



**HINDUSTHAN UDYOG LIMITED**  
**Annual Report 2007 - 2008**

# **HINDUSTHAN UDYOG LTD.**

## **BOARD OF DIRECTORS :**

V. N. AGARWAL, Managing Director  
PRAKASH AGARWAL  
RITU AGARWAL  
A. K. CHAKRAVARTY  
ASIM KUMAR GHOSH  
BINAYA KAPOOR

## **COMPANY SECRETARY :**

SHASHI SHARMA

## **AUDITORS :**

S. GHOSE & CO.  
Chartered Accountants  
KOLKATA - 700 001

## **BANKERS :**

UNITED BANK OF INDIA

## **REGISTERED OFFICE :**

TRINITY PLAZA, 3RD FLOOR  
84/1A, TOPSIA ROAD (SOUTH)  
KOLKATA - 700 046

## **CORPORATE OFFICE :**

TEMPLE CHAMBER  
6, OLD POST OFFICE STREET  
KOLKATA - 700 001

# HINDUSTHAN UDYOG LTD.

## NOTICE OF THE ANNUAL GENERAL MEETING TO THE MEMBERS

**NOTICE** is hereby given that the Sixty-First Annual General Meeting of the Members of Hindusthan Udyog Limited will be held on Friday, the 29th day of August, 2008 at 10.00 a.m. at the Registered office of the Company at Trinity Plaza, 3rd Floor,, 84/1A, Topsia Road (South), Kolkata-700046 to transact the following businesses :-

### **Ordinary Business :-**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2008 and Profit and Loss Accounts for the financial year ended on that date together with Director's and Auditors' Reports thereon.
2. To appoint a Director in place of Smt. Ritu Agarwal, who retires by rotation and being eligible offers herself for reappointment.
3. To reappoint Messrs S. Ghosh & Co., Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office  
Trinity Plaza, 3rd Floor,  
84/1A, Topsia Road (South)  
Kolkata - 700 046.  
Dated : 20th June, 2008.

By Order of the Board  
For **Hindusthan Udyog Ltd.**  
sd/-  
(SHASHI SHARMA)  
Company Secretary

### **Notes :**

1. **A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on a poll on his/her behalf and such proxy need not be a member of the company. Proxies in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.**
2. **The register of members and share transfer books will remain closed from 16th August 2008 to 29th August 2008 both days inclusive.**
3. **Details of Director seeking reappointment at the annual general meeting in pursuance of clause 49 (ivg) of the listing agreement.**

<b>Name of the Director</b>	<b>Smt. Ritu Agarwal</b>
Date of Birth	31.03.1975
Date of First Appointment	30.05.2003
Qualifications	Graduate
No. of shares held	NIL
Nature of Expertise	10 years of experience in the Business Management and Multinational Market.
Other Directorships	i) Asuthosh Enterprises Limited ii) North East Enterprises Private Limited iii) B. K. Commercial & Enterprises Private Ltd. iv) Morgan Finvest Private Limited v) Livelife Buildcon Private Limited vi) Poysa Power Generation Private Limited vii) Gas Supply Company Private Limited

# HINDUSTHAN UDYOG LTD.

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 61st Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2008.

	<u>2007-2008</u>	<u>2006-2007</u>
<b>FINANCIAL RESULTS :</b>		
Profit before Interest & Depreciation	1,51,24,992	1,66,39,350
<b>Deduction :</b>		
Interest	40,27,094	20,44,275
Depreciation	48,71,260	44,00,138
Provision for Tax for the Year	7,00,000	33,70,000
Provision for Fringe Benefit Tax	7,15,000	5,43,000
Provision for Deferred Tax	-5,12,000	- 4,52,300
<b>Net Profit after Tax</b>	<b>53,23,638</b>	<b>67,34,237</b>
Add : Brought forward Profit	1,54,01,097	86,66,860
<b>Balance carried to Balance Sheet</b>	<b><u>2,07,24,735</u></b>	<b><u>1,54,01,097</u></b>

### COMPANY PERFORMANCE :

The working results of your Company during the Financial year ended 31st March, 2008 was satisfactory. The performance of Alloy Steel Foundry Division has shown improvement whereas the performance of Material Handling Division being low tech business could not yield expected results. However Profit After Tax as percentage to sale has been improved. The Durgapur unit however continued to remain closed during the year.

In this era of growth and globalisation, your Directors are confident to achieve better results in the years to come.

### DIVIDEND :

Directors intend to plough back the Profit to finance its future growth, expansion and diversification programs and thereby express their inability to recommend dividend for the year under review.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management Discussion and Analysis report for the year under review, as stipulated in clause 49 of the Listing Agreements with the Stock exchanges is appended below :

#### A. Business

The Company is engaged in the manufacturing of Material Handling Equipments of varied nature required in the Mines, Cement Plants, Power and Other Engineering Sectors. The Company is also engaged in manufacturing of Alloy and Stainless Steel Casting of highest grades required in Heavy Earth Equipment, Pump and other Heavy Engineering Industries. The manufacturing units are located in Kolkata.

#### B. Review of Operation & Future Prospects

The operation of the Foundry Division of the Company, have shown remarkable growth and improvement in their operations. The Foundry Divisions has registered better sales performance. During the year, the Foundry divisions of the Company have been able to procure prestigious and valuable orders. In all probability, the uptrend looks set to continue for the next few years.

#### C. Opportunities and Threats, Risks and Concerns

While the Company has been able to achieve the goals and targets of Sales and product quality, continuous improvement of the infra-structure and facilities is what is being aimed at. The Foundry divisions are undergoing through a thorough process of improvement in their workings to yield

better results in the near future.

The rising costs of inputs is the greatest concern confronting the Company.

However, the main causes of concern of your Company in the year to come :-

- (i) Stagnancy in the Market Demand due to General Economic conditions.
- (ii) Increase in operational expenses due to rising costs of all inputs.
- (iii) Lack of demand for Company's products in Export Market due to aggressive competition.
- (iv) Input substitution
- (v) Uncertain Government Policy in the use.

#### **D. Internal Control System**

The Company has internal control procedures commensurate with the nature of its business and size of its operation. The objective of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial reports and due compliance of statutes and Company policies and procedure.

The Internal Audit reports, the progress in implementation of recommendations contained in such reports and the adequacy of internal control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

#### **E. Human Resources and Industrial Relations**

The Industrial Relations was cordial during the year under review. At all levels, employees of the Company are fully committed to the growth of the Company and there was no loss of work due to any industrial relation problem during the year.

#### **CORPORATE GOVERNANCE :**

The principles of good Corporate Governance through professionalism, accountability, transparency, trusteeship and control have always been followed by your Company.

A separate Report on Corporate Governance as prescribed by the Listing Agreements of the relevant Stock Exchanges form part of the Annual Report 2007-08 along with the Auditors' statement on its compliance in Annexure "B".

#### **DIRECTORS :**

Smt. Ritu Agarwal, Director, retires by rotation at this Annual General Meeting and being eligible offered himself for re-appointment.

#### **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, Directors state as follows :

- (i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2008, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of financial year and of the profit or loss of your Company for that period.
- (iii) That the directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the Annual Accounts for the financial year ended 31st March, 2008 on a 'going concern' basis.

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## **AUDITORS :**

Messrs. S. Ghose & Co., Chartered Accountants, Auditor of the Company, hold office till the conclusion of this Annual General Meeting. The Company has received the requisite certificate from them to the effect that their reappointment if effected would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.

## **FIXED DEPOSIT :**

Your Company has not invited and/or accepted any deposits from the General Public under Sections 58A and 58AA of the Companies Act, 1956.

## **PARTICULARS OF EMPLOYEES :**

Your Directors wish to acknowledge the support and valuable contributions made by the employees at all levels.

Information required to be given pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, are not applicable.

## **COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 :**

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure "A".

## **CODE OF CONDUCT :**

Your Company has formulated Code of Conduct which applies to Board Members and Senior Management personnel of the Company. Confirmations towards adherence to the code during the Financial year 2007-08 have been obtained from all the Board members and Senior Management personnel in terms of the requirements of Clause 49 of the Listing Agreement and a declaration relating to compliance of this code during the year under review by all Board members and Senior Management personnel has been given by the Managing Director of the Company which accompanies this report.

## **ACKNOWLEDGEMENTS :**

Your Directors would like to thank shareholders, customers, dealers, suppliers, bankers, employees union and all other business associates for the continuous support given by them to the Company and their confidence in its management.

Place : Kolkata  
Dated : 20th June, 2008

For and On behalf of the Board  
V. N. AGARWAL  
RITU AGARWAL  
Directors

## ANNEXURE 'A'

### **CONSERVATION OF ENERGY :**

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report.

