from operating leases recognized by the Company in accordance with Ind AS 116 Leases. • We conclude that there are no material non compliances in the recognition of income from operating leases.
Winding up of HMT Bearings Ltd	
<p>Pursuant to winding up order passed by Honourable National Company Law Tribunal vide its order dated 20th April, 2022</p> <p>Upon winding up of the subsidiary company, the outstanding Assets and Liabilities have been taken over by the holding company</p> <p>Reference to Note No. 48 of notes forming part of Standalone Financial Statements.</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have verified the minutes of the board meeting of HMT Limited dated 10th November, 2021. • We have verified the order of Honorable National Company Law Tribunal dated 20th April, 2022 and its impact on Standalone Financial Statements. • We have verified the entries passed in the books of account of the company to give effect to takeover of Assets & Liabilities as per National Company Law Tribunal order. • We have verified the Audit Report and Financial statements dated 03rd March, 2022 submitted by the Insolvency Professional. • We conclude that there are no material non compliances in taking over of Assets and Liabilities of HMT Bearings Ltd.

Emphasis of Matter Paragraph

We draw your attention to Note No.49 of Standalone Ind AS financial statements for the financial year ended 31st March, 2022 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Company is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on its Standalone Ind AS Financial Statements as at 31.03.2022 and hence has not made any provision in its books of account. Our opinion in this matter is not modified.



Other Information [“Information Other than the Standalone Ind AS Financial Statements and Auditor’s Report Thereon”]

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

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

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, as the Board’s Report is not made available to us, we have nothing to report.

Management’s Responsibility for Standalone Ind AS Financial Statements:

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

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

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



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

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

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

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



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

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

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

Other Matters:

- i) We did not audit the financial statements/information of Food Processing Machinery Unit, Aurangabad included in these Standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of Rs. 2,986.69 lakhs as at March 31, 2022 and total revenues of Rs. 728.25 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.
- ii) The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31, 2022.



Report on Other Legal & Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure-A**" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by the section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. the Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with books of account.
 - d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable. Hence our comment on the same does not arise.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.



- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Company has disclosed its pending litigations which would impact its financial position in note 32 of the Standalone Ind AS financial statements.
 - ii) The Company did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 51 to the Notes to financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 52 to the Notes to financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement as stated above.
- v) The company has not declared or paid dividend during the year under audit.



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

We give in the "Annexure-C", a statement on the compliance to Directions issued by the Comptroller and Audit General of India.

For SSB & Associates

Chartered Accountants

Firm's Regn.No. :010372S

K. Balaji

K. Balaji

Partner

Membership Number: 207783

UDIN: 22207783ALLDHF8814

Place: Bengaluru

Date: 22.06.2022



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

- i) a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.
- (B) The company does not have intangible assets. Hence, our comment on the same does not arise.

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

However, in Auxiliary Business Division –the fixed assets of Auxiliary Business Division have been physically verified as per the policy by the management during the Financial year 2019-20. However, physical verification of the Property, Plant & Equipment of the erstwhile Tractor division merged with Auxiliary Business Division was carried out during financial year 2016-17. In our opinion, the division has to make arrangements for physical verification of assets belonging to Tractor division merged with Auxiliary Business Division. Further, no material discrepancies were noticed in the case of Property, Plant & Equipment of Auxiliary Business Division but since we do not have latest physical verification report of Tractor Division, we are unable to comment on the discrepancy if any, on Property, Plant & Equipment of Tractor division.

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

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

Description of the Property	Gross Carrying Value	Held in the name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
Leasehold land from CIDCO	Rs.5,00,000	HMT Limited	No		Title deeds are in the name of the Company, whereas the said land has been encroached and the matter is pending with the Honourable High Court.



- d) Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year, however company does not have any intangible assets. Hence, our comment on the same does not arise.
- e) As per the information and explanation given to us by the company, there are no proceedings initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Hence our comment on the same does not arise.
- ii) (a) The management during the year has physically verified the inventory at reasonable intervals at respective units. The discrepancies that were noticed during the physical verification of Inventory were not material and the same has been properly adjusted in the respective unit books of account. However, the physical verification of inventories belonging to erstwhile Tractor Division merged with Auxiliary Business Division was not conducted and hence we are unable to comment on the discrepancies if any and its impact on Standalone Ind AS Financial statements.
- (b) According to the information and explanation given to us, during the year the company has not taken any working capital loan. Hence, our comment on the same does not arise.



iii) (a) During the year, the Company has granted unsecured loans to one of its subsidiaries,

(Rs. in Lakhs)

Particulars	Loans	Advances in the nature of Loans
Aggregate amount granted/ provided during the year	1,700.00	2,013.03
- Subsidiaries		
HMT Machine Tools Ltd	1,700.00	1936.81
SUDMO HMT Process Engineers (India) Ltd	-	2.41
HMT (International) Ltd	-	73.81
Balance outstanding as at balance sheet date in respect of above cases		
- Subsidiaries		
HMT Machine Tools Ltd	24,573.58	7871.16
SUDMO HMT Process Engineers (India) Ltd	-	4.83
HMT (International) Ltd	-	190.22

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are prima facie not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal is not due as on 31st March, 2022 whereas payment of interest is not regular. The details of which are as follows,

(Rs. in Lakhs)

Name of the Entity	Amount	Due date	Extent of Delay	Remarks, if any
HMT Machine Tools Limited	Rs. 556.99	31-03-2019	1097 Days	-
HMT Machine Tools Limited	Rs. 1,345.47	31-03-2020	731 Days	-
HMT Machine Tools Limited	Rs. 1,640.73	31-03-2021	366 Days	-



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

(Rs. In Lakhs)

No. Of Cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks, if any
Single Case	-	Rs. 3,543.19	Rs. 3,543.19	-

- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has given advances in the nature of loans without specifying any terms or period of repayment.

(Rs. In Lakhs)

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of advances in the nature of loans			
- Repayable on demand (A)	Rs. 2,694.36	-	Rs. 2,694.36
- Agreement does not specify any terms or period of repayment (B)	-	-	-
Total (A+B)	Rs. 2,694.36	-	Rs. 2,694.36
Percentage of loans/ advances in the nature of loans to the total loans	8.25%	-	8.25%

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



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

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

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



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

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income tax, GST have generally been regularly deposited by the Company with the appropriate authorities though there has been a slight delay in few cases.

As per our verification and according to the information and explanation given to us, there are no undisputed statutory dues except the following statutory dues which remained outstanding as at 31st March, 2022 for a period more than six months from the date they became payable:

(Rs. In Lakhs)

Sl. No.	Nature of the Statute	Nature of Dues	Amount (Rs. in lakhs)
In respect of Corporate Head Office:			
1.	Greater Hyderabad Municipal Corporation	Property tax	463.83
In respect of Auxiliary Business Division:+			
2	Goods & Service Tax	Tax Deducted at Source on GST	1.83
3	Employee State Insurance	Employee State Insurance	2.34
4	VAT/CST	Interest on VAT/CST	1.24
In respect of Food Processing Machinery Unit:			
5	Employee Provident Fund	Provident Fund	62.81



- b) According to the information and explanation given to us by the Company, there are no dues outstanding on account of any disputes in respect of statutory dues as at 31st March, 2022 except the following:

(Rs. in Lakhs)

Name of the Statute	Nature of Dues	Amount (Rs.in lakhs)	Amount paid under protest (Rs.in lakhs)	Period to which the amount relates	Forum where dispute is pending
Haryana Local Area Development Tax Ordinance, 2000	Haryana Local Area Development Tax	486.18	Nil	From 2005 to 2015	Honorable High Court of Punjab and Haryana

- viii) The company does not have any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.



