

H M T LIMITED

53rd ANNUAL REPORT 2005-2006



HMT LIMITED

No. 59, Bellary Road, Bangalore – 560 032

NOTICE

Notice is hereby given that the Fiftythird Annual General Meeting of HMT Limited will be held on **Saturday, November 11, 2006, at 10.30 a.m.** at the Registered Office of the Company at No. 59, Bellary Road, Bangalore – 560.032, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended March 31, 2006 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. Didar Singh who retires by rotation and being eligible offers himself for reappointment.
3. To fix the remuneration of Statutory/Branch Auditors appointed by the Comptroller and Auditor General of India for the year 2006-2007.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to Sections to 255 and 257 of the Companies Act, 1956, Shri Sham Sunder Sharma, who was appointed as Director of the Company with effect from November 9, 2005 and being Additional Director holds Office upto the date of the Fiftythird Annual General Meeting of the Company as per Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT pursuant to Sections to 255 and 257 of the Companies Act, 1956, Dr. Saibal Kanti Gupta who was appointed as Director of the Company with effect from November 9, 2005 and being Additional Director holds Office upto the date of the Fiftythird Annual General Meeting of the Company as per Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 500 crore (Rupees Five Hundred crore) made up of 50,00,00,000 equity shares of Rs. 10/- each to Rs. 600 crore (Rupees Six Hundred crore) made up of 60,00,00,000 equity shares of Rs. 10/- each by the creation of 10,00,00,000 equity shares of Rs. 10/- each which shall rank pari passu with the existing Equity Shares.”

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the words and figures “Rupees Five Hundred crores divided into 50,00,00,000 Equity Shares of Rs. 10/- each” appearing in Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company, be substituted by the words and figures “Rupees Six Hundred Crores divided into 60,00,00,000 equity shares of Rs. 10/- each.

"FURTHER RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors be and are hereby authorised to issue, in future, unissued Equity Shares of Rs. 10/- each at par out of the Authorised Share Capital of Rs. 600 crore, to the President of India, in such manner as the Board may think fit."

By order of the Board of Directors,

(U. Jagadish Nayak)
Company Secretary

Place : Bangalore
Date : October 16, 2006

Registered Office :

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

1. The Members of the Company
2. Statutory Auditors

NOTES

1. **A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed in respect of Item Nos. 4,5 and 6.
3. The Share Transfer Books and Register of Members of the Company shall remain closed from 03.11.2006 to 11.11.2006 (both days inclusive).
4. Members/proxies should bring the attendance slip duly filled in for attending the meeting.

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

Item No. 4

Shri Sham Sundar Sharma was appointed as Part-time Non-Official (Independent) Director on the Board of the Company by the President of India vide Order No. 5(5)/2001-PE.X dated October 31, 2005, for a period of three years or until further orders, whichever is earlier, with effect from the date he assumes the charge. The Board of Directors have approved his appointment with effect from November 9, 2005.

As per the provisions of Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Shri Sham Sundar Sharma's appointment is considered as an Additional Director and he would hold office as Director only upto the date of the Fiftythird Annual General Meeting of the Company. Accordingly and in terms of his appointment, Shri Sham Sundar Sharma is proposed for appointment as a Director in terms of Section 255 read with Section 257 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.

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

Item No. 5

Dr. Saibal Kanti Gupta was appointed as Part-time Non-Official (Independent) Director on the Board of the Company by the President of India vide Order F. No. 5(5)/2001-PE.X dated October 31, 2005, for a period of three years or until further orders, whichever is earlier, with effect from the date he assumes the charge. The Board of Directors have approved his appointment with effect from November 9, 2005.

As per the provisions of Article 67(D) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Dr. Saibal Kanti Gupta's appointment is considered as an Additional Director and he would hold office as Director only upto the date of the Fiftythird Annual General Meeting of the Company. Accordingly and in terms of his appointment, Dr. Saibal Kanti Gupta is proposed for appointment as a Director in terms of Section 255 read with Section 257 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. Saibal Kanti Gupta is considered as interested in the resolution being the subject of his appointment as Director. None of the other Directors is concerned or interested in the resolution.

Item No. 6

At present, the Authorised Share Capital of the Company is Rs. 500 crore consisting of 50,00,00,000 Equity Shares of Rs. 10/- each and the Issued, Subscribed and Paid up Share Capital is Rs. 482,92,07,400/-.

The Government of India has approved the Revival Plans of HMT Bearings Limited and Praga Tools Limited, the Subsidiary Companies. The Revival Plan of Praga Tools Limited, inter alia, envisages infusion of Equity funds for Capital Expenditure to the extent of Rs. 5 crore and conversion of Loans into Equity to the extent of Rs. 82.39 crore. Similarly, the Revival Plan of HMT Bearings Limited also, inter alia, envisages fresh infusion of funds as Equity for Capital Expenditure to the extent of Rs. 5.90 crore and conversion of Loans into Equity to the extent of Rs. 19.33 crore. These funds are routed through the Company as investments in the Subsidiaries. Further, the Government of India has also sanctioned Rs. 7.50 crore to the Company as Equity Investment for Capital Expenditure. With the proposed investments in the Equity Capital and conversion of loans into equity etc., there is a need to increase the Authorised Share Capital to the limit of Rs. 600 crore as against the present Authorised Share Capital of Rs. 500 crore.