### **ENERGY CONSERVATION MEASURES TAKEN :**

All units in the Company continued the endeavour to improve specific energy consumption, a measure of energy used per unit of consumption. Some of the measures taken are :-

- i) Replacement of motors / pumps / lighting with energy efficient models.
- ii) Modernisation of air conditioning systems.
- iii) Optimisation of electrical distribution system.
- iv) Optimisation of fans / pumps design to meet actual system demands.
- v) Installation of natural ventilation system
- vi) Improvements to reduce heat gain / cooling losses from building.

Energy Conservation measures initiated across the Company's business have resulted in significant savings and have helped partially offset the inflationary trend in electricity costs. Business wise specific energy consumption figures indicate very competitive performance. The energy savings have also helped the Company reduce total Carbon Di-oxide emissions.

<b>Power Consumption</b>	<b>For the year ended 31.03.2008</b>	<b>For the year ended 31.03.2007</b>
<b>Electricity</b>		
i) Purchased units (in kwht in Lakhs)	22.06	23.49
Total Amount (in Lakhs)	114.08	116.66
Rate/ unit (Rs.)	5.17	4.97
ii) Consumption		
–Alloys Steel Castings		
–Units per MT	1251	1167
–Electricity (kwht/MT)	1763	2013

### **TECHNOLOGY ABSORPTION :**

#### **Research and Development :**

- a) Research and Development has been continuously carried for improvement in quality of existing products and production process for better productivity and raw material efficiency.
- b) The Company has benefited from above in terms of improvement in quality and efficiency in production.
- c) The Company plans to further strengthen the Research & Development wing for improving the production procedure and also cost saving in achieving the production target.
- d) Expenditure of Research & Development has been charged under primary heads of accounts.

#### **Technology, Absorption, Adaptation & Innovation**

- a) The Company successfully absorbed the technology in production of Conveyors and Air Pollution Control equipment as per the design and drawings, supplied by the foreign collaborators.

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- b) The Company has the benefit of technology for the manufacturing of high quality equipments which are equivalent to those imported and the same may be considered as import substitution products.
- c) Particulars relating to imported technology.

Technology Imported	Year of Import	Status
Mining and Industrial round link Chains	1991	Technology absorbed.
Steel Castings	1991	Technology fully absorbed.
Wet scrubber and slurry disposal System	1993	Technology fully absorbed.
Exhaust Filtration Systems	1992	Technology fully absorbed.
Armoured Face Chain Conveyors	1991	Technology fully absorbed.

### Foreign Exchange Earnings & Outgo :

Total foreign exchange <b>earned</b>	NIL
Total foreign exchange <b>used</b>	Rs. 53,29,395

V. N. AGARWAL  
RITU AGARWAL  
Directors



The Directors present the Company's Report on Corporate Governance :-

**1. THE COMPANY'S GOVERNANCE PHILOSOPHY :**

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance practices stem from culture and mind set of the organisation. As stakeholders across the country evidence keen interest in the practices and performance of Companies, Corporate Governance has emerged on the centre stage.

Over the years, governance processes and systems have strengthened at the Company. In addition to complying with statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the stakeholders. For implementing the Corporate Governance practices, the Company has a well defined policy framework. These policies and their effective implementation underpin the commitment of the Company to uphold the highest principles of Corporate Governance consistent with the Company's goal to enhance shareholder's value.

The Company continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also constantly endeavors to implement the best national practices of Corporate Governance in the overall interest of all stakeholders.

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions with its stakeholders, employees, lenders, Government and Society at large.

The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company believes that all its actions might serve the underlying goal of enhancing overall shareholder value on a sustained basis.

**2. BOARD OF DIRECTORS :**

- The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. The Board consists of Six Directors out of which three are Independent Directors who are eminent professionals with experience and expertise in Business, Industry, Finance and Law.
- All Independent Directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent as laid under Clause 49. All such are placed before the Board. Shri A. K. Chakravarty, Shri A. K. Ghosh and Shri Binaya Kapoor are Independent Directors.

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— The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that long term interests of the shareholders are being served.

— The Composition of the Board and category of Directors as on 31.03.2008 are as follows :-

Sl. No.	Categories of Directors	No. of Directors.	% of Total No. of Directors
1.	Executive Director & Promoters (Managing Director)	1	16.67
2.	Non Executive Director & Promoters	2	33.33
3.	Non Executive & Independent Directors	3	50.00
	<b>TOTAL</b>	<b>6</b>	<b>100.00</b>

— The further details of Composition of the Board as on 31.03.2008 are as follows.

Sl. No.	Director	Category	No. of other Directorships including Public Limited and Private Limited Companies	No. of other Board Committee(s) of which he/she is a Member	No. of other Board Committee(s) of which he/she is a Chairperson
1.	Shri Vishwanath Agarwal	Managing Director	17	2	—
2.	Shri Prakash Agarwal	Non-Executive & Promoter	18	5	—
3.	Smt. Ritu Agarwal	Non-Executive & Promoter	7	—	—
4.	Shri Binaya Kapoor	Non-Executive & Independent	1	2	—
5.	Shri A. K. Chakaravarty	Non-Executive Independent	4	1	—
6.	Shri A. K. Ghosh	Non-Executive Independent	6	—	—

### 3. NUMBER OF BOARD MEETINGS HELD AND ATTENDED BY THE DIRECTORS DURING THE YEAR ENDED 31ST MARCH, 2008.

(i) During the Financial year 2007-08, Sixteen Board Meetings were held on :

10th April, 2007, 27th April, 2007, 22nd June, 2007, 30th July, 2007, 31st October, 2007, 2nd November, 2007, 24th January, 2008, 29th January, 2008, 30th January, 2008, 15th February, 2008, 10th March, 2008, 14th March, 2008, 17th March, 2008, 25th March, 2008, 29th March, 2008 and 31st March, 2008.

(ii) Details of attendance record of Directors at the Board Meetings

Name of the Directors	No. of Board Meetings Attended	Attendance at the last AGM held on 27th August 2007
Shri Vishwanath Agarwal	16	Yes
Shri Prakash Agarwal	16	Yes
Shri A. K. Chakravarty	16	Yes
Smt. Ritu Agarwal	16	Yes
Shri A. K. Ghosh	14	Yes
Shri Binaya Kapoor	3	Yes

**4. BOARD MEETING**

- i) The Company's Governance Policy requires the Board to meet at least four times in a year.
- ii) In terms of Company's Corporate Governance Policy, all statutory, significant and material information are placed before the Board to enable it to discharge its responsibility.
- iii) The Internal Guidelines for Board Meetings facilitate the decision making process at the Meeting of the Board in an informed and efficient manner.

**5. BOARD AGENDA**

Meetings are governed by structured Agenda. The Board Members, in consultation with the Chairman may bring up any matter for the consideration of the Board.

**6. INFORMATION PLACED BEFORE THE BOARD**

Apart from the items that are required to be placed before the Board for its approval, both under the statutes and the Governance policy, the following are also tabled for the Board's periodic review and information.

1. Quality performance against plan.
2. Treasury Policy.
3. Internal Audit Findings.
4. Status of business risk exposure and its managements.
5. Write offs / disposals.
6. Significant court judgement and order.
7. Terms of reference of Board Committees.

**7. BOARD PROCEDURE**

- i) The Members of the board have been provided with the requisite information as required by Annexure 1A to Clause 49 of the Listing Agreements well before the Board Meetings and the same were dealt with appropriately.
- ii) All the Directors who are in various committees are within the permissible limits as stipulated in Clause 49 (IC) of the Listing Agreements. The Directors have intimated from time to time about their Memberships / Chairmanships in the various Committees in other Companies.

**8. POST - MEETING FOLLOW UP SYSTEM**

The Governance process in the Company include an effective post-meeting follow up, review and reporting process for action taken / pending on decision of the Board / Board Committees.

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## 9. COMMITTEES OF THE BOARD

Currently there are three Board Committees - the Audit Committee, Investors Grievance Committee and Remuneration Committee. The Terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed minutes of Board Committee meetings are placed at the Board meetings for the information of the Board.

### I) AUDIT COMMITTEE

Audit Committee of the Board, inter alia provides re-assurance to the Board on the existence of an effective internal control environment that ensures :

- a) Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and creditable.
- b) Compliance with Stock Exchange and legal requirement concerning financial statements
- c) Efficiency and effectiveness of operations.
- d) Safeguarding of the assets and adequacy of provision for all liabilities.
- e) Reliability of financial and other management information and adequacy of disclosures,
- f) Compliance with all relevant statutes.

