
HINDUSTHAN UDYOG LTD.

NOTICE OF ANNUAL GENERAL MEETING TO THE MEMBERS

NOTICE is hereby given that the Sixty-Third Annual General Meeting of the Members of **HINDUSTHAN UDYOG LIMITED** will be held on Friday, the 23rd day of July, 2010 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, 2010 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 Mr. Prakash Agarwal, who retires by rotation at this Meeting and being eligible offers himself for re-appointment.
- III. 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 :

- IV. 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:-

Existing Article No. 75(a) to be deleted and replaced by the New Article No. 75(a) as follows:-

75(a) Each Director (other than a Managing Director and a Director in the wholtime employment of the Company) shall be entitled to receive out of the funds of the Company for each Meeting of the Board or a Committee thereof attended by him such fee as may from time to time be determined by the Board but not exceeding such sum as may from time to time be prescribed by or under The Act and applicable to the Company."

"RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company be and is hereby authorised to comply with such formalities as may be required in this respect."

- 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 Section 163(1) of the Companies Act, 1956, the consent of the Company be and is hereby given for keeping the Registers and Index of Members, Copies of Annual Returns prepared under section 159 of the Companies Act, 1956 together with the copies of Certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or one or more of them at the Office Premises of the Company's Registrar & Share Transfer Agents (RTA) viz Link Intime India Private Limited at Fort Burlow, 59C, Chowringhee Road, 3rd Floor, Room No. 5, Kolkata-700020 and/or such other place(s) within the city of Kolkata where the RTA may shift its Office from time to time instead of being kept at the Registered Office of the Company."

HINDUSTHAN UDYOG LTD.

“RESOLVED FURTHER THAT any one of the Directors and/or the Company Secretary of the Company be and is hereby authorized to comply with such formalities as may be necessary in this connection.”

Registered Office:

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata - 700046

Date : 31st May, 2010

**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 17TH JULY, 2010 TO 23RD JULY, 2010 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. IV AND V OF THE NOTICE IS ANNEXED**

HINDUSTHAN UDYOG LTD.

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

ITEM NO. IV

The Board of Directors at their Meeting held on 29th July, 2009 noted that the Article No. 75(a) of the Articles of Association of the Company provides that each Director shall receive remuneration of Rs. 500/- only by way of fees for each Meeting attended by him.

The Board thereafter desired that the aforesaid Article be altered in such a manner so as to enable them to increase the Fees, as and when required, to be paid to the Directors (other than the Managing Director and a Director in whole time employment) for attending the Board/Committee Meetings within the limits provided under the applicable provisions of the Companies Act, 1956 and the Rules framed thereunder.

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.

All the Directors except Mr. V. N. Agarwal, Managing Director are concerned or interested in the said resolution.

ITEM NO. V

The Board of Directors of the Company at their Meeting held on 29th October, 2009 considered and desired that the Registers and Index of Members, Copies of Annual Returns prepared under section 159 of the Companies Act, 1956 together with the copies of Certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or one or more of them be kept at the Present Office Premises of Link Intime India Private Limited, the Company's Registrar and Share Transfer Agent (RTA) and/or such other place(s) within the city of Kolkata where the RTA may shift its Office from time to time instead of being kept at the Registered Office of the Company as all the services relating to the Shares held in the physical segment were provided by them.

As per the provisions of Section 163(1) of the Companies Act, 1956, approval of Members is required by way of a Special Resolution for keeping the aforesaid records at a place other than the Registered Office of the Company provided that such place is within the city, town or village in which the Registered Office of the Company is situated.

Accordingly, the approval of Members is sought by a Special Resolution at the ensuing Annual General Meeting for keeping any one or more of the aforesaid Records at the Present Office Premises of the RTA and/or such other place(s) within the city of Kolkata where the RTA may shift its Office from time to time.

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.

