



HMT BEARINGS LIMITED

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BOARD OF DIRECTORS

Shri S. G. Sridhar	<i>Chairman</i>
Dr. G. Venkatesh	<i>Director</i>
Shri P. Sivarami Reddy	<i>Managing Director</i>

STATUTORY AUDITORS

M/s. Akasam & Associates
Chartered Accountants
Hyderabad

REGISTERED OFFICE

Moula Ali
Hyderabad 500 040



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	1612	1170	684	871	1538	3009	2821	2943	2964	2568
*Other Income	434	263	40	46	67	40	80	27	50	237
Prior period Adjustments					1		8	5	26	51
Stock Adjustments	53	61	-149	-110	-38	-97	204	-70	-335	557
Materials	1102	786	347	301	719	1415	1479	1359	1193	1239
Employee Costs	425	559	714	801	886	904	892	858	864	1393
VRS Benefit		1065			914	183	183	183	183	
Depreciation	47	48	47	103	107	103	95	99	136	181
Other Expenses	189	214	198	143	237	337	450	382	312	339
Excise Duty	182	137	63	96	218	418	394	410	405	337
Earnings before interest & Tax	154	-1315	-872	-637	-1515	-408	293	-387	-389	-1222
Interest	1166	817	540	431	329	272	261	651	569	281
Earnings/ (Loss)before Tax	-1012	-2132	-1531	-1068	-1844	-680	31	-1038	-958	-1503
Provision of Taxes/Reserves/ Dividend/Deferredtax				39	228	36	-13			
Taxes & Reserves withdrawn					-	-		70	76	479
Profit/Loss carried out to Balance Sheet	-1012	-2132	-1531	-1107	-2072	-716	44	-1109	-1034	-587
Net Earnings	-1012	-2132	-1531	-1107	-2072	-716	44	-1109	-1034	-587
Net Earnings without considering VRS benefit paid	-1012	-1067	-1531	-1107	-1158	-533	227	-926	-851	-587
FINANCIAL POSITION										
Net Fixed Assets	162	209	257	306	396	408	454	518	613	729
Current Assets #	1828	1431	1470	1731	1672	1967	2728	1805	1955	2216
Current Liabilities & Provision #	6074	5569	2033	2479	1866	1503	1893	1653	1626	1646
Working Capital I#	-4246	-4137	-563	-748	194	464	835	151	329	570
Capital Employed #	-4084	-3928	-306	-442	599	1882	2457	1954	2405	2962
Investments	201	201	201	201	207	201	201	201	201	402
Non Current Assets	32	32								
Miscellaneous Expenses						914	1097	1280	1463	1646
Long Term Borrowings & Provisions#	3634	2779	4237	2568	2152	1976	1993	4211	3662	3502
Net Worth	-7485	-6474	-4342	-2810	-1703	368	959	-1757	-698	-1784
Net Worth with DRE	-7485	-6474	-4342	-2810	-1703	-546	-138	-3038	-2161	-1360
OTHER STATISTICS										
Capital Expenditure	0	0	0	4	95	57	31	1	20	
Internal Resources Generated	-965	-2084	-1484	-1004		-716	44	-1109	-1034	-587
Working Capital turnover Ratio	-2.63	-3.54	-1.21	-1.16	7.93:1	6.48:1	3.38:1	19.49:1	9.01:1	4.54:1
Current Ratio	0.30	0.26	0.72	0.70	0.90:1	1.31:1	1.44:1	1.09:1	1.2:1	1.35:1
Return on Capital (%)					-		1.21	-	-	
No. of Employees - Regular	74	89	224	263	300	326	340	359	382	655
- Contract	123	108								
Total	197	197	224	263	300	326	340	359	382	655
Per Capita Sales	8.18	5.94	3.05	3.31	5.13	9.23	8.29	8.2	7.76	3.95

* Sales includes Sales of Scrap & Boughtout items.

Figures are as per Revised Schedule VI requirements for the years 2011-12 and 2010-11

Capital Employed = Net Fixed Assets + Capital WIP + Working Capital + DRE

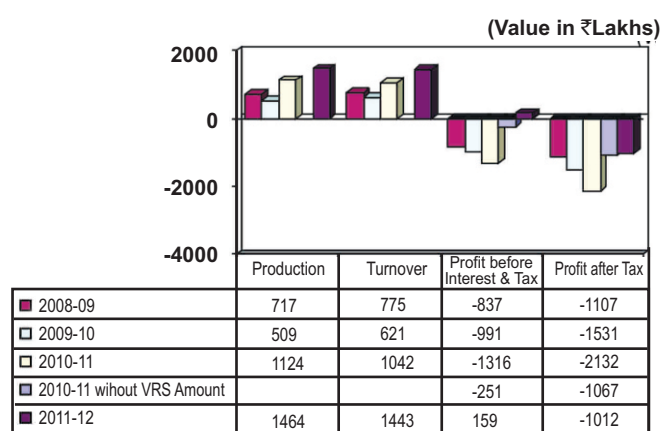


DIRECTORS' REPORT

The Members,
HMT Bearings Limited,
Hyderabad.

Your Directors are pleased to present the 47th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012, Report of the Statutory Auditors and the Comments thereon as well as the Review of Accounts by the Comptroller and Auditor General of India.

PERFORMANCE FOR THE YEAR 2011-12:



During the year under review, your Company was able to achieve a net Sales turnover of ₹1443 Lakhs against the target of ₹ 1323 Lakhs, registering growth of 42% against the previous year's Sales turnover of ₹ 1020 Lakhs. In terms of Production also, the Company was able to achieve ₹1464 Lakhs against the target of ₹ 1323 Lakhs, registering growth of 30% as compared to the previous year's production level of ₹1124 Lakhs, in spite of critical cash flow situation.

Your Company also encountered serious problems in sourcing of critical raw materials like steel and other components mainly due to sourcing problems arising out of limited suppliers coupled with shortages, steep and continuous hike in steel prices, shortage of steel in the market in addition to the shortage of capacity for the out-sourced components.

OPERATIONS:

During the Year, your Company changed its focus to TRB / CRB Bearings of various sizes primarily to cater to the increasing need for these types of bearings

especially from the Automobile Industry, Defence establishments and the Railways. Your Company has been successful in widening the product range with higher value added products with an objective to maximize capacity utilization of two of its CNC Taper Roller Bearings Grinding Lines. Your Company has started branding of products for catering to the after market use of the same by one of its O.E.M customers and thus realized higher Unit prices.

OPERATING RESULTS:

	2009-10	2010-11	2011-12
Production Qty.	2.07	4.65	5.29
Value	509.40	1124.18	1463.55
Sales Qty.	2.29	4.35	5.09
Value	620.94	1020.33	1443.04
Profit (Loss) Before Interest and Tax (PBIT)	(991.33)	(1315.59)	159.21
Profit (Loss) Before Tax (PBT) and After Tax (PAT)	(1531.09)	(2132.32)	(1011.80)
Profit (Loss) After Tax (PAT) and Without VRS Amount	(1531.09)	(1067.32)	(1011.80)

SHARE CAPITAL:

The Issued, Subscribed and Paid-up Share Capital of the Company stood at ₹ 3770.91 Lakhs as on 31-03-2012.

NET WORTH:

The operations of the Company during the Year 2011-12, resulted in a Net Loss after tax of ₹ 1011.80 Lakhs. As a result of the increase in the Losses incurred during the year, the Accumulated Losses of the Company mounted to ₹ 11256.39 Lakhs owing to which, the Net Worth of the Company as at March 31, 2012 showed a negative position at ₹ 7485.48 lakhs.

REVIVAL PLAN :

The Revival Plans sanctioned by the Government of India could not be implemented as the important element. issuance of loan against GOI guarantee from the Bank to the extent of ₹ 1740 Lakhs is pending from



2006. As a result of the delay in release of the Company was severely affected and the revival plan implementation was also hampered. In view of the delay your Company could not settle dues against the privately placed Non convertible Redeemable Bonds for a face value of ₹ 85 lakhs which is due and outstanding apart from settlement of dues to other critical suppliers.

FUTURE OUTLOOK:

Your Company is continuing its best efforts in scouting for a Strategic/Technology Partner from among the major players in the Industry and a proposal in this regard is with the Government. The Company is hopeful that upon cementing a long term relationship with a potential and renowned partner, the market position for the Company's products is bound to improve leaps and bounds.

