

**HMT LIMITED****No. 59, Bellary Road, Bangalore - 560 032****NOTICE**

Notice is hereby given that the 59th Annual General Meeting of HMT Limited will be held on **Friday, September 28, 2012** 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, 2012 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri.Harbhajan Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To fix the remuneration of Statutory/Branch Auditors to be appointed by the Comptroller and Auditor General of India for the year 2012-2013.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to Section 255 read with Sections 257 and 262 of the Companies Act, 1956 and Article 67(4) of the Articles of Association of the Company, Dr.Vijay Shankar Madan, who was appointed as Director with effect from July 18, 2012, in place of Shri Saurabh Chandra, be and is hereby appointed as a Director of the Company”

By order of the Board of Directors

(U.Jagadish Nayak)
General Manager &
Company Secretary

Place: Bangalore
Date: 03.09.2012

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.THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Share Transfer Books and Register of Members of the Company shall remain closed from 21.09.2012 to 28.09.2012 (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**

Dr.Vijay Shankar Madan, Additional Secretary and Financial Adviser, Ministry of Heavy Industries & Public Enterprises, was appointed as a Director of the Company by the President of India vide Order No.5(8)/2010-P.E.X dated 18th July 2012,until further orders, in place of Shri S.Saurabh Chandra. The Board of Directors has approved his appointment as Director with effect from July 18, 2012, in terms of Article 67(4) of the Articles of Association read with Section 262 of the Companies Act, 1956. Shri Vijay Shankar Madan is proposed for appointment as a Director in terms of Article 67(4) of the Article of Association of the Company read with Sections 255,257 and 262 of the Companies Act,1956,for which a notice has been received from a Member.

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.

Dr. Vijay Shankar Madan is considered as interested in the resolution being the subject of his appointment as a Director. None of the other Directors is concerned or interested in the resolution.

INFORMATION PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT**Item No.4**

Dr. Vijay Shankar Madan, aged 55 years was inducted as Part-time Official Director on the Board of HMT w.e.f 18th July 2012, Dr. Vijay S. Madan belongs to the Indian Administrative Service and is presently posted as the Additional Secretary and Financial Adviser in the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. He holds additional charge of the posts of AS & FA to the Ministries of Heavy Industries, MSME and Department of Public Enterprises.

After completing his education (MBBS) form the University of Delhi, Dr Vijay S. Madan joined the IAS in 1981 and worked in positions of increasing responsibility in the Government, both at Central and State levels . Dr. Vijay S. Madan possesses experience of International Civil Service, having worked as Chief of Economic Policy (2001-02) in the Air Transport Bureau of the International Civil Aviation Organization (ICAO),a specialized agency of United Nations. He earlier served as the Representative of India to the Council of ICAO (1996-99).

As the Secretary -cum-Commissioner Transport (2005-06) under the Government of NCT of Delhi, Dr. Vijay S. Madan was instrumental in establishing a Special Purpose Vehicle under the name of Delhi Integrated Multi-model Transit Systems (DITMS) and served as its first Managing Director .He held additional charge of Secretary Tourism and Public Relations during the period.

Prior to his current assignment, Dr. Vijay S Madan worked in the Ministry of Culture where he held the positions of Additional Director General of Archaeological Survey of India(March 2007 to April 2009),Director General, National Museum (additional Charge basis),and Joint Secretary (November 2008 to June 2012).

DIRECTORSHIP AND MEMBERSHIP OF COMMITTEES OF THE BOARD

Name of the Company	Director/Chairman	Name of the Committee	Member	Chairman
BHEL	Director	-	✓	-
HEC, Ranchi	Director	-		-
National Institute of Design ,Ahemdabad	-	Governing Council	✓	-
CMTI Bangalore	-	Governing Council	✓	-
NCCBM	-	Board of Governors	✓	-
KVIC	-	KVIC Board	✓	-
NIMSME, Hyderabad Executive Council	-	Governing Council	✓	-
II E, Guwahati	-	General Body, Board of Management,EC	✓	-

By order of the Board of Directors

(U.Jagadish Nayak)
General Manager &
Company Secretary

Place: Bangalore
Date: 03.09. 2012

Registered Office:

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

IMPORTANT COMMUNICATION TO MEMBERS

Across the world, there is an increasing focus on doing our bit to help save our environment from further degradation. The Green initiative is an attempt to reduce consumption of paper by making use of electronic communication, in turn prevent deforestation and thereby contribute to a cleaner and healthier environment. It will also ensure prompt receipt of communication and avoid losses in transit.

The Ministry of Corporate Affairs has taken a "Green Initiative in 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 initiative, we had requested our members last year to register their email-id with their Depository Participant / Company's Registrar & Share Transfer Agents which will enable us to provide shareholder communication in electronic form.

In response to our request, several Members have expressed their support to the initiative, by registering their email-id and we express our sincere appreciation of their gesture. It is once again requested that Members who have not registered their email addresses, so far, to register their email-id with their Depository Participant / Company's Registrar & Share Transfer Agents to support this green initiative of the Government in full measure.