Registered Office:

**Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata - 700046**

Date : 31st May, 2010

**By Order Of The Board
For Hindusthan Udyog Limited**

**Shikha Bajaj
Company Secretary**

HINDUSTHAN UDYOG LTD.

DISCLOSURE OF THE DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING REQUIRED PURSUANT TO CLAUSE 49 (IVG) OF THE LISTING AGREEMENT

NAME OF THE DIRECTOR	MR. PRAKASH AGARWAL
Date of Birth	14.07.1971
Date of First Appointment	09.12.1998
Qualifications	B.E. (Mechanical) from Manipal Institute of Technology
No. of shares held	NIL
Nature of Expertise	Having professional expertise in the Operations of the Engineering Industry and wide experience in Global Marketing and Overall Business Management and Industrial Operations
Other Directorships	<ol style="list-style-type: none"> 1. WPIL Limited 2. Hindusthan Parsons Limited 3. HSM Investments Limited 4. Bengal Steel Industries Limited 5. Macneill Electricals Limited 6. Spaans Babcock India Limited 7. V.N. Enterprises Limited 8. Morgan Ventures Limited 9. ABC India Limited 10. Goyal MG Gases Private Limited 11. Morgan Finvest Private Limited 12. Live-Life Buildcon Private Limited 13. Morgan Securities & Credits Private Limited 14. Clyde Pumps India Private Limited 15. Revox Enterprises Private Limited
Other Committee Memberships/Chairmanships	
(A) Audit Committee	<ol style="list-style-type: none"> 1. Hindusthan Parsons Limited – Member 2. HSM Investments Limited - Member
(B) Investors' Grievance Committee	<ol style="list-style-type: none"> 1. WPIL Limited - Member 2. Bengal Steel Industries Limited - Member
(C) Share Transfer Committee	<ol style="list-style-type: none"> 1. WPIL Limited - Member

HINDUSTHAN UDYOG LTD.

BOARD OF DIRECTORS

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

COMPANY SECRETARY

SHIKHA BAJAJ

AUDITORS

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

BANKERS

UNITED BANK OF INDIA
IDBI BANK LIMITED

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 63rd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

	<u>2009 - 2010</u>	<u>2008 - 2009</u>
	<u>Rs. in Lakhs</u>	<u>Rs. in Lakhs</u>
FINANCIAL RESULTS		
Profit before Interest and Depreciation	759.50	874.71
Deduction :		
Interest	116.44	198.00
Depreciation	198.60	162.31
Provision for Fringe Benefit Tax	—	9.61
Provision for Deferred Tax	—	14.72
Tax for Earlier Year	6.18	1.40
Net Profit after Tax	438.28	488.67
Add : Brought forward Profit/(Loss)	(3,504.77)	(3,993.44)
Balance carried forward to Balance Sheet	(3,066.49)	(3,504.77)

AMALGAMATION OF ACC-NIHON CASTINGS LIMITED WITH THE COMPANY:

As reported in the last year's Annual Report, the Hon'ble High Court at Calcutta had passed an Order dated 23.03.2009 sanctioning the Scheme of amalgamation of ACC-Nihon Castings Limited (ANCL) with our Company, which became effective on 20.04.2009.

Pursuant to the aforesaid Scheme, 8,49,625 Equity Shares of Rs. 10/- each and 60,00,000, 10% Cumulative Redeemable Preference Shares of Rs. 10/- each were allotted as fully paid up on 29.07.2009 respectively to the Equity and Preference Shareholder of ANCL.

The New Equity Shares so allotted were also listed with the Bombay Stock Exchange Limited with effect from 14.09.2009.

COMPANY PERFORMANCE:

In the year 2009-2010 the Company witnessed decrease in its Sales both in terms of volume and value specially in its Export Business to the U.S. and European Markets due to the impact of Global Economic Meltdown.

