

स HMT



HMT LIMITED

Annual Report
2002-2003



HMT LIMITED

No. 59, Bellary Road, Bangalore - 560 032

NOTICE

Notice is hereby given that the Fiftieth Annual General Meeting of HMT Limited will be held on Monday, December 22, 2003, at 4.30 p.m. at the Registered Office of the Company at No. 59, Bellary Road, Bangalore - 560 032, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended March 31, 2003 and the reports of the Directors and Auditors thereon.
2. To fix the remuneration of Statutory/Branch Auditors appointed by the Comptroller and Auditor General of India for the year 2003-2004.

SPECIAL BUSINESS :

3. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"Resolved that pursuant to Sections 256, 257 and 262 of the Companies Act, 1956, read with Articles 67(4) and 67. (F) of the Articles of Association of the Company, Shri Naresh Chaturvedi, who was appointed as Director with effect from May 12, 2003, in place of Shri V.K. Malhotra who retires at the Fiftieth Annual General Meeting of the Company and being eligible for re-appointment, be and is hereby appointed as Director of the Company."

4. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"Resolved that the appointment of M/s. Karvy Consultants Private Limited, No.51/2, T.K.N. Complex, Vanivilas Road, Opposite National College, Basavanagudi, Bangalore, as R&T Agents of the Company be and is hereby approved."

"Resolved Further that the maintenance of Register of Members and handing over of physical share transfer records to M/s. Karvy Consultants Private Limited, No.51/2, T.K.N. Complex, Vanivilas Road, Opposite National College, Basavanagudi, Bangalore, the R&T Agents, be and is hereby approved."

5. To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"Resolved that the Company do delist the Equity Shares of the Company voluntarily from the Bangalore Stock Exchange Limited pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines -

2003, and the Chairman and Managing Director OR Chief, Corporate Legal & Company Secretary, be and is hereby authorised to make necessary application to the said Stock Exchange, in this regard."

By Order of the Board of Directors

Place : Bangalore
Date : November 20, 2003

(U. JAGADISH NAYAK)
Chief, Corporate Legal &
Company Secretary

Registered Office :

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

1. The Members of the Company
2. Statutory Auditors

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is annexed in respect of item Nos. 3, 4 and 5.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from 18-12-2003 to 22-12-2003 (both days inclusive)
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 3

Shri Naresh Chaturvedi, Additional Secretary & Financial Adviser, Ministry of Heavy industries & Public Enterprises, was appointed as a Director of the Company by the President of India, with effect from May 12, 2003, in place of Shri V.K. Malhotra, who resigned. The Board of Directors at their 240th Meeting held on July 4, 2003, approved the appointment of Shri Naresh Chaturvedi, as Director of the Company, in terms of Section 262 of the Companies Act, 1956 read with Article 67 (4) of the Articles of Association of the Company. Shri Naresh Chaturvedi retires at the ensuing Annual General Meeting and being eligible for reappointment has offered himself to be appointed as a Director. Accordingly, Shri Naresh Chaturvedi is proposed for appointment as a Director in terms of Articles 67 (4) and 67 (F) of the Articles of Association of the Company read with Sections 256, 257 and 262 of the Companies Act, 1956, for which a notice has been received from a Shareholder.

Copy of the relevant document(s) is available for inspection by the Members during business hours on any working day, at the Registered Office of the Company.

Shri Naresh Chaturvedi is considered as interested in the resolution being the subject matter of his appointment as Director. None of the other Directors is concerned or interested in the resolution.

Information Pursuant to Clause 49 of listing Agreement

Shri Naresh Chaturvedi, IAS, Additional Secretary & Financial Adviser, Ministry of Heavy Industries & Public Enterprises, Government of India, is a Director on the Board of HMT Limited. He is a Indian Administrative Services Officer (West Bengal) from the 1970 batch.

