

## HMT LIMITED

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**BOARD OF DIRECTORS****Shri A.V. Kamat***Chairman & Managing Director***Shri Saurabh Chandra***Director***Shri Harbhajan Singh***Director (w.e.f. 11.01.2010)***Shri S.G. Sridhar***Director (Operations)***Dr. N.B. Ballal***Director (upto 31.01.2010)***Shri S.K. Tuteja***Director (upto 11.02.2010)***Shri K. Kipgen***Director (upto 25.06.2010)***Shri S.K. Kampasi***Director (Finance) (upto 28.02.2010)***EXECUTIVE DIRECTOR****Shri Prakash Sharan***Executive Director, Tractors***CHIEF VIGILANCE OFFICER****Shri Sutheekshna A. R.***Deputy Chief Vigilance Officer***COMPANY SECRETARY****Shri U. Jagadish Nayak***Company Secretary & Compliance Officer***STATUTORY AUDITORS****M/s. Dagliya & Co.****Chartered Accountants****Bangalore****BANKERS****UCO Bank****Punjab National Bank****Andhra Bank****REGISTERED OFFICE****“HMT BHAVAN”****59, Bellary Road****Bangalore – 560 032**

## PERFORMANCE HIGHLIGHTS

(Rs. in Lakhs)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
<b>OPERATING STATISTICS</b>										
Sales	19164	16098	17108	22729	24833	20386	15801	18330	28712	34522
Other Income *	1078	1425	1267	11458	5621	9030	6549	3765	3297	6759
Materials	12083	10596	14064	15125	17461	14710	9952	10734	16018	22071
Employee Costs	6762	6367	6472	6106	5813	5930	5231	5188	5296	7032
Other Costs	3252	4811	4080	8351	5868	6236	6863	7351	7077	9143
Depreciation	392	340	299	321	393	416	419	447	439	446
Earnings before Interest	(3323)	(5664)	(4466)	3639	900	2024	(208)	(2304)	738	3457
Interest	1968	1234	131	(409)	(455)	174	511	1097	(44)	1016
Earnings/(Loss) before Tax	(5291)	(6898)	(4597)	4048	1355	1850	(719)	(3401)	782	2441
Taxation (net off withdrawal/refunds)	-	181	(130)	(1382)	28	1252	77	40	(242)	-
Net Earnings	(5291)	(7079)	(4467)	5430	1327	598	(796)	(3441)	1024	2441

## FINANCIAL POSITION

Net Fixed Assets	4028	4094	3751	3342	3437	3317	3683	4096	4276	4346
Current Assets	72668	71078	73167	112729	111417	115431	95292	95890	96539	82642
Current Liabilities & Provisions	21437	19445	19653	20914	20366	19859	20246	23810	23116	26996
Working Capital	51231	51633	53514	91815	91051	95572	75046	72080	73423	55646
Capital Employed	55259	55727	57265	95157	94488	98889	78729	76176	77699	59992
Investments	76556	76571	76571	76571	7801	4639	4589	4550	4550	4550
Miscellaneous Expenditure	-	29	197	380	3845	4594	4822	4949	4375	3404
Borrowings	62091	57312	52098	85553	92742	99637	82055	79121	76704	59128
Net Worth	69724	74986	81897	86181	8146	2492	1116	1535	5550	5414

## OTHER STATISTICS

Capital Expenditure	327	681	707	230	556	54	58	278	374	300
Internal Resources Generated	(4899)	(6739)	(4168)	5751	1720	1014	(377)	(2994)	1463	2887
Working Capital Turnover Ratio	0.37	0.31	0.32	0.25	0.27	0.21	0.21	0.24	0.36	0.64
Current Ratio	3.39	3.66	3.72	5.39	5.47	5.81	4.71	4.03	4.18	3.06
Return on Capital(%)	(5.99)	(10.02)	(5.86)	3.84	0.93	2.28	(0.27)	(2.99)	1.10	5.76
Employees (Nos)	2088	2205	2296	2383	2429	2489	2568	2649	2809	3004
Per Capita Sales	9.18	7.30	7.45	9.54	10.22	8.19	6.15	6.92	10.22	11.49