In spite of decrease in Sales, the Company's Net Profit before tax as a percentage of Total Sales during the year has increased to 9.01% as compared to 8.27% in the previous year and the same was because of the various measures taken up by the Company for reducing its costs and improving the profitability.

The performance of Material Handling Division, being low tech business, remained subdued. The Durgapur Unit continued to remain closed during the year.

With gradual signs of recovery and growth in the Economy, your Directors feel that the future prospects of the Company in terms of its Turnover and Profit appears to be positive.

DIVIDEND:

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 with stringent quality requirements required in Turbines, Metal Shredding, Heavy Earth Equipment, Pumps, Valves 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 Plants and Other General Engineering Sectors. The manufacturing units are located in Kolkata and Nagpur.

B. REVIEW OF OPERATIONS & FUTURE PROSPECTS

The Two Induction Furnaces with dual track record, which were installed at the Nagpur Unit in the Year 2008-2009, were made fully operational during the year. The Usage of same has enabled the Company to maintain its bottomline.

Because of the downturn in the U.S. and the European Markets during the year 2009-2010 the Company was primarily focused on the development of different kinds of Castings under various grades so as to meet the requirements of its Customers.

In fact, the Company has decided to maintain the development of new varieties of Products as its primary motive in the coming year also.

It is also taking steps for major quality improvements which will enable it to meet the requirements of international regulations and procure bulk export orders from global engineering majors.

Most of the Industries dealing in Turbines, Power, Pumps, Compressors, Valves, Traction and Locomotives will be in need of components which we are manufacturing in substantial volumes in view of their expected expansion plans. Their need will benefit the growth of the Overall Foundry Industry and therefore the Future Prospects of the Industry in which we are operating seems bright and promising.

In view of above, your Company hopes to enhance its profitability in the coming years.

C. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Company sees opportunity in the development and supply of critical castings required in High Alloy Steel or Iron Segment. In addition to catering to the requirements of mostly the Ferrous Segments, the Company also sees the scope for growth in the Non-Ferrous Segment.

Further, as a gradual recovery in the Global Economy is taking place from the effects of recession, good opportunity now exists for the Company to develop and cater new export markets.

For capturing the aforesaid opportunities, the Company is continuously carrying on improvement of its infrastructure and other facilities and workings which will enable it to yield better results in the near future.

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

- i) Demand for the Company's highly sophisticated steel casting products in few critical segments only.
- ii) Stagnancy in the Market Demand due to General Economic conditions.
- iii) Dependence on a few number of Customers in the Export Market. Any change in their requirements will have a direct impact on the Exports Volume of the Company.
- iv) Currency Fluctuations in adverse direction.
- v) Fluctuations in raw material prices on the fixed price orders which will have a consequential effect on the bottomline.

HINDUSTHAN UDYOG LTD.

D. INTERNAL CONTROL SYSTEM

The Company has internal control procedures commensurate with the nature of its business and size of its operations. 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 and it has complied with all the applicable provisions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate Report on Corporate Governance as prescribed by the Listing Agreement forms part of the Annual Report 2009-2010 along with the Auditors' Certificate on its compliance in Annexure "B".

DIRECTORS:

Mr. A.K. Chakravarty ceased to be a Director of the Company with effect from 13.02.2010 due to his sad demise.

The Board has placed on record its appreciation for the valuable services rendered by him during his association with the Company as a Director.

Mr. Prakash Agarwal, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

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

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, 2010, 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, 2010 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 Auditors of the Company, if so re-appointed 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 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 and the Rules framed thereunder.

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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

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 2009-2010 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

Place: Kolkata
Date: 31st May, 2010

V. N. AGARWAL
RITU AGARWAL
DIRECTORS

HINDUSTHAN UDYOG LTD.

ANNEXURE – “A”

PARTICULARS AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

ENERGY CONSERVATION MEASURES TAKEN :

All Units of the Company continues the endeavor to reduce the energy consumption per unit of production.