He is a Postgraduate in Science and also holds a law degree. A recipient of Government scholarship throughout his education, his academic achievements include a Gold Medal in Physics and the Chancellors Medal for the best all round student. During thirty three years of professional experience as member of the Indian Administrative Service, he has had the opportunity to be associated with diverse aspects of administration and financial management and has worked in different parts of the country in various capacities.

Over the period he has among other positions served as Managing Director of Food Corporation of India, Secretary to the Governor of West Bengal, Director General, Food, and Ex-Officio Principal Secretary of Food & Supplies Department, Government of West Bengal ; Principal Secretary, Fisheries Dept., Govt., of West Bengal; Special Secretary, Home Dept., Govt. of West Bengal, and as Excise Commissioner of Govt. of West Bengal and Govt. of Uttar Pradesh.

Item No. 4

M/s. Karvy Consultants Private Limited, Bangalore, were appointed as Depository Registrars for providing Electronic Connectivity with NSDL and CDSL in respect of the Equity Shares of the Company. Considering the cost involved, the physical transfer of Equity Shares of the Company were retained within the Company and handled in-house.

Pursuant to the communication of the Securities and Exchange Board of India (SEBI) vide letter No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002, the Stock Exchanges directed that all the work related to the share registry in terms of both physical form and electronic/demat form should be maintained at a single point i.e. either in-house by the Company or by a SEBI registered R & T Agent.

In view of the SEBI directive, it has become imperative for the Company to transfer even the physical share work also to the common registry. The maintaining of both the forms of share records in house is prohibitively expensive along with attendant problems related thereto. Therefore, the Company decided to appoint the existing Registrars who were providing electronic connectivity i.e. M/s. Karvy Consultants Private Limited as the R&T Agents of the Company and hand over the physical share records including the Register of Members to them.

In terms of Section 163(1) of the Companies Act, 1956, the Register of Members, the index of members, the register and index of debenture holders etc., are required to be kept at the Registered Office of the Company. However, pursuant to the proviso to the above Section, the Register of Members etc. are permitted to be kept at any other place within the city in which the Registered Office is situate, subject to approval by the Shareholders by way of a special resolution passed in general meeting and filing of an advance copy of the proposed special resolution with the Registrar of Companies.

Since handing over the physical share records including the Register of Members to the R&T Agents would attract the provisions of the Companies Act, 1956, the approval of the Shareholders has to be obtained by way of special resolution. The Board of Directors at their 239th Meeting held on January 30, 2003, have approved the appointment of M/s. Karvy Consultants Private Limited as the Registrars & Transfer Agents of the Company.

Copy of the relevant document(s) is available for inspection by the members during business hours on any working day, at the Registered Office of the Company.

None of the Directors is concerned or interested in the resolution.

Item No. 5

The Equity Shares of the Company were listed at Bangalore Stock Exchange; The Stock Exchange, Mumbai; and National Stock Exchange of India Limited on 29.9.1992; 8.10.1992; and 29.8.2003 respectively. The Equity Shares have been traded regularly at the Stock Exchange Mumbai; and National Stock Exchange of India Limited whereas not even a single transaction has taken place in Bangalore Stock Exchange ever since the date of listing.

In view of the above and since the Company is fulfilling the conditions of Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, it was proposed to delist the Equity Shares of the Company under Voluntary delisting, from the Bangalore Stock Exchange Limited, the Regional Stock Exchange. Accordingly, the Bangalore Stock Exchange was approached and the Stock Exchange has conveyed its in principle approval for delisting of the Equity Shares of the Company subject to the condition of submission of a copy of the resolution passed by the Shareholders at a General Meeting and payment of listing fee for the year 2003-2004.

The Company's Shares are specified by SEBI for settlement only in dematerialized form by all investors with effect from June 26, 2000 and hence the proposed delisting of the Company's equity shares from the Bangalore Stock Exchange will not adversely affect any investor including the members located in Bangalore.