\* Includes Extra Ordinary Items

**SOURCES AND UTILISATION OF FUNDS**

(Rs. in Lakhs)

	2009-10	2008-09	2007-08	2006-07	2005-06
<b>SOURCES</b>					
<b>Internal Generation:</b>					
Net Profit/(Loss) (after interest prior to tax)	(5291)	(6898)	(4597)	4048	1355
Tax(net of provisions withdrawn/refunds)	-	181	(130)	(1382)	28
	(5291)	(7079)	(4467)	5430	1327
Add: Depreciation	392	340	299	321	393
Provisions withdrawn/adjusted	(41)	(33)	(1)	(192)	(155)
	(4940)	(6772)	(4169)	5559	1565
<b>External Generation:</b>					
Equity	-	-	24470	3273	675
Share Application Money	-	-	(24470)	65867	2903
Loans from Govt. of India	11571	2100	944	1091	1120
Term Loans	-	-	2000	-	-
Inter Corporate Loan	-	-	-	430	-
Interest accrued and due	1895	1450	-	1040	527
	13466	3550	2944	71701	5225
<b>TOTAL SOURCES</b>	<b>8526</b>	<b>(3222)</b>	<b>(1225)</b>	<b>77260</b>	<b>6790</b>
<b>UTILISATION</b>					
<b>Repayment of Loans</b>					
Term Loans	-	-	8102	9000	3500
Bonds	9171	-	25671	350	5145
Interest accrued and due	-	-	587	-	-
	9171	-	34360	9350	8645
Capital Expenditure (net)	285	649	707	34	358
Investments	(15)	-	-	68770	3162
Deferred Tax	-	(159)	154	1407	(2)
Miscellaneous Expenditure	(29)	(168)	(183)	(3465)	(749)
	241	322	678	66746	2769
Add/(Less)					
Working Capital Movement	(402)	(1881)	(38301)	764	(4521)
<b>TOTAL UTILISATION</b>	<b>9010</b>	<b>(1559)</b>	<b>(3263)</b>	<b>76860</b>	<b>6893</b>
<b>Net Surplus / (Deficit)</b>	<b>(484)</b>	<b>(1663)</b>	<b>2038</b>	<b>400</b>	<b>(103)</b>
<b>Represented by</b>					
Increase/(Decrease) in Bank Finance	484	1663	(2038)	(400)	103

**FIGURES AT A GLANCE**

(Rs. in Lakhs)

	2009-10	2008-09
<b>BALANCE SHEET</b>		
<b>What the Company owned</b>		
Fixed Assets	13721	13436
Less: Depreciation	9693	9342
Net Fixed Assets	4028	4094
Investments	76556	76571
Current Assets	72668	71078
Less: Current Liabilities	21437	19445
	51231	51633
Miscellaneous Expenditure	-	29
Profit and Loss Account	50611	45320
	182426	177647
Less:		
<b>What the Company owed</b>		
Bonds	20084	29256
Banks (Working Capital)	5381	4915
Term Loans	9398	9400
Inter Corporate Loans	430	430
Loans from Govt. of India	26798	13311
	62091	57312
	120335	120335
<b>Share Holders' Equity Represented by:</b>		
Share Capital	76035	76035
Share Application Money		
Preference Share Capital	44300	44300
	120335	120335
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>What the Company Earned</b>		
Sales (Gross)	19164	16098
Less: Excise Duty	144	192
Net Sales	19020	15906
Other Income	1078	1425
Stock Accretion/(Decretion)	(1223)	(1190)
	18875	16141
Less:		
<b>What the Company spent</b>		
Materials	12083	10596
Employee Cost	6762	6367
Depreciation	392	340
Other Expenses	2956	4401
Interest	1968	1234
VRS Compensation Written off	-	101
	24161	23039
Net Profit/(Loss) before PPA	(5286)	(6898)
Less: Prior Period Adjustments(PPA)	5	-
<b>Net Profit/(Loss) before Tax</b>	(5291)	(6898)
Taxes	-	181
<b>Net Profit/(Loss) after Tax</b>	(5291)	(7079)

## DIRECTORS' REPORT

To

The Members  
HMT Limited  
Bangalore

Dear Members

The Annual Accounts of the Company for the year 2009-10 along with the Auditors' Report and the Comments of the Comptroller & Auditor General of India are attached to this Report.

