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General Information

<p>Board of Directors</p>	<p>R J Shahaney Chairman D G Hinduja (Alternate : Y M Kale) Co- Chairman D J Balaji Rao Jean Brunol (from 30.04.2010) Narender Nagpal Prabal Banerji S Ragothaman F Sahami R Seshasayee A Spare (Alternate : B Swaminathan) V Mahadevan Managing Director</p>
<p>Chief Financial Officer Company Secretary Bankers</p>	<p>V Sankar V V Naresh Bank of America HDFC Bank Limited ICICI Bank Limited IDBI Bank Limited Standard Chartered Bank State Bank of India State Bank of Travancore Union bank of India Canara Bank</p>
<p>Auditors</p>	<p>Fraser & Ross Chartered Accountants 8th Floor, ASV Ramana Towers 52, Venkatanarayana Road, T Nagar, Chennai 600 017 S R Batliboi & Associates Chartered Accountants T P L House, II Floor 3, Cenotaph Road, Teynampet Chennai 600 018</p>
<p>Registered Office</p>	<p>Kathivakkam High Road Ennore, Chennai 600 057</p>
<p>Plant Locations</p>	<p>Ennore, Chennai 600 057 Ductron Casting unit IDA, Uppal, Hyderabad 500 039 Plot K – 2, SIPCOT Industrial Park Arneri Village, Sriperumbudur 602 105 Kanchipuram District</p>
<p>Project Office</p>	<p>Plot 27-A, (SP), Developed plots Industrial Estate, Guindy Chennai 600 032.</p>

Five Year Review

(Rs.in lakhs)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06
Income and Dividend					
Sales/Operating Income	39154	36313	45142	39524	32952
Other Income	992	546	147	288	602
Total Income	40146	36859	45289	39812	33554
Operating Profit	5853	3012	5209	4089	3621
Profit/Loss(-) Before Tax	65	(1859)	2590	2502	2241
Profit/Loss(-) After Tax	35	(1198)	1692	1616	1396
Dividend including Tax	-	-	612	1053	348
Assets Employed					
Net fixed Assets @ \$	59723	55003	29338	19297	10930
Net Current Assets	20850	17458	14100	9428	6968
Other Assets/Expenditure not written off	-	149	22	24	226
Total	80573	72610	43460	28749	18124
Financed by					
Net Worth	35132	35142	12501	11449	10847
Borrowed Funds	44534	36591	29502	16695	6662
Deferred Tax Liability	907	877	1457	605	615
Total	80573	72610	43460	28749	18124
General					
Sales Units - Tonnes	57701	49130	74184	73056	62442
Earning per share	(0.63)	(7.30)	9.31	8.87	8.67
Book value per share	176.52	175.78	61.24	54.78	49.84
@ includes addition on Revaluation of Fixed Assets	18900	18926	379	407	437

\$ includes investments of Rs.2.50 lakhs

Report of the Directors

To

The Members

Your Directors present the Fiftieth Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2010.

Financial Results

(Rs. In lakhs)

	2009-10	2008-09
Profit before tax/ (Loss)	64.61	(1859.06)
Less: Provision for Taxation	30.00	(661.00)
Profit/(Loss) after Tax	34.61	(1198.06)
Less : Transfer to General Reserve	-	-
	34.61	(1198.06)
Balance brought forward from last year	10.82	1542.21
Less : Transfer to Capital Redemption Reserve	-	(333.33)
Balance available for appropriation	45.43	10.82
Appropriation:		
Dividend on preference shares	-	-
Tax thereon	-	-
Proposed dividend on equity shares	-	-
Tax thereon	-	-
Balance carried to balance sheet	45.43	10.82
Earnings per share	(0.63)	(7.30)

Dividend

In view of the carried forward losses and marginal profit, your Directors regret their inability to recommend any dividend for the year.

Business Operations:

Your Company earned a sales revenue for the year at Rs.39154.46 lakhs compared to Rs.36312.53 lakhs in the previous year and earned a profit of Rs.64.61 lakhs before tax against the loss before tax of Rs.1859.06 lakhs in the previous year.

Total sales volume of ferrous and non-ferrous castings was higher at 57,701 tonnes compared to 49,130 tonnes in the previous year. Gross Production of ferrous and non-ferrous castings during the year increased to 66,985 tonnes from 58,166 tonnes in 2008-09.