- ix) (a) According to the records of the company examined by us and as per the information and explanation given to us, the company has not issued debentures and also not availed loans from financial institutions / banks during the year other than loan from Government of India which was taken and defaulted as reported below:

Nature of Borrowing [Interest Free]	Name of the lender	Amount of installment and period of default	No of Days Delay or Unpaid
i) Government of India Loan [Interest Free] dated 21.01.2017	Government of India	a) Rs.6,073.60 Lakhs due since 21.01.2018.	1,530
		b) Rs.6,073.60 Lakhs due since 21.01.2019.	1,165
		c) Rs.6,073.60 Lakhs due since 21.01.2020.	800
		d) Rs.6,073.60 Lakhs due since 21.01.2021.	434
		e) Rs.6,073.60 Lakhs due since 21.01.2022.	69
ii) Government of India Loan [Interest Free] dated 16.02.2017	Government of India	a) Rs.4,800.00 Lakhs due since 16.02.2018.	1,504
		b) Rs.4,800.00 Lakhs due since 16.02.2019.	1,139
		c) Rs.4,800.00 Lakhs due since 16.02.2020.	774
		d) Rs.4,800.00 Lakhs due since 16.02.2021.	408
		e) Rs.4,800.00 Lakhs due since 16.02.2022.	43
iii) Government of India Loan [Interest Free] dated 29.04.2017	Government of India	a) Rs.1958.00 Lakhs due since 29.04.2018.	1,432
		b) Rs.1958.00 Lakhs due since 29.04.2019.	1,067
		c) Rs.1958.00 Lakhs due since 29.04.2020.	701
		d) Rs.1958.00 Lakhs due since 29.04.2021.	336

- (b) The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not obtained any term loan during the year and hence our comment on application of term loans funds does not arise.



- (d) The Company has not raised any funds on short term or long term basis, hence our comment on utilization of the same does not arise.
- (e) The Company has not taken any funds from any entity or person to meet the obligations of its subsidiaries, associates or joint ventures, Hence our comment on the same does not arise.
- (f) The Company has not raised any loans during the year on the pledge of securities held in subsidiaries, Hence our comment on the same does not arise.
- x) (a) In our opinion based on the information and explanation given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence, comment on the same does not arise.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Hence our comment on the same does not arise.
- xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company, by its officers or employees has been noticed or reported during the course of our audit.
- (b) No report has been filed by the Company Auditors in Form ADT-4 as per Section 143(12) of the Act since there were no instances of fraud by the company or any fraud on the company has been noticed or reported during the year.
- (c) No Whistle-blower complaints were received during the year by the auditor and hence our comment on the same does not arise.
- xii) The Company is not a Nidhi Company and hence our comment on matters mentioned in sub clause (a) to (c) of clause (xii) of the order does not arise.
- xiii) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian accounting standards.
- xiv) (a) The Company has a formal internal audit system which is commensurate with the size of the company and nature of its Business which needs to be strengthened.
- (b) We have considered the Internal Auditor's reports which has been submitted for the period under audit.
- The Branch Auditor of Food Processing Machinery Unit, Aurangabad has reported that he has not considered the Internal Audit report while issuing his Audit Report dated 22nd May 2022.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, it has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the compliance of provisions of section 192 of Companies Act, 2013 on this matter does not arise.



- xvi) As the Company is not carrying on the business of Non-Banking Finance, the company is not required to be registered under section 45-IA of Reserve Bank of India Act, 1934. Hence, our comment on clauses (b) to (d) of the order does not arise.
- xvii) The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii) There has been no resignation of Company's Statutory Auditors during the financial year. Hence, our comment on the same does not arise.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) (a)The Company does not have unspent amount in respect of other than ongoing projects in compliance with second proviso sub-section (6) of section 135 of the said Act. Hence, our comment on the same does not arise.
(b)According to the information and explanation given to us, the Company has transferred the remaining amount unspent relating to an ongoing project in compliance with the provision of sub-section (6) of section 135 of the said Act.
- xxi) The reporting under clause (xxi) is not applicable to Standalone Financial statements.

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

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 22207783ALLDHF8814

Place: Bengaluru

Date: 22.06.2022



ANNEXURE-B REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.

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

We have audited the internal financial controls over financial reporting of HMT Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls:

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

Auditors’ Responsibility:

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting:

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

Qualified Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India except:

Company as a Whole:

1. The company did not have adequate appropriate internal controls for reconciling inventories and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.



In case of Food Processing Machinery Unit, Aurangabad the branch auditor has reported in the following manner:

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.

It has been explained that Company is in the process of integrating the finance accounting module and inventory module and currently it is in the final stage.

As explained to us, stock is valued by adopting weighted average cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

3. As per Information and explanations given to us, verification of fixed assets was done in March, 2022. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.

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

K. Balaji



K. Balaji
Partner

Membership Number: 207783
UDIN: 22207783ALLDHF8814

Place: Bengaluru
Date: 22.06.2022

ANNEXURE – C REFERRED TO IN PARAGRAPH 3 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT DIRECTIONS INDICATING THE AREARS TO BE EXAMINED BY STATUTORY AUDITORS DURING THE COURSE OF AUDIT OF ANNUAL ACCOUNTS OF HMT LIMITED FOR THE FINANCIAL YEAR 2021-22 ISSUED BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA (“C&AG”) UNDER SECTION 143 (5) OF THE COMPANIES ACT, 2013

Sl. No.	Directions	Audit Observations
14.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with financial implications, if any, may be stated.	Based on the information and explanation provided to us by the Company, it has system in place where all the accounting vouchers are manually prepared and entered into IT systems after proper authorization. We are of the opinion that there is no material financial implications on the Company.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/interest etc. made by a lender to the Company due to the Company’s inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable to statutory auditor of lenders company).	Based on the information and explanation furnished to us by the Company, there is no restructuring of loan/ waiver off of debts/ loans/ interest etc from its lenders.
3.	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the information and explanation furnished to us by the Company, it has received an amount of Rs.13.74 Lakhs from Department of Heavy Industries towards reimbursement expenses incurred by the Company for Financial & Strategic Review of Consolidation & Restructuring Plan of the Company paid to IIM, Bangalore. Since the communication from Department of Heavy Industries states as one-time interest free loan the same has been treated as current liabilities. Management has informed that it is in process of getting ratification for same. Accordingly, we are unable to comment whether it is loan or grant given by the Central Government. Further, the Company has an unspent balance of Rs.29.98 crores as on 31.03.2022 out of the Loan received from GOI of Rs. 641.58 crores.



INDEPENDENT AUDITOR'S REPORT

To the Members of HMT Limited

Report on Audit of the Consolidated Ind AS Financial Statements

Qualified Opinion:

We have audited the Consolidated Ind AS financial statements of HMT Limited ("the Holding Company") its subsidiaries, associates and joint ventures (collectively referred as "the Group") which comprise of Balance Sheet as at 31st March, 2022, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to Ind AS financial statements including a summary of significant accounting policies and other explanatory information.