Your Company is hopeful of tiding over the present set back and achieve the targeted Sales turnover of ₹ 1585 Lakhs with a gross profit before interest ₹ 1.23 Lakhs during the year 2012-2013.

Your Company has also initiated parallel action for Bulk order procurement along with supply of material, which will turnaround the company and benefit to pay the salaries on its own, including revision.

Your Company has also initiated parallel action for getting work security and order preference from Defence Units, State RTUs, Steel Plants, Coal Fields, Railways and BHEL. These efforts are likely to fructify during the current financial year and would contribute to the turnaround of the Company in this Year.

BIFR

The Company, being a Sick Industrial Company under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 during the year 2007-08, has filed a reference application to the BIFR vide Order No.501/2009 dated 23-04-2009. Accordingly, BIFR declared the Company as a Sick Industrial Company under section 3(1) (o) of SICA and appointed Canara Bank as the Operating Agency (OA) u/s 17(3) of the Act and directed the Company to submit a fully tied up Draft Rehabilitation Scheme (DRS). M/s Price Waterhouse Coopers Pvt Ltd., a leading Consultancy Firm was appointed as a Consultant to prepare the business Plan and they have submitted their Report since then. The

Business Plan / Draft Rehabilitation Scheme is under circulation before forwarding to BRPSE for recommendations before final approval by Government.

Meanwhile the Bankers to the Company being secured Creditors have threatened to initiate action under the SARFAESI Act, 2000 against the immovable property mortgaged to the Bank to realize their dues and the Company has preferred appeal before the DRT against such action by the Banks.

PERSONNEL:

The employee strength as on 31st March, 2012 stood at seventy four (74) as compared to eighty nine (89) as at the end of previous year.

The details of the employees on the rolls of the Company as on 31st March, 2012 in the categories of Scheduled Caste, Scheduled Tribes, Ex-Servicemen,

Physically Handicapped and women employees are as follows:

Scheduled Castes	14
Scheduled Tribes	-
OBC	24
Ex-Servicemen	-
Physically Handicapped	-
Women Employees	2

AUDITORS

M/s. akasam & associates, Chartered Accountants, Hyderabad, were appointed as Statutory Auditors of the Company for the year 2011-12. The report of the Auditors on the Accounts is appended to this Report while the replies to the observations by audit is attached hereto.

COST AUDITORS

Shri V.JAYPRAKASH , Cost Accountants, Hyderabad, were appointed as Cost Auditors of the Company for the year 2011-12.

EMPLOYEE RELATIONS:

Industrial relations within the Company remained cordial throughout the year.



PARTICULARS OF EMPLOYEES:

During the year, there was no employee in the Company drawing remuneration in excess of the prescribed limits under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended.

IMPLEMENTAION OF OFFICIAL LANGUAGE POLICY:

Your Company continued to pursue its efforts in implementation of the Official Language Policy of the Government of India and conducted programmes in the Company in connection with Hindi Diwas and Hindi Saptah.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy conservati-on, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state and confirm that:

- ☞ in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ☞ the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/loss of the Company for that period;
- ☞ the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for

safeguarding the assets of the Company and for preventing and detecting any irregularities and ;

- ☞ the Directors have prepared the annual accounts of the Company on a going concern basis.

AUDIT COMMITTEE:

The Audit Committee of the Board constituted pursuant to Section 292A of the Companies Act, 1956, could not be reconstituted to conduct the Meetings in the absence of Part time Non-Official Directors on the Board. Formal appointment in this regard is waited from Ministry.

DIRECTORS:

Shri S. G. Sridhar, Chairman retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Department of Heavy Industry under the Ministry of Heavy Industries & Public Enterprises, Government of India; Government of Andhra Pradesh; M/s. HMT Limited (the Holding Company); C & A G; M/s. Syndicate Bank; Canara Bank; and HMT International Ltd. Your Directors also wish to place on record the co-operation and guidance given by the Statutory Auditors, Cost Auditors, Income Tax Auditor and the Legal Advisor. The Company appreciates its valued Customers and Suppliers of the Company for their continued support & patronage and the confidence reposed.

Your Directors also wish to place on record their deep sense of appreciation for the devoted contribution, co-operation and efforts put in by the employees at all levels in the operations of the Company during the year under review.

For and on behalf of the Board of Directors,

(S. G. SRIDHAR)
Chairman

Place: Bangalore
Date : 29-06-2012

**ANNEXURE TO THE DIRECTORS' REPORT**

Statement pursuant to Section 217 (i) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A) Conservation of Energy:

- a) During the financial year ended on March 31, 2012 various measures were taken to monitor the operation of high power equipments such as Compressors, Power Transformer and Diesel Generator.
- b) Monitoring the utilization of Lighting;
- c) Impact of the measures at (a) & (b) above for reduction of electric energy consumption resulted in reduction in the cost of production of goods.
- d) As a result of measures taken during 2011-2012 the consumption / standard hour production is maintained at 3.07 KWH/Std. Hr. (12.43/4.38).

Total energy consumption and energy per unit.

Energy Consumption (Lakhs KWH)	: 12.43
Representative Bearings (Lakhs Nos.)	: 8.03
Energy Consumption/ Representative	: 1.55 KWH
Bearing (in KWH)	: (12.43/8.03)

B) Technology Absorption:**1) Research and Development (R & D)****a) Specific Areas in which R & D carried out by the Company.**

R & D activities at the Company remained centered around the development of New Bearings, for Defence and Indian Railways, improvement of existing Bearings and cost reduction.

b) Benefits derived as a result of above R & D:

As a result of R & D activities, new products were developed for Defence and Indian Railways.

C) Future plan of action:

Concentration will remain in the development of new Bearings as import substitution and up gradation of the Quality and installation of testing facilities for evaluating the life of the Bearings. Machine modifications to improve stability and CPK values. The higher priority will be given to cost reduction.

d) Expenditure on R & D ₹. in lakhs

Capital - NIL, Revenue - NIL

2) Technology Absorption and Adaptation:

- a) Technology transferred by M/s. Koyo Seiko Company Limited, Japan, was fully absorbed and adopted.

- b) Particulars of technologies imported during the last 5 years.

Since the collaboration ended in 1978, this does not apply.

C) Foreign Exchange Earnings and Outgo:

- a) Activities relating to export, initiatives taken to increase exports, development of new export markets for production and services and export plans.

- b) Total foreign exchange used and earned.
(₹. in lakhs)

i)	Foreign exchange used		
	Imports		
	Raw Materials	-	
ii)	Foreign Exchange earned:		
	Commission	-	
	NIL		
	Export Bearings	-	NIL
	Total	-	NIL

Your Directors also wish to place on record their deep sense of appreciation for the devoted contribution, cooperation and efforts put in by the employees at all levels in the operations of the Company during the year under review.

For and on behalf of the Board of Directors,

Place: Bangalore
Date : 29-06-2012

(S. G. SRIVIDHAR)
Chairman



Ministry of Heavy Industries and Public Enterprises with effect from 29.07.2011.

CORPORATE GOVERNANCE

In compliance with the Guidelines on Corporate Governance for Central Public Enterprises, framed by the Department of public Enterprises, GOI as applicable to Government Companies and as per the applicable provisions of the Companies Act 1956, your Company hereby submit the report on Corporate Governance .The Company is committed to maintain the highest standards of Corporate Governance and initiated appropriate action for compliance of the Guidelines on Corporate Governance.

Board of Directors

As on March 31, 2012, the Board of Directors comprised

of Chairman , One part-time Official Director and Managing Director at HMTB. Currently the position of 2 part-time Non Official (Independent) Directors are vacant.

The day-to-day Management of the Company is conducted by the Chairman & Managing Director and under the supervision and control of the Board of Directors.

During the year 2011-12, four Board Meetings were held on 29/06/2011, 16/09/2011/ 26/12/2011, in the calendar year 2011 and on 29/03/2012 in the calendar year 2012. The compositions of Directors and their attendance at the Board Meetings and at other Meetings during the year are:

Name	Category	Attendance particulars		No. of other Directorships and Committee Member / Chairmanship held	
		Board Meetings	General Meeting	Committee	
				Membership	Chairmanship
S G Sridhar	C & MD	4	7	-	-
P Sivarami Reddy	MD	4	-	-	-
Dr. G. Venkatesh	Director	3	2	-	-

C: Chairman & Managing Director, ENI: Executive & Non Independent, NENI: Non Executive & Non Independent, NEI: Non Executive & Independent, NA: Not Applicable

BRIEF RESUME OF DIRECTORS APPOINTED DURING THE YEAR 2011-12

Shri S G Sridhar,Chairman & Managing Director, HMT Limited

Shri S.G. Sridhar, a Mechanical Engineering Graduate with MBA in Marketing , joined HMT as an Engineer Trainee in 1977 after a brief stint at Kirloskar Electric Ltd. He also has completed

specialized Marketing Management Course from IIM, Ahmedabad.