From the second half of 2009-10, demand from the commercial vehicles segment has been growing and there is a general expectation that this trend would continue in the year 2010-11.

Development of new products for new and existing customers is progressing as per schedule. Your Company has received orders from leading international customers for which deliveries would commence in the second half of 2010-11.

In line with the latest developments, project implementations have been suitably planned and commencement of commercial production has been suitably re-scheduled based on customer requirements.

Technology Upgradation/Modernization

Your Company's drive for technology updation to gain advantageous position, continues. New Foundry has started producing thin water jacket cores from cold box process for the first time. Modernisation of all units is being taken up for ensuring consistency in quality and for cost optimization.

The Design Centre and Pattern Shop have been added with new machines to improve quality of tools made.

The particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable are furnished in Annexure - A to this report.

Corporate Governance

Your Company has complied with the requirements of the Code of Corporate Governance as stipulated under Clause 49 of the listing agreements with the stock exchanges. A detailed Report on Corporate Governance together with Certification of the Managing Director and Chief Financial Officer is furnished in Annexure – B. The certification of the Managing Director on the adherence to the Code of Conduct specified in said clause is provided separately.

The certificate of the Statutory Auditors on the Company's Compliance with the Corporate Governance requirements is attached in Annexure – C.

The Management Discussion and Analysis Report is attached in Annexure D.

Report of the Directors

As required under Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is furnished in Annexure-E to this report.

Fixed Deposits

The amount of matured and unclaimed deposits as on March 31, 2010 was Rs.0.25 lakhs.

Directors

Mr. Jean Brunol has been appointed as Additional Director of the Company and will hold office till the ensuing Annual General Meeting (AGM).

Mr. R J Shahaney, Mr. S Ragothaman and Mr F Sahami retire at the ensuing AGM.

Auditors

M/s Fraser and Ross, Chartered Accountants and M/s S R Batliboi & Associates, Chartered Accountants, retire at the close of the ensuing AGM and are eligible for reappointment.

Personnel

The Company continued to enjoy cordial relationship with its employees. The details of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 are furnished in Annexure – F.

Forward Looking Statements

This Report together with the annexures contains forward looking statements that involve risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate",

"expect", "intend", "will", and other similar expressions as they relate to the Company and/or its business are intended to identify such forward looking statements. Neither the Company nor the Directors undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements due to risks, uncertainties or even inaccurate assumptions. No undue reliance should be placed on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

Acknowledgement

The Directors wish to acknowledge and place on record their appreciation of the valuable advice and support received from Hinduja Automotive Ltd., UK (formerly LRLIH Limited) and Ashok Leyland Limited.

The Directors wish to express their gratitude to the Government of India, the Government of Tamil Nadu, the Government of Andhra Pradesh and other government agencies. They also thank the Company's Bankers, Shareholders, Customers, Suppliers and all the employees for their continued support.

On behalf of the Board of Directors

Chennai
April 30, 2010

R J Shahaney
Chairman

Annexure A to the Directors' Report

A) CONSERVATION OF ENERGY

The Company continued its efforts to optimize energy utilization through energy audit, better energy management and introduction of new energy efficient burners in oil and gas fired furnaces, also re-engineering the manufacturing flow to avoid idle movements and time, effective operation of high frequency/high power density induction Furnaces along with production processes optimization and total cold box for all cores including water jackets. Thermal curing process like shell core making is minimal.

Through the above measures, there has been considerable saving in energy consumption in the last three years and efforts continue to further increase the savings. After installation of medium frequency, high power density induction furnaces, further efforts have been made to improve power factor and reduce harmonic values and thus reduce energy consumption.

After installation of screw compressors use of compressed air and loss due to transmission is being reduced to bring down the energy consumption. Best loading factors are achieved in compressors. After installation of cold box process from hot box, process standardization is being carried out to reduce core wastes and thus reduce specific power usage per unit of production.

At the new Sriperumbudur Unit, a number of measures have been implemented for energy conservation such as:

- energy management system installed in the Induction Furnaces to ensure optimum power consumption.
- Auto pour facility with holding power is installed to avoid wastages/spillages of liquid metal and to optimize the pouring temperatures avoiding unnecessary superheating and wastage of energy.
- molding and sand plant have best energy consumption norms per specific unit of product.
- a high speed auto core line with Robotics

has been installed which has minimal rejections and high speed output.