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

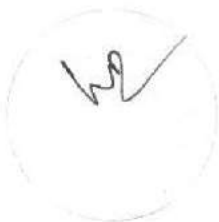
- (a) in the case of the Balance Sheet, of the state of affairs of the Group as at 31st March, 2022 and
- (b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the profit for the year ended on that date.
- (c) in the case of the Statement of Change in Equity, the changes for the year ended on that date.
- (d) in the case of Cash Flow Statement, of the flow of cash in the Group for the year ended on that date.

Basis of Qualified Opinion:

I. HMT Ltd.

Corporate Head Office and Company as a whole:

1. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and other Current Liabilities and its consequential impact if any on the standalone Ind AS financial statements cannot be quantified.
2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements.



Indian Accounting Standards

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

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

Auxiliary Business Division, Bengaluru

Indian Accounting Standards

4. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80 Lakhs. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Standalone Ind AS Financial statements as on 31.03.2022.
5. The unit has not carried out any assessment on Impairment of Property, Plant & Equipment as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Standalone Ind AS Financial statements cannot be quantified.

Food Processing Machinery Unit, Aurangabad:

6. As per information and explanation given to us with regard to Inventory valuation as stated in Note No. 1.9 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

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

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



MBX, Bangalore:

2. The Unit has not complied from the requirement of Schedule II of the Companies Act of depreciating the assets over its useful life and such depreciable amount shall be the cost of asset less its residual value. The Unit follows the policy of depreciating the Plant, Property & Equipment costing less than Rs.10,000/- to Re.1/- in the year of purchase. Due to unavailability of required information impact could not be quantified.
3. No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities and non-settlement / non-payment of gratuity dues as at 31st March 2022. The amount of interest /penalty / damages has not been quantified and we hence are unable to express an opinion on the impact of this non-provision on the financial statements.

Indian Accounting Standards

4. 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 in regular intervals.

MTP, Pinjore:

Indian Accounting Standards

5. As per Ind AS -19, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2022. 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"

MTH, Hyderabad

Indian Accounting Standards

6. The division has not complied with para 76 of Ind AS 40, since adequate disclosure with regard to fair values of the investment property, depreciation method and criteria for distinction between Investment Properties and PPE has not been disclosed.



7. 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.

8. Division is not in compliance with 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 such noncompliance on the loss and the current liabilities could not be ascertained.

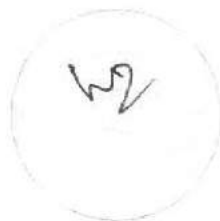
MTM, Bangalore

Indian Accounting Standards

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

MTA, Ajmer

10. The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 2,49,32,580/- 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.



III. HMT Watches Limited ("HWL")

1. Going Concern Status:

- a. 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.
 - b. The accumulated losses of the company as at the close of 31st March 2022 amounted to Rs.2,68,877.28 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.
 - c. The company has been incurring continues losses for the past many years.
 - d. The total liabilities of the company as at the close of 31st March 2022 is Rs. 2,72,473.57 lakhs (Previous year Rs. 2,72,851.89/-lakhs) against which the Fixed and current assets book values are only Rs. 4,245.30 lakhs (Previous year Rs.4,518.98 lakhs).
 - e. The contingent liabilities disclosed in the financial statements are Rs. 8000.00 lakhs (Previous year Rs. 622.41/- lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.
 - f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.
2. Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.
 3. The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.
 4. One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company.

5. Pursuant to distress warrant dated 08-04-2022 issued by Bruhat Bengaluru Mahanagara Palike for recovery of Rs. 773.83 lakhs of property tax along with penalty for the period from 01-10-1995 to Financial Year 2022-23, a total provision of Rs. 773.83 lakhs has not been made. However, the company has made a provision of Rs. 123.41 lakhs for dues towards the principal amount. Impact on the Financial Statements due to proposed penalty is not ascertainable.
6. We are unable to comment on the compliance of section 186 and 188 of Companies Act, 2013 in respect of advances given and transactions with related party entered during the year as necessary documents for compliance of the said section is not provided for our verification.
7. 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 year 2021-22.

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. 2,69,378.75 lakhs. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.

Indian Accounting Standards

8. No provision towards gratuity amounting to Rs. 28 Lakh during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakh, which is contrary to Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.

Material Uncertainty Related to Going Concern:

Attention of the members is invited to Note 51 of the Consolidated Ind AS financial statements regarding the reasons for preparing these Consolidated Ind AS financial statements of the Group on going concern basis, notwithstanding the fact that the networth of the Group is eroded. The appropriateness of the said basis is inter-alia dependent on the Group's ability to realise from sale of "non-current assets held for sale", support from Government of India and other business continuity plans. We have relied on the representation of the management of the holding company and our opinion is not modified in respect of this matter.

Key Audit Matters:

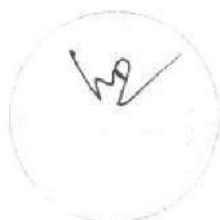
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
I. HMT Ltd.	
Revenue Recognition from operating leases	
Revenue Recognition from operating Leases as per Ind AS 116 Leases Reference to Sl.No 2 (ii) (c) and Sl.No 2 (iii) (i) (a) of notes forming part of the financial statements The Division's total income includes a major portion of income from operating leases	Our Audit Procedures included the following: <ul style="list-style-type: none">• We have verified the Lease agreements on sample basis.• We have verified the journal entries posted with the invoices and assessed their appropriateness.• We have verified the income from operating leases recognized by the Division in accordance with Ind AS 116 Leases.• We conclude that there are no material non compliances in the recognition of income from operating leases.



Winding up of HMT Bearings Ltd	
<p>Pursuant to winding up order passed by Honourable National Company Law Tribunal vide its order dated 20th April, 2022</p> <p>Upon winding up of the subsidiary company, the outstanding Assets and Liabilities have been taken over by the holding company</p> <p>Reference to Note No. 48 of notes forming part of Standalone Financial Statements.</p>	<p>Our Audit Procedures included the following:-</p> <ul style="list-style-type: none"> • We have verified the minutes of the board meeting of HMT Limited dated 10th November, 2021. • We have verified the order of Honorable National Company Law Tribunal dated 20th April, 2022 and its impact on Standalone Financial Statements. • We have verified the entries passed in the books of account of the company to give effect to takeover of Assets & Liabilities as per National Company Law Tribunal order. • We have verified the Audit Report and Financial statements dated 03rd March, 2022 submitted by the Insolvency Professional. • We conclude that there are no material non compliances in taking over of Assets and Liabilities of HMT Bearings Ltd.
II. HMT Watches Ltd.	
1) Going concern assumption:-	
<p>Consequent to the decision of closing down the Company, the operations of the company was stopped in the year 2016.</p>	<p>We have analysed the management's report to gain an understanding of the current situation and the status of closure process of the company. On the going concern assumption and financing requirements, please refer the going concern on Sl. No. III of this Audit Report.</p>
2) Evaluation of uncertain tax matters:	
<p>The Company has material uncertain tax matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 2.23 and 2.24 to the Financial Statements of the HMT Watches Limited.</p>	<p>We have Obtained details of tax assessments and demands for the year ended March 31, 2022 from management. The company has not made any provisions for the disputed demands and in view of lack of information and uncertainties in estimating the tax provision and the possible outcome of the disputes, we are unable to concur with the management's position on these uncertainties.</p>
3) Examination of employee benefit expenses:	
<p>Consequent to the Hon'ble High Court of Uttarakhand order, the company has retrenched 146 employees in Ranibagh and has made provisions for the unpaid dues and settlement allowances as per the Industrial Dispute Act, 1947.</p>	<p>We have performed analytical procedures on the settlement allowance and other dues payable and test of details for reasonableness of incurred and estimated in the financials statement.</p>