He has rich experience in Manufacturing, Sales & Marketing Management, Business Planning and Development as well as in the development of Corporate Strategies, Business Alliances and formation of Joint Ventures. Earlier, he held the post of Director, Operations, responsible for overall business operations of the Company including strategic planning, implementation, management, and evaluation of all the

subsidiary companies operations as well as functional control over all the activities of Corporate Planning & Implementation, Strategic Alliance and Joint Ventures, Projects and Technology, Marketing policy, Systems and MIS. He has also served in HLL Lifecare Limited as General Manager (Marketing).

Shri P Sivarami Reddy, Managing Director, HMT Bearings Limited

Shri P. Sivarami Reddy, Aged 53 years, is a Mechanical Engineer with MBA joined in HMT in 1983 after 3years working in private industry. and has served in various capacities for nearly 3 decades in different units of HMT Group. He is presently responsible for the overall operations of the company and is actively involved in the revival process of the company .

**Dr. G Venkatesh, Deputy Secretary, DHI**

Dr. G. Venkatesh is Dy Secretary, DHI Gol and has been nominated as part time official Director on the Board of HMTB by Department of Heavy Industries,

Committees of the Board

The Audit Committee of the Company has to be reconstituted and the Remuneration Committee of the

Company to be constituted after the induction of the Independent directors on the Board of The Company by the Government. The Company has requested to the Administrative Ministry for the same.

Remuneration of Directors

The details of remuneration of whole time Directors are given below:

Name of Director	Salary (₹)	Other Benefits (₹)	Total (₹)
P Sivarami Reddy Managing Director, HMT Bearings Limited	₹ 351421	₹ 73,920 ₹ 39,204	₹ 4,64,545

An amount of Rs.1,500/- is payable only to independent /BIFR Nominee Directors for attending each meetings of the Board and Committees.

General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial year	Date	Time	Venue
2008-09	15-09-2009	10.00 AM	HMT Bearings Limited, Moula Ali, Hyderabad - 500 040
2009-10	17-09-2010	12.00 NOON	
2010-11	16-09-2011	2.20 PM	

Special Resolution if any

Annual General Meeting for the current year is scheduled to be held before September 30, 2012 at the Registered Office of the Company.

Disclosures

There were no transactions of material nature with its Promoters, the Directors or the Management or their relatives which may have the potential conflict with the interest of the Company at large.

The statutory dues outstanding as on 31st March, 2012 is ₹184.77Lakhs. Upon receipt of funds from the Government of India towards outstanding salaries and other dues for the due period, the same would be paid to the respective Fund to clear the outstanding statutory dues.

There were no other instances of non-compliance by the Company, penalties, strictures imposed on the Company by statutory authority, or any matter related to any guidelines issued by Government, during the last three years.

The Company has not established a whistle Blower Policy for the employees. However, none of the employee has been denied the access up to the senior level management.

Means of Communication

Being a wholly owned subsidiary, Company submits financial results periodically to M/s.HMT Limited, the Holding Company. Annual results are also updated on the Company's website www.hmtbearings.co.in

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ADDENDUM TO DIRECTORS' REPORT FOR THE YEAR 2011-12 IN RESPECT OF OBSERVATIONS MADE BY THE STATUTORY AUDITORS ON THE ACCOUNTS OF HMT MACHINE TOOLS LIMITED FOR THE YEAR ENDED 31ST MARCH 2012

Sl. No.	Ref.	Statutory Auditors' Observations	Company's Reply
3.	f) a)	The balances under Sundry Debtors, Loans and Advances, current Liabilities, Sundry Creditors are all subject to confirmations.	Proper disclosure has been made under the Notes Forming Part of Accounts. Efforts are being made by the Company to get the confirmations from the concerned parties.
	f) b)	The Company was declared as Sick Industrial Undertaking under Section 3(1) of SIC Act 1985 on 23 rd April 2009.	The Draft Rehabilitation Scheme (DRS) for the Company has been prepared by the Operating Agency and submitted to BIFR, for which necessary approval is awaited from the Government.
	f) c)	An amount of Rs.3.96 Crore Lakhs is included in Other income being long pending Trade payables and advance for our Customers written back.	The provisions was made for Creditors accumulated over a period of 15 years which was not paid during those years. In view of No claims the Creditors were written back.
	f) d)	There is no Audit Committee during the year.	The Audit Committee of the Board constituted pursuant to Section 292 A of the Companies Act, 1956 shall be reconstituted to conduct the Meetings on the appointment of Part time Non-Official Director on the Board, by Government.
	f) e)	Investments in APGPCL have undergone diminution to an extent of about Rs.1.63 Crores as per the book value. The same was not provided in the current financial year and was carried at cost.	We are of the opinion that, though the book value of the share is lower carrying cost, the Realizable Value of a Share is much higher than the cost price, in view of the savings in power cost due to allotment of energy units to the share holders by APGPCL. Hence no provision was made in the books during current Financial Year.

For and on behalf of the Board of Directors,

(S. G. SRIDHAR)
Chairman



AUDITORS' REPORT

The Members,
HMT Bearings Limited,
Hyderabad.

1. We have audited the attached Balance Sheet of **M/s. HMT Bearings Limited** as at March 31, 2012 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) Attention is invited to the following:
 - a) *The balances under Sundry Debtors, Loans and Advances, Current Liabilities, Sundry Creditors are all subject to confirmations.*
 - b) *The Company was declared as Sick Industrial Undertaking under Section 3(1) of SIC Act 1985 on 23rd April 2009.*
 - c) *An amount of ₹ 3.96 Crores is included in other income being long pending Trade Payables and Advance from customers written back.*
 - d) *There is no Audit Committee during the year.*
 - e) *Investments in APGPCL have undergone diminution to an extent of about ₹1.63 crores as per the book value. The same was not provided in the*



current financial year and was carried at cost. The management has informed us that they are of the opinion to realize these at a higher price and hence no provision is necessary at this point of time.

- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon, *subject to our comments and information given in para (f) above*, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For akasam & associates
chartered accountants
(Firm Regn.No.005832S)

Place : Hyderabad
Date : 29-06-2012

S. Ravi Kumar
Partner
M. No. 28881



Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (I) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. *However, a comprehensive Fixed Assets Register is yet to be compiled.*
 - (b) The Company has a programme of verification of Fixed Assets once in three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. A major portion of the fixed assets has been physically verified during the year by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories;
- a) According to the information and explanations given to us, the Management has physically verified the inventory during the year. In our opinion, having regard to the nature of business and location of stocks, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms or Other parties covered in the register maintained under Section 301 of the Companies Act, 1956. *The Company has taken unsecured loan of Rs. 2.00 Crores from its fellow subsidiary company M/s HMT International Limited, covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima facie not prejudicial to the interests of the Company. The Company has taken several unsecured loans from Government of India as detailed in the Balance Sheet. The rate of interest and other terms and conditions are prima facie not prejudicial to the interests of the Company. However, the Company is not regular in the repayment of principal and interest of all these loans.*
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us, such transactions have been so entered. Based on the audit procedures applied by us and according to the information and explanations provided by the



management we are of the opinion that transactions made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(vii) In our opinion, the internal audit systems of the Company have been commensurate with the size of the Company and the nature of its business.

(viii) In our opinion and according to the information and explanations given to us, the Central Government has prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for of the products of the Company. We are of the opinion that prima facie the prescribed accounts and records have been maintained by the Company.

(ix) In respect of statutory dues

- a) According to the information and explanations given to us, there were no undisputed amounts payable in respect of investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and any other material statutory dues which were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us as on March 31, 2012, there were no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on March 31, 2012 on account of any dispute.

(x) *The Company has accumulated losses at the end of the financial year and has incurred cash losses during the financial year covered by our audit and the*

immediately preceding financial year. The paid up capital of the Company is Rs. 37.70 crores and accumulated losses are ₹ 112.56 crores. The accumulated losses are more than fifty per cent of the net worth of the Company.

