



***58<sup>th</sup>***  
**Annual Report**  
**2010-11**

**HMT LIMITED**

**HMT LIMITED**

No. 59, Bellary Road, Bangalore - 560 032

**NOTICE**

**NOTICE** is hereby given that the Fifty Eighth Annual General Meeting of HMT Limited will be held on **Friday, September 30, 2011, 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, 2011 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Saurabh Chandra 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 2011-2012.

By order of the Board of Directors

(U.Jagadish Nayak)  
General Manager &  
Company Secretary

Place : Bangalore  
Date : September 5, 2011

**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. The Share Transfer Books and Register of Members of the Company shall remain closed from 23.9.2011 to 30.9.2011 (both days inclusive).
3. Members/proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members are requested to provide their email ID's to the Registrar & Transfer Agent as per attached form.

## **IMPORTANT COMMUNICATION TO MEMBERS**

*The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate information in the following form and register the same with Karvy Computershare Private Limited, {Unit - HMT Limited} No. 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034.*

## **HMT LIMITED**

No. 59, Bellary Road, Bangalore - 560 032

### **FORM FOR REGISTERING E-MAIL ID FOR RECEIVING DOCUMENTS/NOTICES BY ELECTRONIC MODE**

In terms of Circular No. 17/2011 dated April 21, 2011 issued by Ministry of Corporate Affairs, Government of India

Name of the Shareholder (In Block letters) including Joint holders, if any	
Registered Folio Number/DP 1D/CL ID Nos.	
Email- ID	
Signature of the Shareholder	


**HMT LIMITED**

No. 59, Bellary Road, Bangalore - 560 032

**ATTENDANCE SLIP**

I, hereby record my presence at the Fifty Eighth Annual General Meeting at the Registered Office of the Company at 10:30 a.m. on Friday, September 30, 2011

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

DP. Id\*

Members' Folio Number

Client Id\*

No. of Shares

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

\* 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**

DP. Id\*

Members' Folio Number

Client Id\*

No. of Shares

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 Fifty Eighth Annual General Meeting of the Company, to be held at 10:30 a.m. on the 30th day of September 2011, and at any adjournment thereof.

Signed by the said

Affix  
One Rupee  
Revenue  
Stamp

**Note : The Proxy Form 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 S.G. Sridhar***Director (Operations)**Chairman & Managing Director I/C**(w.e.f 01.04.2011)***Shri A. V. Kamat***Chairman & Managing Director**(upto March 31, 2011)***Shri Saurabh Chandra***Director***Shri Harbhajan Singh***Director***EXECUTIVE DIRECTOR****Shri Prakash Sharan***Executive Director, Tractors***CHIEF VIGILANCE OFFICER****Smt M. Indu Madhavi***Chief Vigilance Officer***COMPANY SECRETARY****Shri U. Jagadish Nayak***General Manager & Company Secretary /  
Compliance Officer***STATUTORY AUDITORS****M/s. Dagliya & Co.****Chartered Accountants****Bangalore****BANKERS****UCO Bank****Punjab National Bank****Andhra Bank****REGISTERED OFFICE****"HMT BHAVAN"****59, Bellary Road****Bangalore - 560 032**

