

HMT

2004-2005

Annual Report

52nd

HMT LIMITED



HMT LIMITED

No. 59, Bellary Road, Bangalore – 560 032

NOTICE

Notice is hereby given that the Fiftysecond Annual General Meeting of HMT Limited will be held on Monday, November 14, 2005, at 10.30 a. 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, 2005 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Naresh Chaturvedi who retires by rotation and being eligible offers himself for reappointment.
3. To fix the remuneration of Statutory/Branch Auditors to be appointed by the Comptroller and Auditor General of India for the year 2005-2006.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to Sections to 255 and 257 of the Companies Act, 1956, Shri S. Karunakaran, Group General Manager (Corporate Planning), who was appointed as Director (Operations) of the Company with effect from October 1, 2005 in terms of Article 70(1) of the Articles of Association of the Company and being Additional Director holds Office upto the date of the Fiftysecond Annual General Meeting of the Company pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT pursuant to Sections to 255 and 257 of the Companies Act, 1956, Shri G. S. Shanthiraj, Group General Manager (Finance), who was appointed as Director (Finance) of the Company with effect from October 10, 2005 in terms of Article 70(1) of the Articles of Association of the Company and being Additional Director holds Office upto the date of the Fiftysecond Annual General Meeting of the Company pursuant to Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

By order of the Board of Directors,

Place : Bangalore
Date : October 21, 2005

(U. Jagadish Nayak)
Chief, Corporate Legal &
Company Secretary

Registered Office :

HMT Bhavan
No. 59, Bellary Raod
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. The Share Transfer Books and Register of Members of the Company shall remain closed from 08.11.2005 to 14.11.2005 (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. 4

Shri S. Karunakaran, Group General Manager (Corporate Planning), was appointed as Director (Operations) of the Company by the President of India vide Order F. No. 5(14)/2004-PE.X dated September 27, 2005, pursuant to Section 70(1) of the Articles of Association of the Company for a period of five years or till the date of his superannuation or until further orders, whichever is earlier, with effect from the date he assumes the charge. Shri S. Karunakaran assumed charge of the post on October 1, 2005.

As per the provisions of Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Shri S. Karunakaran's appointment is considered as an Additional Director and he would hold office as Director only upto the date of the Fiftysecond Annual General Meeting of the Company. Accordingly and in terms of his appointment, Shri S. Karunakaran is proposed for appointment as a Director in terms of Sections 255 and 257 read with Section 260 of the Companies Act, 1956, for which a notice has been received from a Shareholder.

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

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

Item No. 5

Shri G.S. Shanthiraj, Group General Manager (Finance), was appointed as Director (Finance) of the Company by the President of India vide Order F. No. 5(13)/2004-PE.X dated October 6, 2005, pursuant to Section 70(1) of the Articles of Association of the Company for a period of five years or till the date of his superannuation or until further orders, whichever is earlier, with effect from the date he assumes the charge. Shri G. S. Shanthiraj assumed charge of the post on October 10, 2005.

As per the provisions of Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Shri G. S. Shanthiraj's appointment is considered as an Additional Director and he would hold office as Director only upto the date of the Fiftysecond Annual General Meeting of the Company. Accordingly and in terms of his appointment, Shri G. S. Shanthiraj is proposed for appointment as a Director in terms of Sections 255 and 257 read with Section 260 of the Companies Act, 1956, for which a notice has been received from a Shareholder.

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

Shri G. S. Shanthiraj is considered as interested in the resolution being the subject 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**Item No. 2**

Shri Naresh Chaturvedi, IAS, Additional Secretary & Financial Adviser, Department of Industrial Policy & Promotion, Government of India, is a Director on the Board of HMT Limited. He is an 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, & Ex-Officio Principal Secretary of Food & Supplies Department Govt. 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.

Directorships in other Companies	Committee Memberships in other Companies
Bharat Heavy Electricals Ltd. Engineering Projects (India) Ltd. Heavy Engineering Corporation Ltd. Bharat Bhari Udyog Nigam Ltd. Dishergadh Power Supply Company Ltd.	Automative Research Associates of India – Chairman, Finance & Audit Committee

Item No. 4

Shri S. Karunakaran is Director, Operations, of HMT Limited. He was Group General Manager (Corporate Planning & Policies) of the Company prior to his appointment as Director, Operations.

Shri S. Karunakaran is a Mechanical Engineer from Madras University and an MBA (Marketing) from Bangalore University.

Shri S. Karunakaran joined HMT in 1974 as a Machine Tool Designer. After a long stint in Central R & D Division of Machine Tools, he worked in various departments as well as in various Machine Tools units and gained wide ranging experience.