(xi) *In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks. There were no dues to a financial institution or debenture holders during the year. The details of loan defaults are as follows:*

Particulars	Principle	Interest	Total
Capex loan from GOI	2.25	2.73	4.97
Loan for salaries & statutory dues from GOI including VRS Compensations	38.93	11.15	50.08
Over drafts from Banks	8.00	9.97	17.97
Working capital Demand Loan from Banks	6.25	5.33	11.58
Assistance from Fellow subsidiary company	2.00	0.76	2.76

(xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of



- security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For akasam & associates
chartered accountants

S. Ravi Kumar
Partner

Place : Hyderabad
Date :



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS
OF HMT (BEARINGS) LIMITED, HYDERABAD FOR THE YEAR ENDED
31 MARCH 2012**

The preparation of financial statements of HMT (Bearings) Limited, Hyderabad for the year ended on 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 June 2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of HMT (Bearings) Limited, Hyderabad for the year ended on 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to statutory auditor's report under Section 619 (4) of the Companies Act, 1956

For and on the behalf of the
Comptroller and Auditor General of India

Y. N. Thakare
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board
Hyderabad

Place : Hyderabad
Date : 14 August 2012



SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared as of a going concern, under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and comply with the mandatory Accounting Standards prescribed under Companies (Accounting Standards) Rules, 2006, to the extent applicable.

Fixed Assets

Fixed Assets are stated at cost of acquisition or construction, net of Cenvat credit, less accumulated depreciation to date. Cost includes direct costs and financing costs related to borrowing attributable to acquisition that are capitalized until the assets are ready for use.

Land received free of cost from the State Governments has been nominally valued and incidental expenditure incurred thereon has been capitalized.

Expenditure on development of land is included in the cost of land.

Assets taken on **Finance Lease** are capitalized at fair value / NPV / contracted price. Depreciation on the same is charged at the rate applicable to similar type of fixed assets as per Accounting Policy on "Depreciation". If the lease assets are returnable to the lessor on expiry of lease period, the same is depreciated over its useful life or lease period, whichever is shorter.

Lease payments made are apportioned between finance charges and reduction of outstanding liability in relation to assets taken on lease.

Lease payments made for assets taken on **Operating Lease** are recognized as expense over the lease period.

Expenditure incurred on **Reconditioning** of plant, machinery and equipment which increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the Gross Book Value which results in:

- (a) Modification of an item of plant to extend its useful life, including increase in its capacity;
- b) Upgrading machine parts to achieve a

substantial improvement in the quality of output; and

- (c) Adoption of new production processes enabling a substantial reduction in previously assessed operating costs.

The cost of an addition or extension to an existing asset which is of a capital nature and which becomes an integral part of the existing asset is added to its gross block value.

The expenditure on **Reconditioning** of plant, machinery & equipment which do not increase the future benefits from the existing asset beyond the previously assessed standard of the performance based on the technical assessment, is charged off to Revenue.

Items of Capital Assets with WDV of Rs.1 lakh and above, which have been retired from active use, are disclosed at lower of book value or net realizable value and shown separately in the Fixed Assets Schedule.

Depreciation

Depreciation on fixed assets is provided on straight-line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956, pro-rata with reference to the date of addition or deletion. As and when assets gets fully depreciated, ₹ 1/- is retained as book value of the asset. Assets costing less than ₹ 5000/- per asset will be written off to ₹ 1/- in the year of purchase.

Depreciation on fixed assets is calculated on a pro-rata basis from the date of such addition or as the case may be up to the date on which such asset is sold, discarded or destroyed.

Premium for leasehold land is amortized equally over the period of lease.

Investments

Investments are either classified as current or long-term. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Gain or loss is recognized in the year of sale.



Inventories

Inventories are valued at the lower of cost and realizable value. The cost of materials is ascertained by adopting Weighted Average Cost Method.

Revenue recognition

Sales are set up based on:

Physical delivery of goods to the customer / customer's carrier /common carrier, duly supported by invoice, excise duty paid challan, gate pass, delivery voucher and LR / GR, in case of ex-works contracts.

LR/GR obtained and endorsed in favour of customer (consignee 'self'), in case of FOR destination contracts.

Despatches to dealers/customers in respect of Bearings.

Sales include Excise Duty but are net of trade discount and exclude sales tax.

Foreign currency transactions

Transactions in foreign currency are recorded in Indian rupee by applying to the foreign currency amount the exchange rate existing at the time of the transaction.

The outstanding balances of monetary items relating to foreign currency transactions are stated in Indian rupee by adopting the rate of exchange prevailing at the date of Balance Sheet. Exchange differences consequent to reinstatement are credited / charged to revenue.

The gain or loss in the conversion and / or settlement of liabilities incurred for acquisition of fixed assets is either credited or charged to revenue during the period such gain or loss arise.

In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognized in the statement of profit or loss in the reporting period in which the exchange rate changes.

Borrowing costs

Borrowing costs are charged to revenue except those which are incurred on acquisition or construction of a qualifying asset that necessarily takes substantial time to

be ready and until intended use of the said asset, such costs are capitalized.

Employee Benefits

Provident Fund is provided for, under a defined benefit scheme. The contributions are made to the Trust administered by the company. Leave encashment is provided for under a defined benefit scheme based on actuarial valuation.

Gratuity is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation. Annual contributions are made, to the extent required, to a trust constituted and administered by the Life Insurance Corporation of India.

Settlement allowance is provided for, under a defined benefit scheme, to cover the eligible employees, liability being determined on actuarial valuation.

Pension is provided for under a defined contribution scheme, contributions are made to the Pension Fund administered by the Government.

Warranty

Warranty provision for contractual obligations in respect of Bearings sold is set up based on the past experience and is provided in the year of sale.

Special Tools

Expenditure on manufactured and bought out special tools are amortized equally over a five year period or Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than earlier, if scrapped. Individual items costing less than ₹.750/- are written off fully in the initial year of acquisition / manufacture.

Income Tax

Taxes are determined following the tax effect accounting method and a provision therefore is recognized. A deferred tax asset or deferred tax liability is recorded to recognize the tax effect on timing differences arising on reconciliation of profit/loss as per financial statements and profit/loss as per taxation.



Earnings per share

Basic earnings per share is determined by considering the net profit after tax, inclusive of the post tax effect on extraordinary items, if any, and the number of shares outstanding on a weighted average basis.

Government Grants

Government Grants are accounted when there is a reasonable certainty of their realization. Grants related to revenue, unless received as compensation for expenses / losses, are recognized as revenue over the period to which these are related on the principle of matching costs to revenue. Grants related to depreciable fixed assets are adjusted against the gross cost of the relevant assets while those related to non-depreciable assets are credited to capital reserve.

Intangible Assets

Intangible assets are capitalized at cost if

- (a) it is probable that the future economic benefits that are attributable to the asset will flow to the company,
- (b) the Company will have control over the assets, and
- (c) the cost of these assets can be measured reliably.

Technical Know-how

Expenditure on Technical Know-how is recognized as an Intangible Asset and amortized on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences when the asset is available for use.

Software

The cost of software internally generated / purchased for internal use which is not an integral part of the related

hardware is recognized as an Intangible Asset and is amortized on straight line method based on technical assessment for a period not exceeding ten years.

Research and Development Expenditure

Research Phase:

Expenditure on research including the expenditure during the research phase of Research & Development Projects is charged to profit and loss account in the year of incurrence.

Development Phase:

Expenditure incurred on Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset. Such Intangible assets are amortized based on technical assessment over a period not exceeding ten years using straight line method

Impairment of Assets

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

Others

In respect of employees who are separated other than under Voluntary Retirement Scheme, the Gratuity paid in excess of ₹ 50000/-, Earned Leave Encasements (ELE), Settlement Allowance (SA) is debited to the respective provision accounts. The provision at the year end for ELE and SA is restated as per the actuarial valuation done at the year-end. In case of ELE and SA, any short or excess provision is charged as expenditure or treated as provision no longer required.

