



HINDUSTHAN UDYOG LIMITED
Annual Report 2008-2009

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 :

SHIKHA BAJAJ

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.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 62nd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2009.

	<u>2008 - 2009</u>	<u>2007 - 2008</u>
FINANCIAL RESULTS	Rs.	Rs.
Profit before Interest and Depreciation	8,74,71,409	1,51,24,992
Deduction :		
Interest	1,97,99,988	40,27,094
Depreciation	1,62,30,755	48,71,260
Provision for Income Tax for the Year	—	7,00,000
Provision for Fringe Benefit Tax	9,60,773	7,15,000
Provision for Deferred Tax	14,72,000	(5,12,000)
Tax for Earlier Year	1,40,388	—
Net Profit after Tax	4,88,67,505	53,23,638
Add : Brought forward Profit /(Loss)	(39,93,44,378)	1,54,01,097
Balance carried forward to Balance Sheet	(35,04,76,873)	2,07,24,735

AMALGAMATION OF ACC-NIHON CASTINGS LIMITED WITH THE COMPANY :

ACC-Nihon Castings Limited (ANCL), a Company engaged in the business of manufacture and sale of castings has merged with your Company pursuant to an Order dated 23rd March, 2009 passed by the Hon'ble High Court at Calcutta which has become effective on 20th April, 2009.

In the long run, the amalgamation will prove to have beneficial results for the Company and its Shareholders as the same has resulted in the formation of a larger and stronger Company having greater capacity for conducting its operations more effectively and efficiently.

The Scheme being operative from the Appointed Date i.e. 1st April, 2008, the Audited Financial Results of the Company for the year ended 31st March, 2009 are Post Merger and hence the figures of the current year are not comparable with that of the Previous Year.

Consequent to amalgamation of ANCL with the Company, the Authorised Share Capital of the Company stands increased from Rs. 7.50 Crores to Rs. 54.50 Crores.

COMPANY PERFORMANCE :

The performance of Alloy Steel Foundry Division including the Nagpur Unit has shown improvement whereas the performance of Material Handling Division being low tech business remained subdued. The Durgapur Unit however continued to remain closed during the year.

In this period of economic recession, your Directors still hope to achieve better results in the years to come.

DIVIDEND :

As on 31st March, 2009, the Company has huge amount of Accumulated Losses. The same is due to the inclusion of the Brought Forward Losses of ANCL in the Accounts of your Company for the Current Year. In view of the brought forward unabsorbed accumulated losses, the Directors express their inability to recommend any 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 Alloy and Stainless Steel Castings of highest grades required in Heavy Earth Equipment, Pumps and Compressors and other Heavy Engineering Industries. It is also engaged in the manufacturing of Material Handling Equipments of varied nature required In the Mines, Cement Plants, Power and Other Engineering Sectors. The manufacturing units are located in Kolkata and Nagpur.

B. REVIEW OF OPERATIONS & FUTURE PROSPECTS

The Alloy Steel Foundry Division of the Company has shown remarkable growth and improvement in its 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. The Nagpur Unit has installed two new Induction Furnaces with dual track and is confident of continuously improving its margins and enhancing the profitability in the years to come. 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 infrastructure and facilities is what is being aimed at. The Foundry divisions are undergoing through a thorough process of improvement in their workings so as to yield better results in the near future.

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

- i) Ongoing recession though there are some signs of recovery.
- ii) Stagnancy in the Market Demand due to General Economic conditions.
- iii) Lack of demand for Company's products in the Export Market due to ongoing recession in USA and Europe.
- iv) Currency Fluctuations in adverse direction.

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 function is conducted by a Senior Management Team of the Company. The reports of such audit, 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 were 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 Agreement with the Stock Exchanges forms part of the Annual Report 2008-2009 along with the Auditors' Certificate on its compliance in Annexure "B".

DIRECTORS:

Shri A. K. Ghosh and Shri Binaya Kapoor Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A Brief Resume of the above mentioned Directors seeking re-appointment is attached to the Notice of the ensuing Annual General Meeting.

HINDUSTHAN UDYOG LTD.

DIRECTORS RESPONSIBILITY STATEMENT :

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

- (i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2009, 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 the 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 your 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, 2009 on a "going concern" basis.

AUDITORS :

Messrs S. Ghose & Co., Chartered Accountants, Auditors of the Company, hold office till the conclusion of this Annual General Meeting. They have expressed their willingness to continue as the Statutory Auditors of the Company, if so reappointed and have furnished to the Company the requisite certificate to the effect that their re-appointment if effected would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956. Accordingly, approval of the Shareholders will be sought at the ensuing Annual General Meeting of the Company to the re-appointment of and remuneration payable to Messrs S. Ghose & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

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

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 are not applicable to your Company.

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

Particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required 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 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 2008-09 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.

FOR AND ON BEHALF OF THE BOARD

V. N. AGARWAL
RITU AGARWAL
DIRECTORS

Place : Kolkata
Date : 29th June, 2009

ANNEXURE-A

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

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 Directors' Report.

ENERGY CONSERVATION MEASURES TAKEN :

All units of the Company continued the endeavour to improve specific energy consumption, a measure of energy used per unit of consumption.

Measures taken at the Units located in Kolkata 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.

Measures taken at the Unit located in Nagpur are :

- i) Installation of Induction Furnaces for melting and the bulk production done through these Induction Furnaces instead of Electric ARC Furnace.
- ii) Rationalization of Pump Capacities and use in many areas of pumps with lower power ratings with the same efficiency.
- iii) Use of duplex billets instead of Loose Scrap for manufacturing of Duplex Steel Castings.

Energy Conservation measures initiated across the Company's business has resulted in significant savings which has 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.

POWER CONSUMPTION	For the year ended 31.03.2009	For the year ended 31.03.2008
1) Electricity		
Units purchased (KWH in Lakhs)	96.39	22.06
Total Amount (Rs. In Lakhs)	464.33	114.08
Rate/Unit (Rs.)	4.82	5.17
2) Light Diesel Oil		
[in respect of 2087 MT produced at the Nagpur Unit]		
Units purchased (Ltrs. In Lakhs)	0.87	NA
Total Amount (Rs. In Lakhs)	35.20	NA
Rate/Unit (Rs.)	40.46	NA
3) Consumption/Unit of production		
Product (Units) :		
Steel, Alloy and Cast Iron Castings (MT)	2981	1251
Electricity (KWH/MT)	3233	1763
Light Diesel Oil (Ltrs/MT)	42	NA

HINDUSTHAN UDYOG LTD.

TECHNOLOGY ABSORPTION :

Research and Development:

- a) Research and Development is continuously carried on for the improvement in quality of the existing products and production process for better productivity and raw material efficiency and the Company has benefited from the same in terms of improvement in quality and efficiency in production.

Further, the Nagpur Unit of the Company has also developed many new products such as Pump Castings in SG D2, CF8M, Impellers and Bowls in Duplex Stainless Steel, Pump Castings, and end shields in Plain SG Iron. The development of Pump Castings in duplex stainless steel and 4th stage DVMX Pump Casting by the said Unit is also under process.

- b) The Company plans to develop Big size D2 Castings and to further strengthen its Research and Development wing for improving the production procedure and also cost saving in achieving the production target.
- c) Expenditure of Research and Development has been charged under primary heads of accounts.

Technology absorption, adaptation and Innovation

- a) The several technologies imported by the Company in the past have been fully absorbed. Further, the Company has not imported any new technology during the last five years reckoned from the beginning of the Current Financial Year i.e. 1st April, 2008.
- b) The Company has the benefit of technology for manufacturing of high quality equipments which are equivalent to globally accepted standards.

Foreign Exchange Earnings and Outgo :

Total Foreign Exchange earned	2935.71 Lakhs
Total Foreign Exchange used	36.73 Lakhs

V. N. AGARWAL
RITU AGARWAL
DIRECTORS

ANNEXURE "B"

HINDUSTHAN UDYOG LIMITED

REPORT ON CORPORATE GOVERNANCE

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 organization. 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 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 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 declarations are placed before the Board. Shri A. K. Chakravarty, Shri A. K. Ghosh and Shri Binaya Kapoor are Independent Directors.

The Composition of the Board and the category of Directors as on 31.03.2009 are as follows :-

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

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The further details relating to Composition of the Board as on 31.03.2009 are as follows :-

Sl. No.	Name of the Board Members	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 V.N. Agarwal	Managing Director & Promoter	15	2	—
2.	Shri Prakash Agarwal	Non - Executive Director & Promoter	18	5	—
3.	Smt Ritu Agarwal	Non - Executive Director & Promoter	5	—	—
4.	Shri Binaya Kapoor	Non - Executive & Independent Director	1	2	—
5.	Shri A. K. Chakravarty	Non - Executive & Independent Director	3	1	—
6.	Shri A.K. Ghosh	Non Executive & Independent Director	5	—	—

3) DETAILS OF BOARD MEETINGS AND ANNUAL GENERAL MEETING HELD AND ATTENDED BY THE DIRECTORS DURING THE YEAR ENDED 31st MARCH, 2009

- (i) During the Financial Year 2008-09 Seven Board Meetings were held on :-
25th April, 2008, 20th June, 2008, 28th July, 2008, 3rd October, 2008, 31st October, 2008, 26th December, 2008 and 30th January, 2009.
- (ii) Details of Attendance record of the Directors at the Board Meetings and the last Annual General Meeting are as follows :-

Name of Board Members	No. of Board Meetings Attended	Attendance at the last AGM held on 29th August, 2008
Shri V. N. Agarwal	7	Yes
Shri Prakash Agarwal	7	Yes
Smt Ritu Agarwal	7	Yes
Shri Binaya Kapoor	3	No
Shri A. K. Chakravarty	7	Yes
Shri A. K. Ghosh	7	Yes

4) BOARD MEETINGS

- i) The Company's Governance policy requires the Board to meet at least four times in a year with a time gap between any two Board Meetings not exceeding four months.
- 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.