Composition and Attendance of Audit Committee during the financial year 31st March 2008.

Name of the Directors	No. of meetings attended	Chairman / Member	Category
Shri A. K. Chakravarty	4	Chairman	Non-Executive & Independent
Shri Prakash Agarwal	4	Member	Non-Executive & Promoter
Shri A. K. Ghosh	4	Member	Non-Executive & Independent

### II) INVESTORS GRIEVANCES COMMITTEE

The Investors Grievance Committee of the Board oversees redressal of shareholders and investor grievances and approves sub-division / transmission or transfer of shares issue of duplicate share certificate etc.

Investors Grievance committee consists of Shri A. K. Chakravarty, Shri Prakash Agarwal and Shri A. K. Ghosh, of which Shri A. K. Chakravarty is the Chairman. Miss Shashi Sharma was the Compliance Officer of the Company for the year ending on 31st March, 2008. During the year ended 31st March 2008 on complaints/queries were received and accordingly no reply is pending as on 31st March, 2008. There were no transfer of shares pending for registration as on 31st March 2008 and all transfers had been effected within 30 days from the date of lodgement.

### III) REMUNERATION COMMITTEE

The Composition of Remuneration Committee during the financial year 31st March, 2008.

Name of the Directors	Chairman / Member
Shri A. K. Chakravarty	Chairman
Shri Prakash Agarwal	Member
Smt. Ritu Agarwal	Member

- The Remuneration Committee was reconstituted as on 25th April, 2008 with Shri A. K. Chakravarty, Shri Binaya Kapoor and Shri A. K. Ghosh of which Shri A. K. Chakravarty is the Chairman and the other two Directors are Members of the Remuneration Committee.
- The appointment and remuneration of Shri Vishwanath Agarwal as Managing Director of the Company for a period of five years with effect from 1st January 2004 have been approved by the members at a General Meeting under sections 198, 269, 309, 310 and 311 and read with Schedule XIII of the Companies Act, 1956 on the recommendation of the Board. The members have approved payment of remuneration of Rs. 50,000/- per month plus perquisite not exceeding the annual remuneration.
- Details of Remuneration paid/payable to Shri Vishwanath Agarwal as Managing Director for 1st April 2007 to 31st March 2008 are as under :

Salary	Perquisite	Total
Rs. 6,00,000/-	—	Rs. 6,00,000/-

- No Commission is payable to any Director.
- Apart from sitting fee no other remuneration is payable to Non-Executive Director.
- Sitting fees paid/payable to Non-Executive Directors during the financial year 31st March 2008 were as follows :

Name of Director	Sitting Fees paid
Shri Prakash Agarwal	Rs. 6000/-
Smt. Ritu Agarwal	Rs. 6000/-
Shri Binaya Kapoor	Rs. 1500/-
Shri A. K. Chakravarty	Rs. 6000/-
Shri A. K. Ghosh	Rs. 5000/-

## 10. GENERAL MEETINGS

- i) Details of Annual General Meeting held in the last three years are as under :-

Financial Year	Location	Date	Time
2006 - 2007	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South) Kolkata - 700 046	27th August, 2007	4 p.m.
2005-2006	Registered Office at : 6, Old Post Office Street, Kolkata - 700 001	31st August, 2006	4 p.m.
2004 - 2005	Do	31st August, 2005	4 p.m.

- ii) Whether Special Resolutions were put through Postal Ballot last year : No
- iii) Are Special Resolutions proposed to be put through Postal Ballot this year : No
- iv) Procedure to be followed for Postal Ballot : In accordance with the provisions of Section 192 A of the Companies Act, 1956 read with the Rules made thereunder, and guidelines issued by the Institute of Company Secretaries of India.

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## 11. DISCLOSURES

- i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries or Relatives etc. that may have potential conflict with the interest of the Company at large. However, suitable disclosures as required by Accounting Standard (AS)-18 on related party transactions have been disclosed under Note B in Item 13 on Schedule N to the Accounts for the period under review.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital markets, during the last three years.
- iii) Your Company has a well-laid out Code of Conduct and Business Ethics for the Board of Directors and Senior Management Personnel. It is one of the best means for increasing the transparency in the working of the Companies. The Members of the Board and Senior Management Personnel of the Company adhere to this principle and have agreed to abide them by agreeing to affix their signature on the same.
- iv) The Company is in compliance with the requirements of the Corporate Governance, which reflects in this report. The Company can assure to adopt the residual non-mandatory requirements, not covered under this report, within the coming year. The details of compliance status are given herein under :

Particulars	Clause of Lasting Agreement	Compliance Status Yes/No	Remarks
<b>I. Board of Directors</b>	Clause 49 (I)		
(A) Composition of Board	Clause 49(IA)	Yes	
(B) Non-Executive Directors' Compensation & Disclosures	Clause 49(IB)	N.A	
(C) Other provisions as to Board and Committees	Clause (49(IC)	Yes	
(D) Code of Conduct	Clause 49 (ID)	Yes	Disclosures as necessary has been made in 49 (IA)
<b>II. Audit Committee</b>	Clause 49 (II)		
(A) Qualified & Independent Audit Committee	Clause 49 (IIA)	Yes	
(B) Meeting of Audit Committee	Clause 49 (IIB)	Yes	
(C) Powers of Audit Committee	Clause 49 (IIC)	Yes	
(D) Role of Audit Committee	Clause 49 II(D)	Yes	
(E) Review of Information by Audit Committee	Clause 49 (IIE)	Yes	
<b>III. Subsidiary Companies</b>	Clause 49 (III)	N.A.	The Company does not have any subsidiary Company.

<b>IV. Disclosures</b>	Clause 49 (IV)		
(A) Basis of related party transactions	Clause 49 (IVA)	Yes	
(B) Board Disclosures	Clause 49 (IVB)	Yes	
(C) Proceeds from public issue, Rights Issues, Preferential Issues etc.	Clause 49 (IVC)	N.A.	The Company has not made any such in the recent past issue
(D) Remuneration of Directors	Clause 49 (IVD)	Yes	Disclosures as necessary had been made in the Corporate Governance Report forming part of Annual Report.
(E) Management	Clause 49 (IVE)	Yes	Management Discussion and Analysis Report forms part of respective year's Director's Report.
(F) Shareholders	Clause 49 (IVF)	Yes	
<b>V. CEO / CFO Certification</b>	Clause 49 (V)	Yes	The Certificate as required has been provided to the Board for the year ended 31st March, 2008.
<b>VI. Report on Corporate Governance</b>	Clause 49 (VI)	Yes	Report on Corporate Governance forms part of Annual Report
<b>VII. Compliance</b>	Clause 49 (VII)	Yes	Certificate regarding compliance of Corporate Governance forms part of Annual Report

## 12. MEANS OF COMMUNICATIONS

- (i) **Quarterly Results :-** Quarterly Results are published in the Financial Express and the Dainik Statement.
- (ii) **Annual Reports :-** Annual Report containing, Interalia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.
- (iii) **Website :-** The shareholders information are not displayed on the Website of the Company.
- (iv) **News Releases :-** Official Media Releases are not sent to the Stock Exchanges.
- (v) **Displays, Presentations etc. –** Displays, presentations etc are not made to Institutional Investors/ Analysts.

# HINDUSTHAN UDYOG LTD.

## 13. GENERAL SHAREHOLDER INFORMATION

### (i) Company Registration Details

The Company is registered in the State of West Bengal. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is L27120WB1947PLC015767.

### (ii) Annual General Meeting to be held - Day, Date, Time and Venue :

Sl. No.	Particulars	Remarks
(A)	Day	Friday
(B)	Date	29th August, 2008
(C)	Time	10.00 a.m.
(D)	Venue	Registered Office, at : Trinity Plaza, 3rd Floor 84/1A, Topsia Road (S) Kolkata - 700 046.

### (iii) Calendar for Financial Results for the financial year 2008-2009 :

Sl. No.	Particulars	Remarks
(A)	1st Quarter ending 30th June, 2008	Before end of July, 2008
(B)	2nd Quarter and Half-year ending 30th September, 2008	Before end of October, 2008
(C)	3rd Quarter ending 31st December, 2008	Before end of January, 2009
(D)	4th Quarter and Annual Results for the year ending 31st March, 2009	Before end of June, 2009

- (iv) Dates of Book Closure : : 16th August 2008 to 29th August, 2008 Both days inclusive.
- (v) Dividend payment date : : Not applicable since no dividend has been recommended for the period 31st March, 2008
- (vi) Listing on Stock Exchanges at : : The Equity shares of the Company are listed at the following Stock Exchanges :
1. The Calcutta Stock Exchange Association Ltd.  
7. Lyons Range,  
Kolkata - 700 001
  2. The Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Fort, Dalal Street  
Mumbai - 400 001

The Company paid the Listing fees for the Year 2008-2009 to both the Stock Exchanges.