* * * * *

BALANCE SHEET AS AT 31ST MARCH 2012

(₹ In Thousands)			
	Note No.	As at 31-03-2012	As at 31-03-2011
EQUITY AND LIABILITIES			
Shareholders' funds			
a) Share Capital	B2	377,091	377,091
b) Reserves & Surplus	B3	(1,125,639)	(1,024,459)
Non-Current Liabilities			
a) Long-terms Borrowings	B4	356,700	271,720
b) Long-term Provisions	B5	6,705	6,154
Current Liabilities			
a) Short-term Borrowings	B6	295,597	262,885
b) Trade Payables	B7	56,228	106,992
c) Other Current Liabilities	B8	250,966	176,902
d) Short-term Provisions	B9	4,580	10,083
TOTAL		222,228	187,368
ASSETS			
NON - Current Assets			
a) Fixed Assets			
i) Tangible Assets	B10	16,154	20,911
ii) Capital Work-in-Progress			
b) Non-Current Investments	B11	20,100	20,100
c) Long-term Loans And Advances	B12	3,186	3,229
d) Other Non - Currents Assets			
CURRENT ASSETS			
a) Inventories	B13	37,253	32,358
b) Trade Receivables	B14	50,636	43,939
c) Cash and Bank Balance	B15	76,695	40,577
d) Short-term Loans and Advances	B16	18,204	26,254
e) Other Current Assets			
Total		222,228	187,368

Accounting Policies and notes forming part of Accounts as per Note B1 & B17 form part of Accounts

In terms of our report of even date
For and on behalf of the Board
HMT Bearings Limited

As per our Report of even date
For akasam & associates
Chartered Accountants
(Reg. No. : 005832S)

S.G. Sridhar
Chairman

Dr. G. Venkatesh
Director

P. Sivarami Reddy
Managing Director

S. Ravi Kumar
Partner
M.No. 028881

Place : Bangalore
Date : 26-06-2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012**

		(₹ In Thousands)	
	Note No.	year ended 31-03-2012	year ended 31-03-2011
I. Revenue from Operations	P1	144,304	104,213
II. Other Income	P2	43,387	26,278
Total Revenue (I+II)		187,691	130,491
Expenses			
Cost of Materials	P3	110,253	78,597
Change in inventories of finished Goods, Work in progress & Scrap	P4	(5,324)	(6,110)
Employee Benefits and Contract Labour Expenses	P5	42,469	55,930
Finance Cost	P6	116,563	80,252
Depreciation and Amortization Expenses	P7	4,757	4,819
Other Expenses	P8	20,153	23,687
TOTAL EXPENSES		288,871	237,175
Profit before exceptional and extraordinary items and tax (III-IV)		(101,180)	(106,684)
Prior Period Adjustments	P9	-	85
VRS Compensation	P10	-	106,433
Profit before extraordinary items and tax (V - VI)		(101,180)	213,202
VIII. Extraordinary Items		(101,180)	(213,202)
IX. Profit before tax (VII-VIII)			
X Tax Expenses			
(1) Current Tax			
(2) Deferred Tax			
IX. Profit / (Loss) for the Period		(101,180)	213,202
XII. Earnings Per Equity Share :			
(1) Basic Earnings Per Share of ₹10/- each			
(2) Diluted Earnings Per Share ₹10/- each			
(3) No. of Equity Share (Weighted Average Basic)			

Accounting Policies and notes forming part of Accounts as per Note P11 form part of Accounts

*In terms of our report of even date
For and on behalf of the Board
HMT Bearings Limited*

As per our Report of even date
For akasam & associates
Chartered Accountants
(Reg. No. : 005832S)

S.G. Sridhar
Chairman

Dr. G. Venkatesh
Director

P. Sivarami Reddy
Managing Director

S. Ravi Kumar
Partner
M.No. 028881

Place : Bangalore
Date : 26-06-2012



NOTES FORMING PART OF BALANCE SHEET

Particulars	(₹ In Thousands)	
	As at 31-03-2012	As at 31-03-2011
SHARE CAPITAL		
B 2.1 Particulars of Authorised, Issued, Subscribed & Paid up Share Capital		
AUTHORISED		
4,50,00,000 No's (Previous year 4,50,00,000) Equity Shares of ₹10/- each.	450,000	450,000
	450,000	450,000
ISSUED, SUBSCRIBED & PAID UP		
3,77,09,086 (Previous year 3,77,09,086) Equity Shares of ₹10/- each of which equity share of 3,74,68,586 No's (Previous year 3,74,68,586) of ₹ 10/- each held by holding Co. HMT Limited	377,091	377,091
TOTAL	377,091	377,091

B 2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

	As at 31-03-2012		As at 31-03-2011	
	No of shares	₹ in Thousand	₹ in Thousand	₹ in Thousand
Equity Shares				
Shares outstanding at the beginning of the year	37,709,086	377,091	37,709,086	377,091
- Shares Issued during the year	-	-	-	-
- Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	37,709,086	377,091	37,709,086	377,091

B 2.3 The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholders is eligible for one Vote per share held. The dividend proposed by the board of directors is subject to the approved of shareholders in the ensuring annual general meeting except in case of interim dividend.

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

B 2.4 Details of the Shareholders holding more than 5% shares in the company

	2011-2012		2010-2011	
	No of shares Held	% of holding	No of shares Held	% of holding
EQUITY SHARES				
HMT Limited (Holding Company and its nominees)	37,468,586	99.36	37,468,586	99.36

**NOTES FORMING PART OF BALANCE SHEET**

Particulars	(₹ In Thousands)	
	As at 31-03-2012	As at 31-03-2011
NOTE B3 : RESERVES AND SURPLUS		
Surplus/(deficit) in the statement of Profit and Loss		
Opening Balance	(1,024,459)	(811,257)
Add : Net Profit / (Net Loss) for the current year	(101, 180)	(213,202)
Closing Balance	<u>(1,125,639)</u>	<u>(1,024,459)</u>

NOTE B4 : LONG TERM BORROWINGS**Unsecured**

(a) Loans from related parties :		
HMT (International) Limited	20,000	20,000
Inter Corporate Loan @ 11.5% p.a.		
(b) Other Loans		
(i) 12.5% of Govt. of India Loan for Capital Expenditure	10,000	10,000
- Loan of ₹ 50,00 Thousands which is repayable in 5 yearly installments of ₹ 10,00 Thousands each from 15-12-2004		
- Loan of ₹ 50,00 Thousands which is repayable in 5 yearly installments of ₹ 10,00 Thousands each from 18-01-2006		
Particulars of continuous default in repayment of loan an interest :		
- Period of default : since 15-12-2004 (previous year since 15-12-2004)		
- Amount of continuing default - Loan ₹ 1,00,00 Thousands (Previous year ₹ 100,00 Thousands)		
(ii) 15.5% Govt of India Loan for Statutory dues	13,800	13,800
- The Loan amount of ₹ 1,38,00 Thousands is repayable in 5 Yearly installments of ₹ 27,60 Thousands each from 15-10-2005		
Particulars of continuous default in repayment of loan and interest		
- Period of default : since 15-10-2005 (Previous year since 15-10-2005)		
- Amount of continuing default : Loan ₹ 138,00 Thousands (Previous year ₹ 138,00 Thousands)		
(iii) 15.5% Govt. of India Loan for Statutory dues	12,500	10,000
- The Loan amount of ₹ 1,25,00 Thousands is repayable in 5 yearly installments of ₹ 25,00 Thousands each from 30-3-2008		