- i) Quality performance against plan
- ii) Treasury Policy
- iii) Internal Audit Findings
- iv) Status of business risk exposure and its managements.
- v) Write offs/disposals
- vi) Significant Court judgement and order.
- vii) 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 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 various Committees in other Companies.

8) POST MEETING FOLLOWUP SYSTEM

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

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 formalities and legal requirements concerning financial statements.
- (c) Recommending to the Board the appointment/re-appointment of Auditors

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- (d) Reviewing with the Management the Quarterly and the Annual Financial Statements before submission to the Board for approval.
- (e) Reviewing with the management the adequacy of internal control function.
- (f) Reviewing the internal audit function and the progress in the implementation of recommendations contained in the Internal Audit Report.
- (g) Efficiency and effectiveness of operations.
- (h) Safeguarding of the assets and adequacy of provision for all liabilities.
- (l) Reliability of financial and other management information and adequacy of disclosures
- (j) Compliance with all relevant statutes.

The Composition of the Audit Committee and the Attendance of the Members at the Audit Committee Meetings during the financial year ended 31st March, 2009 are furnished below :-

Name of the Director	No. of meetings attended	Chairman / Member	Category
Shri A.K. Chakravarty.	5	Chairman	Non Executive & Independent
Shri Prakash Agarwal	5	Member	Non Executive & Promoter
Shri A.K. Ghosh	5	Member	Non Executive & Independent

ii) INVESTORS GRIEVANCE 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 Shikha Bajaj has been designated as the Compliance Officer of the Company with effect from 22nd September, 2008.** During the year ended 31st March, 2009, no complaints/queries were received and accordingly no reply was pending as on 31st March, 2009. There were no transfer of shares pending for registration as on 31st March, 2009 and all transfers had been effected within a period of 30 days from the date of lodgement.

iii) REMUNERATION COMMITTEE

- * The Remuneration Committee determines on behalf of the Board of Directors and the Shareholders, the Company's policies on specific remuneration packages for Executive Directors. Further, the terms of reference of the Committee covers fixation of remuneration, perquisites, increments etc. of the Managing Director.
- * The Composition of the Remuneration Committee during the financial year ended 31st March, 2009 is as follows :-

Name of Director	Chairman / Member
Shri A.K. Chakravarty	Chairman
Shri Blnaya Kapoor	Member
Shri A.K. Ghosh	Member

- * During the Financial Year 2008-2009, one Remuneration Committee Meeting was held on 26th December, 2008.

- * The Board of Directors of the Company, subject to the approval of the Members to be obtained at the ensuing Annual General Meeting re-appointed Shri V. N. Agarwal the Managing Director of the Company for a period of three years with effect from 1st January, 2009. The terms and conditions of the re-appointment of Shri V. N. Agarwal as Managing Director including payment of remuneration and other perquisites/benefits to him was recommended by the Remuneration Committee and approved by the Board at their respective Meetings held on 26th December, 2008.

Details of Remuneration paid/payable to Shri V. N. Agarwal as Managing Director from 1st April, 2008 to 31st March, 2009 are as under :-

Salary	Perquisites	Total
Rs. 7,50,000/-	—	Rs. 7,50,000/-

- * No Commission is payable to any Director.
- * Apart from sitting fees no other remuneration is paid/payable to the Non-Executive Directors.
- * Sitting fees paid/payable to Non-Executive Directors during financial year ended 31st March, 2009 were as follows :-

Name of the Director	Sitting Fees paid
Shri Prakash Agarwal	Rs. 3,500/-
Smt Ritu Agarwal	Rs. 3,500/-
Shri Binaya Kapoor	Rs. 1,500/-
Shri A. K. Chakravarty	Rs. 3,500/-
Shri A. K. Ghosh	Rs. 3,500/-

10) GENERAL MEETINGS

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

Financial Year	Location	Date	Time
2007 - 2008	Registered Office at : Trinity Plaza, 3rd Floor, 84/IA, Topsia Road (South), Kolkata-700046.	29th August, 2008	10 a.m.
2006 - 2007	Registered Office at : Trinity Plaza, 3rd Floor, 84/IA, Topsia Road (South), Kolkata-700046.	27th August, 2007	4 p.m.
2005 - 2006	Registered Office at : 6, Old Post Office Street, Kolkata-700001.	31st August, 2006	4 p.m.

- ii) During the Financial Year 2008-2009, a Court Convened Meeting of the Equity Shareholders of the Company was held on Thursday, the 5th day of February, 2009 at 10.30 a.m. at the Registered Office of the Company for the purpose of approving the Scheme of Amalgamation of ACC-Nihon Castings Limited with Hindusthan Udyog Limited. The Meeting was duly convened and the Scheme was unanimously approved by the Shareholders present at the Meeting.

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

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 interests of the Company at large. However, suitable disclosures as required by Accounting Standard (AS)-18 on "Related Party Disclosures" have been made under Note B in Item No.15 of Schedule P 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 the 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 in the coming years. The details of compliance status are given herein under :

Particulars	Clause of Listing Agreement	Compliance Status (Yes/No)	Remarks
I. Board of Directors	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	Declaration as necessary has been made in the Directors Report
II. Audit Committee	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 (IID)	Yes	
(E) Review of Information by Audit Committee	Clause 49 (IIE)	Yes	

III. Subsidiary Companies	Clause 49 (III)	N.A.	The Company does not have any Subsidiary Company
IV. Disclosures	Clause 49 (IV)		
(A) Basis of related party transactions	Clause 49 (IVA)	Yes	
(B) Disclosure of Accounting Treatment	Clause 49 (IVB)	Yes	Not required as there is no deviation from Accounting Standard
(C) Board Disclosures	Clause 49 (IVC)	Yes	
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	Clause 49 (IVD)	N.A.	The Company has not made any such issues in the recent past
(E) Remuneration of Directors	Clause 49 (IVE)	Yes	Disclosures as necessary have been made in the Corporate Governance Report forming part of Annual Report.
(F) Management	Clause 49 (IVF)	Yes	Management Discussion and Analysis Report forms part of respective year's Directors' Report
(G) Shareholders	Clause 49 (IVG)	Yes	
V. CEO / CFO Certification	Clause 49 (V)	Yes	The Certificate as required has been provided to the Board for the year ended 31st March, 2009.
VI. Report on Corporate Governance	Clause 49 (VI)	Yes	Report on Corporate Governance forms part of the Annual Report
VII. Compliance	Clause 49 (VII)	Yes	Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report

12) MEANS OF COMMUNICATIONS

- (i) **Quarterly Results** : - Quarterly Results are announced within one month from the end of the relevant Quarter (except the last quarter) and are published in The Financial Express (English) and the Dainik Statesmen (Bengali). In place of the results for the last quarter, the Company opts to submit the Audited Financial results for the entire financial year.
- (ii) **Annual Reports** : - Annual Reports containing, inter alia Audited Annual Accounts, Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report.
- (iii) **Website** : - The shareholders information is 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.

13) GENERAL SHAREHOLDERS' 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	Wednesday
B.	Date	29th July, 2009
C.	Time	11.00 a.m.
D.	Venue	Registered Office at : Trinity Plaza, 3rd Floor, 84/IA, Topsia Road (South) Kolkata-700046.

(iii) Calendar for Financial Results for the Financial Year 2009-2010 :

Sl. No.	Particulars	Remarks
A.	1st, Quarter ending 30th June, 2009	Before end of July, 2009
B.	2nd Quarter and Half-year ending 30th September, 2009	Before end of October, 2009
C.	3rd Quarter ending 31st December, 2009	Before end of January, 2010
D.	4th Quarter and Annual Results for the year ending 31st March, 2010	Before end of June, 2010

- (iv) **Dates of Book Closure** : 16th July, 2009 to 29th July, 2009
(Both days inclusive for the purpose of AGM)
- (v) **Dividend payment date** : Not applicable since no dividend has been recommended for the year ended 31st March, 2009.
- (vi) **Name of the Stock Exchanges at which Equity Shares are listed and Scrip Code assigned to the Company's shares at the respective Stock Exchanges :**

The Equity Shares of the Company are listed at the following Stock Exchanges :

1. The Calcutta Stock Exchange Association Limited (CSE)
7, Lyons Range, Kolkata - 700001
Scrip Code: 10018142

2. The Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001
Scrip Code : 513039

The Company has paid the listing fees for the Financial Year 2009-2010 to both the Stock Exchanges.