**(vii) Market Price Data :**

There was no trading of the shares in Mumbai and Calcutta Stock Exchange during the year.

**(viii) Registrars and Share transfer Agents :**

Transfer of Shares are registered and processed in-house by the Company, at the following address :

**HINDUSTHAN UDYOG LIMITED**

Trinity Plaza, 3rd Floor

84/1A, Topsia Road (S)

Kolkata - 700 046

Tel. : (033) 30216800/08

Fax No. : (033) 30216863

E-mail ID : hulho@hul.net.in

**(ix) Share Transfer System :**

Share Transfers are registered and returned within a period of 30 days from the date of receipt if the documents are clear in all respects.

**(x) Distribution Schedule :**

The shareholding distribution of Equity Shares as at 31st March, 2008 is given below :

Sl. No.	No. of equity Shares held	No. of Holders	Percentage of total holders	No. of Shares	Percentage of shareholding
1.	1-500	12	7.31	2230	0.04
2.	501-1000	13	7.93	13000	0.21
3.	1001-2000	15	9.15	26825	0.42
4.	2001-3000	04	2.44	10400	0.16
5.	3001-4000	—	—	—	—
6.	4001-5000	3	1.83	14483	0.23
7.	5001-10000	4	2.44	30752	0.49
8.	10001-above	113	68.90	6229410	98.45
<b>TOTAL</b>		<b>164</b>	<b>100.00</b>	<b>6327100</b>	<b>100.00</b>

## HINDUSTHAN UDYOG LTD.

### (xi) Shareholding Pattern as on 31st March, 2008 :

Sl. No.	Category	No. of Equity Shares held	Percentage of Shareholding
<b>(A)</b>	Promoters holding :		
	1. Promoters		
	— Indian Promoters	3121185	49.33
	— Foreign Promoters	—	—
	2. Persons acting in Concert	—	—
	<b>Sub Total</b>	<b>3121185</b>	<b>49.33</b>
<b>(B)</b>	<b>Non Promoters' Holding :</b>		
	3. Institutional Investors	—	—
	4. Others		
	— Private Corporate Bodies	178717	2.82
	— India Public	3027198	47.85
	— Any Others	—	—
	— <b>Sub Total</b>	<b>3205915</b>	<b>50.67</b>
	<b>GRANDTOTAL</b>	<b>6327100</b>	<b>100.00</b>

### (xii) Dematerialisation of Equity Shares :

As on 31st March 2008, 100% of the Company's total share, representing 63,27,100 shares were held in Physical form.

### (xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion dates & like impact on Equity

N.A. [The Company has not issued any GDRs and ADRs]

### (xiv) Plant Locations :

- a. 19, Dakshindari Road, Kolkata 700 048
- b. Biren Roy Road (West), Ganipur, Maheshtala, 24 Parganas (South) 700141

**(xv) Address for Correspondence :**

Shareholders should address their correspondence to the Secretarial Department of the Company for the following address :-

**HINDUSTHAN UDYOG LIMITED**

Trinity Plaza, 3rd Floor  
84/1A, Topsia Road (S)  
Kolkata - 700 046  
Tel. : (033) 30216800/08  
Fax No. : (033) 30216863  
E-mail ID : hulho@hul.net.in

The above report has been placed before the Board at its meeting held on 20th June, 2008 and the same was approved.

V. N. AGARWAL  
RITU AGARWAL  
Directors

**DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT**

A Declaration signed by the Managing Director of the Company is given below :-

I hereby confirm that the Company has obtained from all the Members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management Personnel in respect of the Financial Year 2007-2008.

Place : Kolkata  
Dated : 20th June, 2008

V. N. AGARWAL  
(Managing Director)

# **HINDUSTHAN UDYOG LTD.**

## **CEO / CFO CERTIFICATION**

I, V. N. AGARWAL, Managing Director certify that :-

- a) I have reviewed the financial statements and cash flow statements for the financial year ended 31st March 2008 and to the best of my knowledge and belief.
  - i) These statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of company's affairs and in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of my knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2008 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements and,
  - iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place : Kolkata  
Date : 20th day of June' 2008

V. N. AGARWAL  
(Managing Director)

## AUDITORS CERTIFICATE

### **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).**

To  
The Members of Hindusthan Udyog Limited

We have examined the compliance of conditions of Corporate Governance by Hindusthan Udyog Limited, for the year ended 31st March 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and the implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month as at 31st March, 2008 as per records maintained by the Shareholders/Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata  
Date : 20th June, 2008

For S. GHOSE & CO.  
*Chartered Accountants*  
CHANDAN CHATTOPADHYAY  
*Partner.*  
Membership No. 051254

# **HINDUSTHAN UDYOG LTD.**

## **AUDITORS' REPORT**

TO THE MEMBERS OF

### **HINDUSTHAN UDYOG LIMITED**

- 1.0 We have audited the attached Balance Sheet of Hindusthan Udyog Limited as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. Those 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.
- 2.0 We have conducted our audit in accordance with 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.
- 3.0 As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4.0 Further to our comments in the Annexure referred to above, we report that :
  - 4.1 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;
  - 4.2 In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - 4.3 The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 4.4 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 section 211 (3C) of the Companies Act, 1956;
  - 4.5 On the basis of written representations received from the directors, as on 31st March, 2008, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - 4.6 The Company, in the absence of any notification, as stated in the Note No. B-4 of Notes on Accounts (Schedule 'N'), has neither paid any cess payable under section 441A of the Companies Act, 1956 nor provided for the same in the Accounts.
  - 4.7 In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with the Accounting Policies, Notes on Accounts and Other Schedules ( From A to M ) attached thereto 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 ;
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
    - (c) in the case of the Cash Flow Statement, of the Cash flows for the year ended on the date.

Place : Kolkata  
Date : 20th June, 2008

For S. GHOSE & CO.  
*Chartered Accountants*  
CHANDAN CHATTOPADHAY  
*Partner.*  
Membership No. 051254

**ANNEXURE TO THE AUDITORS' REPORT  
TO THE MEMBERS OF  
HINDUSTHAN UDYOG LIMITED**

(Referred to in paragraph 3.0 of our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.  
(c) The Company has not disposed off a substantial part of fixed assets during the year.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to information and explanation given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.  
(c) The Company is maintaining proper records of inventory and discrepancies found in physical verification have been properly dealt with in the accounts.
3. As per information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act., 1956. Consequently, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (f) and (iii) (g) of paragraph 4 of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal Control system.
5. According to the information and explanation given to us, there is no contract or arrangement during the year, the particulars of which are required to be entered the register maintained under section 301 of the Companies Act, 1956. Consequently, clause (v) (b) of paragraph 4 of the Order is not applicable.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in terms of section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. The Company does not have any internal audit system commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (l) (d) of the Companies Act, 1956.
9. (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Custom Duty, Excise Duty, Service Tax, Cess and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, there are no disputed dues in respect of income tax, custom duty, wealth tax, excise duty, service tax and cess. However, the details of sales tax liabilities which have not been deposited by the Company on account of dispute are shown in Enclosure-I.

## **HINDUSTHAN UDYOG LTD.**

10. The Company has no accumulated losses as on 31 March, 2008, and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. 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.
13. The Provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investment.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to information and explanations given to us, the Company has not taken any term loan during the year.
17. 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 short term funds have been used for long term purposes.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act., 1956.
19. The Company has not issued any debenture.
20. The Company has not raised any fund by public issue.
21. 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.

Place : Kolkata  
Date : 20th June, 2008

For S. GHOSE & CO.  
*Chartered Accountants*  
CHANDAN CHATTOPADHAY  
*Partner.*  
Membership No. 051254



**Enclosure – I (Ref. Clause 9 (b) of Annexure to Auditor’s Report)**

Statement of Disputed Liabilities for Sales Tax.