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

Emphasis of Matter Paragraph

I. Impact of COVID-19 on Consolidated Ind AS financial statements:

We draw your attention to Note No.56 of Consolidated Ind AS financial statements for the financial year ended 31st March, 2022 on the impact of COVID -19 on the Business operations of the Company and its Financial Statements pursuant to the Accounting & Auditing Advisory issued by Institute of Chartered Accountants of India (The ICAI) on impact of Corona Virus on Financial Reporting and the Auditor's Consideration. The Group is of the view that the impact of Covid-19 lockdown is temporary and does not have any material impact on the Consolidated Ind AS Financial Statements as at 31.03.2022. Our opinion in this matter is not modified.

II. HMT Machine Tools Ltd:

MBX, Bangalore Unit:

- 11.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.
- 12.As informed to us, a portion of the land used for Roads measuring approx 4.25 acres has been acquired by Bruhat Bangalore Mahanagara Palike (BBMP). As per the Direction of the Court land compensation of Rs.18.93 Crores has been fixed, valuing the land @1.65 times the guidance value of land of Rs. 2.70 Crores per acre fixed by the Government of Karnataka. As at 31 March 2022, BBMP has paid adhoc compensation deposit of Rs. 18.50 Crores pending joint measurement and issue of correct dimension report, this is reflecting as advance received in the books under Note-14B. Since the land is not transferred to BBMP following legal procedure the said land measuring 4.25 acres is continued to be shown as Property, Plant and Equipment even though BBMP has taken over physical possession of the Land.

MTK, Kalamassery Unit:

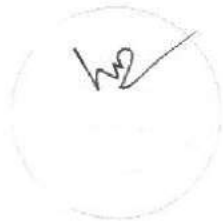
13.Land shown Property Plant and Equipment and Investment Property comprises of 349 Acres as per the statement furnished by the Unit.

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

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

1) Land assigned by Government of Kerala to HMT Ltd

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



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

SI No.	Particulars	Acres	Hectares
1	Land surrendered to Kerala Govt vide GO(MS)No:207/2000/ Dtd. 4.7.2000	300	121.95
2	Land allotted to HMT Ltd (Holding Co) vide GO(MS)No: 207/2000 Dtd.4.7.2000	100	40.485
3	Land allotted to KSEB vide Chairman Sanction No: M 15/74 Dated 31.5.74	1.58	0.64
4	Land surrendered to :-		
	a) Land given to KSEB for construction of watchman's cabin for the substation vide Chairman's Sanction A/166/71,Dtd: 25.08.1971	0.28	0.1133
	b) Land given to NAD which was wrongly included in Patta No.12398 ,Dtd:30.10.73.Later deleted by revenue authorities (see correction in Patta)	2.28	0.9225
	c) Land surrendered to Kerala Govt for Ancillary Industrial Estate vide Form B Rule 7 Declaration dated 14.12.1990 and Chairman Sanction No: M 15/74 Dated 31.5.74	6.895	2.7902
	d) Land given for Periyar Valley Canal (No sanction seen)	0.13	0.0526
	e) Land gifted to Postal authorities vide gift deed dated 2.9.1981 (Draft copy only seen)	0.25	0.1012
	f) Land surrendered to Kerala Govt for Irumpanam-Kalamassery Road Third Reach vide Form B Rule7declaration dated 18.4.1994	20.77726	8.408272
	Total B	432.19126	175.4631
	Balance Land In hand : A-B	349.4014	140.7351



As per the Land Revenue Receipt no. KL07021805239/2022 dated 29.03.2022, the extent of land is 162 Hectares 27 Ares 23 sq meter equivalent to 401 Acres 10 Cents and 65 sq links. Land tax of Rs.1,78,568/- is remitted for the said extent. Moreover the land tax receipt is issued in the name of HMT Limited and is absorbed as an expense in HMT Machine Tools Limited. Latest Possession Certificate is also not made available for our verification.

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

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

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

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

14. The Unit filed Civil Revision Petition against the proceedings of the Taluk Land Board on the legality of the ceiling proceedings initiated under the Kerala Land Reforms Act, 1963 before the Honorable High Court of Kerala at Ernakulam. The Honorable High Court vide Order No CRP No. 1026 of 2002 dated 03.12.2014 set aside the order of the Taluk Land Board directing HMT to surrender 251 Acres and 40 cents of land held in excess of the ceiling area.

However, the Unit filed Special Leave Petition Numbered as 386/2016 before the Honorable Supreme Court of India against order of the Honorable High Court of Kerala CRP No. 1026/2002 dated 03.12.2014 challenging the observation of the Honorable High Court of Kerala stating that “the lands so held by a person under grant from the Government otherwise than by way of lease of license is declared to be a Government land under section 2(1)(d) and (e) of the Assignment Act. The lands in question were very much a Government land till it was assigned in favour of HMT by Patta No.10015 dated 30.10.1973 Patta No.12398 dated 30.10.1973. It is the situation obtaining as on 01.01.1964 that should be taken for the purpose of granting exemption under the Act as per the law laid down in this regard. The lands in question were obviously Government lands as on 01.04.1964 to which the provisions of Section 81 falling under Chapter III of the Act do not apply. No exemptions of the nature granted have any validity in the eye of law when Chapter III of the Act does not apply and the notifications relied on are non estin law”.

The Honorable Supreme Court of India vide Order no. SLP 386/2016 dated 15.01.2016 ordered to maintain status quo existing as on date until further orders. It is further noticed that the

Appeal No.386/2016 filed before the Honorable Supreme Court of India is pending.

Praga Tools (PTH), Hyderabad:

15. The Division has not provided us the title deeds in respect of: 1) freehold land measuring 3000 square yards located at Kavadiguda, Secunderabad, and 2) freehold flat located bearing address, Flat no. 2, Ganeshdeep Co-Op Housing Society, Building 124/2, Erdwara, Pune, Maharashtra. Hence, we are not in a position to state that the Division has clear marketable title for the said properties.

Our Opinion is not modified in respect of the above matters.

Other Information [“Information Other than the Financial Statements and Auditor’s Report Thereon”]

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

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

In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the Other information identified above when it becomes available and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. However, as the Board’s Report is not made available to us, we have nothing to report.