(vii) **Market Price Data :**

There was no trading of the shares of the Company at the BSE and CSE during the year ended 31st March, 2009

(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/IA, Topsia Road (South),
Kolkata - 700 046.
Tel (033) 30216800/6808
Fax No: (033) 30216863
E-mail ID : kkg@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.

In terms of the requirement of Clause 47(c) of the Listing Agreement with Stock Exchanges, the Company obtains half yearly Certificates from a Company Secretary in practice for due compliance of share transfer formalities.

(x) **Distribution Schedule :**

The Distribution Pattern of the Equity Shares of the Company as on 31st March, 2009 is given below :

Sl. No.	No. of Equity Shares held	No. of Holders holders	Percentage of total	No. of Shares	% of Shareholding
1.	1 - 500	8	6.72	1,230	0.02
2.	501 - 1000	—	—	—	—
3.	1001 - 2000	2	1.68	2,325	0.04
4.	2001 - 3000	1	0.85	2,400	0.04
5.	3001 - 4000	—	—	—	—
6.	4001 - 5000	3	2.52	15,000	0.24
7.	5001 - 10000	2	1.68	19,052	0.30
8.	10001 - above	103	86.55	62,87,093	99.36
	Total	119	100.00	63,27,100	100.00

HINDUSTHAN UDYOG LTD.

(xi) Shareholding Pattern as on 31st March, 2009 :-

Sl. No.	Category	No. of Equity Shares held	Percentage of holding
A.	Promoters' holding :		
	1. Promoters		
	— Indian Promoters	31,26,785	49.42
	— Foreign Promoters	—	—
	2. Persons acting in concert	—	—
	Sub-Total	31,26,785	49.42
B.	Non-Promoters' holding :		
	3. Institutional Investors	—	—
	4. Others :		
	— Private Corporate Bodies	1,73,117	2.74
	— Indian Public	30,27,198	47.84
	— Any others	—	—
	Sub-Total	32,00,315	50.58
	GRAND TOTAL	63,27,100	100.00

(xii) **Dematerialization of Equity Shares :-**

As on 31st March, 2009, 100% of the Company's total shares representing 63,27,100 equity shares were held in physical form.

(xiii) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and like impact on Equity :**

NOT APPLICABLE [The Company has not issued any GDRs or ADRs]

(xiv) **Plant Locations :**

(a) 19, Dakshindari Road, Kolkata - 700048.

(b) Biren Roy Road (West) Ganipur, Mahestala, 24 Parganas (S)-700141

(c) A-1/2, Butibori Industrial Area, Ruikhairi, MIDC-Butibori, Dist Nagpur-441122

(xv) **Address for correspondence :**

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

HINDUSTHAN UDYOG LIMITED

Trinity Plaza, 3rd Floor
84/IA, Topsia Road (South),
Kolkata - 700046
Tel : (033) 30216800/6808
Fax No : (033) 30216863
E-mail ID : kkg@hul.net.in

The above report has been placed before the Board at its Meeting held on 29th June, 2009 and the same was approved.

Place : Kolkata
Date : 29th June, 2009

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 the 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 2008-2009.

For Hindusthan Udyog Limited

Place : Kolkata

Date : 29th June, 2009

**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 Statement for the Financial Year ended 31st March, 2009 and to the best of my knowledge and belief.
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of company's affairs and are 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, 2009 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and 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 : 29th June, 2009

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, 2009, 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 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 on 31st March, 2009 as per records maintained by the Shareholders/ Investors' Grievance 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.

For S. GHOSE & CO.
Chartered Accountants

CHANDAN CHATTOPADHYAY
Partner
Membership No. 051254

Place : Kolkata
Date : 29th June, 2009

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, 2009 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, 2009, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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-5 of Notes on Accounts (Schedule-P), 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 and Profit and Loss Account read together with the Accounting Policies, Notes on Accounts and Other Schedules (From A to O) 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, 2009; and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - (c) in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For S. GHOSE & CO.
Chartered Accountants

CHANDAN CHATTOPADHYAY

Partner

Membership No. 051254

Place : Kolkata

Date : 29th June, 2009

HINDUSTHAN UDYOG LTD.

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 any 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 for the 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 explanations given to us, there is no contract or arrangement during the year, the particulars of which are required to be entered in 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
10. The Company has accumulated losses as on 31st March, 2009, 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 investments.
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.

For S. GHOSE & CO.
Chartered Accountants

CHANDAN CHATTOPADHYAY
Partner
Membership No. 051254

Place : Kolkata
Date : 29th June, 2009

HINDUSTHAN UDYOG LTD.

STATEMENT OF DISPUTED LIABILITIES FOR SALES TAX

Sl. No.	Name of Statute	Nature of Dues	Amount (Rs.)	Period of which the amount relates	Where Dispute is pending	
1.	West Bengal Sales Tax Act 1994	Assessed Dues	2,312,734.00	2004-2005	DCCT/CD	
2.	Central Sales Tax Act 1956	Assessed Dues	138,187.07	1998-99	AIR BOARD	
3.	Central Sales Tax Act 1956	Assessed Dues	8,013,665.00	2004-2005	DCCT/CD	
4.	Central Sales Tax Act 1956	Assessed Dues	1,634,285.00	1998-99	Registrar, Maharashtra Sales Tax Tribunal, Mumbai	
5.	Central Sales Tax Act 1956	Assessed Dues	5,926,481.00	1999-00		
6.	Bombay Sales Tax Act, 1959	Assessed Dues	1,044,631.00	2000-01		
7.	Central Sales Tax Act 1956	Assessed Dues	1,612,522.00	2000-01		
8.	Bombay Sales Tax Act, 1959	Assessed Dues	528,489.00	2001-02		
9.	Central Sales Tax Act 1956	Assessed Dues	2,527,150.00	2001-02		
10.	Bombay Sales Tax Act, 1959	Assessed Dues	2,382,602.00	2002-03		
11.	Central Sales Tax Act 1956	Assessed Dues	2,388,421.00	2002-03		Deputy Commissioner of Sales tax (Appeal), Nagpur
			28,509,167.07			

HINDUSTHAN UDYOG LTD.

Balance Sheet as at 31st March, 2009

Previous Year Rs.		SCHEDULE		Current Year Rs.
	SOURCES OF FUNDS			
	SHAREHOLDERS' FUNDS			
6,32,71,000	Capital	A	13,17,67,250	
5,18,99,917	Reserves & Surplus	B	<u>42,49,44,025</u>	55,67,11,275
11,51,70,917				
	LOAN FUNDS			
10,43,09,657	Secured Loans	C		15,31,78,287
—	Unsecured Loans	D		<u>19,35,10,028</u>
21,94,80,574				<u>90,33,99,590</u>
	APPLICATION OF FUNDS			
	FIXED ASSETS			
12,81,45,560	Gross Block	E	52,32,67,617	
8,94,55,081	Less : Depreciation		<u>35,32,96,572</u>	
3,86,90,479	Net Block		16,99,71,045	
2,52,87,973	Capital Work-in-Progress		<u>23,02,143</u>	17,22,73,188
4,64,29,492	INVESTMENTS	F		5,69,46,681
14,72,000	DEFERRED TAX (Refer Note B-18 of Sch-'P')			—
18,87,91,900	Current Assets, Loans and Advances	G	45,75,29,080	
8,11,91,270	Less : Current Liabilities and Provisions	H	<u>13,39,90,738</u>	
10,76,00,630	NET CURRENT ASSETS			32,35,38,342
—	Miscellaneous Expenditure (To the extent not written off or adjusted)	I		1,64,506
—	PROFIT & LOSS ACCOUNT			35,04,76,873
21,94,80,574				<u>90,33,99,590</u>
	Accounting Policies and Notes on Accounts	P		
	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

SHIKHA BAJAJ
Company Secretary

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

Place : Kolkata
Date : 29th June, 2009

Profit & Loss Account for the year ended 31st March, 2009

Previous Year Rs.	SCHEDULE	Current Year Rs.
	INCOME	
28,15,80,202	Sales of Goods & Services and other Income J	65,87,60,593
	EXPENDITURE	
13,33,72,968	Materials & Stores Consumed K	30,37,16,613
26,27,194	Tools & Implements Consumed L	29,90,310
(1,17,37,353)	Movement in Stock M	32,40,204
3,81,81,953	Excise Duty	3,93,38,136
6,00,05,591	Manufacturing & Operating Expenses N	15,96,65,959
4,40,04,857	Administrative, Selling & Oth. Expenses O	6,23,37,962
40,27,094	Interest	1,97,99,988
48,71,260	Depreciation E	1,62,30,755
<u>27,53,53,564</u>		<u>60,73,19,927</u>
62,26,638	PROFIT/(LOSS) BEFORE TAX AND APPROPRIATION	5,14,40,666
	Less : Provision for Taxation	
(7,00,000)	Income Tax	—
(7,15,000)	Fringe Benefit Tax	(9,60,773)
—	Tax for Earlier Year	(1,40,388)
5,12,000	Deferred Tax	(14,72,000)
		<u>(25,73,161)</u>
53,23,638	Profit after Tax	4,88,67,505
1,54,01,097	Add Bal. brought forward from previous year	(39,93,44,378)
<u>2,07,24,735</u>	Available for appropriation	<u>(35,04,76,873)</u>
0.84	Basic/Diluted earning per Equity Share (Rupees)	6.81