Name of Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where Dispute is pending
1. West Bengal Sales Tax Act. 1994	Assessed Dues	5,92,743	1995-1996	WBCT (A&R) Board
2. –do–	–do–	10,000	1997-1998	Applied for S.O.D.
3. –do–	–do–	68,939	2001-2002	Applied for S.O.D.
4. –do–	–do–	97,694	2002-2003	ACCT
5. –do–	–do–	55,182	2003-2004	ACCT
6. –do–	–do–	23,12,734	2004-2005	DCCT/CD
7. Central Sales Tax Act.1956	–do–	3,05,601	1993-1994	WBCT (A&R) Board
8. –do–	–do–	6,62,455	1994-1995	–do–
9. –do–	–do–	2,67,355	1995-1996	–do–
10. –do–	–do–	69,281	1997-1998	Applied for S.O.D.
11. –do–	–do–	80,13,665	20042005	DCCT/CD

# HINDUSTHAN UDYOG LTD.

Balance Sheet as at 31st March, 2008

Previous Year Rs.		SCHEDULE	Current Year Rs.
	<b>SOURCES OF FUNDS</b>		
	<b>SHAREHOLDERS' FUNDS</b>		
6,32,71,000	Capital	<b>A</b>	6,32,71,000
4,66,42,147	Reserve & Surplus	<b>B</b>	11,51,70,917
10,99,13,147			
	<b>LOAN FUNDS</b>		
9,97,65,774	Secured Loans	<b>C</b>	10,43,09,657
<b>20,96,78,921</b>			<b>21,94,80,574</b>
	<b>APPLICATION OF FUNDS</b>		
	<b>FIXED ASSETS</b>		
12,25,07,503	Gross Block	<b>D</b>	12,81,45,560
8,54,44,856	Less : Depreciation		8,94,55,081
3,70,62,647	Net Block		3,86,90,479
1,74,26,490	Capital Work-in-Progress		2,52,87,973
3,45,90,852	<b>INVESTMENTS</b>	<b>E</b>	4,64,29,492
9,60,000	<b>DEFERRED TAX (Refer Note B-16 of Sch-'N')</b>		14,72,000
18,86,34,361	Current Assets, Loans and Advances	<b>F</b>	18,87,91,900
6,89,95,429	Less: Current Liabilities and Provisions	<b>G</b>	8,11,91,270
11,96,38,932	<b>NET CURRENT ASSETS</b>		10,76,00,630
<b>20,96,78,921</b>			<b>21,94,80,574</b>

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**N**

The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our report of even date  
For S. GHOSE & CO.  
Chartered Accountants

CHANDAN CHATTOPADHAY  
Partner  
Membership No. : 051254

SHASHI SHARMA  
Company Secretary

For on behalf of the Board  
V. N. AGARWAL  
RITU AGARWAL  
Directors

Place : Kolkata  
Date : 20th June, 2008

*Profit & Loss Account for the year ended 31st March, 2008*

Previous Year Rs.	SCHEDULE	Current Year Rs.
<b>INCOME</b>		
36,04,15,774	Sale of Goods & Services and other Income <b>H</b>	28,15,80,202
<b>EXPENDITURE</b>		
17,03,84,739	Materials & Stores Consumed <b>I</b>	13,33,72,968
17,52,793	Tools & Implements Consumed <b>J</b>	26,27,194
1,05,06,830	Purchase of Trading Items	
(30,87,764)	Movement in Stock <b>K</b>	(1,17,37,353)
4,51,47,237	Excise Duty	3,81,81,953
7,49,08,018	Manufacturing & Operating Expenses <b>L</b>	6,00,05,591
4,41,64,573	Administrative, Selling & Other Expenses <b>M</b>	4,40,04,857
20,44,275	Interest	40,27,094
44,00,138	Depreciation <b>D</b>	48,71,260
<u>35,02,20,837</u>		
1,01,94,937	<b>PROFIT/(LOSS) BEFORE TAX AND APPROPRIATION</b>	<u>62,26,638</u>
Less : Provision for Taxation		
33,70,000	Current Tax	7,00,000
5,43,000	Fringe Benefit Tax	7,15,000
<u>39,13,000</u>		<u>14,15,000</u>
4,52,300	Less : Deferred Tax	5,12,000
<u>67,34,237</u>	Profit / (Loss) after Tax	<u>53,23,638</u>
86,66,860	Add: Bal.brought forward from previous year	1,54,01,097
<u>1,54,01,097</u>	Available for appropriation	<u>2,07,24,735</u>
<u>1,54,01,097</u>		<u>2,07,24,735</u>
1.06	Basic/Diluted earnings per Equity Share (Rupees)	0.84

**ACCOUNTING POLICIES AND NOTES ON  
ACCOUNTS**

The Schedules referred to above form an  
integral part of the Profit and Loss Account.

In terms of our report of even date  
For S. GHOSE & CO.  
Chartered Accountants

**CHANDAN CHATTOPADHAY**  
Partner  
Membership No. : 051254

**SHASHI SHARMA**  
Company Secretary

For on behalf of the Board  
**V. N. AGARWAL**  
**RITU AGARWAL**  
Directors

Place : Kolkata  
Date : 20th June, 2008

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Balance Sheet as at 31st March, 2008

2007-2008

Previous Year Rs.			Current Year Rs.
	<b>SCHEDULE 'A'</b>		
	<b>SHARE CAPITAL</b>		
	<b>AUTHORISED</b>		
7,50,00,000	75,00,000 Equity Shares of Rs. 10/- each.		7,50,00,000.00
	<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
6,32,71,000	63,27,100 Equity Shares of Rs. 10/- each.		6,32,71,000.00
	Of the above —		
	(i) 8,77,400 shares were allotted as fully paid up pursuant to contracts without payment being received in cash Rs. 87,74,000/-		
	(ii) 10,000 shares were allotted as fully paid up Bonus shares by Capitalisation of reserve Rs. 100,000/-		
<u>6,32,71,000</u>			<u>6,32,71,000.00</u>
	<b>SCHEDULE 'B'</b>		
	<b>RESERVES &amp; SURPLUS</b>		
53,11,849	CAPITAL RESERVE	52,37,976	
73,873	Less : Adjusted with Depreciation	65,868	51,72,108
<u>52,37,976</u>			
1,38,41,000	SHARE PREMIUM		1,38,41,000
1,21,62,074	GENERAL RESERVE		1,21,62,074
1,54,01,097	PROFIT & LOSS ACCOUNT		<u>2,07,24,735</u>
<u>4,66,42,147</u>			<u>5,18,99,917</u>
	<b>SCHEDULE 'C'</b>		
	<b>SECURED LOANS</b>		
	<b>UNITED BANK OF INDIA</b>		
9,92,50,934	<b>Cash Credit</b> (Secured by first charge over Company's Present & future entire stock and Book Debts and Charge on the Fixed Assets at Dakshindari, Durgapur and Behala Unit of the Company and Personal Guarantee of one Director)		10,19,28,318
	<b>TERM LOANS</b>		
3,23,903	<b>I.C.I.C.I BANK</b> Secured by hypothecation of motor vehicles		22,38,565
1,90,937	<b>H.D.F.C. Bank</b> Secured by hypothecation of motor vehicles		1,42,774
<u>9,97,65,774</u>			<u>10,43,09,657</u>

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Balance Sheet as at 31st March, 2008 SCHEDULE 'D'

2007-2008

	Gross Block			Depreciation			Net Block	
	Aa at		As at	As at		As at	As at	As at
	31.03.2007	Addition	31.03.2008	31.03.2007	Addition	31.03.2008	31.03.2008	31.03.2007
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>1. LAND &amp; BUILDINGS</b>								
i) LAND FREEHOLD	61,79,192	—	61,79,192	—	—	—	61,79,192	61,79,192
ii) LAND LEASEHOLD	39,031	—	39,031	—	—	—	39,031	39,031
iii) BUILDINGS	3,30,18,727	—	3,30,18,727	2,31,77,080	9,18,584.00	—	2,40,95,664	98,41,647
<b>2. PLANT &amp; MACHINERY</b>								
i) MACHINERY	5,97,05,242	3,92,711	6,00,97,953	4,66,50,850	18,64,352	—	4,85,15,202	1,30,59,392
ii) COMPUTER INSTALLATION	34,12,468	12,950	34,25,418	22,73,732	3,75,398	—	26,49,130	11,38,736
iii) VEHICLES	91,66,309	27,60,316	1,09,92,750	60,06,167	11,69,491	9,26,903	62,48,755	31,60,142
<b>3. FURNITURE FIXTURE &amp; OFFICE EQUIPMENTS</b>								
	1,09,23,321	34,05,955	1,43,29,276	73,37,027	6,09,303	—	79,46,330	35,86,294
	<b>12,24,44,290</b>	<b>65,71,932</b>	<b>12,80,82,347</b>	<b>8,54,44,856</b>	<b>49,37,128</b>	<b>9,26,903</b>	<b>8,94,55,081</b>	<b>3,69,99,434</b>
<b>4. ASSETS DISCARDED</b> (Estimated Net realisable value)	63,213		63,213				63,213	63,213
<b>TOTAL</b>	<b>12,25,07,503</b>	<b>65,71,932</b>	<b>12,81,45,560</b>	<b>8,54,44,856</b>	<b>49,37,128</b>	<b>9,26,903</b>	<b>8,94,55,081</b>	<b>3,70,62,647</b>
<b>Previous Year</b>	<b>11,69,86,561</b>	<b>59,91,846</b>	<b>12,25,07,503</b>	<b>8,14,39,940</b>	<b>44,74,011</b>	<b>4,69,095</b>	<b>8,54,44,856</b>	<b>3,70,62,647</b>

NOTE :- The major items like land, Building (including factory shed) Plant & Machinery were revalued on 31st August, 1985 ( except Durgapur Unit ).