**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)		
Particulars	As at 31-03-2012	As at 31-03-2011
Particulars of continuous default in repayment of loan and interest		
- Period of default : since 30-03-2008(Previous year since 30-03-2008)		
- Amount of continuing default: Loan ₹ 10,000 Thousands (Previous year ₹ 7,500 Thousands)		
(iv) 14.5% Govt. of India Loan for Salary & Statutory Dues	63,120	63,120
- Loan of ₹ 2,86,00 Thousands which is repayable in 5 yearly installments of ₹ 57,20 Thousands each from 16-11-2010		
- Loan of ₹ 5,03,00 Thousands which is repayable in 5 yearly installments of ₹ 1,00,60 Thousands each from 16-11-2010		
Particulars of continuous default in repayment of loan and interest:		
- Period of default: since 16-11-2010 (previous year since 16-11-2010)		
- Amount of continuing default - Loan ₹ 15,780 Thousands (previous year ₹ nil Thousands)		
(v) 14.5% of Govt. of India Loan for Salary & Statutory Dues	25,920	25,920
- The Loan amount of ₹ 3,24,00 Thousands is repayable in 5 yearly installments of ₹ 64,80 Thousands each from 29-03-2011		
Particulars of continuous default in repayment of loan and interest:		
- Period of default: since 29-03-2011 (previous year since 29-03-2011)		
- Amount of continuing default - Loan ₹ 6,480 Thousands (Previous year ₹ nil Thousands)		
(vi) 14.5% of Govt. of India Loan for Salary & Statutory Dues	48,880	48,880
- Loan of ₹ 1,88,00 Thousands is repayable in 5 yearly installments of ₹ 37,60 Thousands from 15-06-2011		
- Loan of ₹ 2,32,00 Thousands is repayable in 5 yearly installments of ₹ 46,40 Thousands from 03-11-2011		
- Loan of ₹ 1,91,00 Thousands is repayable in 5 yearly installments of ₹ 38,20 Thousands from 15-02-2012		
Particulars of continuous default in repayment of loan and interest:		
- Period of default: since 15-06-2011 (previous year nil)		
- Amount of default - Loan ₹ Nil Thousands (previous year ₹ Nil Thousands)		
(vii) 14.5% of Govt. of India Loan for VRS Dues	80,000	80,000
- Loan of ₹ 7,50,00 Thousands is repayable in 5 yearly installments of ₹ 150,00 Thousands from 15-08-2011		
- Loan of ₹ 2,50,00 Thousands is repayable in 5 yearly installments of ₹ 50,00 Thousands from 03-11-2011		

**NOTES FORMING PART OF BALANCE SHEET**

Particulars	(₹ In Thousands)	
	As at 31-03-2012	As at 31-03-2011
Particulars of continuous default in repayment of loan and interest: - Period of default: since 15-08-2011 (previous year nil) - Amount of default - Loan ₹ nil Thousands (previous year (₹ Nil Thousands)		
(viii) 14.5% of Govt. of India Loan for Salary & Statutory Dues - Loan of ₹ 2,62,00 Thousands is repayable in 5 yearly installments of ₹ 52,40 Thousands from 04-04-2012	20,960	-
(ix) 14.5% of Govt. of India Loan for Salary & Statutory Dues - Loan of ₹ 2,53,00 Thousands is repayable in 5 yearly installments of ₹ 50,60 Thousands from 30-08-2012	20,240	-
(x) 14.5% of Govt. of India Loan for Salary & Statutory Dues - Loan of ₹ 1,81,00 Thousands is repayable in 5 yearly installments of ₹ 36,20 Thousands from 08-10-2012	14,480	-
(xi) 14.5% of Govt. of India Loan for Salary & Statutory Dues - Loan of ₹ 3,35,00 Thousands is repayable in 5 yearly installments of ₹ 67,00 Thousands from 03-02-2013	26,800	-
	356,700	271,720
TOTAL	356,700	271,720

NOTE B5: LONG TERM PROVISIONS**Provision for Employee Benefits**

Gratuity	3,583	3,175
Earned Leave Encashment	2,357	2,046
Settlement Allowance	765	933
	6,705	6,154

NOTE B6: SHORT TERM BORROWINGS**SECURED Loans Repayable on Demand****Cash Credit from Banks**

(l) Overdraft from Syndicate Bank, RP Road (Limit ₹ 8,00,00 Thousands Previous year ₹ 8,00,00 Thousands) Secured with Registered mortgage of Land admeasuring 15.85 acres and pari-pasu charge with Canara Bank on inventories and Book debts and also Guaranteed by HMT Limited (The Holding Co.)	80,000	80,000
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**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)		
Particulars	As at 31-03-2012	As at 31-03-2011
Particulars of continuous default :		
- Period of default: since 2008 (previous year since 2008)		
- Amount of default - Loan ₹ 80,000 Thousands (previous year ₹ 80,00 Thousands)		
(ii) WCDL -Syndicate Bank, RP Road Installments payable within next 12 months ₹ 14,544 thousands (previous year ₹ 12,835 Thousands)	14,544	12,835
Particulars of continuous default :		
- Period of default: since 2008 (previous year since 2008)		
- Amount of default - Loan ₹ 14,544 Thousands (previous year ₹ 14,544 Thousands)		
(iii) Working Capital Demand Loan - Canara Bank Secured with Registered mortgage of Land admeasuring 13.48 acres and pari-pasu charge with Syndicate Bank on inventories and Book debts and also Guaranteed by HMT Limited (The Holding Co.) (Limit Rs.10,00,00 Thousands Previous year ₹.10,00,00 Thousands)	81,969	69,928
From other parties		
Non-Convertible Bonds (Application money received against Issue of Privately placed Secured Non- Convertible Bonds)	-	8,500
Interest Accrued and Due @ 11.9% (Secured By Residual Charge on the immovable Assets of the Company and Corporate guarantee by HMT Limited)	-	6,218
Sub - Total (A)	176,513	177,481
UNSECURED		
Loans Repayable on Demand		
From Banks		
(i) LCDBD - Syndicate Bank, RP Road	19,359	15,980
(ii) Syndicate Bank, R P road - Accrued Interest on Overdraft	99,725	68,447
(iii) Canara Bank - Current Account	-	42
(iv) SBI, Anandbagh - Current Account	-	543
(v) PNB, Pinjore - Current Account	-	392
Sub - Total (B)	119,084	85,404
Sub - Total (A+B)	295,597	262,885

**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)

Particulars	As at 31-03-2012	As at 31-03-2011
NOTE B7 : TRADE PAYABLES		
Trade Payables		
Dues to Micro, Small & Medium Enterprises*		
Dues to other than Micro, Small and Medium Enterprises		
For Goods Purchased	27,659	49,069
For Services Received	28,569	57,923
Other Dues	-	-
TOTAL	56,228	106,992

* The Company has not received information from vendor regarding the status under the Micro Act, and hence disclosure relating to amounts un-paid as at end of the year together with interest paid/payable under the Act have not given

NOTE B8 : OTHER CURRENT LIABILITIES

a) Current maturities of long -term debt	75,100	56,980
b) Interest accrued but not due on borrowings	31,046	19,754
c) Interest accrued and due on borrowings	107,760	55,876
d) Advance from Customers	3,656	5,727
e) Other payables		
- Dues to related parties :		
HMT Limited	15,128	19,526
HMT Machine Tools Limited	2,243	2,297
HMT (I) Limited	7,621	5,321
HMT Watches Limited	393	409
f) Statutory Dues	1,360	3,77
g) Other Liabilities	6,659	7,233
TOTAL	250,966	176,902

NOTE B9 : SHORT TERM PROVISIONS**Provisions for Employee Benefits**

Gratuity	3,515	6,568
Leave Encasement	767	2,806
Settlement Allowance	298	303
Wage / Salary Revision Arrears (1992 Scale)	-	406
TOTAL	4,580	10,083



NOTES FORMING PART OF BALANCE SHEET

(₹ In Thousands)

Particulars	As at 31-03-2012	As at 31-03-2011
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NOTE B10 : FIXED ASSETS

Fixed Assets	Gross Block				Accumulated Depreciation			Net Block	
	As at 01-04-2011	Additions	As at 31-03-2012	As at 01-04-2011	Deductions / Adjustments	Depreciation during the year	As at 31-03-2012	As at 31-03-2012	As at 01-04-2011
Tangible Assets									
Owned									
Land & Land Development	323	-	323	-	-	-	-	323	323
Buildings	5,695	-	5,695	4,754	-	51	4,805	890	941
Plant and Equipment	289,762	-	289,762	270,678	(4)	4,595	275,269	14,493	19,084
Furniture and Fixtures	6,166	-	6,166	5,603	-	115	5,718	448	563
Vehicles	328	-	328	328	-	-	328	-	-
						-	-	-	-
Total	302,274	-	302,274	281,363	(4)	4,761	286,120	16,154	20,911

Note : Quantum of loss due to Impairment of Assets as per AS-28-Nil

NOTE B11 : NON CURRENT INVESTMENTS

Long term Investments - At Cost

Investment in Equity instruments (Un quoted)	20,100	20,100
1,34,000 Equity Shares (Previous Year 1,34,000 Equity Shares) each of ₹10/- fully paid up in Andhra Pradesh Gas Power Corporation Limited		
Total	20,100	20,100

NOTE B12 : LONG TERM LOANS & ADVANCES

a. Capital Advances

Unsecured, considered good

Advance for Purchase of Capital Goods	1,052	1,070
Sub - Total (A)	1,052	1,070

b. Deposits

Unsecured, considered good

Deposits with Government Authorities	1,499	1,499
Others Deposits	635	660
Sub - Total (B)	2,134	2,159
Total (A+B)	3,186	3,229