**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

SHIKHA BAJAJ
Company Secretary

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

Place : Kolkata
Date : 29th June, 2009

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2009

Previous Year Rs.	SCHEDULE 'A'	Current Year Rs.
	SHARE CAPITAL	
	AUTHORISED	
7,50,00,000	75,00,000 Equity Shares of Rs. 10/- each.	—
—	4,85,00,000 Equity Shares of Rs. 10/- each.	48,50,00,000
—	60,00,000 Preference Shares of Rs. 10/- each.	6,00,00,000
<u>7,50,00,000</u>		<u>54,50,00,000</u>
	ISSUED, SUBSCRIBED & PAID UP	
6,32,71,000	63,27,100 Equity Shares of Rs. 10/- each.	6,32,71,000
	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. 1,00,000/-	
—	Equity Share Capital Suspense *	84,96,250
—	Preference Share Capital Suspense *	6,00,00,000
	* [Refer Note - B(b) of Schedule - P]	
<u>6,32,71,000</u>		<u>13,17,67,250</u>
	SCHEDULE 'B'	
	RESERVES & SURPLUS	
—	CAPITAL RESERVE	39,08,27,590
52,37,976	REVALUATION RESERVE	51,72,108
65,868	Less : Adjusted with Depreciation	<u>58,748</u>
<u>51,72,108</u>		51,13,360
—	SPECIAL CAPITAL INCENTIVE	30,00,000
1,38,41,000	SHARE PREMIUM	1,38,41,000
1,21,62,074	GENERAL RESERVE	1,21,62,075
2,07,24,735	PROFIT & LOSS ACCOUNT	—
<u>5,18,99,917</u>		<u>42,49,44,025</u>

Schedules forming part of the Balance Sheet as at 31st March, 2009

Previous Year Rs.	SCHEDULE 'C'	Current Year Rs.
	SECURED LOANS	
	UNITED BANK OF INDIA	
10,19,28,318	CASH CREDIT (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)	13,38,10,216
	STATE BANK OF INDIA	
—	CASH CREDIT (Secured by Hypothecation of Stocks, Stores and Book Debts and by a first charge on the Fixed Assets of the Company)	1,79,68,676
	TERM LOANS	
22,38,565	I.C.I.C.I BANK Secured by hypothecation of motor vehicles	13,09,639
1,42,774	H.D.F.C. BANK Secured by hypothecation of motor vehicles	89,756
<u>10,43,09,657</u>		<u>15,31,78,287</u>

	SCHEDULE 'D'	
	UNSECURED LOANS	
—	Deferred Sales Tax Loans	1,17,028
—	Intercompany Deposits	<u>19,33,93,000</u>
—		<u>19,35,10,028</u>

HINDUSTHAN UDYOG LTD.

SCHEDULE 'E' Schedule forming Part of the Balance Sheet as at 31st March, 2009

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 31.03.2008	Addition	Deduction Transfer	As at 31.03.2009	As at 31.03.2008	Addition	Deduction Transfer	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
1. LAND & BUILDINGS	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
i) LAND FREEHOLD	61,79,192	—	—	61,79,192	—	—	—	—	61,79,192	61,79,192
ii) LAND LEASEHOLD	57,82,815	85,81,118	—	1,43,63,933	8,39,242	69,921	—	9,09,163	1,34,54,770	49,43,573
iii) BUILDINGS	7,88,02,625	82,48,087	1,48,800	8,69,01,912	4,30,70,742	24,35,290	60,625	4,54,45,407	4,14,56,505	3,57,31,883
2. PLANT & MACHINERY										
i) MACHINERY	33,99,13,011	3,91,83,015	—	37,90,96,026	27,05,44,231	1,07,95,054	—	28,13,39,285	9,77,56,741	6,93,68,780
ii) COMPUTER INSTALLATION	34,25,418	94,682	—	35,20,100	26,49,130	3,27,798	—	29,76,928	5,43,172	7,76,288
iii) VEHICLES	1,16,06,287	—	25,05,602	91,00,685	68,62,291	12,27,275	23,89,195	57,00,371	34,00,314	47,43,996
3. FURNITURE & FIXTURE & OFFICE EQUIPMENTS										
	2,33,22,377	7,20,180	—	2,40,42,557	1,54,91,068	14,34,350	—	1,69,25,418	71,17,139	78,31,309
	46,90,31,725	5,68,27,082	26,54,402	52,32,04,405	33,94,56,704	1,62,89,688	24,49,820	35,32,96,572	16,99,07,833	12,95,75,021
4. ASSETS DISCARDED (Estimated Net realisable value)	63,213			63,213					63,213	63,213
Total	46,90,94,938	5,68,27,082	26,54,402	52,32,67,618	33,94,56,704	1,62,89,688	24,49,820	35,32,96,572	16,99,71,046	12,96,38,234
Previous Year	12,25,07,503	65,71,932	9,33,875	12,81,45,560	8,54,44,856	49,37,128	9,26,903	8,94,55,081	3,86,90,479	

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

Schedules forming Part of the Balance Sheet as at 31st March, 2009

Previous Year Rs.	SCHEDULE 'F'	No. of Shares	Face Value Rs.	Current Year Rs.
	INVESTMENTS AT COST			
	QUOTED :			
	EQUITY SHARES (Fully Paid)			
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.	2,30,000	10	4,74,186
4,88,711	Orient International Ltd.	1,65,000	10	4,88,711
8,82,248	Bengal Steel Industries Ltd.	3,45,000	10	8,82,248
3,57,48,081	WPIL Ltd.	38,61,659	10	3,57,48,081
12,56,503	Ador Welding Ltd.	3,000	10	12,56,503
2,38,634	NEPC India Ltd.	5,000	10	2,38,634
12,98,319	Hindalco Industries Ltd.	6,500	1	12,98,319
4,97,811	Simplex Infra Ltd.	1,835	2	—
21,22,953	Parsvnath Developers Ltd.	4,000	10	21,22,953
4,42,99,055				4,38,01,244
	UNQUOTED :			
	EQUITY SHARES			
7,15,500	Hindusthan Parsons Ltd.	3,50,000	10	7,15,500
3,25,000	HSM 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 Pvt. Ltd.	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.	10,008	100	1,10,00,800
—	Government and Trust Securities			15,000
	(National Saving Certificate)			
21,30,437				1,31,45,437
4,64,29,492	TOTAL :			5,69,46,681
13,67,80,060	Aggregate Market value of Quoted Investment			15,76,15,599

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2009

Previous Year Rs.	SCHEDULE 'G'	Current Year Rs.
	CURRENT ASSETS, LOANS & ADVANCES :	
	CURRENT ASSETS :	
	INVENTORIES (See Note A.5 of Sch-'P')	
78,81,581	Tools & Implements	90,27,492
3,07,03,810	Raw Materials	6,13,68,137
6,507	Finished Goods	2,17,65,126
3,09,46,353	Semifinished Goods	<u>7,12,54,539</u>
		16,34,15,294
	SUNDRY DEBTORS : (Considered Good)	
2,19,72,730	Over six months	5,98,06,556
—	Less : Provision made for doubtful debts	<u>2,19,93,305</u>
2,19,72,730		3,78,13,251
5,43,62,976	Other Debts	<u>13,76,03,319</u>
<u>7,63,35,706</u>		17,54,16,570
	CASH AND BANK BALANCES	
10,21,476	Cash in hand (As certified)	20,54,621
17,36,998	Current Account with Scheduled Banks	25,34,297
97,776	Margin Money against L/C with UBI	1,65,875
15,00,000	Fixed Accounts with Scheduled Banks	<u>21,03,645</u>
		68,58,438
	LOANS & ADVANCES	
	Advances recoverable in Cash or in kind or for value to be received : (Considered Good)	
10,33,691	Advance to Suppliers	23,63,222
1,03,339	Advance against Expenses	1,12,564
2,32,123	Advance to Employees	9,34,953
2,05,49,705	Other Advance	6,86,98,012
—	Less : Prov. for doubtful Advance	<u>70,01,896</u>
73,24,460	Advance Income Tax	6,16,96,116
—	Prepaid Expenses	<u>93,87,772</u>
		2,61,329
		7,47,55,956
	DEPOSITS	
79,62,295	Security Deposit	1,54,14,228
13,56,080	Other Deposit	<u>2,16,68,594</u>
		3,70,82,822
<u>18,87,91,900</u>	TOTAL	<u>45,75,29,080</u>