Management's Responsibility for Consolidated Ind AS Financial Statements:

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective management and Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are responsible for overseeing the financial reporting process of each entity.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 35 entities or business activities within the Group to express an opinion on the Consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

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

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

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

Other Matters:

I. Group as a whole:

1. We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of Rs 48,702.63 lakhs as at March 31, 2022 and total revenues of Rs 17,719.32 lakhs (including amount included in discontinued operations) for the year ended on that date as considered in the Consolidated Ind AS financial statements. The financial statements of these subsidiaries are audited by other auditors whose report have been furnished to us by the Holding Company and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture company and our report in terms of subsections (3) and (11) of Sec 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Joint venture company, is based solely on the report of the other auditors. Our opinion on the Consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the report of the other auditors
2. The dissolution order of the subsidiary company HMT Chinar Watches Ltd. has been passed by National Company Law Tribunal, Chandigarh Bench dated 10th March 2022. The financial statements (Unaudited) as on 31st March 2022 were prepared by the management and the same has been considered for Consolidation.
3. The dissolution order of the subsidiary company HMT Bearings Ltd. has been passed by National Company Law Tribunal, Hyderabad Bench-I dated 20th April 2022. . The financial statements (Unaudited) as on 31st March 2022 were prepared by the management and the same has been considered for Consolidation.
4. The holding company has not received financial statements of Gujarat Machine Tools Limited for the year ended March 31, 2022, an associate and the same has not been considered for the purpose of preparation of these Consolidated Ind AS financial statements.
5. Audited financial statements of Sudmo HMT Process Engineers (India) Limited, a joint venture in which share of loss of the Group was Rs.0.31/- lakhs has been considered for preparation of these Consolidated Ind AS financial statements.

II. HMT Ltd– Standalone financial statements

6. 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. 2,986.69 lakhs as at March 31, 2022 and total revenues of Rs. 728.25 lakhs for the year ended on that date. The financial statements/ information of this branch has been audited by the branch auditor M/s Modi & Agrawal, Chartered Accountants, Aurangabad whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit, are based solely on the report of such branch auditor.

7. The physical share certificates for 26,08,99,037 equity shares and 4,43,00,000 preference shares of HMT Machine Tools Ltd whose costs is Rs.26,089.90 Lakhs and Rs.44,300.00 lakhs respectively are not in the possession of the Company as at March 31st, 2022.

III. HMT- Machine Tools Limited

8. As reported by the Statutory Auditor the financial statements of the six units of the company namely MBX, Bangalore, MTP-Pinjore, MTK-Kalamassery, MTH-Hyderabad, MTA-Ajmer, PTH-Hyderabad; which reflect total assets of Rs. 36,296.59 Lakhs as at 31st March, 2022, total revenues of Rs. 13,332.53 Lakhs for the year ended 31st March, 2022, as considered in the Standalone Financial Statements of the Company and MTD, Director has not been audited. These financial statements have been audited by other auditors appointed by CAG whose reports have been furnished to us by the Management and our opinion on the standalone, in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid units, is based solely on the reports of the other auditors.

IV. HMT Watches Limited

9. Company has not constituted an Audit Committee as required under the provisions of Section 177 of the Companies Act, 2013. The Internal Audit Reports are not reviewed by the Management periodically and corrective action taken to report compliance to the Board.
10. The Company does not have a qualified Company Secretary as required under the provisions of Section 203 of the Companies Act, 2013.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.



Report on Other Legal & Regulatory Requirements:

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

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements.
- b. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept so far as it appears from our examination of those books.
- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with books of account.
- d. except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. the holding company and its subsidiaries which are Government companies, in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 164 (2) of the Companies Act, 2013 regarding disqualifications of directors is not applicable.

In case of SUDMO, a Joint venture company, based on the written representations received by the management from those directors, as on 31 March 2022, none of the directors 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 Group and the operating effectiveness of such controls, refer to our separate Report in "*Annexure A*".
- g. the company is a Government Company and in terms of Notification reference No.G.S.R 463(E) dated 05th June, 2015 issued by Ministry of Corporate Affairs for Government Companies, the provision of Section 197 of the Companies Act, 2013 is not applicable. Hence our comment on the same does not arise.

Further in the case of SUDMO, a Joint venture Company, it has complied with the provision of Section 197 of the Companies Act, 2013.

- h. With respect to other matters to be included in the Auditors report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- i) The Consolidated Ind AS financial statements disclose the pending litigations which would impact the financial position in note 36 of the Consolidated Ind AS financial statements.
 - ii) The Group did not have any long-term contracts as required under the applicable law or accounting standards and also not entered into any derivative contracts, accordingly no provision is required to be made in respect of material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures.
 - iv) (1) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 57 of Other Information of the Consolidated Ind AS financial statements, no funds have been advanced or given loan or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary companies have not reported on the above said matter. Hence we are unable to comment on the same.

Sl. No.	Name of the Company	Relationship
1	HMT Machine Tools Ltd.	Subsidiary Company
2	HMT International Ltd.	Subsidiary Company
3	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture



- (2) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 58 of the Consolidated Ind AS financial statements. Other Information of the Notes to financial statements, no funds have been received by the Holding Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. However, the Statutory Auditors of the following Subsidiary companies have not reported on the above said matter. Hence we are unable to comment on the same.

Sl. No.	Name of the Company	Relationship
1	HMT Machine Tools Ltd.	Subsidiary Company
2	HMT International Ltd.	Subsidiary Company
3	Sudmo HMT Process Engineers (India) Ltd.	Joint Venture

- (3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v) The Holding company and its Subsidiary companies have not declared or paid any dividend during the year.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of the respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided by the management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in CARO reports of the said respective companies included in the consolidated financial statements except following:



Sl.No	Name	CIN	Nature of relationship	Clause number of CARO report
1	H.M.T. Limited	L29230KA1953 GOI000748	Holding Company	Clause (i) (b)
				Clause (i)(c) (i)
				Clause (ii) (a)
				Clause (iii) (c)
				Clause iii (d)
				Clause vii (a)
				Clause vii (b)
				Clause ix (a)
				Clause xiv (a)
				Clause xiv(b)
2	HMT Machine Tools Limited	U02922KA1999 GOI025572	Subsidiary Company	Clause i (b)
				Clause vii (a)
				Clause vii (b)
				Clause ix (a)
				Clause (xvii)
	HMT Watches Limited	U33301KA1999 GOI025573	Subsidiary	Clause i (a)
				Clause i (b)
				Clause i (c)
				Clause iv
				Clause vii (a)
				Clause vii (b)
				Clause (viii)*
				Clause (x)*
				Clause (xi)*
				Clause xiii
Clause xiv				

* Note: Reporting of these clauses by the Statutory Auditor of the Subsidiary Company is not as required in para 3 of Companies (Auditor's Report) Order, 2020.

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

K. Balaji

K. Balaji
Partner

Membership Number: 207783

UDIN: 22207783ALLECL3882

Place: Bengaluru

Date: 22.06.2022



ANNEXURE-A REFERRED TO IN PARAGRAPH 2 (f) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT TO THE MEMBERS OF HMT LIMITED.

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

In conjunction with our audit of the Consolidated Ind AS financial statements of HMT Limited (“the Holding Company”) as of 31st March 2022, we have audited the internal financial controls with reference to the Consolidated Ind AS financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date. However in case of Sudmo HMT Process Engineering (India) Ltd. which is a joint venture company, as reported by its Auditor, the reporting on Internal Financial controls over financial reporting is not applicable for the year under review.