The Board of Directors of the Company at their Meeting held on July 5, 2006, have approved the increase in the Authorised Share Capital of the Company from Rs. 500 crore to Rs. 600 crore subject to the approval of the Government of India and recommended passing of the resolution by the Shareholders by way of Special Resolution.

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.

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

INFORMATION PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT

Item No. 2

Shri A. Didar Singh aged 52 years is an IAS Officer of 1976 batch from Punjab cadre. Before joining as Joint Secretary in the Ministry of Heavy Industries & Public Enterprises, Govt. of India (in Jan. 2003), he was a Secretary in the State Govt. where he has held several positions as Head of Department in the Departments of Industry, Tourism, Finance and Health etc. He also has hands on experience in management of PSEs having held charge as Managing Director of 5 State Level Public Enterprises in the areas of Electronics, Textiles, Cement and Tourism. He was earlier a Joint Secretary in the Ministry of Commerce, Govt. of India and was prior to that posted as a First Secretary in the Indian Consulate in New York, USA.

Shri Didar Singh has a Masters Degree in Development Administration from the University of Birmingham, UK. Shri Didar Singh is an international expert in E-Commerce and International Trade and has done research studies for several international agencies including International Trade Center, UNCTAD, WHO and ILO, Geneva, as well as the Commonwealth Secretariat, London. Shri Didar Singh has several publications to his credit including a book on E-Commerce.

Directorships in other Companies

HMT (International) Limited
Engineering Projects (India) Ltd.
Cement Corporation of India Limited

Item No. 4

Dr. Saibal Kanti Gupta aged 68 years holds the degrees of B.Sc.(Met. Engg.), Ph.D (Tech.) and D.Sc. (Tech.).

Formerly held positions

- Prof. & Head of Metallurgical Engineering, Indian Institute of Technology, Bombay.
- Managing Director, Mishra Dhatu Nigam Ltd., (Super Alloys Plant), Hyderabad
- Director, R&D Centre, & Member, Board of Directors, SAIL
- Managing Director, Rourkela Steel Plant, SAIL.
- Chairman-cum-Managing Director, MECON Ltd.
- Independent Technical / Management Consultant to:
 - Voest-Alpine Industrieanlagenbau GmbH, Linz, Austria
 - The Caparo Group, London
 - The Government of Orissa
- President / Managing Director / Executive Vice Chairman, Jindal Vijayanagar Steel Ltd.
- Part-time Director – Industrial Development Bank of India, Hindustan Zinc Ltd., Indian Iron & Steel Co. Ltd., Sponge Iron India Ltd., Vishakapatnam Steel Plant (RINL), Bharat Bhari Udyog Nigam Ltd.; Tata Refractories Ltd; Central Mine Planning & Design Institute Ltd., Jindal Iron & Steel Company Ltd.; Jindal Praxair Oxygen Company Ltd.
- Chairman,
 - Task Force on 'Steel Growth Plan till 2010', Government of India,
 - Iron & Steel Division, Indian Institute of Metals, Calcutta;
 - Research Council, Central Fuel Research Laboratory, Dhanbad;

- President – Indian Institute of Metals, Calcutta.
- Member – Executive Board, Standing Conference of Public Enterprises (SCOPE); Committee of Technology, International Iron & Steel Institute, Belgium; Board of Governors, National Institute of Foundry & Forge Technology, Research Council, Regional Research Laboratory, Bhubaneswar; Several National Committees constituted by the Ministry of Steel, Department of Science & Technology, CSIR, etc.

Achievements

- UNESCO Fellow to Moscow Steel Institute
- Distinguished Alumnus Award, B.I.T., Sindri
- Metallurgist of the year Award – 1980
- Honorary Member – Indian Institute of Metals, Calcutta – 1995
- National Metallurgist Award – 1998
- Published over 75 research papers in India and abroad on technology & management
- Holds three patents
- Editor of a monograph on Blast Furnace Iron making

| Name of the Company | Director/ Chairman | Name of the Committee | Member | Chairman |
|---|-----------------------|--|------------------|----------|
| JSW Steel Limited | Director | Audit Committee Remuneration Committee Shareholder's & Investor Grievances Committee Share Allotment Committee | ✓ ✓ ✓ ✓ | |
| Jindal South West Holdings Limited | Director | Investor Grievances Committee Remuneration Committee | ✓ ✓ | |
| Jindal Saw Limited | Director | | | |
| Vesuvius India Limited | Chairman | Audit Committee Remuneration Committee Shareholder's & Investor Grievances Committee Remuneration Committee | ✓ ✓ ✓ | ✓ |
| Encore Software Limited | Director | Audit Committee | | ✓ |
| Bhuwalka Steel Industries Limited | Chairman | | | |
| Scitech Patent Art Services Private Limited | Director | Audit Committee | ✓ | |
| Ecocoke & Power Private Limited | Chairman | Audit Committee | ✓ | |
| FerroGreen Technologies Private Limited | Chairman | | | |