# PERFORMANCE HIGHLIGHTS

(₹ in Lakhs)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
<b>OPERATING STATISTICS</b>										
Sales	20086	19164	16098	17108	22729	24833	20386	15801	18330	28712
Other Income *	1507	1078	1425	1267	11458	5621	9030	6549	3765	3297
Materials	13735	12083	10596	14064	15125	17461	14710	9952	10734	16018
Employee Costs	8371	6762	6367	6472	6106	5813	5930	5231	5188	5296
Other Costs	3209	3252	4811	4080	8351	5868	6236	6863	7351	7077
Depreciation	387	392	340	299	321	393	416	419	447	439
Earnings before Interest	(4053)	(3323)	(5664)	(4466)	3639	900	2024	(208)	(2304)	738
Interest	3871	1968	1234	131	(409)	(455)	174	511	1097	(44)
Earnings/(Loss) before Tax	(7924)	(5291)	(6898)	(4597)	4048	1355	1850	(719)	(3401)	782
Taxation (net off withdrawal/refunds)	-	-	181	(130)	(1382)	28	1252	77	40	(242)
Net Earnings	(7924)	(5291)	(7079)	(4467)	5430	1327	598	(796)	(3441)	1024
<b>FINANCIAL POSITION</b>										
Net Fixed Assets	3868	4028	4094	3751	3342	3437	3317	3683	4096	4276
Current Assets	65557	72668	71078	73167	112729	111417	115431	95292	95890	96539
Current Liabilities & Provisions	24309	21437	19445	19653	20914	20366	19859	20246	23810	23116
Working Capital	41248	51231	51633	53514	91815	91051	95572	75046	72080	73423
Capital Employed	45116	55259	55727	57265	95157	94488	98889	78729	76176	77699
Investments	76556	76556	76571	76571	76571	7801	4639	4589	4550	4550
Miscellaneous Expenditure	-	-	29	197	380	3845	4594	4822	4949	4375
Borrowings	59871	62091	57312	52098	85553	92742	99637	82055	79121	76704
Net Worth	61800	69724	74986	81897	86181	8146	2492	1116	1535	5550
<b>OTHER STATISTICS</b>										
Capital Expenditure	227	327	681	707	230	556	54	58	278	374
Internal Resources Generated	(7537)	(4899)	(6739)	(4168)	5751	1720	1014	(377)	(2994)	1463
Working Capital Turnover Ratio	0.49	0.37	0.31	0.32	0.25	0.27	0.21	0.21	0.24	0.36
Current Ratio	2.70	3.39	3.66	3.72	5.39	5.47	5.81	4.71	4.03	4.18
Return on Capital(%)	(8.08)	(5.99)	(10.02)	(5.86)	3.84	0.93	2.28	(0.27)	(2.99)	1.10
Employees (Nos)	1904	2088	2205	2296	2383	2429	2489	2568	2649	2809
Per Capita Sales	10.55	9.18	7.30	7.45	9.54	10.22	8.19	6.15	6.92	10.22

\* Includes Extra Ordinary Items

**SOURCES AND UTILISATION OF FUNDS**

(₹ in Lakhs)

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>SOURCES</b>					
<b>Internal Generation:</b>					
Net Profit/(Loss) (after interest prior to tax)	(7924)	(5291)	(6898)	(4597)	4048
Tax(net of provisions withdrawn/refunds)	-	-	181	(130)	(1382)
	<u>(7924)</u>	<u>(5291)</u>	<u>(7079)</u>	<u>(4467)</u>	<u>5430</u>
Add: Depreciation	387	392	340	299	321
Provisions withdrawn/adjusted	(40)	(41)	(33)	(1)	(192)
	<u>(7577)</u>	<u>(4940)</u>	<u>(6772)</u>	<u>(4169)</u>	<u>5559</u>
<b>External Generation:</b>					
Equity	-	-	-	24470	3273
Share Application Money	-	-	-	(24470)	65867
Loans from Govt. of India	14528	11571	2100	944	1091
Term Loans	-	-	-	2000	-
Inter Corporate Loan	-	-	-	-	430
Interest accrued and due	4189	1895	1450	-	1040
	<u>18717</u>	<u>13466</u>	<u>3550</u>	<u>2944</u>	<u>71701</u>
<b>TOTAL SOURCES</b>	<u>11140</u>	<u>8526</u>	<u>(3222)</u>	<u>(1225)</u>	<u>77260</u>
<b>UTILISATION</b>					
<b>Repayment of Loans</b>					
Term Loans	9398	-	-	8102	9000
Bonds	12228	9171	-	25671	350
Interest accrued and due	-	-	-	587	-
	<u>21626</u>	<u>9171</u>	<u>-</u>	<u>34360</u>	<u>9350</u>
Capital Expenditure (net)	186	285	649	707	34
Investments	-	(15)	-	-	68770
Deferred Tax	-	-	(159)	154	1407
Miscellaneous Expenditure	-	(29)	(168)	(183)	(3465)
	<u>186</u>	<u>241</u>	<u>322</u>	<u>678</u>	<u>66746</u>
Add/(Less)					
Working Capital Movement	(9984)	(402)	(1881)	(38301)	764
<b>TOTAL UTILISATION</b>	<u>11828</u>	<u>9010</u>	<u>(1559)</u>	<u>(3263)</u>	<u>76860</u>
<b>Net Surplus/(Deficit)</b>	<u>(688)</u>	<u>(484)</u>	<u>(1663)</u>	<u>2038</u>	<u>400</u>
<b>Represented by</b>					
Increase/(Decrease) in Bank Finance	688	484	1663	(2038)	(400)



**FIGURES AT A GLANCE**

(₹ in Lakhs)