Members who hold shares in physical form are requested to fill the appropriate information in the form below and register the same with Karvy Computershare Private Limited (Unit – HMT Limited), No. 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034.

We are sure that you appreciate the Green Initiative taken up by the Ministry of Corporate Affairs and trust that you will support your Company's desire to participate in it.

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 ID/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 Ninth Annual General Meeting at the Registered Office of the Company at **10:30 a.m. on Friday, September 28, 2012**

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 FORMDP. 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 Ninth Annual General Meeting of the Company, to be held at **10:30 a.m. on the 28th day of September 2012**, 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	Chairman & Managing Director
Shri Saurabh Chandra	Director (upto 17.07.2012)
Dr. Vijay Shankar Madan	Director (w.e.f 18.07.2012)
Shri Harbhajan Singh	Director
Shri Antony Chacko	Director (Operations) (w.e.f 23.08.2012)

EXECUTIVE DIRECTOR

Shri Prakash Sharan	Executive Director, Tractors
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CHIEF VIGILANCE OFFICER

Smt M. Indu Madhavi	Chief Vigilance Officer
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COMPANY SECRETARY

Shri U. Jagadish Nayak	General Manager & Company Secretary Compliance Officer
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STATUTORY AUDITORS

M/s S.R.R.K. Sharma Associates
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)

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING STATISTICS										
Sales	16112	20086	19164	16098	17108	22729	24833	20386	15801	18330
Other Income *	4658	5475	1078	1425	1267	11458	5621	9030	6549	3765
Materials	12118	13746	12083	10596	14064	15125	17461	14710	9952	10734
Employee Costs	7499	8371	6762	6367	6472	6106	5813	5930	5231	5188
Other Costs	2906	3140	3252	4811	4080	8351	5868	6236	6863	7351
Depreciation	440	387	392	340	299	321	393	416	419	447
Earnings before Interest	735	(16)	(3323)	(5664)	(4466)	3639	900	2024	(208)	(2304)
Interest	8955	7908	1968	1234	131	(409)	(455)	174	511	1097
Earnings/(Loss) before Tax	(8220)	(7924)	(5291)	(6898)	(4597)	4048	1355	1850	(719)	(3401)
Taxation (net off withdrawal/refunds)	-	-	-	181	(130)	(1382)	28	1252	77	40
Net Earnings	(8220)	(7924)	(5291)	(7079)	(4467)	5430	1327	598	(796)	(3441)
FINANCIAL POSITION										
Net Fixed Assets	3507	3868	4028	4094	3751	3342	3437	3317	3683	4096
Current Assets	70619	65557	72668	71078	73167	112729	111417	115431	95292	95890
Current Liabilities & Provisions	25701	24309	21437	19445	19653	20914	20366	19859	20246	23810
Working Capital	44918	41248	51231	51633	53514	91815	91051	95572	75046	72080
Capital Employed	48425	45116	55259	55727	57265	95157	94488	98889	78729	76176
Investments	76556	76556	76556	76571	76571	76571	7801	4639	4589	4550
Miscellaneous Expenditure	-	-	-	29	197	380	3845	4594	4822	4949
Borrowings	71401	59871	62091	57312	52098	85553	92742	99637	82055	79121
Net Worth	53581	61800	69724	74986	81897	86181	8146	2492	1116	1535
OTHER STATISTICS										
Capital Expenditure	81	227	327	681	707	230	556	54	58	278
Internal Resources Generated	(7780)	(7537)	(4899)	(6739)	(4168)	5751	1720	1014	(377)	(2994)
Working Capital Turnover Ratio	0.36	0.49	0.37	0.31	0.32	0.25	0.27	0.21	0.21	0.24
Current Ratio	2.75	2.70	3.39	3.66	3.72	5.39	5.47	5.81	4.71	4.03
Return on Capital(%)	1.57	(0.03)	(5.99)	(10.03)	(5.86)	3.84	0.93	2.28	(0.27)	(2.99)
Employees (Nos)	1699	1904	2088	2205	2296	2383	2429	2489	2568	2649
Per Capita Sales	9.48	10.55	9.18	7.30	7.45	9.54	10.22	8.19	6.15	6.92

* Includes Extra Ordinary Items/Interest Income

DIRECTORS' REPORT

To
The Members
HMT Limited
Bangalore

Dear Members,

The Annual Accounts of the Company for the year 2011-12 along with the Auditors' Report and the Comments of the Comptroller & Auditor General of India are attached to this Report.

CORPORATE PERFORMANCE

The Indian macroeconomic overview reported that the economic growth in the Country decelerated during the year 2011-12 showing a drop from 7.7 per cent in the first quarter to 6.9 per cent in the second quarter and further down to 6.1 per cent in the third quarter & lastly to 6.9 per cent in the fourth quarter. Overall Growth decelerated significantly to 6.1 per cent in the third quarter of last year, although it is expected to have recovered moderately in the fourth quarter. Based on current assessment, the economy is clearly operating below its post-crisis trend. India's GDP growth rate slowed to 6.9 per cent in 2011-12 against 8.4 per cent in the previous two financial years.