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Balance Sheet as at 31st March, 2008

2007-2008

## SCHEDULE 'E'

### INVESTMENTS AT COST

#### QUOTED :

Previous Year Rs.	ORDINARY SHARES, Fully Paid	No. of Shares	Face Value Rs.	Current Year Rs.
2,86,777	Tea Time Ltd.	1,14,000	10	2,86,777
2,94,180	Phosphate Co. Ltd.	26,400	10	2,94,180
3,43,329	Northern Projects Ltd.	1,39,900	10	3,43,329
3,67,323	Asutosh Enterprises Ltd.	1,50,000	10	3,67,323
4,74,186	Neptune Exports Ltd.	2,30,500	10	4,74,186
4,88,711	Orient International Ltd.	1,65,000	10	4,88,711
8,82,248	Bengal Steel Industries Limited.	3,45,000	10	8,82,248
1,47,51,021	WPIL LTD.	38,61,659	10	3,57,48,081
12,56,503	Ador Welding Limited	3,000	10	12,56,503
2,38,634	N.E.P.C. India Limited	5,000	10	2,38,634
12,26,319	Hindal Co. Industries Limited	6,500	1	12,98,319
4,97,811	Simplex Infra Limited	1,835	2	4,97,811
21,22,953	Parsvnath Developers Ltd.	4,000	10	21,22,953
12,32,040	Tata Steels Limited	3,000	10	—
9,07,716	Essar Oil Limited	20,000	10	—
7,69,829	Kirloskar Bros. Limited	2,525	2	—
5,13,925	Bellary Steels Limited	5,50,000	1	—
5,06,500	Ispat Industries Limited	25,000	10	—
3,31,111	TCS (Bonus 200 Shares)	400	1	—
48,69,359	Reliance Petroleum Ltd.	50,000	10	—
<b>3,23,60,475</b>				<b>4,42,99,055</b>

#### UNQUOTED :

##### Equity Shares

7,15,500	Hindusthan Parsons Ltd.	3,50,000	10	7,15,500
3,25,000	H. S. M. International Pvt. Ltd.	1,52,500	10	3,25,000
3,01,500	Tamilnadu Alkaline Batteries Ltd.	3,00,000	10	3,01,500
2,50,000	Spaans Babcock India Ltd.	25,000	10	2,50,000
3,51,750	Sagarpriya Distributors Private Limited	35,000	10	3,51,750
1,00,000	Bengal Central Building Society Ltd.	10,000	10	1,00,000
45,887	Kabini Papers Ltd., in Liquidation	42,135	10	45,887
20,000	AKA Washeries India Pvt. Ltd.	2,000	10	20,000
20,000	Huwood Hindusthan Pvt. Ltd.	2,000	10	20,000
800	Macneill Electricals LTD	8	100	800
99,940	Macneill Engineering Ltd.	10,002	10	—
<b>22,30,377</b>				<b>21,30,437</b>

**3,45,90,852** **T O T A L :** **4,64,29,492**

16,50,00,186 Aggregate market value of quoted Investment 13,67,80,060

## Schedules Forming Part of the Balance Sheet as at 31st March, 2008

2007-2008

Previous Year Rs.	<b>SCHEDULE 'F'</b>		Current Year Rs.
	<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
	<b>CURRENT ASSETS :</b>		
	<b>INVENTORIES (See Note A. 5 Sch. 'N')</b>		
52,58,378	Tools & Implements	78,81,581	
4,19,12,633	Raw Materials	3,07,03,810	
6,507	Finished Goods	6,507	
<u>1,92,09,000</u>	Semifinished Goods	<u>3,09,46,353</u>	6,95,38,251
	<b>SUNDRY DEBTORS : (Considered Good)</b>		
1,32,58,398	Over six months	2,19,72,730	
<u>7,30,28,647</u>	Other Debts	<u>5,43,62,976</u>	7,63,35,706
	<b>CASH AND BANK BALANCES</b>		
4,90,005	Cash in hand (As certified)	10,21,476	
22,70,117	Current Accounts with Scheduled Banks	17,36,998	
67,775	Margin Money against L/C with UBI	97,776	
<u>15,10,000</u>	Fixed Accounts with Scheduled Banks	<u>15,00,000</u>	43,56,250
	<b>LOANS &amp; ADVANCES :</b>		
	Advances recoverable in Cash or in kind or for value to be received : (Considered Good)		
18,78,148	Advance to Suppliers	10,33,691	
1,38,165	Advance against Expenses	1,03,339	
2,85,078	Advance to Employees	2,32,123	
1,40,53,422	Other Advance	2,05,49,705	
<u>33,85,877</u>	Advance Income Tax	<u>73,24,460</u>	2,92,43,318
	<b>DEPOSITS</b>		
69,76,075	Security Deposit	79,62,295	
<u>49,06,136</u>	Other Deposit	<u>13,56,080</u>	93,18,375
<u><b>18,86,34,361</b></u>	<b>TOTAL</b>		<u><b>18,87,91,900</b></u>

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Balance Sheet as at 31st March, 2008

2007-2008

Previous Year Rs.	SCHEDULE 'G'		Current Year Rs.
	<b>CURRENT LIABILITIES &amp; PROVISIONS :</b>		
	<b>A. CURRENT LIABILITIES :</b>		
	<b>Sundry Creditors</b>		
3,03,33,213	(a) For Goods	2,01,13,647	
53,35,974	(b) For Expenses	46,44,736	24,758,383
<u>3,56,69,187</u>			
2,54,40,624	Sundry Advance		4,78,08,220
10,06,371	Other Liabilities		4,84,416
2,40,000	Deposit for Godown		2,40,000
<u>6,23,56,182</u>			<u>7,32,91,019</u>
	<b>B. PROVISIONS</b>		
38,51,500	Provision for Income Tax		45,51,500
7,53,000	Provision for Fringe Benefit Tax		14,68,000
20,34,747	Provision for Gratuity		18,80,751
<u>66,39,247</u>			<u>79,00,251</u>
<u>6,89,95,429</u>	<b>Total (A + B) :</b>		<u>8,11,91,270</u>



*Schedules Forming Part of the Profit and Loss Account for the year ended 31st March, 2008* **2007-2008**

Previous Year Rs.	<b>SCHEDULE 'H'</b>	Current Year Rs.
	<b>SALE OF GOODS &amp; SERVICES AND OTHER INCOME</b>	
35,22,50,548	Sales of Goods (Net of Returns)	27,13,72,904
	<b>SALES OF SERVICES :</b>	
40,34,915	Service Charges & Re-imburement of Expenses	6,89,571
	<b>OTHER INCOME :</b>	
18,09,596	Profit on Sale of Share	61,76,329
13,02,108	Interest Receipt	12,66,793
—	Rent Receipt	12,13,500
78,191	Profit on Sale of Assets.	2,48,028
1,87,450	Dividend	63,736
—	Claim Receipt	2,58,316
2,32,921	Sundry Creditors & Liabilities Written Back	94,488
—	Provisions for Gratuity Written Back	1,53,996
9,674	Misc. Receipt	41,164
31,635	Prior Period Adjustment	1,377
4,58,195	Foreign Exchange Fluctuation Gain	—
10,847	Commission	—
9,693	Consignment Income	—
<u>41,30,311</u>		<u>95,17,727</u>
<b><u>36,04,15,774</u></b>		<b><u>28,15,80,202</u></b>

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Profit and Loss Account for the year ended 31st March, 2008 2007-2008

Previous Year Rs.	SCHEDULE 'I'		Current Year Rs.
	<b>MATERIALS AND STORES CONSUMED</b>		
3,62,26,277	Opening Stock		4,19,12,633
	Add: Purchase during the year		
11,65,48,482	Raw Materials & Components	6,52,05,492	
5,95,22,613	Sundry Stores	5,69,58,653	12,21,64,145
<u>21,22,97,372</u>			<u>16,40,76,778</u>
4,19,12,633	Less : Closing Stock		3,07,03,810
<u>17,03,84,739</u>			<u>13,33,72,968</u>