Item No.5

Shri Sham Sunder Sharma, IAS (Retd.) aged 64 years holds the degrees of M.Sc. (Punjab University), MBA (University of Birmingham) and a Diploma in International Management (University of Westminster). He is a Fellow of the AIMA.

Shri Sharma holds the following positions:

- Principal Director – Netaji Subash Institute of Management Sciences
- Director – Gujarat Paguthan Energy Corporation
- Special Director – Lakshmi Automatic Looms Pvt. Ltd.
- Special Director – Vajra Granites Private Limited
- Special Director – India Steel & Wire Products Pvt. Ltd.

Formerly held positions**Positions held in Central Government**

Director General
Guru Nanak Institute of Management

Chairman
Manipur State Finance Commission

Secretary
Ministry of Youth Affairs & Sports, Govt of India

Special Secretary
Ministry of Power, Govt. of India

Director General
National Productivity Council, Ministry of Industry, GOI

Director General
Labour Welfare, Ministry of Labour, Govt. of India

Joint Secretary
Ministry of Home Affairs. Govt. of India

Deputy Director
LBS National Academy of Administration

Positions held in State Government

Chief Secretary
In-charge of Cabinet / Home / Vigilance / Forest & Wild-life depts

Principal Secretary
In-charge of Forest & Wild-life / Health Departments

Commissioner / Secretary

In-charge of PWD, Power, Industries & Medical Departments

District Magistrate & Deputy Commissioner and Additional Development Commissioner

Major Appointments under above positions:

- Member, Governing Body, World Anti-Doping Agency, Montreal, Canada
- Senior External Consultants, Asian Productivity Organisation, Tokyo, Japan
- Visiting Faculty, IMI
- Chairman & Managing Director, NTPC
- Member, Board of Governors - IIMA, IIMK, IIMB, NITIE, AICTE, IAMR & QCI
- Member Secretary, Central Advisory Boards for - Contract Labour (R&A) Act, Building & Construction Workers Act and Welfare Funds
- Involved in Planning & implementation of Indo-Bangladesh border fencing, Assam Accord and Border areas development programme for Indo-Pak borders
- Involved in internalisation of Executive Development and other advanced programmes & management capsules in Foundation & IAS (Prof) programmes
- At the state level - Chief Electoral Officer, Chairman of several Corporations including TRPC, TFDC, TJMC as well as Chairman / Director for NSIC, MHDC, MSP etc.

| Name of the Company | Director/ Chairman | Name of the Committee | Member | Chairman |
|---|-----------------------|--------------------------|--------|----------|
| Gujarat Paguthan Energy Corporation | Director | Audit Committee | | ✓ |
| Indian Steel & Wire Products Limited | Director | Audit Committee | ✓ | |

By order of the Board of Directors

(U. Jagadish Nayak)
Company Secretary

Place : Bangalore

Date : October 16, 2006

Registered Office :

HMT Bhavan

No. 59, Bellary Road

Bangalore – 560 032




HMT LIMITED
No. 59, Bellary Road, Bangalore – 560 032
ATTENDANCE SLIP

I, hereby record my presence at the Fiftythird Annual General Meeting at the Registered Office of the Company at **10.30 a.m. on Saturday, November 11, 2006.**

Name of the Attending Member
(in Block Letters)

| | |
|---------|--|
| DP. Id* | |
|---------|--|

| | |
|-----------------------|--|
| Members' Folio Number | |
|-----------------------|--|

| | |
|------------|--|
| Client Id* | |
|------------|--|

| | |
|---------------|--|
| No. of Shares | |
|---------------|--|

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

* Member's/Proxy's Signature

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

(Tear here)

HMT LIMITED
No. 59, Bellary Road, Bangalore – 560 032
PROXY FORM

| | |
|---------|--|
| DP. Id* | |
|---------|--|

| | |
|-----------------------|--|
| Members' Folio Number | |
|-----------------------|--|

| | |
|------------|--|
| Client Id* | |
|------------|--|

| | |
|---------------|--|
| No. of Shares | |
|---------------|--|

I/We
of
being a Member/Members of HMT Limited hereby appoint
..... of
or failing him
of
or failing him
as my/our Proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Fiftythird Annual General Meeting of the Company, to be held at **10.30 a.m. on the 11th day of November 2006**, and at any adjournment thereof.

Signed by the said

| |
|--|
| Affix One Rupee Revenue Stamp |
|--|

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