### CORPORATE PERFORMANCE

The year 2009-10 saw a significant resurgence of the Indian economy, in spite of the global meltdown witnessed all round except in respect of the BRIC countries. The growth of 7.9% achieved during the second quarter of 2009-10 was indeed quite encouraging. The subsequent data releases on Industrial production, infrastructure or exports, confirmed the assessment that the economy has been steadily gaining momentum on a strong economic turnaround. Taking cue from the strong growth indicators, the tractor industry also recorded a growth of 26.21% during the year under review.

Your Company also showed a marginally better performance during the year under review, with growth in terms of both Production and Sales, over the previous year. During the year, your Company achieved a Production level of Rs. 169.65 Cr (4652 Nos. of Tractors) as against the Production level of Rs. 134.34 Cr. (3651 Nos Tractors), recorded in the previous year, with a growth of 26%. In terms of Sales also the Company registered a growth of 19% at Rs, 191.64 Cr (4901 Nos. of Tractors) compared to the Sales of Rs. 160.98 Cr. (4109 Nos. of Tractors) achieved in the previous year.

At the consolidated level, your Company along with its Subsidiaries achieved the Production of Rs.381.18 Cr. and Sales of Rs.436.48 Cr. for the year 2009-10, recording a Net Loss of Rs.329.65 Cr. On a comparative basis, the performance was marginally better than that of the previous year despite the lower levels of performance achieved by some of the Subsidiaries viz., HMT Watches Limited and HMT Chinar Watches Limited.

### OPERATING RESULTS

As a result of the improved performance achieved during the year 2009-10, the bottom line improved with the Net Loss coming down from the level of Rs.68.98 Cr. recorded in the previous Financial Year 2008-09 to a Net Loss of Rs.52.91 Cr. during the Year 2009-10. The financial highlights for the year 2009-10, are as under:

### FINANCIAL HIGHLIGHTS

(Rs. In crore)

Particulars	2009-10	2008-09
Gross Profit/(Loss) (PBIDT)	(29.26)	(53.24)
Depreciation	3.92	3.40
Interest	19.68	12.34
Profit/(Loss) before PPA	(52.86)	(68.98)
Less: Prior Period Adjustments (PPA)	0.05	-
Net Profit/(Loss) before tax	(52.91)	(68.98)
Tax Provision (Net)	-	1.81
Net Profit/(Loss) after tax	(52.91)	(70.79)
Net Profit/(Loss) carried to Balance Sheet	(52.91)	(70.79)

### DIVIDEND

In view of the accumulated losses, your Directors are not in a position to recommend any Dividend on the Paid-up Equity Share Capital for the year 2009-10. No appropriation towards Bonds Redemption Reserve has been made as required under the Bonds Issue Guidelines.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company stood at Rs.760,35,01,400/- as on March 31, 2010. An amount of Rs. 443 Cr. is continued to be shown as Application Money pending allotment of the Preference Shares in the name of the President of India.

### FINANCIAL POSITION

The financial position of the Company continued to remain precarious during the year under review, mainly due to the losses incurred by the Company and the difficulty in arranging the required resources from the

Banking sector as well as through disposal of surplus assets, as planned. Your Company is evaluating a strategy for joint development of identified surplus assets of the Company with help of a reputed professional agency, The thrust will be to raise the required resources from leveraging these surplus assets in order to meet the commitments towards retirement of the outstanding overdue liabilities as well as those falling due for repayment/redemption during the current year.

## **FUTURE OUTLOOK**

With the increased focus on agriculture and rural development, easing of credit availability, etc., in view of certain policy initiatives by the Government, the performance of your Company is likely to show positive growth in the current financial year. Further, due to better irrigation facilities, more and more farmers are resorting to multiple cropping through farm mechanisation for achieving higher productivity and output. In fact, the performance of your Company for the first quarter of the year under review has been up by 24% in production compared to previous corresponding period of previous year. The Sales also increased by 4% when compared to first quarter of the previous year. The Tractor Group of your Company has already initiated a host of measures towards performance improvement in right earnest, by appointment of new Distributors and Dealers in select potential areas/territories, engine upgradation for compliance of new emission norms for all models of tractors, setting up of a new paint plant, entering into MOUs with Banks/Financing Agencies for priority loan sanction for the purchase of HMT Tractors, dynamic business strategies, etc., which are expected to yield positive results during the current financial year.