The Board of Directors at their 240th Meeting held on July 4, 2003, approved voluntary delisting of Equity Shares of the Company from the Bangalore Stock Exchange Limited as per the conditions of in principle approval by making payment of listing fee for the year 2003-2004 and approval of Shareholders by way of a special resolution. The company has since paid the listing fee for the year 2003-2004.

Copy of the relevant document(s) is available for inspection by the members during business hours on any working day, at the Registered Office of the Company.

None of the Directors is concerned or interested in the resolution.

By Order of the Board of Directors

Place : Bangalore
Date : November 20, 2003

(U. JAGADISH NAYAK)
Chief, Corporate Legal &
Company Secretary

Registered Office :

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



HMT LIMITED

Registered Office : No. 59, Bellary Road, Bangalore - 560 032

ATTENDANCE SLIP

I, hereby record my presence at the Fiftieth Annual General Meeting at the Registered Office of the Company at 4-30 P.M. on Monday, December 22, 2003.

Name of the Attending Member.....
(in Block Letters)

Member's Folio Number.....

Name of Proxy (in Block letters, to be filled in if the Proxy attends instead of the Member)

No. of Shares held.....

* Member's /Proxy's Signature

* To be signed at the time of handing over this slip

.....(tear here).....

HMT LIMITED

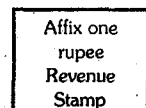
Registered Office : No. 59, Bellary Road, Bangalore - 560 032

PROXY FORM

I/We.....
of.....
being a Member/Members of HMT Limited hereby appoint.....
.....of.....
or failing him.....
of.....
or failing him.....

as my/our Proxy in my/our absence to attend and vote for me / us, and on my / our behalf, at the Fiftieth Annual General Meeting of the Company, to be held at 4.30 p.m. on the 22nd day of December, 2003, and at any adjournment thereof.

Signed by the Said



Note: The proxy must be deposited at the Registered Office of the Company at No. 59, Bellary Road, Bangalore- 560 032, not less than 48 hours before the time for holding the meeting.

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BOARD OF DIRECTORS

Shri M.S. Zahed	Chairman & Managing Director
Shri Naresh Chaturvedi	Director
Shri Navin Kumar	Director

Shri T. Radha Krishnan	Chief Vigilance Officer
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EXECUTIVE DIRECTOR

Shri S.K. Welling	Executive Director, Corporate Planning & Projects
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Shri U. Jagadish Nayak	Chief, Corporate Legal & Company Secretary
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STATUTORY AUDITORS

M/s. S V R & Associates
Chartered Accountants
Bangalore

BANKERS

UCO Bank
Punjab National Bank
Andhra Bank

REGISTERED OFFICE

'HMT Bhavan'
59, Bellary Road
Bangalore - 560 032

PERFORMANCE HIGHLIGHTS

	200203	200102	200001	199900	199899	199798	199697	199596	199495	199394
(Rs. in Lakhs)										
OPERATING STATISTICS										
Sales	18330	28712	34522	75238	87422	95436	95679	85818	74959	63254
Other Income	3765	3297	6759	3342	4186	7266	8301	4965	3170	3895
Materials	10734	16018	22071	38697	41858	45667	47321	41792	36756	34833
Employee Costs	5188	5296	7032	30667	29261	28767	29454	25041	20488	19746
Other Operating Costs	7348	7103	9143	32119	21172	20923	19863	18168	16147	15850
Depreciation	447	439	446	1507	1463	1479	1624	1697	2417	2761
Earnings before Interest & Tax	(2301)	712	3457	(21382)	(3287)	5744	6600	2349	(225)	(3765)
Interest	1097	(44)	1016	8309	370	8138	8478	7938	7695	8259
Earnings / (Loss) beforeTax	(3398)	756	2441	(29691)	(3657)	(2394)	(1878)	(5589)	(7920)	(12024)
Prior Period Adjustments (PPA)	3	(26)	-	-	-	-	-	-	-	-
Earnings/ (Loss) before Tax	(3401)	782	2441	(29691)	(3657)	(2394)	(1878)	(5589)	(7920)	(12024)
Taxation (Net of Provisions withdrawn / refunds)	40	(242)	-	-	20	520	-	-	-	(98)
Net Earnings	(3441)	1024	2441	(29691)	(3677)	(2914)	(1878)	(5589)	(7920)	(11926)