- the design of the gas fired oven for core baking with natural aspirated burners is Spanish and helps to reduce gas consumption substantially compared to Indian design. Exercise of modifying the Indian design ovens will be taken up shortly.
- Study is being done to improve the in- mold cooling of castings to avoid conventional heat treatments of castings and save energy.

The Company also continues to focus on non-conventional energy resources like wind power, gas power, etc.

B) TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company:

- System software has been developed to validate design, manufacturing and product.
- The Company has successfully developed indigenous technology compacted graphite iron for cylinder blocks and heads.
- The Company has successfully developed 4 Valve cylinder heads.
- Solidification simulation has been introduced in the R & D Centre for new product development to improve yield and casting quality and to reduce the number of trials in developing new products. Existing products will also be revisited to optimize casting yield and defect reduction. As a system, it has been introduced in the validation of Running System of casting along with retained Stress in the casting.
- Alternate materials, core washes including the substitute for imported

Annexure B to the Directors' Report

core wash and alternate method for core assemblies have been standardized to improve productivity. Internal cleanliness and finish of the castings has improved also with hypoblast cleaning.

- Efforts are on to work with customers for new casting designs including weight optimization.

2. Benefits derived as a result of the above R & D:

- Reduction in development time for new products
- Meeting the new engine design requirements
- Use of improved material for the tools and dies

3. Future Plan of Action:

- Installation of automatic robot core line for high-end block castings. This facility for car blocks is already commissioned.
- Development of automated commercial vehicle cylinder block line to meet future engine requirements
- Re-engineering of existing process flow to optimize output

4. Expenditure on R & D:

- a) Capital : Rs. 23.81 lakhs
- b) Recurring : Rs.503.09 lakhs
- c) Total : Rs.526.90 lakhs
- d) Total R & D expenditure as a percentage of total turnover : 1.35 %

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

The following have been achieved in Sriperumbudur Unit:

Successful implementation of pre-machining facilities for car blocks

- Successful implementation of auto pour facility
- Installation of a new on-line sand control unit
- Successful machining of cylinder blocks and heads made using compacted graphite

In addition to the above, aluminum cylinder heads have been developed for diesel engines from LPDC to GDC.

2. Benefits derived as a result of above efforts:

The Company is keeping itself ahead in technology and is geared to play a pioneering role in the foundry industry in relation to future engine requirements.

3. Other information:

a) Technology imported

Appropriate prototype technology for development of commercial vehicle blocks and heads has been imported.

b) Has technology been fully absorbed, if not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action.

The technology so imported has been used in relation to the product for which it is intended. As a further step, utilizing the same in other related areas is contemplated.

c) Foreign Exchange Earnings and Outgo:

Details of earnings and outgo of foreign exchange are given in notes to the Accounts. The Company continues to strive to improve the export earnings.

Annexure B to the Directors' Report

Report on Corporate Governance

1. Philosophy on Code of Corporate Governance

Hinduja Foundries Limited (HFL) believes that Corporate Governance is a systemic process, which enhances the wealth-generating capacity of the Company through efficient conduct of business. The Company is committed to improve its service to all the stakeholders through transparency and professionalism in all decisions and by maintaining high standards of ethics, integrity and accountability in letter and spirit.

2. Board of Directors

i. Composition and membership in other Boards and Board Committees

The Company's Board comprises of ten directors headed by a Non-Executive Chairman. The composition and category of the Board as on March 31, 2010 and the number of other Directorships/ Committee Memberships held by them are as under:

Category	Name	Membership	
		Other Boards	Other Board Committees
Non Executive Directors			
Promoter Group	Mr. D G Hinduja (Co Chairman)	6 (As Chairman - 1)	2
	Mr. A Spare	2	-
	Mr. F Sahami	1	1
	Mr. Prabal Banerji	4	2 (As Chairman)
Connected with Associate Companies	Mr. R Seshasayee	10 (As Chairman - 2)	1
Independent	Mr. R J Shahaney (Chairman)	2 (As Chairman - 1)	1 (As Chairman)
	Mr. D J Balaji Rao	9 (As Chairman - 1)	8 (As Chairman - 3)
	Mr. S Ragothaman	6	3 (As Chairman- 2)
	Mr. Narender Nagpal	-	-
Executive Director	Mr. V Mahadevan (Managing Director)	-	-
Alternate Directors	Mr. Y M Kale (Alternate to Mr. Hinduja)	3	1 (As Chairman)
	Mr B Swaminathan (Alternate to Mr A Spare)	-	-

Notes:

- a. Other Directorships exclude Foreign Companies, Private Limited Companies and Alternate Directorships.