Previous Year Rs.	SCHEDULE 'J'		Current Year Rs.
	<b>TOOLS AND IMPLEMENTS CONSUMED</b>		
31,51,365	Opening Stock		52,58,378
38,59,806	Add: Purchase during the year		52,50,396
<u>70,11,171</u>			<u>1,05,08,774</u>
52,58,378	Less : Closing Stock		78,81,580
<u>17,52,793</u>			<u>26,27,194</u>

Schedules Forming Part of the Profit and Loss Account for the year ended 31st March, 2008 2007-2008

Previous Year Rs.	SCHEDULE 'K'		Current Year Rs.
	<b>MOVEMENT IN STOCK</b>		
	<b>OPENING STOCK</b>		
42,35,743	Finished Goods	6,507	
<u>1,18,92,000</u>	Semifinished Goods	<u>1,92,09,000</u>	1,92,15,507
1,61,27,743			
	<b>LESS : CLOSING STOCK</b>		
6,507	Finished Goods	6,507	
<u>1,92,09,000</u>	Semifinished Goods	<u>3,09,46,353</u>	3,09,52,860
1,92,15,507			
<u>(30,87,764)</u>	Decrease / ( Increase ) in Stock		<u>(1,17,37,353)</u>

Previous Year Rs.	SCHEDULE 'L'		Current Year Rs.
	<b>MANUFACTURING &amp; OPERATING EXPENSES</b>		
61,83,598	Export Freight, Forwarding, Inspection & Testing etc		11,57,276
1,42,48,878	Transportation, Freight & Service Charges :		88,69,151
1,31,82,999	Component Processing Expenses		1,12,81,337
5,90,328	Fuel & Truck Maintenance		5,18,544
1,16,66,886	Power & Fuel		1,19,96,056
19,87,515	Labour Contract Charges		—
91,11,525	Salaries, Wages & Bonus		97,11,220
12,65,026	Workmen Welfare Expenses		16,35,981
3,16,236	Factory & Godown Rent		3,16,236
9,58,630	Repairs to Buildings		32,94,789
19,54,721	Repairs to Machinery		22,00,455
1,32,38,625	Sales Tax		87,09,538
2,03,051	Misc. Factory Expenses		3,15,008
<u>7,49,08,018</u>			<u>6,00,05,591</u>

# HINDUSTHAN UDYOG LTD.

Schedules Forming Part of the Profit and Loss Account for the year ended 31st March, 2008 2007-2008

Previous Year Rs.	SCHEDULE 'M'	Current Year Rs.
	<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>	
27,53,088	Salaries & Bonus	31,66,583
6,09,500	Directors Remuneration & Fees	6,24,500
16,69,015	Provident Fund & E.S.I. Contribution	16,28,285
7,43,919	Gratuity	4,05,386
12,39,782	Staff Welfare & Medical Expenses	13,26,986
11,40,497	Service Charges	42,19,010
28,88,616	Liquidated Damages	6,77,855
35,61,094	Bad Debts	21,426
47,19,918	Commission	6,13,677
53,75,213	Repairing & Maintenance Charges	1,02,59,314
2,65,808	Electric Charges	3,64,364
8,38,175	Rent, Rates & Taxes	8,67,597
20,98,480	Bank Charges	13,67,978
98,96,953	Travelling & Conveyance Charges	1,25,19,798
13,54,867	Vehicle Expenses	12,76,334
7,89,194	Telephone & Telex Charges	9,07,168
4,95,856	Printing & Stationery	3,27,059
1,76,228	Postage & Telegrams	1,20,849
2,10,817	Insurance	97,204
2,78,545	Legal Charges	3,00,343
3,00,267	Advertisement	3,01,285
11,43,688	Subscription & Donation	8,85,275
	Auditors Remuneration :	
50,000	For Audit Fee	50,000
17,000	For Tax Audit Fee	17,000
10,000	For VAT Audit Fees	10,000
14,591	In other Capacity	41,200
32,626	Tender Purchase	9,225
13,00,423	General Expenses	15,99,156
1,85,028	Books & Periodicals	—
5,386	Claims & Discount	—
<b>4,41,64,573</b>		<b>4,40,04,857</b>

**SCHEDULE 'N'**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.**

**A. ACCOUNTING POLICIES**

1.
  - i) The accounts of the company is made under historical Cost Convention Method on Accrual Concepts.
  - ii) Liquidated damage or claims are accounted for on settlement of claims.
  - iii) Commission on sales is accounted for on submission of claims by/receipt of confirmation from agents/principals.
2. Depreciation on fixed assets is charged on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.
3. Investments of the Company are held as Long Term Investment and are carried over at Cost.
4. Tools and implements are written off at the rate of 25% every year.
5. The quantity of stock-in-trade, is determined from time to time by physical verification carried out by the management and the valuation of raw materials has been done at lower of cost and net realisable value. The cost formula used is FIFO. The valuation of semifinished goods and finished goods/trading items has been done at lower of cost and net realisable value.

Despatches not reaching the agents/customers within the close of the year are shown as Finished Goods In Transit, and valued at estimated total cost or net realisable value whichever is lower.

6. Transactions in foreign currency are recorded at the rates of exchange prevailing at the date of the transactions. Monetary items denominated in foreign currencies at the balance sheet date are translated at the balance sheet date rates. Any income or expense on account of exchange difference either on settlement or on translation at the balance sheet date is recognised in profit and loss account in the year in which it arises.
7. Provision for gratuity liability to employees is made on the basis of actuarial valuation based on the Accounting Standard (Revised) issued by the Institute of Chartered Accounts of India.
8. Impairment loss is recognised wherever the carrying amount of an asset is in excess of its recoverable amount and the same is recognised as an expense in the statement of Profit & Loss and carrying amount of the asset is reduced to its recoverable amount.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exists or have decreased.

**B. NOTES ON ACCOUNTS**

1. Contingent Liabilities :-
  - i. Letters of Guarantee outstanding as at 31.3.2008 Rs. 124.72 Lacs (Previous year Rs. 229.49 Lacs.)
  - ii. Claims not acknowledged as debts :- Disputed demand for Sales Tax, Rs. 124.55 Lacs (Previous year Rs. 33.73 Lacs) appealed against.
2. Provision for amortisation of long term leasehold land at Durgapur has not been made.
3. Depreciation amounting to Rs. 65,868/- (Previous year Rs. 73,873/-), being the amount of depreciation attributable to the revaluation as noted in Schedule 'D', has been debited to the Revaluation Reserve.
4. In the absence of any Gazette notification as required under section 441A(1) of the Companies Act, 1956, no provision for payment of cess has been made in the accounts.

# HINDUSTHAN UDYOG LTD.

2007-2008

5. Directors Remuneration :		Current Year		Previous Year	
		Rs.		Rs.	
	Salary	6,00,000		6,00,000	
	Sitting Fees	24,500		9,500	
		<u>6,24,500</u>		<u>6,09,500</u>	
6. Opening Stock		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
<b>1) Raw Materials</b>					
	Steel Materials	22.950 Mt	10,37,048	187.680 Mt	44,66,168
	Steel Tubes	28.500 Mt	12,92,897	48.680 Mt	23,10,885
	Scrap	475.752 Mt	2,33,33,457	400.119 Mt	1,87,12,783
	Sundry Stores		88,86,609		52,56,504
	Other Components/Materials		73,62,622		54,79,937
			<u>4,19,12,633</u>		<u>3,62,26,277</u>
<b>2) Semifinished Products</b>					
	Steel Structure & Steel Goods		53,00,000		2,72,000
	Steel Casting Goods		1,39,09,000		1,16,20,000
			<u>1,92,09,000</u>		<u>1,18,92,000</u>
<b>3) Finished Product</b>					
			<u>6,507</u>		<u>42,35,743</u>
7. Closing Stock					
<b>1) Raw Materials</b>					
	Steel Materials	3.246 Mt	99,133	22.950 Mt	10,37,048
	Steel Tubes	—	—	28.500 Mt	12,92,897
	Scrap	234.670 Mt	1,90,79,360	475.752 Mt	2,33,33,457
	Sundry Stores		28,71,528		88,86,609
	Other Components/Materials		86,53,789		73,62,622
			<u>3,07,03,810</u>		<u>4,19,12,633</u>
<b>2) Semifinished Products</b>					
	Steel Structure & Steel Goods		53,00,000		53,00,000
	Steel Casting Goods		2,56,46,353		1,39,09,000
			<u>3,09,46,353</u>		<u>1,92,09,000</u>
<b>3) Finished Products</b>					
			<u>6,507</u>		<u>6,507</u>