Management’s Responsibility for Internal Financial Controls:

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

Auditors’ Responsibility:

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



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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls with reference to Consolidated Ind AS financial statements:

A company's internal financial controls with reference to Consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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



OPINION:

I. Qualified Opinion of HMT Ltd.:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India except:

Company as a Whole:

1. The company did not have adequate appropriate internal controls for reconciling inventories and obtaining balance confirmation from sundry debtors, sundry creditors and other parties. This could potentially result a material weakness, in financial reporting process of debtors, creditors and other parties.

In respect of Food Processing Machinery Unit, Aurangabad

2. There is no appropriate internal control system for inventory as there is no integration between financial accounting module and inventory module. The valuation of inventory is done in inventory module.

It has been explained that Company is in the process of integrating the finance accounting module and currently it is in the final stage.

As explained to us stock is valued by adopting Weighted Average Cost method. However, on scrutiny the rates could not be verified due to absence of relevant records such as Purchase Invoices, Purchase orders etc.

Further, the internal control system for identification and allocation overheads to inventory was also not adequate. These could potentially result in material misstatements in the company's consumption, inventory and expense account balances.

3. As per Information and explanations given to us, verification of fixed assets was done in March, 2022. An effective internal financial control may be evolved to ensure that there should not be any mismatch between fixed assets register and physical sets with respect to the make of the asset, serial number and location which could potentially result in a material weakness in the process of verification of fixed assets.



II. Qualified Opinion (issued by Statutory Auditors of HMT Machine Tools Ltd.)

In our opinion, to the best of our information and according to the explanations given to us, one division HMT- Hyderabad the following material weaknesses is identified in the company relating to inadequate internal financial controls over financial reporting as at 31st March 2022 considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

1. In respect of HMT, Hyderabad Unit:

- i) Books of accounts are not being maintained in all completeness on day to day basis as evidenced from accounting entries being posted upon conclusion of the transactions to an intermediary/suspense heads of accounts and later deletion of such entries and reposting of entries in the correct heads of accounts.
- ii) Delay in recording of inventory movements in the inventory records and its reporting to Accounts department resulting in inappropriate updation of financial books.

2. In respect of the Company

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

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

In our opinion, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has in all material aspects maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31st March 2022, and the material weakness has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.



III. Opinion (issued by Statutory Auditors of HMT Watches Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over Financial Reporting issued by the Institute of Chartered Accountants of India.

IV. Opinion (issued by Statutory Auditors of HMT(International) Limited):

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2022, 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.

Other Matters:

The opinion reported under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 3 subsidiary companies, incorporated in India, are based on the corresponding reports of the auditor of such companies incorporated in India.

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

K. Balaji

K. Balaji
Partner

Membership Number: 207783
UDIN: 22207783ALLECL3882

Place: Bengaluru
Date: 22.06.2022

HMT LIMITED
(STANDALONE)

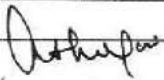
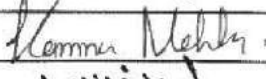
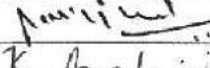
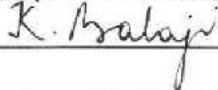
Statement of Impact of Audit qualification (for Audit Report with modified opinion) submitted
Along-with Annual Financial Results – (Standalone and Consolidated separately)

Statement of Impact of Audit Qualifications for the Financial Year ended March 31, 2022 [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)	8174.07	8174.07
	2.	Total Expenditure (Rs. in Lakhs)	4339.36	4339.36
	3.	Net Profit /(Loss) (Rs. in Lakhs)	3952.57	3952.57
	4.	Earnings Per Share (in Rs.)	1.08	1.08
	5.	Total Assets (Rs. in Lakhs)	121767.83	121767.83
	6.	Total Liabilities(Rs. in Lakhs)	79101.48	79101.48
	7.	Net Worth (Rs. in Lakhs)	42666.35	42666.35
	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>[Signature]</i>		
	• CFO	<i>[Signature]</i>		
	• Audit Committee Chairman	<i>[Signature]</i>		
	• Statutory Auditor	<i>[Signature]</i>		
	Place : Bangalore			
	Date : 22.06.2022			



HMT LIMITED
(CONSOLIDATED)

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, 2022 [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)	22246.46
	2.	Total Expenditure (Rs. in Lakhs)	36750.18	36750.18
	3.	Net Profit /(Loss) (Rs. in Lakhs)	53409.16	53409.16
	4.	Earnings Per Share (in Rs.)	14.97	14.97
	5.	Total Assets (Rs. in Lakhs)	64114.58	64114.58
	6.	Total Liabilities(Rs. in Lakhs)	482130.40	482130.40
	7.	Net Worth (Rs. in Lakhs)	(418015.82)	(418015.82)
	8.	Any other financial item (s) (as felt appropriate by the Management)	Nil	Nil
ii	<u>Audit Qualification (each audit qualification separately):</u>			
	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	<u>Signatories:</u>			
		• CEO/Managing Director		
		• CFO		
		• Audit Committee Chairman		
		• Statutory Auditor		
	Place : Bangalore			
	Date : 22.06.2022			



QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES**HMT LIMITED**
STANDALONE

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 regards to the Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method of valuation adopted by company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS financial statements.</p>	<p>The inventory is valued using weighted average cost method. There are some items of stores (consumables) valued incorrectly due to system error/software drawback. New tally software is going to be installed in the stores department. However there is no material impact in the valuation of inventories.</p>	<p>Repetitive</p>
<p>2. <u>Auxiliary Business Division, Bengaluru</u></p> <p><i>Indian Accounting Standards</i></p> <p>a. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80/- Lakhs. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Financial statements as on 31.03.2022.</p>	<p>The Unit had floated a tender for conducting Evaluation of Inventory in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel & Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation.</p> <p>As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil &Co.visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patil& Co. shortly.</p>	<p>Repetitive</p>



<p>b. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Financials statements cannot be quantified.</p>	<p>The Unit had floated a tender for conducting Impairment of Fixed Assets in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel & Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation. As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil & Co. visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patil & Co. shortly. Hence Valuation could not be done during FY 2021-22.</p>	<p>Repetitive</p>
<p>3. <u>Corporate Head Office and Company as a whole</u></p>		
<p>a. Non-confirmation of balances of Trade Receivables, Loans and Advances, Trade Payables and Other Current Liabilities and its consequential impact if any on the Standalone Ind AS financial statements cannot be quantified.</p>	<p>Confirmation for balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Disclosures has been made to this effect in Note no.50</p>	<p>Repetitive</p>
<p>b. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31st March, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements</p>	<p>Nigeria Machine Tools Ltd is a company incorporated outside India. The Company could get the previous year Financials from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd. Since the networth is completely eroded, the company believes that it is more appropriate to conclude that the Fair Value of Investment in these Companies shares as NIL.</p>	<p>Repetitive</p>



<p><u>Indian Accounting Standards</u></p> <p>c. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p> <p>The effect on revenue on all the above transactions are not ascertained.</p>	<p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there in no ECL during the year.</p>	<p>Repetitive</p>
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QUALIFIED OPINION OF STATUTORY AUDITOR AND MANAGEMENT REPLIES