Energy Conservation Measures taken at the Units located in Kolkata are :

- i) Replacement of motors/pumps/lighting with energy efficient models.
- ii) Optimization of electrical distribution system.
- iii) Improvements to reduce heat gain/cooling losses from building.

Energy Conservation Measures taken at the Unit located in Nagpur are :

- i) Installation of Induction Furnaces for melting and the bulk production is 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.

The above mentioned measures initiated across the Company's business have resulted in significant savings in Energy Consumption and has helped in partially offsetting the inflationary trend in Electricity Costs. The energy savings have also helped to reduce total Carbon Di-oxide emissions.

The consumption of Electricity per MT of production has also reduced during the year under review and the same is competitive when compared with the industry standards.

	POWER CONSUMPTION	For the year ended 31.03.2010	For the year ended 31.03.2009
1)	Electricity		
	Units purchased (KWH in Lakhs)	76.28	96.39
	Total Amount (Rs. In Lakhs)	405.94	464.33
	Rate/Unit (Rs.)	5.32	4.82
2)	Light Diesel Oil		
	Units purchased (Ltrs. In Lakhs)	4.42	4.42
	Total Amount (Rs. In Lakhs)	133.42	147.53
	Rate/Unit (Rs.)	30.19	33.38
3)	Consumption/Unit of production		
	Product (Units) :		
	Steel, Alloy and Cast Iron Castings (MT)	2580	2981
	Electricity (KWH/MT)	2957	3233
	Light Diesel Oil (Ltrs/MT)	171	148

TECHNOLOGY ABSORPTION :**Research and Development (R&D) :**

Research and Development is continuously carried on for the improvement in quality of the existing products and production process so as to bring them in line with the requirements of Customers or Industry Standards and the Company has succeeded in making out the improvements in the quality and efficiency in production.

Areas in which R&D have been carried out by the Company are :

- a) Development of many new products at Nagpur Unit such as Pump Castings in SG D2, CF8M, Impellers and Bowls in Duplex Stainless Steel, Magnet Frame in Cast 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 under process.
- b) Receipt of Big size D2 Casting Orders which will be developed by the Company in the coming year.
- c) Development of valves which are in demand in huge volumes by various Industries is being considered by the Company.

Expenditure on Research and Development has been charged under primary heads of accounts.

Technology absorption, adaptation and innovation

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, 2009.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign Exchange earned	Rs. 1695.51 Lakhs
Total Foreign Exchange used	Rs. 39.10 Lakhs

V. N. AGARWAL
RITU AGARWAL
DIRECTORS

HINDUSTHAN UDYOG LTD.

ANNEXURE “B”

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.

The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. It aims to constantly review its systems and procedures at all levels to achieve the highest level of Corporate Governance in the overall interest of all the Shareholders.

In terms of Clause 49 of the Listing Agreements with the Stock Exchanges, the details of compliances made by the Company for the year ended 31st March, 2010 are as follows:

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. As on 31.03.2010 (i.e. after the demise of Mr. A.K. Chakravarty on 13.02.2010) the Company’s Board consists of Five Directors out of which two are Independent Directors who are eminent professionals with experience and expertise in Business, Industry, Finance and Law.

Both the Independent Directors of the Company furnish a declaration at the time of their re-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. Mr. A.K. Ghosh and Mr. Binaya Kapoor are the Independent Directors.

The Composition of the Board and the category of Directors as on 31.03.2010 are as follows :

SI. No.	Categories of Directors	No. of Directors	% of Total No. of Directors
1.	Executive Director & Promoter (Managing Director)	1	20.00
2.	Non-Executive Director & Promoter	2	40.00
3.	Non-Executive & Independent Director	2	40.00
	TOTAL	5	100.00

HINDUSTHAN UDYOG LTD.