In HMT Machine Tools Factory, Kalamassery, he served as head of various departments such as Designs, Sales, & Production and further became the General Manager of the unit. He then served as the Group General Manager in HMT's Machine Tool Complex in Hyderabad and in Machine Tools, Bangalore Complex, before becoming the Group General Manager, Corporate Planning & Policies, at the corporate Head Quarters of HMT Limited.

In his vast experience of over thirty years in HMT and the Machine Tools industry, Shri Karunakaran has amassed vast amount of domain expertise in the design and manufacture of a wide variety of Machine Tools. He has travelled extensively and has been involved with work in areas of high technology, CNC Product Development, Collaboration/Joint Working evaluations, establishment of advanced technologies like FMS, evolving systems/

guidelines for product development and standardization. He was the Co-author/Chief Editor of book "Production Technology" (1980) and "Mechatronics" (1996) published by HMT/TATA-McGraw Hill in International Edition.

Directorships in other Companies

SUDMO-HMT Process Engineers (India) Ltd.
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Item No. 5

Shri G. S. Shanthiraj is the Director, Finance, of HMT Limited. Prior to taking over as Director, Finance, he was Group General Manager (Finance), of HMT Limited. Shri G. S. Shanthiraj is a Chartered Accountant with Degree in Law from Mysore University and an MBA in General Management from International Centre for Public Enterprises (ICPE), University of LJUBLJANA, Slovenia, under UNDP. Shri Shanthiraj has over 25 years of functional experience in Finance, Accounts, Budgets, Working Capital Management, Management of Receivables and MIS. During his tenure in the Company, he has served in various capacities at the Unit and Corporate level.

Shri Shanthiraj is instrumental in recasting of the total debts of the Company and has directed the financial re-engineering of the Company and the Subsidiaries. Shri Shanthiraj has directed the formulation of revival plans of the individual Subsidiaries and Tractor business which aims to address the issues pertaining to competitiveness and increase in the performance levels.

Directorships in other Companies

Praga Tools Limited

SUDMO-HMT Process Engineers (India) Ltd.
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By order of the Board of Directors

Place : Bangalore
Date : October 21, 2005

(U. Jagadish Nayak)
Chief, Corporate Legal &
Company Secretary

Registered Office :
HMT Bhavan
No. 59, Bellary Road
Bangalore – 560 032



HMT LIMITED

No. 59, Bellary Road, Bangalore – 560 032

ATTENDANCE SLIP

I, hereby record my presence at the Fiftysecond Annual General Meeting at the Registered Office of the Company at 10.30 a.m. on Monday, November 14, 2005.

Name of the Attending Member
(in Block Letters)

Members' 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

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 Fiftysecond Annual General Meeting of the Company, to be held at 10.30 a.m. on the 14th Day of November, 2005, and at any adjournment thereof.

Signed by the said

Affix
One Rupee
Revenue
Stamp

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.

HMT LIMITED

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BOARD OF DIRECTORS

Shri M. S. Zahed	<i>Chairman & Managing Director</i>
Shri Naresh Chaturvedi	<i>Director</i>
Shri A. Didar Singh	<i>Director</i>
Shri. S. Karunakaran	<i>Director (Operations)</i>
Shri G. S. Shanthiraj	<i>Director (Finance)</i>

EXECUTIVE DIRECTORS

Shri R. R. Srivastava	<i>Executive Director (HR)</i>
Shri S. K. Sharma	<i>Executive Director (Tractors)</i>

STATUTORY AUDITORS

M/s. SVR Associates
Chartered Accountants
Bangalore

BANKERS

1. UCO Bank
2. Punjab National Bank
3. Andhra Bank

LEGAL ADVISORS

M/s. Cariappa & Co.
Advocates
Bangalore

REGISTERED OFFICE

"HMT BHAVAN"
59, Bellary Road
Bangalore 560 032

PERFORMANCE HIGHLIGHTS

	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
(Rs. in lakhs)										
OPERATING STATISTICS										
Sales	20386	15801	18330	28712	34522	75238	87422	95436	95679	85818
Other Income *	9030	6549	3765	3297	6759	3342	4186	7266	8301	4965
Materials	14710	9952	10734	16018	22071	38697	41858	45667	47321	41792
Employee Costs	5930	5231	5188	5296	7032	30667	29261	28767	29454	25041
Other Operating Costs	6236	6863	7351	7077	9143	32119	21172	20923	19863	18168
Depreciation	416	419	447	439	446	1507	1463	1479	1624	1697
Earnings before Interest	2024	(208)	(2304)	738	3457	(21382)	(3287)	5744	6600	2349
Interest	174	511	1097	(44)	1016	8309	370	8138	8478	7938
Earnings/(Loss) before Tax	1850	(719)	(3401)	782	2441	(29691)	(3657)	(2394)	(1878)	(5589)
Taxation (net of Provisions withdrawn/refunds)	1252	77	40	(242)	-	-	20	520	-	-
Net Earnings	598	(796)	(3441)	1024	2441	(29691)	(3677)	(2914)	(1878)	(5589)