On the demand side, gross fixed capital formation contracted both in the second and third quarters of the year 2011-12, and on the other hand, the share of gross Fixed Capital Formation (GFCF) in GDP was down by almost 1 percentage point (from 30.4 per cent to 29.5 per cent). The more recent data on industrial production suggest that activity may have expanded at a slower pace than last year.

Looking ahead, the overall growth outlook for the current year appears to be marginally better than it was last year.

Accordingly, a projection of GDP growth for the current year is 7.3 per cent. Prospects for agriculture are encouraging. The assessment of leading indicators suggests that the overall situation of monsoon for the year 2012 may be near normal. Growth may have bottomed out in the 3rd Quarter of 2011-12, but recovery ahead is likely to be slow. Revival in the industrial sector hinges on the impetus to ease supply-side constraints, especially in the energy and mineral deficits. Government initiatives to revive the power sector would lead to reviving the growth momentum.

On the Company's main business portfolio of Tractors, the market indicators reveal that the industry recorded growth of 4% in terms of quantity, but there was a negative growth in value terms to 10% during the year under review. As a result, your Company also had to face severe pressure on performance during the year. Your Company recorded a Production of ₹ 182.98 Crore (4453 Nos. of Tractors) as against ₹ 187.24 Crore (4812 Nos. of Tractors), in the previous year, and Sales of ₹ 161.12 Crores (3639 Nos. of Tractors) compared to ₹ 200.86 Crores (4920 Nos. of Tractors) in the previous year.

HMT Group along with its Subsidiaries achieved an aggregate Production of ₹ 428.83 Crore and Sales of ₹ 449.67 Crore for the year 2011-12. The overall performance was marginally better than that of the previous year.

OPERATING RESULTS

Your Company achieved a Gross Margin of ₹ 11.77 Crore during the Year under review as compared to the Gross Margin of ₹ 3.71 Crore in the previous year. The Operations of your Company resulted in a Net Loss of ₹ 82.20 Crore during the year 2011-12, when compared with ₹ 79.24 Crores recorded in the previous year, which was mainly due to the higher interest burdens on account of Loans availed from the Govt of India under various heads. The financial highlights for the year 2011-12, are as under:

FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2011-12	2010-11
Gross Profit/(Loss) (PBITD)	11.77	3.71
Depreciation & Amortization	4.40	3.87
Finance Cost	89.55	79.08
Profit/(Loss) before PPA	(82.18)	(79.24)
Less: Prior Period Adjustments (PPA)	0.02	-
Net Profit/(Loss) before tax	(82.20)	(79.24)
Tax Provision (Net)		
Net Profit/(Loss) after tax	(82.20)	(79.24)
Net Profit/(Loss) carried to Balance Sheet	(82.20)	(79.24)

DIVIDEND & PROVISIONS

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 value of Tractors remained at ₹ 182.98 Crore during the year under review. Further, the high interest on account of loans availed from Government of India to discharge liabilities, affected the bottom line to a large extent.

During January 2012, your Company received financial assistance in the form of Non Plan Loan of ₹ 38 Crore from the Government of India, for meeting the urgent working capital needs of the Tractor Division, which helped improve the Production in the last Quarter of the year under review.

FUTURE OUTLOOK

Two distinct trends are emerging in the Indian tractor market, first being the increase in market share of low HP tractors. Although low HP tractors have only a negligible

presence even now, the segment has more than doubled its market share in the past three years. There is an inherent expansion in tractor demand in this segment because of shortage of farm labour/increase in wage rates due to alternative employment opportunities available to workers under National Rural Employment Guarantee Act leading to increased tractor viability even for small/medium size land owners. Low HP tractors are also affordable for farmers with small land holdings that make them a viable option.

Growth in the segment is expected to remain buoyant because of increased application of lower HP tractors for smaller grounds, narrow spaces, orchards and cropping, etc.

The other trend that is evident is increased use of tractors in infrastructure and construction sectors which has led to a huge growth in purchase of higher HP tractors. High growth in this segment is expected to continue because of the following:

- Replacement demand turning towards higher HP tractors.
- Increased usage of tractors for non-agricultural applications across India

The Industry growth is projected at 8-12 per cent for current financial year 2012-13, with the monsoon being normal.

The Tractor Industry will continue to grow in the year 2012-13 due to thrust of Govt. on Agriculture and infrastructure. The growth drivers of Tractor Industry such as boost in rural economy, increased focus on agriculture and rural development, credit availability, shorter replacement cycle, several policy initiatives by the Government, etc., are aiding the growth trends. Tractor sales are expected to witness growth of 8 - 10% during the year 2012-13. The demand for I.P.Engines is also expected to grow substantially due to shortage of power across the Country and installation of cellular towers by the Mobile telephone operators.

The Tractor Business Group of your Company has already initiated a host of measures towards performance