Annexure B to the Directors' Report

- b. Only Membership in Audit Committees and Shareholders'/Investors' Grievance Committee (other than HFL) are reckoned for other Board Committee Memberships.
- c. Mr P N Ghatalia, Director expired on August 12, 2009 and Dr C B Rao resigned from the Board on December 22, 2009.

ii. Board Meetings and attendance at Board Meetings and Annual General Meeting (AGM)

The Board of Directors met six times during the year 2009-10 and the details are as follows:

Date of meeting	Board Strength	No. of Directors present
May 14, 2009	12	11
June 15, 2009	12	6
June 19, 2009	12	6
July 29, 2009	12	12
October 31, 2009	11	11
January 22, 2010	10	7

The following are the details of attendance of each director at the Board Meetings and last AGM held on July 29, 2009:

Name of Director	No. of Board Meetings attended	Attendance at AGM
Mr. R J Shahaney	6	Yes
Mr. D G Hinduja	3	Yes
Mr. D J Balaji Rao	6	Yes
Mr. P N Ghatalia	2	Yes
Mr. S Ragothaman	6	Yes
Dr. C B Rao	4	Yes
Mr. Narender Nagpal	4	Yes
Mr. F Sahami	3	Yes
Mr. R Seshasayee	5	Yes
Mr. A Spare	3	Yes
Mr. Prabal Banerji	5	Yes
Mr. V Mahadevan	6	Yes
Mr. Y M Kale (Alternate to Mr. D G Hinduja)	-	No
Mr. B Swaminathan (Alternate to Mr. Anders Spare)	1	No

3. Audit Committee

i. Terms of reference

The terms of reference of the Audit Committee is same as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. These also fully comply with the requirements of Section 292A of the Companies Act, 1956.

Annexure B to the Directors' Report

ii. Composition

The Committee comprises of the following members:

Sl. No	Name	Category
01	Mr. D J Balaji Rao – Chairman	Non-Executive, Independent
02	Mr. P N Ghatalia (Upto 11/08/2009)	Non-Executive, Independent
03	Mr. S Ragothaman	Non-Executive, Independent
04	Mr. F Sahami	Non-Executive, Promoter Group

All members of the Committee have financial knowledge. The Chairman of the Committee was the Deputy Managing Director of ICICI Limited and also the Managing Director of Infrastructure Development Finance Company Limited. The other three members are qualified finance professionals.

Managing Director, Chief Financial Officer, Head of Internal Audit, Operating Heads of the manufacturing units and representatives of the Statutory Auditors are invitees to the Audit Committee and the Company Secretary is Secretary to the Committee.

The Limited Review Report on the quarterly results, annual audit plan, compliance with accounting standards, audit observations on the Annual Accounts and other related matters are discussed by the Audit Committee. The significant observations of the Internal Audit Department and the follow-up action on matters raised are also reviewed by the Committee.

iii. Meetings and attendance

Date of meeting	Committee Strength	No. of Directors present
May 14, 2009	4	4
June 15, 2009	4	2
July 28, 2009	4	4
October 31, 2009	3	3
January 22, 2010	3	2

4. Remuneration Committee

i. Terms of reference

The Committee, subject to the overall limits approved by the Members, determines the remuneration payable to the Managing Director including the quantum of variable component and annual increments. The proposals of the Committee are placed before the Board for approval.

ii. Composition, Meetings and attendance

The Remuneration Committee comprises of three non-executive Directors. Mr. S Ragothaman, an independent director is the Chairman of the Committee and Mr. R J Shahaney and Mr. D G Hinduja are the other members. The Company Secretary is Secretary to the Committee.

The Committee met on May 14, 2009 to determine the remuneration of the Managing Director for the year 2009-10 and to consider payment of remuneration over and above the limits prescribed under the Companies Act, 1956 with the approval of the Central Government. All the members were present at the meeting.