	2010-11	2009-10
<b>BALANCE SHEET</b>		
<b>What the Company owned</b>		
Fixed Assets	13908	13721
Less: Depreciation	10040	9693
Net Fixed Assets	3868	4028
Investments	76556	76556
Current Assets	65557	72668
Less: Current Liabilities	24309	21437
	41248	51231
Miscellaneous Expenditure	-	-
Profit and Loss Account	58534	50611
	180206	182426
Less:		
<b>What the Company owed</b>		
Bonds	8301	20084
Banks (Working Capital)	6071	5381
Term Loans	-	9398
Inter Corporate Loans	430	430
Loans from Govt. of India	45069	26798
	59871	62091
	120335	120335
<b>Share Holders' Equity Represented by:</b>		
Share Capital	76035	76035
Share Application Money		
Preference Share Capital	44300	44300
	120335	120335
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>What the Company Earned</b>		
Sales (Gross)	20086	19164
Less: Excise Duty	156	144
Net Sales	19930	19020
Other Income	1506	1078
Stock Accretion/(Decretion)	(90)	(1223)
	21346	18875
Less:		
<b>What the Company spent</b>		
Materials	13735	12083
Employee Cost	8371	6762
Depreciation	387	392
Other Expenses	2906	2956
Interest	3871	1968
	29270	24161
Net Profit/(Loss) before PPA	(7924)	(5286)
Less: Prior Period Adjustments(PPA)	-	5
<b>Net Profit/(Loss) before Tax</b>	(7924)	(5291)
Taxes	-	-
<b>Net Profit/(Loss) after Tax</b>	(7924)	(5291)

## DIRECTORS' REPORT

To

The Members  
HMT Limited  
Bangalore

Dear Members

The Annual Accounts of the Company for the year 2010-11 along with the Auditors' Report and the Comments of the Comptroller & Auditor General of India are attached to this Report.

### CORPORATE PERFORMANCE

The Indian Economy recorded robust growth and steady fiscal consolidation in the year 2010-11. The growth rate of the Economy has been 8.6% in the financial year 2010-11 and is expected to be around 9% in the next fiscal i.e the current year. The growth in the agriculture sector is expected to be around 5.4% while growth in the manufacturing and services sectors has registered impressive gains of 7% and 9.5% respectively.

Taking cue from the strong growth indicators, the tractor industry also recorded an impressive growth of 24% during the year under review. As a result, your Company also showed a marginally better performance during the year, recording growth in terms of both Production and Sales, over that of the previous year. During the year, your Company achieved a Production level of ₹187.24 Crore (4812 Nos. of Tractors) as against ₹169.65 Crore (4652 Nos. of Tractors), recorded in the previous year, with a growth of 10%. In terms of Sales also the Company registered a growth of 4% at ₹200.86 Crore (4920 Nos. of Tractors) compared to ₹191.64 Crore (4901 Nos. of Tractors) achieved in the previous year.

At the consolidated level, your Company along with its Subsidiaries achieved an aggregate Production of ₹386.59 Crore and Sales of ₹449.03 Crore for the year 2010-11. On a comparative basis, the performance was marginally better than that of the previous year.

### OPERATING RESULTS

Despite the marginal growth in Sales registered during the year, the Operations of your Company resulted in a Net Loss of ₹79.24 Crore during 2010-11, when

compared with ₹52.91 Crore recorded in the previous Year, which was mainly due to the additional provisions required to be made owing to the recent enhancement in the ceiling amount of gratuity payable to retiring employees from ₹3.50 lakhs to ₹10 lakhs and the higher interest burdens on account of Loans availed from the Govt of India under various heads. The financial highlights for the year 2010-11, are as under:

### FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2010-11	2009-10
Gross Profit/(Loss) (PBIDT)	(36.66)	(29.26)
Depreciation	3.87	3.92
Interest	38.71	23.57
Profit/(Loss) before PPA	(79.24)	(52.86)
Less: Prior Period Adjustments (PPA)	-	0.05
Net Profit/(Loss) before tax	(79.24)	(52.91)
Tax Provision (Net)	-	-
Net Profit/(Loss) after tax	(79.24)	(52.91)
Net Profit/(Loss) carried to Balance Sheet	(79.24)	(52.91)

### DIVIDEND

Owing to the losses incurred during the year, the Directors are unable to recommend any dividend on the paid up equity share capital. Hence, no reserve has been created for Bonds redemption as required.

### FINANCIAL POSITION

Due to liquidity constraints, the production volume of Tractors has reduced resulting in a turnover of ₹200.06 crore during the year under review. Further, the high interest on account of loan availed from Government of India to discharge liabilities, affected the bottom line to a large extent.

### FUTURE OUTLOOK

Indian Tractor Industry's Annual growth rate is expected to be around 8-10%; marginally higher than that of the historical average of 6-8%. The growth drivers of Tractor