CONSOLIDATION FINANCIAL STATEMENTS

I. HMT LIMITED

Audit Observations	Management Reply	Frequency of Qualification
<p><u>Corporate Head Office and Company as a whole</u></p> <p>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.</p> <p>2. The Company has not provided status quo of Nigeria Machine Tools Ltd. and Gujarat State Machine Tools Corporation Ltd as on 31stMarch, 2022. Consequently, we are unable to comment on the impact of the same on Standalone Ind AS financial statements</p> <p><i>Indian Accounting Standards</i></p> <p>3. The company for Impairment on Financial Assets as per Ind-AS 109 has to apply expected credit loss (ECL) model for measurement and recognition of impairment loss. However, as per the information and explanation given to us no ECL matrix was prepared for the period under audit for creating provision for loss allowance. Hence, we are unable to ascertain its impact, if any, on the Standalone Ind AS financial statements.</p>	<p>Confirmation for balances under Trade Receivables, Loans & Advances, Trade payables and Other Current Liabilities have been sought in most of the cases. Disclosures has been made to this effect in Note no.50</p> <p>Nigeria Machine Tools Ltd is a company incorporated outside India. The Company could get the previous year Financials from Nigeria Machine Tools Ltd and Gujarat State Machine Tools Corporation Ltd. Since the networth is completely eroded, the company believes that it is more appropriate to conclude that the Fair Value of Investment in these Companies shares as NIL</p> <p>The Company is periodically reviewing the Trade Receivables and necessary provision has been made in the books of accounts wherever it is doubtful. The Trade receivable considered good are fully realizable. As such there in no ECL during the year.</p>	<p>Repetitive</p> <p>Repetitive</p> <p>Repetitive</p>



Auxiliary Business Division, Bengaluru

Indian Accounting Standards

4. The inventory valuation as on 31.03.2022 include inventories valued as per Valuation report dated 30.03.2020 amounting to Rs.261.80/- Lakhs. Consequently, we are unable to ascertain the impact due to deviation in Inventory valuation on the Financial statements as on 31.03.2022.

5. The unit has not carried out any assessment on Impairment of Fixed assets as required under Ind AS 36 Impairment of Assets. Consequently the impact if any, on impairment of Fixed assets on the Financials statements cannot be quantified.

The Unit had floated a tender for conducting Evaluation of Inventory in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel & Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation.

As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil &Co.visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patiil& Co. shortly.

The Unit had floated a tender for conducting Impairment of Fixed Assets in Newspaper 'Amar Ujala' dated 19.02.2022 and on Company's website on 20.01.2022. In response to the said tender we received only one quotation from M/s R.K. Patel & Co., Badodara. As per purchase manual the single party quotation cannot be opened. Therefore, the said tender was extended thrice on dated 24.02.2022, 07.03.2022 and 23.03.2022. Thereafter one more party M/s S.V. Engineers and Consultants, Panchkula have submitted their quotation. As R K Patil and Co. is L1 the above service is allotted during May-2022. The R.K Patil &Co.visited at our works at Pinjore and evaluation has already completed. We are expecting report from R.K Patiil& Co. shortly. Hence Valuation could not be done during FY 2021-22.

Repetitive

Repetitive



<p><u>Food Processing Machinery Unit, Aurangabad</u></p> <p>6. As per information and explanation given to us with regards to the Inventory valuation as stated in Note No. 1.9 stock of raw material is valued by adopting Weighted Average Cost method. However, in the inventory statement provided for verification purpose, correctness of stock items rates could not be verified due to absence of sufficient and appropriate audit evidence. Owing to the nature of Company's records and in the absence of sufficient audit evidence, we are unable to ascertain if there is material departure from the Weighted Average Cost Method of valuation adopted by company. We are also unable to ascertain its consequent impacts, if any, on the Ind AS financial statements.</p>	<p>The inventory is valued using weighted average cost method. There are some items of stores (consumables) valued incorrectly due to system error/software drawback. New tally software is going to be installed in the stores department. However there is no material impact in the valuation of inventories.</p>	<p>Repetitive</p>
<p>II. <u>HMT MACHINE TOOLS LIMITED ("MTL")</u></p>		
<p>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.</p>	<p>Unit has sent balance confirmation letters to around 90 Customers/Vendors and only around 10 Customers/Vendors replied for that. Unit will do the needful during the current financial year.</p>	<p>Repetitive</p>
<p>MBX, Bangalore:</p> <p>2. The Unit has not complied from the requirement of Schedule II of the Companies Act of depreciating the assets over its useful life and such depreciable amount shall be the cost of asset less its residual value. The Unit follows the policy of depreciating the Plant, Property & Equipment costing less than Rs.10,000/- to Re.1/- in the year of purchase. Due to unavailability of</p>	<p>Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per IND AS and in consultation with Experts in IND AS. Accordingly any asset less than Rs.10,000/- have been depreciated fully in the year of purchase. Also, the residual value is taken as Re1/- as the asset is</p>	<p>Repetitive</p>



<p>required information impact could not be quantified.</p> <p>3. No provision has been made in these Accounts for interest / penalty / damages for the delayed remittance of provident fund dues to the appropriate authorities and non-settlement / non-payment of gratuity dues as at 31st March 2022. The amount of interest/penalty/damages has not been quantified and we hence are unable to express an opinion on the impact of this non-provision on the financial statements.</p> <p><u>Indian Accounting Standards</u></p> <p>4. 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 in regular intervals.</p>	<p>expected to be used even after the useful life of the assets</p> <p>Unit has shown the same under contingent liability. Unit will do the needful during the current financial year</p> <p>Unit will share all the details with Branch Auditor during the interim audit in the current financial year and will do the needful in consultation with the Branch Auditor. Unit will ensure that physical verification of stock is done in regular intervals.</p>	<p>Repetitive</p> <p>Repetitive</p>
<p>MTP, Pinjore</p> <p><u>Indian Accounting Standards</u></p> <p>5. As per Ind AS -19, the unit has not determined the actuarial valuation liability for Provident Fund dues as at 31st March, 2022. 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</p>	<p>Unit will do the needful during current financial year in consultation with MTD. Actuarial valuation of PF will be done on yearly basis and necessary compliance will be done as per Ind AS-19</p>	<p>Repetitive</p>



<p>not in compliance with the Ind AS-19 "Employee Benefits"</p>		
<p>MTH, Hyderabad:</p> <p><u>Indian Accounting Standards</u></p> <p>6. The division has not complied with para 76 of Ind AS 40, since adequate disclosure with regard to fair values of the investment property, depreciation method and criteria for distinction between Investment Properties and PPE has not been disclosed.</p> <p>7. 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.</p> <p>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.</p> <p>8. Division is not in compliance with 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 such noncompliance on the loss and the current liabilities could not be ascertained.</p>	<p>Unit has only land as investment property. Fair value of investment property is shown in the Standalone financial statement of HMT Machine Tools Ltd. There is no depreciation</p> <p>Depreciation is charged as per Company's Accounting Policy. The accounting policy of the company has been formulated as per IND AS and in consultation with Experts in IND AS. Accordingly any asset less than Rs.10,000/- have been depreciated fully in the year of purchase. Also, the residual value is taken as Re1/- as the asset is expected to be used even after the useful life of the assets</p> <p>Unit will do the needful during the current financial year in consultation with Branch Auditor</p> <p>Unit will do the needful in the current financial year in discussion with the Branch Auditor</p>	<p>Repetitive</p> <p>Repetitive</p> <p>Repetitive</p> <p>Repetitive</p>