## **SUBSIDIARY COMPANIES**

### **• HMT Machine Tools Limited**

During the year under review, this Subsidiary achieved a Sales of Rs. 198.45 Cr. (including excise duty) and Production of Rs.194.19 Cr. with a Net loss of Rs.45.80 Cr. The performance of this Subsidiary was affected mainly due to working capital constraints and lower order bookings due to the recessionary trends faced by the Capital Goods segment of the Country for the substantial part of the Year under review. The higher input costs of items like steel also contributed to decline in the performance of this Subsidiary. The Subsidiary has set a Sales target of Rs.403 Cr. for the current financial year 2010-11. This Subsidiary is

currently implementing the Rehabilitation Scheme sanctioned by the BIFR during the year 2008 based on the revival plans approved by the Government of India during March 2007. The Subsidiary has implemented the revival plan proposals substantially including substantial portion of the sanctioned investments in Capital Expenditure, which are expected to bear fruit in the ensuing years.

### **• HMT Watches Limited**

This Subsidiary could not show any improvement in its performance, during the year under review despite salary support being received from the Government. The Revival Plans prepared by the Company and submitted to the Government is under its active consideration and review by the Ministry. The Major factor affecting the performance of this Subsidiary was lack of working capital, absence of a robust trade channel and higher interest burden, with depletion in skilled manpower. Despite these constraints, this Subsidiary could achieve a Sales Turnover of Rs.10.54 Cr. and Production of Rs.11.42 Cr. during the year under review. The Net Loss for the year stood at Rs.168.35 Cr. as compared to Rs.164.05 Cr. incurred during the previous year.

### **• HMT Chinar Watches Limited**

The performance of this Subsidiary could not be sustained at optimum levels due to the ongoing troubled situation in the J&K Valley apart from shortage of working capital to enhance production levels for the market required models of watches. Majority of the employees have been separated on VRS leaving about 145 employees at Srinagar and Jammu Units of the Subsidiary. Under these circumstances, the Subsidiary could achieve only a meagre Sales Turnover of Rs. 0.73 Cr. during the year compared to Rs.0.70 Cr. achieved during the previous year, while in terms of Production, the Subsidiary could achieve the level of only Rs.0.30 Cr. for the year. As a result of the lower levels of operations, the Subsidiary incurred a Net loss of Rs.49.94 Cr. during the year.

### **• HMT (International) Limited**

This Subsidiary exported goods and technical services valued at Rs.30.80 Cr. during the year under review as compared to Rs.16.36 Cr. achieved in the previous year, registering a growth of 88% and resulting in pre-tax Profit of Rs.3.96 Cr. for the year. The performance of this Subsidiary in terms of orders, sales and profits during the year under review was significantly higher



amidst global financial crisis affecting delay/shelving of procurement plans by major customers. The Subsidiary has also successfully obtained the re-certification of ISO 9001-2000. The Subsidiary has also maintained its consistent dividend payment record and has declared a dividend of 20% on the Paid up Equity Share Capital, for the year 2009-10

#### • **HMT Bearings Limited**

This Subsidiary achieved a lower Sales turnover of Rs. 6.84 Cr. (excluding excise duty) during the year under review as compared to Rs.8.71 Crore during the previous year. The achievement in terms of Production during the year was lower at Rs.5.62 Cr. as compared to Rs.7.17 Cr. recorded in the previous year. This Subsidiary incurred a Net Loss of Rs.15.31 Cr. during the year compared to the Net Loss of Rs.10.68 Cr. during the previous year. As a result of the increase in the Losses incurred during the year, the Accumulated Losses of the Company stood at Rs.81.13 Cr. as a result of which the Net Worth of the Company as at March 31, 2010 showed a negative position at Rs. 43.42 Cr. The Company has been declared as a Sick Industrial Company in terms of Section 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985, by the BIFR and appointed Canara Bank as the Operating Agency (OA) u/s 17(3) of the Act. The DRS has been submitted by the Subsidiary for the consideration of the BIFR and actions are being initiated in terms of the directions of BIFR for the rehabilitation of the Subsidiary.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

As required under the Listing Agreement, Consolidated Financial Statements of the Company along with that of the Subsidiaries for the financial year 2009-10, conforming to the applicable Accounting Standards, are attached to this Report along with the Auditors' Report on the same.