Schedules forming Part of the Balance Sheet as at 31st March, 2009

Previous Year Rs.	SCHEDULE 'H'	Current Year Rs.
	CURRENT LIABILITIES & PROVISIONS :	
	A. CURRENT LIABILITIES :	
	Sundry Creditors	
2,01,13,647	(a) For Goods	4,57,58,115
46,44,736	(b) For Expenses	33,41,135
<u>2,47,58,383</u>		<u>4,90,99,250</u>
4,78,08,220	Sundry Advance	4,91,08,027
4,84,416	Other Liabilities	2,12,38,930
2,40,000	Deposit for Godown	2,40,000
<u>7,32,91,019</u>		<u>11,96,86,207</u>
	B. PROVISIONS	
45,51,500	Provision for Income Tax	45,51,500
14,68,000	Provision for Fringe Benefit Tax	22,30,000
18,80,751	Provision for Gratuity	63,23,269
—	Provision for Leave Encashment	11,99,762
<u>79,00,251</u>		<u>1,43,04,531</u>
<u>8,11,91,270</u>	TOTAL (A+B) :	<u>13,39,90,738</u>

SCHEDULE 'I'

MISCELLANEOUS EXPENDITURE

(To the Extent not written off or Adjusted)

—	Deferred Revenue Expenditure	1,64,506
<u>—</u>		<u>1,64,506</u>

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2009

Previous Year Rs.	SCHEDULE 'J'	Current Year Rs.
	SALE OF GOODS & SERVICES AND OTHER INCOME	
27,13,72,904	Sales of Goods (Net of Returns)	62,16,43,737
	SALES OF SERVICES :	
6,89,571	Service Charges & Re-imbusement of Expenses	45,000
	OTHER INCOME :	
61,76,329	Profit on Sale of Share	5,61,591
12,66,793	Interest Receipt	12,31,760
12,13,500	Rent Receipt	30,58,242
2,48,028	Profit on Sale of Assets	4,60,416
63,736	Dividend	48,025
2,58,316	Claim Receipt	—
94,488	Sundry Creditors & Liabilities Written Back	9,39,069
1,53,996	Provisions for Gratuity Written Back	—
41,164	Misc. Receipt	—
1,377	Prior Period Adjustment	—
—	Commission	17,45,929
—	Foreign Exchange Fluctuation Gain	68,63,259
—	D.E.P.B. Income	2,21,63,565
95,17,727		3,70,71,856
28,15,80,202		65,87,60,593

SCHEDULE 'K'		
MATERIALS AND STORES CONSUMED		
4,19,12,633	Opening Stock	7,65,71,767
	Add : Purchase during the year	
6,52,05,492	Raw Materials & Components	22,00,19,885
5,69,58,653	Sundry Stores	6,84,93,098
16,40,76,778		28,85,12,983
		36,50,84,750
3,07,03,810	Less : Closing Stock	6,13,68,137
13,33,72,968		30,37,16,613

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2009

Previous Year Rs.	SCHEDULE 'L'	Current Year Rs.
	TOOLS AND IMPLEMENTS CONSUMED	
52,58,378	Opening Stock	78,81,580
52,50,396	Add : Purchase during the year	41,36,222
<u>1,05,08,774</u>		<u>1,20,17,802</u>
78,81,580	Less : Closing Stock	90,27,492
<u>26,27,194</u>		<u>29,90,310</u>

SCHEDULE 'M'			
MOVEMENT IN STOCK			
OPENING STOCK			
6,507	Finished Goods	2,99,20,868	
1,92,09,000	Semifinished Goods	<u>6,63,39,001</u>	9,62,59,869
<u>1,92,15,507</u>			
LESS : CLOSING STOCK			
6,507	Finished Goods	2,17,65,126	
3,09,46,353	Semifinished Goods	<u>7,12,54,539</u>	9,30,19,665
<u>3,09,52,860</u>			
<u>(1,17,37,353)</u>	Decrease / (Increase) in Stock		<u>32,40,204</u>

SCHEDULE 'N'		
MANUFACTURING & OPERATING EXPENSES		
11,57,276	Export Freight, Forwarding, Inspection & Testing etc.	4,19,656
88,69,151	Transportation, Freight & Service Charges :	2,26,67,217
1,12,81,337	Component Processing Expenses	3,39,55,766
5,18,544	Fuel & Truck Maintenance	3,72,210
1,19,96,056	Power & Fuel	4,70,61,585
97,11,220	Salaries, Wages & Bonus	1,04,16,854
16,35,981	Workmen Welfare Expenses	2,66,73,525
3,16,236	Factory & Godown Rent	3,16,236
32,94,789	Repairs to Buildings	25,79,538
22,00,455	Repairs to Machinery	25,35,015
87,09,538	Sales Tax	1,25,44,066
3,15,008	Misc. Factory Expenses	50,027
—	Operating Expenses (ICD)	74,264
<u>6,00,05,591</u>		<u>15,96,65,959</u>

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2009

Previous Year Rs.	SCHEDULE 'O'	Current Year Rs.
	ADMINISTRATIVE, SELLING AND OTHER EXPENSES	
31,66,583	Salaries & Bonus	44,14,940
6,24,500	Directors Remuneration & Fees	7,65,500
16,28,285	Provident Fund & E.S.I. Contribution	43,94,213
4,05,386	Gratuity	16,64,899
13,26,986	Staff Welfare & Medical Expenses	19,05,076
42,19,010	Service Charges	23,85,568
6,77,855	Liquidated Damages	66,76,755
21,426	Bad Debts	—
6,13,677	Commission	16,86,816
1,02,59,314	Repairing & Maintenance Charges	81,66,267
3,64,364	Electric Charges	3,49,662
8,67,597	Rent, Rates & Taxes	42,95,796
13,67,978	Bank Charges	24,39,730
1,25,19,798	Travelling & Conveyance Charges	1,28,21,943
12,76,334	Vehicle Expenses	12,95,358
9,07,168	Telephone & Telex Charges	7,90,233
3,27,059	Printing & Stationery	5,14,294
1,20,849	Postage & Telegrams	1,94,541
97,204	Insurance	5,80,053
3,00,343	Legal Charges	8,83,241
3,01,285	Advertisement	2,96,215
8,85,275	Subscription & Donation	8,82,064
	Auditors Remuneration :	
50,000	For Audit Fee	75,000
17,000	For Tax Audit Fee	25,000
10,000	For VAT Audit Fee	10,000
41,200	In other Capacity	1,56,629
9,225	Tender Purchase	47,750
15,99,156	General Expenses	22,02,699
—	Claims & Discount	23,62,832
—	Miscellaneous Expenditure written off	54,888
4,40,04,857		6,23,37,962

SCHEDULE 'P'

A. ACCOUNTING POLICIES

1. Accounting Convention :

- i) The Financial Statements are prepared under the historical cost convention, on accrual basis in accordance with the provisions of The Companies Act, 1956.
- ii) Liquidated damage or claim are accounted for on settlement of claim.
- iii) Commission on sales is accounted for on submission of claim by / receipt of confirmation from agents / principals.

2. Capital Subsidy :

Capital Subsidy not specifically related to Fixed Assets is credited to Capital Reserve and retained till the requisite conditions are fulfilled.

3. Fixed Assets & Depreciation :

Fixed assets are stated at their original cost of acquisition or construction and other incidental expenses, less accumulated depreciation.

Depreciation on Fixed Assets is charged on Written Down Value Method (On Straight Line Method for Nagpur Unit) at the rate specified in Schedule XIV to the Companies Act, 1956.

4. Investments :

Investments of the Company are held as Long Term Investment and are carried over at Cost.

5. Inventories :

Tools and Implements are written off at the rate of 25% every year.

The quantity of stock-in-trade is determined from time to time by physical verification carried out by the management and the verification of raw materials has been done at lower cost and net realisable value. The cost formula used is FIFO (Weighted Average for Nagpur Unit). The valuation of Semifinished Goods and Finished Goods / Trading items has been done at lower of cost and net realizable value.

6. Foreign Currency Transactions :

Transaction in Foreign Currency are recorded at the rate 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 expenses 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. Retirements Benefits :

Provision for Gratuity and Leave Encashment (for Nagpur Unit Only) liability to employees are made on the basis of actuarial valuation as per the requirement of the Accounting Standard — 15 (Revised) issued by the Institute of Chartered Accountants of India.

8. Impairment of Asset :

Impairment loss is recognized 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 exist or have decreased.

9. Taxation :

Income tax expense comprises current tax, fringe benefit tax and deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the

HINDUSTHAN UDYOG LTD.

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financial statements are prepared by applying the tax rates as applicable. The deferred tax charge or credit is recognised using current tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realization in future. Deferred tax assets / liabilities are reviewed as at each balance sheet date based on developments during the year and available case law, to reassess realization / liabilities.

10. **Miscellaneous expenditure :**

- a) Preliminary and Share Issue Expenses are written off over a period of ten years.