The further details relating to the Composition of the Board as on 31.03.2010 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.	Mr. V. N. Agarwal	Managing Director & Promoter	12	7	2
2.	Mr. Prakash Agarwal	Non - Executive Director & Promoter	15	5	—
3.	Mrs. Ritu Agarwal	Non - Executive Director & Promoter	5	—	—
4.	Mr. Binaya Kapoor	Non - Executive & Independent Director	1	2	—
5.	Mr. A.K. Ghosh	Non - Executive & Independent Director	5	4	2

Mr. Prakash Agarwal is the son of Mr. V.N. Agarwal and husband of Mrs. Ritu Agarwal.

3) DETAILS OF BOARD MEETINGS AND ANNUAL GENERAL MEETING HELD AND ATTENDED BY THE DIRECTORS DURING THE FINANCIAL YEAR 2009-2010

(i) During the Financial Year 2009-10 Eight Board Meetings were held on :

13th April, 2009, 30th April, 2009, 29th June, 2009, 29th July, 2009, 29th October, 2009, 30th January, 2010, 13th March, 2010 and 15th March, 2010

(ii) Details of Attendance record of the Directors at the Board Meetings and the last Annual General Meeting are as follows :

Name of the Board Members	No. of Board Meetings Attended	Attendance at the last AGM held on 29th July, 2009
Mr. V.N. Agarwal	8	Yes
Mr. Prakash Agarwal	8	Yes
Mrs. Ritu Agarwal	8	Yes
Mr. Binaya Kapoor	5	Yes
Mr. A.K. Ghosh	8	Yes
Mr. A.K. Chakravarty*	5	Yes

* Ceased to be a Director of the Company effective 13th February, 2010 due to his demise.

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.

HINDUSTHAN UDYOG LTD.

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 management.
- 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 from time to time have intimated to the Company 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 credible.
- (b) Compliance with Listing and legal requirements concerning financial statements.
- (c) Recommending to the Board the appointment/re-appointment of Auditors, fixation of their Audit Fees, and approving payments made for any other services rendered by them.
- (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 made for all liabilities.

- (i) Reliability of financial and other management information and adequacy of disclosures
(j) Compliance with all relevant statutes.
(k) Reviewing of the Statement of Related Party transactions as submitted by the Management.

Consequent to the demise of Mr. A. K. Chakravarty on 13.02.2010, who was the Chairman of the Audit Committee, the Board of Directors of the Company at their Meeting held on 15.03.2010 reconstituted the Audit Committee, the same being effective from 13.02.2010. Accordingly, the composition of Audit Committee as on 31.03.2010 is as follows :

Name of the Director	Chairman/Member	Category
Mr. A. K. Ghosh	Chairman	Non Executive & Independent
Mr. Prakash Agarwal	Member	Non Executive & Promoter
Mr. Binaya Kapoor	Member	Non Executive & Independent

During the Financial Year 2009-2010 Five Audit Committee Meetings were held and the Attendance of the Members at the said Meetings is given below:

Name of the Director	No. of meetings attended
Mr. A.K. Ghosh	5
Mr. Prakash Agarwal	5
Mr. A.K. Chakravarty *	4
Mr. Binaya Kapoor **	—

* Ceased to be the Chairman of the Committee with effect from 13th February, 2010

** Appointed on the Committee with effect from 13th February, 2010

ii) INVESTORS' GRIEVANCE COMMITTEE

The Investors' Grievance Committee oversees redressal of Shareholders/Investors grievances relating to transfer of shares, non-receipt of Balance Sheet etc.

The Investors' Grievance Committee as on 31.03.2009 comprised of Mr. A. K. Chakravarty (Chairman), Mr. Prakash Agarwal and Mr. A. K. Ghosh.

Mr. Chakravarty ceased to be the Chairman of the Committee due to his demise on 13.02.2010.

The Committee was therefore reconstituted by the Board of Directors at their Meeting held on 15.03.2010, wherein Mr. A. K. Ghosh was designated as the new Chairman of the Committee and Mr. Prakash Agarwal was to continue as the Member as he was acting before.