## 8. Licensed and Installed Capacity and Actual Production

	Licensed	CAPACITY			
		Installed		Production	
		Current Year	Previous Year	Current Year	Previous Year
Steel Structures	Not Applicable	1800 M/T	1,800 M/T	— M/T	8,52,670 M/T
Roller / Idlers	Not Applicable	1000 M/T	1,000 M/T	— M/T	2,99,360 M/T
Steel Castings	Not Applicable	1800 M/T	1,800 M/T	1,251 M/T	11,67,397 M/T

## 9. Raw Materials Consumed

	Current Year		Previous Year	
	Qty.	Rs.	Qty	Rs.
Steel Materials	155.680 Mt	54,66,400	1,011.600 Mt.	2,24,05,510
Steel Tubes	28.500 Mt	12,92,897	194.660 Mtr.	66,84,193
Sundry Stores		5,45,53,206		5,58,92,508
Components		31,45,555		2,81,01,455
Scrap	1,430.026 Mt	6,87,99,716	1,362.680 Mt	5,68,04,536
Packing Materials		1,15,194		4,96,537
		<b>13,33,72,968</b>		<b>17,03,84,739</b>
Indegeneous		133,372,968		17,03,84,739

## 10. Sale of Goods

- Steel Casting	1,240.550 Mt.	23,30,12,196	1,079.190 Mt.	21,86,93,191
- Conveyors of different description	—	—	12 Nos.	5,66,68,957
- Spares & Others for Conveyors		1,70,98,758		3,83,66,696
- Rollers with Brackets		—		89,14,256
- Tea		—	18.688 Mt	11,94,841
- Others		2,12,61,949		1,25,47,386
- Tea (Export)		—	304.928 Mt	1,58,65,222
		<b>27,13,72,903</b>		<b>35,22,50,549</b>

## 11. (a) Expenditure in Foreign Currency

1) Import of Machinery Components	37,26,384	—
2) Travelling (Foreign)	16,03,011	28,43,762

## (b) Earning in Foreign Currency

Tea (Export)	—	1,58,65,222
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**12. Related Party Disclosure :**

The management is of the opinion that considering the shareholding and composition of Board of Directors, the company can not be considered to be an associate or to have control over any other enterprise. The transactions with Key Management personnel are disclosed.

**a) Key Management Personnel & Their Relatives :**

V. N. Agarwal	Managing Director
Prakash Agarwal	Director - Son of Mr. V. N. Agarwal
Ritu Agarwal	Director - Wife of Mr. Prakash Agarwal

**b) Transactions with Related Parties :**

Payments to Key Management Personnel

Remuneration	Rs.	6,00,000
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**13. Segment Reporting :**

Since the Company has only one reportable primary business segment (Engineering) and the basis of reporting for the services segment being negligible for the current year, the management does not desire to disclose the segment information as per Accounting Standard - 17 "Segment Reporting" issued by ICAI.

**14. Earning Per Share :**

Profit after Taxation	Rs.	53,23,638
Weighted average number of equity Share outstanding		63,27,100
Basic & Diluted earnings per share (Face Value Rs. 10/-)	Rs.	0.84

**15. Deferred Tax :**

The only major component of deferred Tax asset credited in Profit & Loss Account is the timing difference in charging depreciation between Companies Act & Income Tax Act.

16. Considering the external and internal impairment indicators, the management is of the opinion that no asset has been impaired as at 31st March 2008. Consequently, no impairment loss has been recognized in the statement of Profit & Loss for the year ended 31st March, 2008.

17. Previous year's figures, wherever necessary, have been regrouped / rearranged.



**Balance Sheet abstract and Company's General Business Profile****i) Registration Details :**

Registration No. : 15767 State Code : 21  
 (Refer code list)  
 Balance Sheet Date : 31 03 2008  
 Date Month Year

**ii) Capital raised during the year (Amount in Rs. Thousand)**

Public Issue : NIL Right Issue : NIL  
 Bonus Issue : NIL Private Placement : NIL

**iii) Position of Mobilisation and Development of funds (Amount in Rs. Thousand)**

Total Liabilities : 300,672 Total Assets : 300,672

**Sources of Funds**

Paid up Capital : 63,271 Reserves & Surplus : 51,900  
 Secured Loans : 104,310 Unsecured Loans : —

**Application of Funds**

Net Fixed Assets : 63,978 Investments : 46,429  
 Net Current Assets : 109,074 Misc. Expenditure : —  
 Accumulated Losses : NIL

**iv) Performance of Company (Amount in Rs. Thousand)**

Turnover : 2,81,580 Total Expenditure : 275,354  
 +/- : + Profit/Loss before Tax : 6,226 +/- : + Profit/Loss after Tax : 5,324  
 Earning per Share (in Rs.) : 0.84 Dividend rate % : 0

**v) Generic Names of three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	Product Description
8428	MATERIAL HANDLING EQUIPMENT
8421	AIR POLLUTION CONTROL EQUIPMENT
7325	CAST ARTICLES OF IRON OR STEEL
0902	TEA
8704	TRANSPORTATION

Place : Kolkata  
 Date : 20th June, 2008

SHASHI SHARMA  
 Company Secretary

For on behalf of the Board  
 V. N. AGARWAL  
 RITU AGARWAL  
 Directors

# HINDUSTHAN UDYOG LTD.

2007-2008

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	For the year ended 31-03-2008	For the year ended 31-03-2007
<b>A) Cash Flow from Operating Activities</b>		
Net Profit before Interest & Tax	1,02,53,732	1,22,39,212
Adjustments for :		
Provision for gratuity	(1,53,996)	(92,723)
Depreciation	48,71,260	44,00,138
Investment Written off	—	12,000
Loss/(Profit) on Sale of Investments	(61,76,329)	(18,09,596)
Loss/(Profit) on Sale of Fixed Assets	(2,48,028)	(78,191)
Dividend Received	(63,736)	(1,87,450)
Interest Received	(12,66,793)	(13,02,108)
Operating Profit before Working Capital Changes	<u>72,16,110</u>	<u>1,31,81,282</u>
Adjustments for :		
Trade & Other Receivables	66,15,259	9,24,23,788
Inventories	(31,51,732)	(1,08,81,133)
Trade Payables	1,09,34,837	(13,36,08,091)
Cash Generated from/ (used) in Operations	2,16,14,474	(3,88,84,154)
Interest Paid	(40,27,094)	(20,44,275)
Income Tax Paid / Adjusted	(36,02,712)	—
<i>Net Cash From/ (used) in operating activities</i>	<u>1,39,84,668</u>	<u>(4,09,28,429)</u>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,44,33,417)	(1,88,24,799)
Sale of Fixed Assets	2,55,000	80,000
Purchase of Investments	(2,10,69,060)	(1,33,76,153)
Sale of Investments	1,54,06,749	4,22,44,562
Dividend Received	63,736	1,87,450
Interest Received	12,66,793	13,02,108
<i>Net Cash used in Investing Activities</i>	<u>(1,85,10,199)</u>	<u>1,16,13,168</u>

**CASH FLOW STATEMENT (Contd.)****C) Cash Flow from Financing Activities**

Proceeds from Long Term Borrowings (Net)	18,66,499	72,354
Proceeds from Short Term Borrowings (Net)	26,77,384	1,57,73,090
<b>Net Cash from Financing Activities</b>	<b>45,43,883</b>	<b>1,58,45,444</b>

**Net Increase/ (Decrease) in cash and Cash Equivalents (A + B + C)**

	18,352	(1,34,69,817)
Cash and Cash Equivalents as at the beginning of the year		
(Opening Balance) - Cash and Bank Balances	43,37,898	1,78,07,715
(Closing Balance) - Cash and Bank Balances	43,56,250	43,37,898

In terms of our report of even date  
For S. GHOSE & CO.  
Chartered Accountants

CHANDAN CHATTOPADHAY

Partner

Membership No. : 051254

For on behalf of the Board  
V. N. AGARWAL  
RITU AGARWAL  
Directors

Place : Kolkata

Date : 20th June, 2008

SHASHI SHARMA  
Company Secretary

**AUDITORS' CERTIFICATE**

We have examined the above Cash flow Statements of **Hindusthan Udyog Ltd.** for the year ended 31st March, 2008. The Statement has been prepared by the Company in accordance with the requirement of clause 32 of listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 20th June, 2008 to the members of the Company.

Place : Kolkata

Dated : 20th June, 2008.

**S. GHOSE & CO.**  
Chartered Accountants.  
**CHANDAN CHATTOPADHAY**  
Partner  
Membership No. 051254