In terms of the approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the five (5) Subsidiary Companies viz., HMT Machine Tools Limited; HMT Watches Limited; HMT Chinara Watches Limited; HMT Bearings Limited and HMT (International) Limited have not been attached with the Balance Sheet of the Company (Holding Company). However, these documents will be made available upon request by any member of the Company and Subsidiary

Companies interested in obtaining the same. As directed by the Central Government, the financial information of each of these Subsidiary Companies has been furnished as part of the Consolidated Balance Sheet. The annual accounts and other detailed information of each of the Subsidiary Companies will be available for inspection by any member at the Registered Office of the Company and that of the Subsidiary Companies concerned. A statement pursuant to Section 212(1) of the Companies Act, 1956, in respect of each of the Subsidiary Companies is attached to this report.

#### **ASSOCIATE COMPANY**

#### • **SUDMO-HMT Process Engineers (India) Limited**

There were no significant operations by this Associate Company during the year under review. For the financial year 2009-10, this Company made a Net Profit after tax of Rs. 0.59 Lakhs from the interest income of Rs. 3.01 Lakhs out of the fixed deposits with the Banks. It is expected that the business operations of this Company would be resumed upon implementation of the Government sanctioned Revival Plans, for HMT Ltd.

#### **VIGILANCE ACTIVITIES**

The Chief Vigilance Officer appointed by the Government of India heads the Corporate Vigilance Cell of the Company and is assisted at the Unit level by the Vigilance Officers.

The Corporate Vigilance Cell carries out vigilance functions in the Holding Company as well as in its Subsidiaries. The vigilance functions in the manufacturing Units and Marketing Offices are looked after by Vigilance Officers, under the guidance of Chief Vigilance Officer.

The Vigilance department carried out regular and surprise inspections of a large number of high value contracts/purchases, property returns, service contracts, etc. Violations of rules and procedures were pointed out and in cases of serious irregularities, the matter was investigated and investigation reports were prepared for further action. Wherever required, appropriate action against the concerned officers were recommended, instructions were issued to the effect that the violations of rules and procedures pointed out by the Vigilance Department should not be repeated. A lot of emphasis was laid on preventive vigilance by striving towards strict adherence to all rules and procedures and to all norms of transparency in tendering process. Several suggestions were made for systems improvement in



various fields. As provided for in the relevant CVC guidelines, requisite emphasis was put on improving vigilance administration by leveraging technology.

Quarterly vigilance awareness workshops and vigilance awareness week were organized to enhance the level of vigilance awareness among the employees and other stakeholders. A compilation of important CVO's Circulars were prepared and circulated to all Managing Directors, Unit Chiefs and concerned officers for quick reference.

### **PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is **NIL** for the year 2009-10.

### **INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosures of Particulars) Rules, 1988, are annexed to this Report.

### **EMPLOYEES**

The employee strength of the Company as on March 31, 2010, stood at 2088 Nos. as compared to 2205 at the end of the previous year. There were 421 employees in the Officer Cadre and 1667 Non-Executives in Workmen cadre. The number of employees on the rolls of the Company as on March 31, 2010 in SC/ST, Ex-Servicemen, Physically Handicapped, Women Employee and Minority Categories is as follows:

Scheduled Castes	484
Scheduled Tribes	92
Other Backward Classes	26
Ex-Servicemen	12
Persons with Disabilities	17
Women Employees	61
Minorities	325

### **EMPLOYEE RELATIONS**

The overall Industrial Relations situation in the Company during the year remained peaceful. The Company continues to put in sincere efforts to improve and upgrade the skill sets of the employees at different levels and also to recruit manpower in key areas in order to achieve better and improved productivity in various fields of activities. Certain performance incentive schemes linked to achieving set targeted performance levels are being formulated to improve the motivation of the employees.