B. NOTES ON ACCOUNTS

1. a) Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court at Calcutta vide its order dated 23rd March, 2009, ACC Nihon Castings Ltd. (Transferor Company), a Company engaged in the business of Manufacturing and Sale of castings has been merged with Hindusthan Udyog Ltd. with effect from 1st April, 2008 (i.e. the Appointed Date). Accordingly, the accounts of the Amalgamating Company for the financial year 2008-09 have been incorporated in the Accounts of the Company. Hence, the figure of the current year are not comparable with those of the previous year.
 - b) Pursuant to the aforesaid Scheme of Amalgamation, 8,49,625 Equity Shares of Rs. 10/- each and 60,00,000 Preference Shares of Rs. 10/- each are to be issued to the Equity and Preference Shareholders of the Transferor Company. Consequently, the Paid Up Share Capital of the Company would increase by Rs. 6,84,96,250/-. Pending Allotment of such Shares as on 31st March, 2009 Rs. 84,96,250/- has been shown as Equity Share Capital Suspense Account and Rs. 6,00,00,000/- has been shown as Preference Share Capital Suspense Account under Share Capital (Schedule - A)
 - c) The Preference Shareholders of ACC-Nihon Castings Limited had approved the extension of redemption period of said shares" by a further period of three years i.e. they are now due for redemption on 09.03.2012 and have also waived their right in respect of Preference Dividend till the date of redemption of these shares.
 - d) The aforesaid Amalgamation have been accounted for under the "Pooling of Interest Method" as per Accounting Standard - 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.
2. Contingent Liabilities : -
 - i. Letters of Guarantee outstanding as at 31.03.2009 Rs. 148.72 Lacs (Previous year Rs. 124.72 Lacs).
 - ii. Claim not acknowledged as debts :- Disputed demand for Sales Tax, Rs. 285.08 Lacs (Previous year Rs. 124.55 Lacs) appealed against.
 3. Cost of leasehold land at Nagpur is amortised over the period of the lease of 95 years. Provision for amortisation of long term leasehold land at Durgapur has not been made.
 4. Depreciation amounting to Rs. 58,748/- (Previous year Rs. 65,868/-), being the amount of depreciation attributed to the revaluation as noted in Schedule 'B', has been debited to the Revaluation Reserve.
 5. 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.

6. Directors Remuneration :		Current Year	Previous Year		
Salary		7,50,000	6,00,000		
Sitting Fees		15,500	24,500		
		7,65,500	6,24,500		
7. Opening Stock		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
1) Semifinished Products					
Steel Structure & Goods			53,00,000		53,00,000
Steel Casting Goods			6,10,39,001		1,39,09,000
			6,63,39,001		1,92,09,000
2) Finished Products					
Tea			6,507		6,507
Steel Casting Goods	309.717 M/T		2,99,14,361		—
			2,99,20,868		6,057
8. Closing Stock		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
1) Semifinished Products					
Steel Structure & Goods			33,00,000		53,00,000
Steel Casting Goods			6,79,54,539		2,56,46,353
			7,12,54,539		3,09,46,353
2) Finished Products					
Steel Casting Goods	147.710 M/T		6,507		6,507
			2,17,58,619		—
			2,17,65,126		6,057
9. Licensed and Installed Capacity and Actual Production					
		CAPACITY (IN MT)		Production	
		Licensed	Installed		
Steel Structure	Not Applicable	1,800	1,800	—	852.670
Roller / Idlers	Not Applicable	1,000	1,000	—	299.360
Steel Castings	Not Applicable	4,800	1,800	2981	1,251
10. Raw Materials Consumed		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
Steel Materials		1.392 M/T	45,839	155.680 M/T	54,66,400
Steel Tubes		— M/T	—	28.500 M/T	12,92,897
Sundry Stores & Consumables			17,13,17,945		5,45,53,206
Components			18,08,023		31,45,555
Scrap	2915.171 M/T		13,04,89,644	1,430.026 M/T	6,87,99,716
Packing Materials			55,162		1,15,194
			30,37,16,613		13,33,72,968
Indegeneous			30,37,16,613		13,33,72,968
			100%		100%

HINDUSTHAN UDYOG LTD.

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11. Sale of Goods	Current Year		Previous Year	
	Qty.	Rs.	Qty.	Rs.
Steel Casting	2953.88 M/T	60,91,77,599	1,240.55 M/T	23,30,12,196
Spares & Others for Conveyors		48,78,731		1,70,98,758
Others		75,87,407		2,12,61,949
		62,16,43,737		27,13,72,903

12. Expenses in Foreign Currency	Current Year	Previous Year
1) Import of Machinery Component	23,91,473	37,26,384
2) Travelling (Foreign)	12,81,912	16,03,011

13. Earnings in Foreign Exchange	Current Year	Previous Year
1) F.O.B value of Exports	28,82,34,107	---
2) Freight & Insurance Recovered	53,36,432	---

14. Foreign Exchange currency exposures not covered by derivative instruments as at March 31, 2009 amounts Receivable for export of goods.

	Current Year		Previous Year	
	Amount in Foreign Currency	Amount	Amount in Foreign Currency	Amount
Foreign Currency				
US DOLLAR	6,61,257.01	3,14,27,817	---	---
GREAT BRITAIN POUND	2,57,894.00	1,84,76,771	---	---
EURO	86,320.00	54,35,158	---	---

15. Related Party Disclosure :

a) Associated Company :

WPIL Limited

b) Key Management Personnel & their Relatives :

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

Transactions with Related Parties :

Transaction	Associated Company	Key Management Personnel
Sales & Service	8,59,98,406	---
Rent Received	18,35,000	---
Remuneration (Mr. V. N. Agarwal)	---	7,50,00
Sitting Fees	---	7,000

16. Segment Reporting :

The Operation of the Company relates to Single Primary Business Segment i.e. Engineering (Steel Casting). Accordingly, there is no primary business segment. However, information about Secondary Segment based on Geographically locations of the Customers in Domestic & Exports Sales have been provided.

Information about Secondary Segments - Geographical

	<u>Rs. Lakhs</u>
(i) Revenue by Geographical Market	
— India	3,280.73
— Outside India	2,935.71
	<u>6,216.44</u>
(ii) Addition to Fixed Assets and Intangible Assets	
— India	582.77
— Outside India	—
	<u>582.77</u>
(iii) Carrying Amount of Segment Assets	
— India	6,202.41
— Outside India	—
	<u>6,202.41</u>
17. Earning Per share :	
Profit after Taxation	Rs. 4,88,67,505/-
Weighted average number of Equity Share outstanding	71,76,725
Basic & Diluted earnings per Share (Face value Rs. 10/-)	6.81
18. The Company has unabsorbed depreciation and carried forward losses available for set-off under the Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income, net deferred tax assets at the year end including related debit for the year have not been recognised in these accounts on prudent basis.	
19. Considering the external and internal impairment indicators, the management is of the opinion that no asset has been impaired as at 31st March, 2009. Consequently, no impairment loss has been recognised in the statement of Profit & Loss for the year ended 31st March, 2009.	
20. There are no Micro enterprises or Small scale enterprises to whom the Company owes any due which are outstanding as at 31st March, 2009. [31.03.2008 — NIL.]	
The above information, as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties are identified on the basis of the information available with the Company.	
21. Previous year's figures, wherever necessary, have been regrouped / rearranged.	

HINDUSTHAN UDYOG LTD.

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 2009
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 : 9,03,400 Total Assets : 9,03,400

Sources of Funds

Paid-up Capital : 1,31,767 Reserves & Surplus : 4,24,944
Secured Loans : 1,53,178 Unsecured Loans : 1,93,511

Application of Funds

Net Fixed Assets : 1,72,273 Investments : 56,947
Net Current Assets : 3,23,538 Misc. Expenditure : 165
Accumulated Loss : 3,50,477

IV. Performance of Company (Amount in Rs. Thousand)

Turnover : 6,58,761 Total Expenditure : 6,07,320
Profit/Loss before Tax : 51,441 Profit/Loss after Tax : 48,868
Earning per Share(in Rs.) : 6.81 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
7325	CAST ARTICLES OF IRON OR STEEL
0902	TEA

Place : Kolkata
Date : 29th June, 2009

SHIKHA BAJAJ
Company Secretary

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

HINDUSTHAN UDYOG LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	For the year ended 31/03/2009	For the year ended 31/03/2008
A. Cash Flow from Operating Activities		
Net Profit before Interest & Tax	5,14,40,666	1,02,53,732
Adjustments for :		
Provision for gratuity	12,04,518	(1,53,996)
Provision for Leave Encashment	1,48,762	—
Depreciation	1,62,30,755	48,71,260
Loss/(Profit) on Sale of Investments	(5,61,591)	(61,76,329)
Loss/(Profit) on Fixed Assets	(4,60,416)	(2,48,028)
Dividend Received	(48,025)	(63,736)
Interest Received	(12,31,760)	(12,66,793)
Interest Paid	1,97,99,988	—
Misc. exps W/Off	54,888	—
Operating Profit before Working Capital Changes	<u>8,65,77,785</u>	<u>72,16,110</u>
Adjustments for :-		
Trade and Other Receivables	2,21,01,817	66,15,259
Inventories	1,72,97,957	(31,51,732)
Trade Payables	(5,55,88,813)	1,09,34,837
Cash Generated from/ (used) in Operations	7,03,88,746	2,16,14,474
Interest Paid	(1,97,99,988)	(40,27,094)
Income Tax Paid / Adjusted	(4,25,161)	(36,02,712)
Net Cash From/ (used in) operating activities	<u>5,01,63,597</u>	<u>1,39,84,668</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,29,89,252)	(1,44,33,417)
Sale of Fixed Assets	6,64,998	2,55,000
Purchase of Investments	(1,10,00,000)	(2,10,69,060)
Sale of Investments	10,59,402	1,54,06,749
Dividend Received	48,025	63,736
Interest Received	12,31,760	12,66,793
Net Cash used in Investing Activities	<u>(4,09,85,067)</u>	<u>(1,85,10,199)</u>
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Net)	(1,19,67,342)	18,66,499
Proceeds from Short Term Borrowings (Net)	—	26,77,384
Net Cash flow from Financing Activities	<u>(1,19,67,342)</u>	<u>45,43,883</u>
Net Increase/ (Decrease) in cash and Cash Equivalents (A+B+C)	(27,88,812)	18,352
Cash and Cash Equivalents as at the beginning of the year (Opening Balance) — Cash and Bank Balances	96,47,250	43,37,898
Cash and Cash Equivalents as at the end of the year (Closing Balance) — Cash and Bank Balances	68,58,438	43,56,250

In terms of our report of even date

For S. GHOSE & CO.