<p>MTM, Bangalore</p> <p><u>Indian Accounting Standards</u></p> <p>9. We draw attention towards Ind AS-36 Impairment of Assets in relation to the assessment of potential impairment loss of assets of the unit. In respect of the company's procedure the asset verification is conducted by the management once in every three years and accordingly as per the verification report conducted in the FY 2020-2021, it is noted that, the unit is yet to take management approval for disposal of said assets as per the company's procedure and the quantum of impairment value is not available to report.</p>	<p>Unit will do the needful during the current financial year.</p>	<p>Repetitive</p>
<p>MTA, Ajmer</p> <p><u>Indian Accounting Standards</u></p> <p>10. The unit has defaulted in settlement/payment of gratuity to the extent of Rs. 2,49,32,580/- 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.</p>	<p>The Unit has made the provision towards Interest on Delayed Gratuity payment, however there are no penalties for Gratuity.</p>	<p>First Time</p>



III. HMT WATCHES LTD.

Basis for Qualified Opinion

1) Going Concern Status

<p>a. 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.</p>	<p>The Company is a wholly owned subsidiary of HMT Limited and has been carrying on its activities. The Company has been receiving financial support from the Government of India. The financial statements have been prepared as per Ind AS, ongoing concern concept</p>	<p>Repetitive</p>
<p>b. The accumulated losses of the company as at the close of 31st March 2022 amounted to Rs.2,68,877.28 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.</p>	<p>DHI conveyed vide letter dated 13-1-2016, the decision of the CCEA to close the Company by sending the all the employees on VRS/VSS. The Company has relieved all the employees on VRS/VSS and retrenchment. The company also disposed all the movable assets of the company at Tumkur. The company is in the process of disposing the movable assets at Bangalore and Ranibagh.</p>	<p>Repetitive</p>
<p>c. The company has been incurring continues losses for the past many years.</p>	<p>The company will settle all the liabilities of the company and remove the name of the company From ROC.</p>	<p>Repetitive</p>
<p>d. The total liabilities of the company as at the close of 31st March 2022 is Rs. 2,72,473.57 lakhs (Previous year Rs. 2,72,851.89/-lakhs) against which the Fixed and current assets book values are only Rs. 4,245.30 lakhs (Previous year Rs.4,518.98 lakhs).</p>	<p>The company disposed the Immovable assets of the company at TUMKUR. The company is in the process of disposing the immovable assets at Bangalore and Ranibagh</p>	<p>Repetitive</p>
<p>e. The contingent liabilities disclosed in the financial statements are Rs. 8000.00 lakhs (Previous year Rs. 622.41/- lakhs) and there are other liabilities, which have not been quantified. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.</p>	<p>The Company reviewed the contingent liability and obtained the Board approval to provide the contingent liability of Rs 80.00 cr after considering the legal cases. It is in the consideration of MHI, for approval.</p>	<p>Repetitive</p>



<p>f. Consequent to the decision of closing the Company, the Company has sold all the fixed assets other than the immovable properties in Bangalore and Ranibagh. In respect of immovable property, the Company is in the process of transferring the assets.</p>	<p>In view of the closure of the Company, MHI approved to transfer the immovable assets of the Company to HMT Limited,(Holding Company) The process will be completed during FY 2022-23.</p>	<p>Repetitive</p>
<p>2) Other current liabilities include a sum of Rs. 926.64 Lakhs relating to advances received against sale of land including buildings. The company has executed an agreement to sale and the possession of land (including buildings) has been given to the purchaser. The transaction has not been recognized as sale pending approval from the concerned authorities for the execution of sale deed. The value of land (including buildings) has been included in the asset held for sale in Note 2.8 and the possession is already given to the buyer. The consequential impact on the losses, carrying amount of the assets, depreciation and tax liabilities are not ascertainable.</p>	<p>The matter regarding NOC from GOK for Sale of land to RRI is pending as GOK has submitted Interlocutory Application (IA) before the Supreme Court to de notify the said Land. On receipt of the NOC from GOK necessary action will be initiated.</p>	<p>First Time</p>
<p>3) The details for interest on delayed payment of statutory dues were not made available. The company has neither ascertained nor worked out the quantum of penal interest, penalties and damages towards default in remitting statutory dues. In the absence of such details, we are unable to express our opinion on adequacy of provision towards interest on delayed payment and its impact on financial statements.</p>	<p>An amount of Rs.80.00 Crore has been disclosed in the Contingent Liability and includes penalty on delayed remittances of Statutory Dues. The detailed list has been submitted to the MHI for approval, which is under process.</p>	<p>First Time</p>
<p>4) One of the creditor of the company had obtained execution decree dated 30-05-1998 passed in OS no. 15652 of 2008 for Rs. 128 lakhs. This fact together with contingent liability if any has not been disclosed in the financial statements of the company</p>	<p>An amount of Rs.80.00 Crore has been disclosed in the Contingent Liability and includes Legal cases . The detailed list has been submitted to the MHI for approval, which is under process.</p>	<p>First Time</p>



<p>5) Pursuant to distress warrant dated 08-04-2022 issued by Bruhat Bengaluru Mahanagara Palike for recovery of Rs. 773.83 lakhs of property tax along with penalty for the period from 01-10-1995 to Financial Year 2022-23, a total provision of Rs. 773.83 lakhs has not been made. However, the company has made a provision of Rs. 123.41 lakhs for dues towards the principal amount. Impact on the Financial Statements due to proposed penalty is not ascertainable.</p>	<p>The Company has made the payments till the FY 2016-17 and requested the BBMP for waiver of interest.</p> <p>The Company Senior executives discussed with the Joint commissioner (revenue). One time settlement is under process.</p>	<p>Repetitive</p>
<p>6) We are unable to comment on the compliance of section 186 and 188 of Companies Act, 2013 in respect of advances given and transactions with related party entered during the year as necessary documents for compliance of the said section is not provided for our verification</p>	<p>Necessary compliances have been made as per the Companies Act, 2013..</p>	<p>First Time</p>
<p>7) 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 year 2021-22.</p> <p>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.</p> <p>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. 2,69,378.75 lakhs. Further, any provision required which is resulting from above transactions is also not accounted and not ascertained.</p>	<p>MHI communicated the company vide letter dt. 13-1-2016 , the GOI loans along with Interest will be written off after closure of the Company.</p>	<p>Repetitive</p>



<u>Indian Accounting Standards</u>		
<p>8) No provision towards gratuity amounting to Rs. 28 Lakh during training period has been made in the financial statements as ordered by ALC on the applications filed by 125 separated employees and orders of Hon'ble High Court of Karnataka to deposit Rs. 28 Lakh, which is contrary to Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, resulting in understatement of loss and current liabilities and provisions to that extent. Impact on financial statements is not ascertainable.</p>	<p>The company deposited Rs 28.00 lakhs as per the ALC order. The company not recognized the liability and contested in the Hon'ble High Court of Karnataka.</p>	<p>Repetitive</p>