### **IMPLEMENTATION OF OFFICIAL LANGUAGE**

The Company is making all out efforts for implementing Official Language Act, Rules & Policy as per the directives of the Government. The Official Language Implementation Committee have been constituted in all the Subsidiaries, Units of the Company including Corporate Office, Bangalore to monitor implementation of Official Language Act, Rules, Policy, etc. which meets at regular intervals in every quarter.

In order to propagate the usage of Hindi as Official Language, "HINDI DIWAS/HINDI FORTNIGHT" was observed during the month of October 2009. Various Hindi competitions such as Hindi Story writing, Hindi News Paper Reading, Hindi Quiz Writing, Hindi Conversation, Hindi Antyakshari, etc., were organized and participants were awarded prizes. A three day workshop was organised during the above period. The concerned Officials of the Company in charge of implementation of the Official Languages Act, regularly take part in the meetings of the Town Official Languages Implementation Committee. The Company also sponsors some of the Hindi competitions under Bangalore Town Official Language Implementation Committee.

### **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on the Corporate Governance is annexed as part of this Report along with the Compliance Certificate from the Auditors. A Report on Management Discussion and Analysis is also appended to this Report separately. Further, a declaration by the Chairman & Managing Director for having obtained affirmation of compliance of the Code of Conduct by the Board Member (s) and Senior Management for the year ended March 31, 2010, is also appended.

The Register of Members and Share Transfer Records both in respect of the shares held in physical and depository form are maintained by Karvy Computershare Private Limited, Hyderabad, and the Registrars & Share Transfer Agents of the Company.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Sub-Section (2AA) of Section 217 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 fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis.

## AUDITORS

M/s. Dagliya & Co. Chartered Accountants, Bangalore, were appointed as Statutory Auditors of the Company for the year 2009-10 by the Comptroller & Auditor General of India. Three firms of Chartered Accountants were also appointed as Branch Auditors for the other Units/Divisions of the Company. M/s. V. Kumar & Associates, Cost Accountants, were appointed as Cost Auditors for the year 2009-10 in respect of 'Tractors'.

Replies to the observations by the Statutory Auditors in their Report are given by way of an addendum to this Report.

## DIRECTORS

Pursuant to Article 67 (4) of the Articles of Association of the Company, Shri Harbhajan Singh, Joint Secretary, Department of Heavy Industry, Ministry of Heavy

Industries & Public Enterprises, has been appointed as Part-time Official Director on the Board of the Company, with effect from January 11, 2010, vice Shri Rajiv Bansal, vide Presidential Order No.5(16)/2009-P.E-X dated January 11, 2010. Shri Harbhajan Singh retires at the ensuing Annual General Meeting and being eligible offers himself for appointment as Director in terms of Section 255 read with 257 and 262 of the Companies Act, 1956, for which notice has been received from a member.

Consequent upon the completion of their term, Dr. N.B. Ballal, Shri S.K. Tuteja, and K. Kipgen, Part-time Non-Official (Independent) Directors ceased to be Directors with effect from 31.01.2010, 11.02.2010, and 25.06.2010 respectively.

Shri S. K. Kampasi, Director (Finance) ceased to be Director consequent upon his superannuation from the Company on February 28, 2010.

The Directors wish to place on record the services rendered and contributions made by Shri Rajiv Bansal, Dr. N.B. Ballal, Shri S.K. Tuteja, Shri S. K. Kampasi and Shri K. Kipgen, during their tenure as Directors on the Board of the Company.

Shri S.G. Sridhar, Director (Operations) retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## ACKNOWLEDGEMENTS

The Directors are thankful to the various Departments and Ministries in the Government of India, particularly the Department of Heavy Industry, Ministry of Corporate Affairs, Comptroller and Auditor General of India, Principal Director-Commercial Audit, Statutory and Branch Auditors, various State Governments, Foreign Collaborators, the Subsidiary Companies, Suppliers, Reserve Bank of India, the Consortium of Banks lead by UCO Bank and the valued Customers of the Company both in India and abroad for their continued co-operation and patronage.

The Directors also sincerely appreciate the contributions made by the employees at all levels in the operations of the Company during the year, in spite of the difficult situation faced by the Company.

For and on behalf of the Board of Directors



(A.V. Kamat)

Chairman & Managing Director