Chartered Accountants

CHANDAN CHATTOPADHAY

Partner

Membership No. 051254

SHIKHA BAJAJ

Company Secretary

For and on behalf of the Board,

V. N. AGARWAL

RITU AGARWAL

Directors

Place : Kolkata

Date : 29th June, 2009

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statements of **Hindusthan Udyog Ltd.** for the year ended 31st March, 2009. 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 29th June, 2009 to the members of the Company.

For S. GHOSE & CO.
Chartered Accountants

CHANDAN CHATTOPADHYAY
Partner
Membership No. 051254

Place : Kolkata
Date : 29th June, 2009

HINDUSTHAN UDYOG LTD.

NOTICE OF ANNUAL GENERAL MEETING TO THE MEMBERS

NOTICE is hereby given that the Sixty-Second Annual General Meeting of the Members of HINDUSTHAN UDYOG LIMITED will be held on Wednesday, the 29th day of July, 2009 at 11.00 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 business :-

ORDINARY BUSINESS :-

- I. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Reports thereon.
- II. To appoint a Director in place of Shri A. K. Ghosh, who retires by rotation at this Meeting and being eligible offers himself for re-appointment
- III. To appoint a Director in place of Shri Binaya Kapoor, who retires by rotation at this Meeting and being eligible offers himself for re-appointment
- IV. To re-appoint Messrs S. Ghose & 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.

SPECIAL BUSINESS :-

- V. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, or any amendment or re-enactment thereof and subject to such other approval as may be necessary, the Company hereby accords its consent and approval to the re-appointment of Shri V. N. Agarwal as Managing Director of the Company for a period of three years with effect from 1st January, 2009 on such terms and conditions and payment of remuneration and other perquisites/benefits during the said period of three years as recommended by Remuneration Committee of Directors and also set out in Explanatory Statement under this item to the Notice convening this Meeting."

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Act, the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include any Committee which the Board may constitute to exercise its powers, including powers conferred by this resolution) be and is hereby authorised to alter and vary the terms and conditions of Re-appointment including remuneration, if necessary, in such manner as may be agreed to by and between the Board and Shri V. N. Agarwal within such prescribed limit(s) or ceiling and the agreement between the Company and the Managing Director be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members of the Company in General Meeting."

- VI. To consider and if thought fit, to pass with or without modification(s) the following resolutions as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :-

The following Sub-Clause has been inserted after the existing Sub-Clause No. 6 under the Clause "II. CAPITAL"

(6A) DEMATERIALIZATION OF SECURITIES

- Definitions 44A(i) For the purpose of this Article :-
- 'Beneficial Owner'** means a person or persons whose name is recorded as such with a Depository;
- 'SEBI'** means the Securities and Exchange Board of India;
- 'Depositories Act'** means the Depositories Act, 1996 and included where the context so admits any re-enactment or statutory modification(s) thereof for the time being in force.
- 'Depository'** means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a Depository under the Securities and Exchange Board of India Act, 1992 and
- 'Security'** means such security as may be specified by SEBI from time to time
- Dematerialization of securities (ii) Notwithstanding anything contained in these Articles, the Company shall have the power to dematerialize its securities, to rematerialize the same and to offer and issue securities in a dematerialized form in accordance with the provisions of the Depositories Act. The rights and obligations of the concerned parties in respect of the securities in the dematerialized form and all matters connected therewith and/or incidental thereto shall be governed by the provisions of the Depositories Act and relevant provisions of the Act.
- Options for Investors (iii) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository in dematerialized form. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act and the Company shall in the manner and within the time prescribed issue to the beneficial owner the required Certificates of Securities.
- If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- Securities in depositories in fungible form (iv) All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- Rights of depositories and beneficial owners (v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be a Registered Owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents	(vi)	Notwithstanding anything in the Act or these Articles to the contrary where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
Transfer of securities	(vii)	Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
Allotment of securities dealt with in a depository	(viii)	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
Distinctive Number of Securities held in Depository	(ix)	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
Register and Index of Beneficial Owner	(x)	The Register and Index of Beneficial Owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

"RESOLVED FURTHER THAT the Directors or the Company Secretary of the Company be and are hereby authorized to comply with such formalities as may be necessary in this connection."

VII. To consider and if thought fit, to pass with or without modification(s) the following resolutions as an ORDINARY RESOLUTION :-

"RESOLVED THAT in supersession of the earlier Resolution passed at the Extra Ordinary General Meeting of the Members held on 14th January, 2000, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof) to borrow, for the purposes of Company's business, any sum or sums of money from time to time at its discretion in accordance with the Memorandum and Articles of Association of the Company notwithstanding that such sum or sums of money together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid Up Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose, provided the aggregate of all sums borrowed by the Board from time to time and remaining outstanding shall not exceed, at any point of time, Rs. 45 Crores (Rupees Forty Five Crores only) over and above the aggregate of the Paid Up Capital and Free Reserves of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate and finalise all the terms and conditions of all such moneys to be borrowed from time to time as to interest, repayment, securities etc. as it may consider fit in the interest of the Company and to execute all agreements, deeds, undertakings etc. and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem fit, necessary, desirable or expedient for giving effect to this Resolution."

VIII. To consider and if thought fit, to pass with or without modification(s) the following resolutions as an ORDINARY RESOLUTION :-

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to create mortgage and/or charge, in addition to the mortgages/charges created by the Company, in such form and manner and with such ranking and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties of the Company, both present and future and/or the whole or substantially the whole of the undertaking(s) of the Company together with the power to take over the management of business and concern of the Company in certain event of defaults, in favour of the lender(s) and agent(s) for securing the borrowings of the Company availed / to be availed by way of loan(s) and securities issued/to be issued by the Company, from time to time, subject to the

by way of loan(s) and securities issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956 together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the agent(s), all other costs, charges and expenses and all other monies payable by the Company in terms of the Loan Agreement(s) or any other agreement/document entered/ to be entered into between the Company and the lender(s) and/or agent(s) in respect of the said loans/borrowings and continuing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) and/or agent(s).

Registered Office :
Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South).
Kolkata-700046
Date : 29th June, 2009

By Order of the Board
For Hindusthan Udyog Limited

Shikha Bajaj
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 JULY 2009 TO 29TH JULY 2009 BOTH DAYS INCLUSIVE.
3. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT THEREIN THE MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS MENTIONED UNDER ITEM NOS. V - VIII OF THE NOTICE IS ANNEXED.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT,1956

ITEM NO. V

Shri V. N. Agarwal was re-appointed as the Managing Director of the Company for a period of Five years with effect from 1st January, 2004 and his term of office was due to expire on 31st December, 2008. Keeping in mind the significant contribution to the growth and performance of the Company by Shri V. N. Agarwal during the said tenure, the Board of Directors of your Company at its meeting held on 26th December, 2008, approved the re-appointment of Shri V. N. Agarwal as the Managing Director of the Company for a further period of three years with effect from 1st January, 2009. The terms of re-appointment including remuneration as approved by the Remuneration Committee and the Board subject to the approval of the Members to be obtained at this Meeting are as follows :-

1. PERIOD

Three years commencing from 1st January, 2009

2. REMUNERATION

Subject to overall limit laid down under Section 198 and 309 of the Companies Act, 1956, Shri V. N. Agarwal shall be entitled to receive from Company following remuneration :-

- (a) Salary : Rs. 1,00,000/- per month
- (b) Perquisites : In addition to the above, Shri V. N. Agarwal shall be entitled to Perquisites like Furnished Accommodation, gas, electricity, water and soft furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical insurance, personal accident insurance, leave encashment, benefits of Provident Fund, Gratuity Fund, Car and telephone etc. in accordance with the Rules of the Company. In case, no accommodation is provided by the Company to Shri V. N. Agarwal, he will be paid House Rent Allowance at the rate of 60% of his basic salary. The aforesaid perquisites other than benefits of Provident Fund, Gratuity Fund and Leave Encashment shall be restricted to the annual salary of Shri V. N. Agarwal.