Miss Shikha Bajaj, Company Secretary acts as the Compliance Officer of the Company.

During the year ended 31st March 2010, no complaints/queries were received and accordingly no reply was pending as on 31st March, 2010. There were no transfer of shares pending for registration as on 31st March 2010 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 Remuneration Committee was also reconstituted with effect from 13.02.2010 by the Board at their Meeting held on 15.03.2010 due to the sad demise of Mr. A. K. Chakravarty, Chairman of the Committee.

HINDUSTHAN UDYOG LTD.

- As such post-reconstitution, the Composition of the Remuneration Committee as on 31.03.2010 is as follows :

Name of Director	Chairman/Member
Mr. A. K. Ghosh	Chairman
Mr. Prakash Agarwal	Member
Mr. Binaya Kapoor	Member

- No Remuneration Committee Meeting was held during the Financial Year ended 31st March, 2010.
- The Remuneration of Mr. V. N. Agarwal, Managing Director was determined by the Board of Directors on the basis of recommendations made by the Remuneration Committee and the same was also approved by the Shareholders at their last Annual General Meeting on 29.07.2009.
- Details of Remuneration paid/payable to Mr. V. N. Agarwal as Managing Director from 1st April 2009 to 31st March 2010 are as follows :

Salary	Perquisites	Total
Rs. 12,00,000/-	—	Rs. 12,00,000/-

- 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 to the Non-Executive Directors for the financial year ended 31st March, 2010 were as follows :

Name of the Director	Sitting Fees paid
Mr. Prakash Agarwal	Rs. 5,000/-
Mrs. Ritu Agarwal	Rs. 5,000/-
Mr. Binaya Kapoor	Rs. 3,500/-
Mr. A. K. Ghosh	Rs. 5,000/-
Mr. A. K. Chakravarty	Rs. 3,000/-

10) GENERAL MEETINGS

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

Financial Year	Location	Date	Time
2008 - 2009	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.	29th July, 2009	11 a.m.
2007 - 2008	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.	29th August, 2008	10 a.m.
2006 - 2007	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.	27th August, 2007	4 p.m.

- ii) Whether any Special Resolutions were passed in the previous Three Annual General Meetings : Yes
 Two Special Resolutions were passed in the last Annual General Meeting of the Company (i.e. on 29.07.2009).
 They were in respect of :-
 (a) Re-appointment of Mr. V.N. Agarwal as a Managing Director for a period of Three Years commencing from 01.01.2009
 (b) Alteration of Articles of Association so as to include therein a Chapter on 'Dematerialization of Securities'
- 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 thereunder 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

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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 Standards
(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 issue 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, 2010.
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 with the conditions of Corporate Governance forms part of the Annual Report

12) MEANS OF COMMUNICATIONS

- (i) **Quarterly Results** : Quarterly Results were announced within one month from the end of the relevant Quarter (except the last quarter) and were published in The Financial Express (English) and the Dainik Statesmen (Bengali). In place of the results for the last quarter, the Company opted to submit the Audited Financial results for the entire financial year.
- (ii) **Annual Reports** : Annual Reports containing, interalia 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 News 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	Friday
B.	Date	23rd July, 2010
C.	Time	11.00 a.m.
D.	Venue	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South) Kolkata-700046.

(iii) Calendar for Financial Results for the Year 2010-2011:

Sl. No.	Particulars	Remarks
A.	1st Quarter ending 30th June, 2010	Before 14th August, 2010
B.	2nd Quarter and Half-year ending 30th September, 2010	Before 14th November, 2010
C.	3rd Quarter ending 31st December, 2010	Before 14th February, 2011
D.	4th Quarter and Annual Results for the year ending 31st March, 2011.	Before 30th May, 2011

- (iv) **Dates of Book Closure** : 17th July, 2010 to 23rd July, 2010 (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, 2010.
- (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 on the following Stock Exchanges :

1. The Calcutta Stock Exchange Limited (CSE)
7, Lyons Range, Kolkata – 700001
Scrip Code: 018142

HINDUSTHAN UDYOG LTD.