FINANCIAL POSITION

Net Fixed Assets	4096	4276	4346	13541	14122	13647	14128	15354	16814	18326
Current Assets	95890	96539	82642	83874	91914	83365	75445	69402	66024	70178
Current Liabilities & Provisions	23811	23116	26996	69246	55222	46214	40121	34767	27814	26926
Working Capital	72079	73423	55646	14628	36692	37151	35324	34635	38210	43252
Capital Employed	76175	77699	59992	28169	50814	50798	49452	49989	55024	61578
Investments	4550	4550	4550	2790	1768	1743	1719	1643	1591	1576
Miscellaneous Expenditure	4949	4375	3404	34	15	75	207	424	642	568
Borrowings	79121	76704	59128	55467	50172	50475	48683	48010	48387	47062
Net Worth	1535	5550	5414	(24508)	2410	2066	2488	3622	8228	16092

OTHER STATISTICS

Capital Expenditure	181	229	68	378	1007	704	253	136	809	1465
Internal Resources Generated	(2994)	1463	2887	(28184)	(2214)	(1435)	(254)	(3892)	(5503)	(9165)
Working Capital Turnover Ratio	0.24	0.36	0.64	2.79	2.36	2.58	2.74	2.44	1.91	1.52
Current Ratio	4.03	4.18	3.06	1.21	1.66	1.80	1.88	2.00	2.37	2.61
Return on Capital (%)	(2.99)	1.03	5.76	(54.14)	(6.47)	11.46	13.27	4.47	(0.39)	(5.55)
Number of Employees	2649	2809	3004	18395	19387	20463	21850	22794	23857	24919
Per Capita Sales	6.92	10.22	11.49	4.09	4.51	4.66	4.38	3.76	3.14	2.54

Note : Figures from 2000-01 onwards relate to restructured Company

SOURCES AND UTILISATION OF FUNDS

	2002-03	2001-02	2000-01
SOURCES			(Rs. in Lakhs)
Internal Generation :			
Net Profit / (Loss) (after interest prior to tax)	(3401)	782	2441
Tax (net of provisions withdrawn/refunds)	40	(242)	-
	<u>(3441)</u>	<u>1024</u>	<u>2441</u>
Add : Depreciation	447	439	446
Provisions withdrawn/adjusted	(86)	(57)	(169)
	<u>(3080)</u>	<u>1406</u>	<u>2718</u>
External Generation :			
Equity	-	-	27640
Term Loans	1063	-	5449
Bonds	35240	23450	39188
Interest accrued and due	1760	1120	-
	<u>38063</u>	<u>24570</u>	<u>72277</u>
TOTAL SOURCES	<u>34983</u>	<u>25976</u>	<u>74995</u>
UTILISATION			
Repayment of Loans			
Debentures	-	-	3333
Term Loans	62	5459	3474
Fixed Deposits	-	-	457
Inter Corporate Loans	201	310	-
Bonds	35045	1256	2226
Government Loans	-	-	635
Deferred Credits	-	-	5
Interest accrued and due	-	-	7178
	<u>35308</u>	<u>7025</u>	<u>17308</u>
Capital Expenditure	181	229	68
Investments	-	-	1005
Deferred Tax	(74)	5	-
Miscellaneous Expenditure	574	971	3404
	<u>681</u>	<u>1205</u>	<u>4477</u>
Add / (Less)			
Working Capital Movement	<u>(1344)</u>	<u>17823</u>	<u>56625</u>
TOTAL UTILISATION	<u>34645</u>	<u>26053</u>	<u>78410</u>
Net Surplus / (Deficit)	338	(77)	(3415)
Represented by			
Increase / (Decrease) in Bank Finance	(338)	77	3415