Provided that the Total Remuneration payable to Shri Agarwal by way of Salary, Perquisites, Contributions towards Provident Funds and Gratuity Fund on his account shall not exceed 5% of the Net Profits of the Company calculated in accordance with Sections 198 and 309 of the Companies Act, 1956.

Notwithstanding anything contained hereinabove, where in any financial year during the currency of the tenure of Shri V. N. Agarwal, the Company has no profits or profits of the Company are inadequate or in the event of loss, the Company will pay remuneration to Shri V. N. Agarwal by way of Salary, allowances, benefits, Perquisites etc., as specified above as minimum remuneration.

3. TERMINATION

This re-appointment may be terminated by any party herein, by giving to the other party, a six months notice in writing.

4. The Managing Director shall not be entitled to any Sitting Fees for attending the meetings of the Board of Directors/ Committee of Directors and shall not be liable to retire by rotation.
5. The appointment of Shri V. N. Agarwal as Managing Director and remuneration payable to him are in line with Schedule XIII to the Act subject to the approval of Members to be obtained at this Annual General Meeting and to the extent any of the provisions herein are inconsistent or contrary to the terms of such approval, the latter will prevail.
6. As required under the Act, the following further particulars pertaining to the Company and the appointee are set out herein :-

I General Information

(a) Nature of Industry

The Company is engaged in the manufacturing of Alloy and Stainless Steel Casting of highest grades required in Heavy Earth Equipment, Pumps and compressors and other Heavy Engineering Industries.

The Company is also engaged in the manufacturing of Material Handling Equipments of varied nature required in the Mines, Cement Plants, Power and Other Engineering Sectors.

(b) Date or expected date of commencement of commercial production

The Company commenced its business on 3rd September, 1947.

(c) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not Applicable

(d) Financial Performance based on the given indicators

Performance over the last three financial years is set out as under :-

	(Rs. In Lacs)		
	2007-08	2006-07	2005-06
Gross Turnover (including Excise Duty)	2720.62	3562.85	3809.89
Profit for the year before Tax	62.27	101.95	37.25
Provision for Taxation	9.03	34.61	1.67
Profit after Taxation	53.24	67.34	35.58
Balance b/f from Previous Year	154.01	86.67	51.09
Balance at the end of the year	207.25	154.01	86.67
Equity Share Capital	632.71	632.71	632.71
Reserves & Surplus	519.00	466.42	399.82
Fixed Assets	639.78	544.89	401.40
Investments	464.29	345.91	543.83
Net Current Assets	1076.01	1196.39	848.64

(e) Export Performance

Export earning on FOB Basis	—	158.65	473.44
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(f) Foreign Investments or collaborators if any

The Company has neither any foreign investment nor any foreign collaborator.

II. Information about the Appointee

(a) Background Details

Shri V. N. Agarwal is a Graduate in Mechanical Engineering and has got in depth exposure to and involvement in steering diverse business activities and has considerable experience and expertise in management of Engineering Industries.

(b) Past Remuneration

Shri V. N. Agarwal was re-appointed as the Managing Director of the Company for a period of five years with effect from 1st January, 2004. He was re-appointed for a further period of three years with effect from 1st January, 2009 by the Board subject to approval of the Members to be obtained at this Annual General Meeting. The remuneration drawn by him during the Financial Year ended 31st March, 2009, has been mentioned in the Report of Board of Directors on Corporate Governance.

(c) Recognition or awards

None

(d) Job Profile and his suitability

Subject to the superintendence, control and direction of the Board, Shri Agarwal will manage and superintend the business affairs and properties of the Company and do all such lawful acts and things in relation to such management and superintendence as he shall think fit and reasonable.

(e) Remuneration proposed

As mentioned in foregoing pages.

(f) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates, the relevant details would be w.r.t. the country of origin)

The remuneration structure of Shri V. N. Agarwal is not higher than what is drawn by his peers in comparable Companies.

(g) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Shri Agarwal being a Promoter Managing Director will not be entitled to remuneration under any other head. No relative of Shri Agarwal is employed by the Company.

III. Other Information

(a) Reasons of loss or inadequate profits

The Company had adequate profits in the last few financial years.

(b) Steps taken or proposed to be taken for improvement

Since the Company has succeeded in achieving its goals and targets of Sales, it is therefore taking necessary steps for improvement of its infrastructure and facilities. The Foundry Division is undergoing a thorough process of improvement in its workings so as to yield better results in the near future.

(c) Expected increase in productivity and profits in measurable terms

The Company expects that its productivity and profitability will improve further in the coming years in view of amalgamation of ACC-Nihon Castings Limited with the Company. The merger will enable the Company to make effective utilization of its existing resources, reducing its overheads and other expenses and improving various operating parameters, which will result in enhanced competitiveness for the Company.

IV Disclosures

(a) The remuneration package of Shri V. N. Agarwal is already set out above.

(b) The necessary disclosure as required under sub-paragraph 1 of Section II of Part II of Schedule XIII of the Act has already been made in the Report of Board of Directors on Corporate Governance.

(c) The Board considers that having regard to the significant contribution of Shri V. N. Agarwal towards remarkable growth of operational activities of the Company during his current tenure, the re-appointment of Shri Agarwal as Managing Director of the Company for a further period of three years is fully justified. As such the Board commends the Special Resolution set out in Item No. V for the approval of the shareholders.

(d) A Draft of the Agreement between the Company and Managing Director will be available for inspection by the members of the Company at its Registered Office on any working day prior to the date of the Meeting during the usual business hours and will also be available at the Meeting.

(e) Except Shri V. N. Agarwal, Shri Prakash Agarwal and Smt Ritu Agarwal no other Director of the Company is concerned or interested in the said resolution.

(f) As abstract of the terms of re-appointment of Shri V. N. Agarwal as Managing Director of the Company

and Memorandum of concern or interest had been circulated to the Members in terms of Section 302 of the Companies Act, 1956.

ITEM NO. VI

The Board of Directors of the Company at their Meeting held on 29th June, 2009 had approved the proposal for admitting the Company's Equity shares with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) on being satisfied that the Depository System of holding the shares in electronic form is a safe and convenient mode for holding and trading in the shares of the Company.

The admission of the Company's Equity Shares in the Depository would require the shares to be dematerialized which in turn should be authorized by the Articles of Association of the Company. Accordingly, the present Articles of Association of the Company requires alteration so as to include therein a Chapter on "Dematerialization of Securities" which shall reflect the provisions introduced by the Depositories Act, 1996 and which shall spell out the rights of the beneficial owners of the securities in a Depository System.

The proposed alteration in the Articles of Association would require approval of Shareholders at the ensuing Annual General Meeting by way of a Special Resolution in terms of the provisions of Section 31 of the Companies Act, 1956.

The Board recommends that the Proposed Resolution be passed in the interest of the Company.

None of the Directors of the Company are concerned or interested in the said resolution.

ITEM NOS. VII & VIII

On merger of ACC-Nihon Castings Limited (ANCL) with our Company, the Accounts of ANCL have been incorporated in the Accounts of our Company for the Financial Year ended 31st March, 2009. Consequently the borrowings of the Company as on 31.03.2009 are inclusive of the borrowings made by ANCL.

Keeping in mind the borrowings made by ANCL, the Board of Directors at their Meeting held on 29th June, 2009 considered that the existing borrowing power ceiling of the Company be enhanced in terms of the provisions of Section 293(1)(d) of the Companies Act, 1956 so as to accommodate the borrowings of ANCL within the enhanced limit henceforth.

The Board also considered that a Resolution be passed u/s 293(1)(a) of the Companies Act, 1956 enabling them to create charge(s)/mortgage(s) over the Company's assets and properties in favour of lenders for securing the aforesaid borrowings.

The Directors feel that the Proposed Resolutions are beneficial to the interest of the Company and recommend the same for approval of the Shareholders by way of Ordinary Resolutions.

None of the Directors of the Company are concerned or interested in the said resolutions.

Registered Office :
Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South).
Kolkata-700046
Date : 29th June, 2009

**By Order of the Board
For Hindusthan Udyog Limited**

**Shikha Bajaj
Company Secretary**

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING IN PURSUANCE OF CLAUSE 49 (IVG) OF THE LISTING AGREEMENT

Name of the Director	SHRI A. K. GHOSH	SHRI BINAYA KAPOOR
Date of Birth	06.01.1941	05.07.1935
Date of First Appointment	31.03.2007	22.06.2007
Qualifications	B. Com, LLB	B. Tech. (Hons)
No. of shares held	NIL	NIL
Nature of Expertise	Having in-depth exposure to International business and vast experience in overall Business Administration.	Having vast experience in Corporate Management and administration with expertise in the field of Engineering.
Other Directorships	<ol style="list-style-type: none"> 1. Tea Time Limited 2. Orient International Limited 3. Northern Projects Limited 4. Neptune Exports Limited 5.. HSM International Pvt. Ltd. 	<ol style="list-style-type: none"> 1. WPIL Limited