2. The Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street, Mumbai - 400001
Scrip Code: 513039

The Company has paid the listing fees for the Financial Year 2010-2011 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, 2010

(viii) Registrars and Share Transfer Agents :

M/s Link Intime India Private Limited are the Registrar and Share Transfer Agents (RTA) of the Company with effect from 1st July, 2009.

Shareholders may address all their correspondences/queries relating to Dematerialization of Shares, transfer/transmission of physical securities, change of address, non-receipt of dividend or any other query relating to the Shares of the Company to them at the below mentioned Address :

LINK INTIME INDIA PRIVATE LIMITED

Fort Burlow
59C, Chowringhee Road, 3rd Floor
Room No. 5, Kolkata - 700020.
Tel : 033 2289 0540
Fax No: 033 2289 0539
E-mail ID : debu.ghosh@linkintime.co.in
Contact Person: Mr. D. Ghosh

(ix) Share Transfer System:

All work relating to transfer of Physical Shares are processed by the Company's RTA at their above mentioned Address.

The same 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, 2010 is given below:

Sl. No.	No. of Equity Shares held	No. of Holders	Percentage of total holders	No. of Shares	% of Shareholding
1.	1 – 500	9	9.38	1,713	0.02
2.	501 – 1000	—	—	—	—
3.	1001 – 2000	2	2.08	2,325	0.03
4.	2001 – 3000	1	1.04	2,400	0.03
5.	3001 – 4000	—	—	—	—
6.	4001 – 5000	3	3.13	15,000	0.21
7.	5001 – 10000	2	2.08	19,052	0.27
8.	10001 – above	79	82.29	71,36,235	99.44
	Total	96	100.00	71,76,725	100.00

(xi) Shareholding Pattern as on 31st March, 2010 :

Sl. No.	Category	No. of Equity Shares held	Percentage of holding
A.	Promoters' holding :		
	1. Promoters		
	— Indian Promoters	39,76,410	55.41
	— Foreign Promoters	—	—
	2. Persons acting in concert	—	—
	Sub-Total	39,76,410	55.41
B.	Non-Promoters' holding :		
	3. Institutional Investors	—	—
	4. Others :		
	— Private Corporate Bodies	1,73,117	2.41
	— Indian Public	30,27,198	42.18
	— Any others	—	—
	Sub-Total	32,00,315	44.59
	GRAND TOTAL	71,76,725	100.00

(xii) Dematerialization of Equity Shares :

In order to enable the Investors to have their holdings in dematerialized form and consequently providing them with the facility of trading in the same, the Company got its 100% of the Total Equity Shares admitted with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) during the Financial Year 2009 - 2010.

The ISIN Number as activated by both CDSL and NSDL in respect of our Equity Shares is INE582K01018.

As on 31st March, 2010, 9,52,702 Equity Shares representing 13.27% of the Company's Total Equity Shares were held in dematerialized form.

The Company has paid the Custodial Fees for the Financial Year 2010-2011 to both the Depositories.

(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/ADRs/Warrants or any other Convertible Instruments]

(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

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(xv) Address for correspondence:

Shareholders should address their correspondence to the Company's RTA at their above mentioned Address or to the Secretarial Department of the Company at the following address :

HINDUSTHAN UDYOG LIMITED

Trinity Plaza, 3rd Floor
84/1A, Topsia Road (South),
Kolkata – 700046
Tel : 033 3021 6800/6808
Fax No: 033 3021 6863
E-mail ID : kkg@hul.net.in

The above report has been placed before the Board at its Meeting held on 31st May, 2010 and the same was approved.

Place: Kolkata
Date: 31st May, 2010

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 2009-2010.