**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)

Particulars	As at 31-03-2012	As at 31-03-2011
NOTE B13 : INVENTORIES		
a. Raw Materials and components (Valued at Cost/NRV which ever is lower)	4,662	4,407
Goods-in transit and under inspection	-	61
b. Work-in-progress (Valued at Cost)	14,315	15,938
c. Finished goods (Valued at cost or NRV which ever is lower)	20,047	14,665
d. Stores and spares (Valued at Cost)	7,855	8,437
e. Loose Tools (Valued at Cost)	4,002	3,071
f. Others - Stock of Scrap (Valued at NRV)	2,036	471
Total	52,917	47,050
Less: Provision for Slow/Non-moving Inventories	15,664	14,692
	37,253	32,358
NOTE B14: TRADE RECEIVABLES		
Considered good		
Outstanding for a period exceeding six months from the date they are due for the payment	21,882	14,079
Others	28,754	29,860
Considered doubtful		
Outstanding for a period exceeding six months from the date they are due for the payment	2,945	9,179
Less: Provision for doubtful debts	2,945	9,179
Total	50,636	43,939
NOTE B15: CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash in Hand	3	34
Balance with Banks		
In Current Accounts	9,332	85
Other Bank Balances		
Margin Money Deposits	9,721	6,484
Other Deposits*	57,639	33,974
Total	76,695	40,577

* Other Deposit Includes

- Deposits with more than 12 months maturity

**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)

Particulars	As at 31-03-2012	As at 31-03-2011
NOTE B16: SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advance to Suppliers	8,072	10,461
Balance with Government Authorities	3,643	3,286
Salary Advances	2,727	8,615
Interest Accrued on Deposits	34	35
Prepaid Expenses	32	41
Advance to Employees	339	332
Others	3,357	3,484
Considered Doubtful		
Doubtful advances	2,069	1,589
	<u>20,273</u>	<u>27,843</u>
Less: Provision for Doubtful advances	2,069	1,589
	<u>18,204</u>	<u>26,254</u>
Total		
B17. ADDITIONAL INFORMATION TO BALANCE SHEET		
1. Contingent Liabilities and Commitments		
(a) Guarantees	7,500	5,499
Counter Guarantees issued to APGPCL Galaxy, HPCL and Others.		
(b) Claims against the company not acknowledged as debt		
Employees related claims relating to back wages, incentive, Annual Bonus etc., pending adjudication to the extent ascertainable.	113	113
Cases filed by BPCL for Sales Tax difference, counter filed by the Company with a request for exemption being BIFR Company	289	289
	<u>7,902</u>	<u>5,901</u>
2. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	10,000	10,000
Total Contract Value		
Less: Advance Paid	1,000	1,000
	<u>9,000</u>	<u>9,000</u>

**NOTES FORMING PART OF BALANCE SHEET**

(₹ In Thousands)

Particulars	As at 31-03-2012	As at 31-03-2011
3. Inventories		
Includes Excise Duty paid/ payable on closing stock of Finished Goods and Scrap as per Guidance Note on Accounting Treatment for Excise Duty issued by the Institute of Chartered Accountants of India.		
- Finished Goods	2,205	1,369
- Scrap	224	44

Under/Over absorption of expenses is absorbed based on the normal capacity. average of representative Finished Bearings produced during the previous three years is considered as Normal Capacity in line with the Accounting Standard-2 (Revised)

4. Advances

Includes balance of the amounts paid and to be recovered at the time of separation.

I. Excess Bonus 1983	16	19
II. Wages for 3 days Bundh, 1984	10	12

5. Balance Confirmation

Balances under Trade payable, Short term liabilities, Other current Liabilities, Trade receivables and Loans & Advances are subject to confirmation.

6. Till the year ended 31-Mar-11, the company was preparing the financial statements as per the pre-revised schedule VI to the Company's Act, 1956. For the year ended 31-Mar-12, revised schedule VI notified under companies act, 1956 has become applicable. Previous year's figures have been reclassified/ regrouped / rearranged wherever necessary to confirm to current year's classifications. Adoption of revised schedule VI does not impact recognition & measurement principles followed for preparation of financial statements. However it significantly impacts the presentation & disclosures made in the financial statements.

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

(₹ In Thousands)

Particulars	year ended 31-03-2012	year ended 31-03-2011
NOTE P1: REVENUE FROM OPERATIONS		
a) Sale of Manufactured products		
Sale of Bearings	160,237	114,399
Exports	-	433
	<u>160,237</u>	<u>114,832</u>
b) Other Operating Income		
Sale of Scrap	988	2180
Gross Revenue from operations	161,225	117,012
Less: Excise Duty	16,921	12,799
	<u>144,304</u>	<u>104,213</u>
Total	144,304	104,213
Details of Sale of Products - Domestic		
- Ball Bearings	50,973	50,248
- Taper Roller Bearings	62,914	34,768
- Cylindrical Roller Bearings	46,349	29,383
	<u>160,237</u>	<u>114,399</u>
NOTE P2: OTHER INCOME		
Interest on Fixed Deposit	3,433	1,930
Excess provision/credit balances written back	39,606	24,348
Other Income	348	-
	<u>43,387</u>	<u>26,278</u>
Total	43,387	26,278
NOTE P3: COST OF MATERIALS CONSUMED		
Raw Material Consumed		
Opening Stock	4,407	5,757
Add: Purchases	101,350	70,163
Less: Closing Stock	4,662	4,407
Raw materials consumed	<u>101,095</u>	<u>71,513</u>
Consumption of Stores, Spares, Tools and Packing Material	9,158	7,084
	<u>110,253</u>	<u>78,597</u>
Total	110,253	78,597
Details of Raw Material and Components Consumed:		
Rings (FR &RR)	47,181	23,471
Balls	5,062	1,405
Rollers	13,344	9,628
Cages	7,006	3,319
Other Purchases	28,502	33,690
	<u>101,095</u>	<u>71,513</u>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

(₹ In Thousands)

Particulars	year ended 31-03-2012	year ended 31-03-2011
NOTE P4: CHANGES IN INVENTORIES OF FINISHED GOODS, WIP, SCRAP		
WORK IN PROGRESS		
Closing Balance	14,315	15,938
Opening Balance	15,938	17,045
	<u>(1,623)</u>	<u>(1,107)</u>
FINISHED GOODS / STOCK IN TRADE		
Closing Balance	20,047	14,665
Opening Balance	14,665	6,548
	<u>5,382</u>	<u>8,117</u>
SCRAP		
Closing Balance	2,036	471
Opening Balance	471	1,371
	<u>1,565</u>	<u>(900)</u>
Total	<u>5,324</u>	<u>6,110</u>
NOTE P5: EMPLOYEE BENEFITS EXPENSES		
(i) Salaries, Wages & Bonus	32,142	42,937
(ii) Contribution to PF & Other Funds (Gratuity, ESIC, Superannuation Fund etc.)	6,910	9,173
(iii) Staff Welfare Expenses	3,417	3,820
Total	<u>42,469</u>	<u>55,930</u>
NOTE P6: FINANCE COST		
Interest Expense		
Interest on working capital	46,809	36,123
Interest on working capital Assistance from Fellow subsidiary companies	2,300	2,300
Interest on Bonds	570	1,012
Interest on Security Deposits	237	203
Interest on LCDBD	3,378	2,407
Interest on Government of India Loan for Capex	2,097	2,097
Interest on Government of India Loan for Statutory Dues	57,876	33,117
Interest on Government of India Loan for Technology up gradation	3,203	2,993
Interest on others	93	-
Total	<u>116,563</u>	<u>80,252</u>