FINANCIAL POSITION

Net Fixed Assets	3317	3683	4096	4276	4346	13541	14122	13647	14128	15354
Current Assets	115431	95292	95890	96539	82642	83874	91914	83365	75445	69402
Current Liabilities & Provisions	19859	20246	23810	23116	26996	69246	55222	46214	40121	34767
Working Capital	95572	75046	72080	73423	55646	14628	36692	37151	35324	34635
Capital Employed	98889	78729	76176	77699	59992	28169	50814	50798	49452	49989
Investments	4639	4589	4550	4550	4550	2790	1768	1743	1719	1643
Miscellaneous Expenditure	4594	4822	4949	4375	3404	34	15	75	207	424
Borrowings	99637	82055	79121	76704	59128	55467	50172	50475	48683	48010
Net Worth	2492	1116	1535	5550	5414	(24508)	2410	2066	2488	3622

OTHER STATISTICS

Capital Expenditure	54	58	278	374	300	378	1007	704	253	136
Internal Resources Generated	1014	(377)	(2994)	1463	2887	(28184)	(2214)	(1435)	(254)	(3892)
Working Capital Turnover Ratio	0.21	0.21	0.24	0.36	0.64	2.79	2.36	2.58	2.74	2.44
Current Ratio	5.81	4.71	4.03	4.18	3.06	1.21	1.66	1.80	1.88	2.00
Return on Capital (%)	2.28	(0.27)	(2.99)	1.10	5.76	(54.14)	(6.47)	11.46	13.27	4.47
Employees (Nos)	2489	2568	2649	2809	3004	18395	19387	20463	21850	22794
Per Capita Sales	8.19	6.15	6.92	10.22	11.49	4.09	4.51	4.66	4.38	3.76

Note : Figures from 2000-01 relate to Restructured Company.

* Includes Extra Ordinary Items

SOURCES AND UTILISATION OF FUNDS

	2004-05	2003-04	2002-03	2001-02	2000-01
	(Rs. in lakhs)				
SOURCES					
Internal Generation:					
Net Profit/(Loss) (after interest prior to tax)	1850	(719)	(3401)	782	2441
Tax (net of provisions withdrawn/refunds)	1252	77	40	(242)	-
	598	(796)	(3441)	1024	2441
Add : Depreciation	416	419	447	439	446
Provisions withdrawn/adjusted	(23)	(130)	(86)	(57)	(169)
	991	(507)	(3080)	1406	2718
External Generation:					
Equity	550	250	-	-	27640
Loans from Govt. of India	1682	2003	-	-	-
Term Loans	30000	26	1063	-	5449
Bonds	-	4040	35240	23450	39188
Inter Corporate Bridge Loan	-	1583	-	-	-
Interest accrued and due	-	879	1760	1120	-
	32232	8781	38063	24570	72277
TOTAL SOURCES	33223	8274	34983	25976	74995
UTILISATION					
Repayment of Loans					
Debentures	-	-	-	-	3333
Term Loans	1601	35	62	5459	3474
Fixed Deposits	-	-	-	-	457
Inter Corporate Loans	176	30	201	310	-
Inter Corporate Bridge Loan	1583	-	-	-	-
Bonds	6595	4083	35045	1256	2226
Government Loans	-	-	-	-	635
Deferred Credits	-	-	-	-	5
Interest accrued and due	1594	-	-	-	7178
	11549	4148	35308	7025	17308
Capital Expenditure (net)	27	(124)	181	229	68
Investments	50	39	-	-	1005
Deferred Tax	(1252)	(77)	(74)	5	-
Miscellaneous Expenditure	(228)	(127)	574	971	3404
	(1403)	(289)	681	1205	4477
Add/(Less)					
Working Capital Movement	20526	2966	(1344)	17823	56625
TOTAL UTILISATION	30672	6825	34645	26053	78410
Net Surplus/(Deficit)	2551	1449	338	(77)	(3415)
Represented by					
Increase/(Decrease) in Bank Finance	(2551)	(1449)	(338)	77	3415