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

Particulars	(₹ In Thousands)	
	year ended 31-03-2012	year ended 31-03-2011
NOTE P7: DEPRECIATION & AMORTIZATION	4,757	4,819
Depreciation	-	-
Amortization	-	-
Total	4,757	4,819
 NOTE P8: OTHER EXPENSES		
Power and fuel	6,177	6,303
Water	1,481	1,383
Job work charges	-	187
Repairs to buildings	519	203
Repairs to machinery	73	109
Repairs to others	861	257
Increase in Excise Duty on Finished goods	1,268	943
Insurance	185	222
Rates and taxes	502	531
Travelling	973	1,097
Rent	79	-
Printing & Stationery	205	185
Postage, Telephones, Telegrams, Fax & Telex	306	259
Provision for obsolescence	2,737	5,113
Freight outwards	459	416
Provision for doubtful advances	2,069	-
Advances Written off	130	-
Bad debts written off	74	59
Provision for doubtful debts	-	3,153
Bank charges	69	118
Share of Holding Company expenses	575	1,002
Auditors' Remuneration:		
Auditors Fee	35	35
Cost Audit Fee	15	15
Tax Audit Fee	10	10
Legal and professional expenses	155	180
Motor vehicle expenses	106	103
Selling & Distribution Expenses	409	229
Miscellaneous expenses	681	1,575
Total	20,153	23,687

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

(₹ In Thousands)

Particulars	year ended 31-03-2012	year ended 31-03-2011
NOTE P9: PRIOR PERIOD ADJUSTMENTS		
Prior Period Expenses:		
(I) Consumption of materials	-	70
(ii) Other Expenses	-	15
Prior Period Incomes:		
Total	-	85
NOTE P10: EXCEPTIONAL ITEMS		
(i) VRS Compensation	-	106,433
Total	-	106,433
P11. ADDITIONAL INFORMATION TO STATEMENT OF PROFIT & LOSS		
1. Prior period items		
Consumption of Materials		
Other Expenses	-	70
	-	15
2. Details of Raw materials, Goods purchased etc. (Refer sl.11(5) of Statement of Profit & Loss - Notes		
CONSUMPTION OF RAW MATERIALS AND BOUGHT OUT COMPONENTS, STORES AND SPARE PARTS		
Consumption of Raw materials and Components		
- Rings	47,181	23,471
- Balls	5,062	1,405
- Rollers	13,344	9,628
- Cages	7,006	3,319
- Semi finished bearings	27,592	32,837
- Others	910	853
	101095	71513
3. INFORMATION REGARDING IMPORTS, EXPENDITURE AND EARNINGS IN FOREIGN EXCHANGE AND CONSUMPTION		
a) CIF Value of Imports		
I. Raw materials:	-	-
II. Components and spare parts:	990	-
III. Capital goods	-	-

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

		(₹ In Thousands)	
Particulars	year ended 31-03-2012	year ended 31-03-2011	
b) Expenditure in foreign currency (on accrual basis on account of royalty, know how, professional and consultation fees, interest and other matters;	-	-	
c) Consumption of Raw Materials, Components, Stores & Spare parts	-	-	
I. Imported	-	-	
II. Indigenous	100%	100%	
4. Sales are net off sales returns in respect of bearings - 506169 Nos. (Previous year - 434538 No's) (excluding excise duty)	143,316	102,033	

Personnel:

a) As per the Accounting Policy on Retirement Benefits (AS-15) the Gratuity liability is provided for the employees covering upto ₹ 10,00 thousands (Previous Year ₹ 10,00 thousands) based on the actuarial valuation by Life Insurance Corporation of India to the extent of the Total Accrued Gratuity.	25,427	27,012	
b) Additional provision towards Gratuity for the Current Year has been made taking into account the Running Account of Cash Accumulation Funds including interest accrued thereon with LIC as on 31st March, 2012 amounting to ₹18,329 thousands against the Accrued Liability of ₹25,427 thousands.	3,801	4,928	
c) Gratuity provision in respect of employees transferred during the year, received / sent from the units of HMT Limited, is adjusted while debiting the amount of charge to Profit and Loss Account for the year.	-	61	
d) Life Cover Premium			
e) Detailed disclosure required under AS 15 are given below:	-	-	

Assumptions:

Discount Rate	8 %
Salary Escalation	7%

**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**

Particulars	(₹ In Thousands)	
	year ended 31-03-2012	year ended 31-03-2011
1) Present Value of obligations as at the beginning of the year	27,012	57,015
Interest Cost	2,161	4,561
Current Service Cost	915	377
Benefits paid	6,930	44,684
Actuarial (gain)/Loss on obligation	2,269	9,743
Present Value of obligation as at the end of the year	25,427	27,012
2) Changes in the fair value of the plan assets		
Fair Value of plan assets at the beginning of the year	17,295	58,051
Expected return on plan assets	1,518	3,928
Contributions	6,446	-
Benefit paid	6,930	44,684
Actuarial Gain/(loss) on plan assets		-
Fair Value of plan assets at the end of the year	18,329	17,295
Defined benefit obligation liability as at the balance sheet date is wholly-funded by the Company		
f) Pending formulation of Wage/Salary revision agreement w.e.f. 1.1.1997, provision if any, has not been made in the Accounts, Interim Relief payable w.e.f. 1.1.1997 has been paid pending decision.	-	-
g) Estimated liability in respect of current All India Leave Travel Concession, Encashment facility which is accounted on claim basis. The scheme is suspended from 28.6.2002	-	-
6. Disclosure of Provisions as per AS-15		
1) Earned Leave Encashment (as per actuarial valuation)		
Opening Balance	4,852	9195
Additions made during the year	312	-
Utilized during the year	2,040	-
Withdrawn during the year	-	4343
Closing Balance	3,124	4852
2) Settlement Allowance (as per actuarial valuation)		
Opening Balance	1,236	2918
Additions made during the year	112	-
Utilized during the year	285	-
Withdrawn during the year	-	1682
Closing Balance	1,063	1236



NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Particulars	(₹ In Thousands)	
	year ended 31-03-2012	year ended 31-03-2011
3) Gratuity		
Opening Balance	9,743	8,493
Additions made during the year	3,801	1,250
Withdrawn during the year	6,446	-
Closing Balance	7,098	9,743

7. Disclosure of Provisions as per AS-29

Warranty Claims

Opening Balance	-	62
Additions made during the year	-	-
Utilized during the year	-	-
Withdrawn during the year	-	-
Closing Balance	-	62

8. Related Party Transactions:

The Company has entered in to related party transactions with the fellow subsidiaries and parent Company. However, no separate disclosure of such transactions is required under Accounting Standard No. 18 in respect of Government controlled Companies.

9. Taxes on Income

In view of the Draft Rehabilitation Scheme submitted by the Company to the BIFR, deferred tax asset has not been recognized on unabsorbed depreciation and carry forward of tax losses due to uncertainty of future projections based on orders on hand

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(₹ In Thousands)

	year ended 31-03-2012	year ended 31-03-2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before Tax	(101,180)	(213,202)
Adjustment for :		
Depreciation / Amortization	4,757	4,819
Interest Expenses	116,563	80,252
Interest Income	3,433	(1,930)
Operating Profit before Working Capital Changes	16,707	(130,061)
Adjustments for :		
Trade Receivables	(6,697)	(17,726)
Inventories	(4,895)	(258)
Other Current Assets	8,093	(412)
Trade Payables, Current Liabilities & Provisions	18,348	28,908
Cash generated from operations	31,556	(119,549)
Direct Taxes paid	-	-
Net Cash from Operating Activities - I	31,556	(119,549)
B. CASH FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Asset	-	-
Investment in Subsidiaries	-	-
Interest Received	3,433	1,930
Net Cash invested in investing Activities - II	3,433	1,930
C. CASH FROM FINANCING ACTIVITIES		
Proceeds / Repayment) of Long term borrowings	84,980	178,815
Proceeds / Repayment) of Short term borrowings	32,712	-
Interest Paid	(116,563)	(80,252)
Net Cash from Financing Activities - III	1,129	98,563
(Net Increase/Decrease) in Cash & Cash equivalent (I+II+III)	36,118	(19,056)
Reconciliation :		
Cash and Cash Equivalents 1st April (Op. Bal.)	40,577	59,633
Cash and Cash Equivalents 1st April (Cl. Bal.)	76,695	40,577
(Decrease) / Increase in Cash & Cash equivalents at the end of the year	36,118	(19,056)

* Note : The cash flow statement is prepared under "indirect Method" as set out in accounting standards -3 in cashflow statement notified in section -21 (3C) of Company's Act, 1956.

In terms of our report of even date
For and on behalf of the Board
HMT Bearings Limited

For akasam & associates
Chartered Accountants
(Reg. No. : 005832S)

S.G. Sridhar
Chairman

Dr. G. Venkatesh
Director

P. Sivarami Reddy
Managing Director

S. Ravi Kumar
Partner
M.No. 028881

Place : Bangalore
Date : 26-06-2012