Place: Kolkata
Date: 31st May, 2010

For Hindusthan Udyog Limited
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 2010, 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, 2010 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 : 31st May, 2010

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, 2010 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, 2010, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010 ; 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 : 31st May, 2010

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, 2010, and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

HINDUSTHAN UDYOG LTD.

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 : 31st May, 2010

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	1,38,187	1998-99	WBCT (A/R) Board
2.	West Bengal Sales Tax Act 1994	Assessed Dues	4,14,263	2004-05	WBCT (A/R) Board
3.	Central Sales Tax Act 1956	Assessed Dues	1,81,067	2004-05	WBCT (A/R) Board
4.	West Bengal Vat Tax Act 2003	Assessed Dues	21,59,964	2005-06	Sr. Joint Commissioner (C.D)
5.	Central Sales Tax Act 1956	Assessed Dues	47,29,569	2005-06	Sr. Joint Commissioner (C.D)
6.	Central Sales Tax Act 1956	Assessed Dues	1,00,10,875	2006-07	Sr. Joint Commissioner (C.D)
7.	Central Sales Tax Act 1956	Assessed Dues	16,34,285	1998-99	Registrar Maharashtra Sales Tax Tribunal, Mumbai
8.	Central Sales Tax Act 1956	Assessed Dues	59,26,481	1999-00	Deputy Commissioner of Sales Tax (Appeal), Nagpur
9.	Bombay Sales Tax Act 1959	Assessed Dues	10,44,631	2000-01	Deputy Commissioner of Sales Tax (Appeal), Nagpur
10.	Central Sales Tax Act 1956	Assessed Dues	13,89,004	2000-01	Deputy Commissioner of Sales Tax (Appeal), Nagpur
11.	Central Sales Tax Act 1956	Assessed Dues	12,02,194	2001-02	Registrar Maharashtra Sales Tax Tribunal, Mumbai
12.	Bombay Sales Tax Act 1959	Assessed Dues	94,90,67	2002-03	Deputy Commissioner of Sales Tax (Appeal), Nagpur
13.	Central Sales Tax Act 1956	Assessed Dues	3,90,538	2002-03	Deputy Commissioner of Sales Tax (Appeal), Nagpur
			3,01,70,125		

HINDUSTHAN UDYOG LTD.

Balance Sheet as at 31st March, 2010

Previous Year Rs.		SCHEDULE	Current Year Rs.
	SOURCES OF FUNDS		
	SHAREHOLDERS' FUNDS		
13,17,67,250	Capital	A	13,17,67,250
42,49,44,025	Reserves & Surplus	B	42,48,91,608
55,67,11,275			55,66,58,858
	LOAN FUNDS		
15,31,78,287	Secured Loans	C	12,29,89,386
19,35,10,028	Unsecured Loans	D	17,01,17,028
90,33,99,590			84,97,65,272
	APPLICATION OF FUNDS		
	FIXED ASSETS	E	
52,32,67,617	Gross Block		54,00,04,295
35,32,96,572	Less : Depreciation		37,25,96,001
16,99,71,045	Net Block		16,74,08,294
23,02,143	Capital Work-in-Progress		63,30,930
5,69,46,681			17,37,39,224
	INVESTMENTS	F	4,47,09,728
45,75,29,080	Current Assets, Loans and Advances	G	46,89,20,043
13,39,90,738	Less: Current Liabilities and Provisions	H	14,43,62,350
32,35,38,342			
1,64,506	NET CURRENT ASSETS		32,45,57,693
	Miscellaneous Expenditure (To the extent not written off or adjusted)	I	1,09,618
35,04,76,873	PROFIT & LOSS ACCOUNT		30,66,49,009
90,33,99,590			84,97,65,272
	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 CHATTOPADHYAY)
Partner

MEMBERSHIP NO : 051254

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

SHIKHA BAJAJ
Company Secretary

Place : Kolkata
Date : 31st May, 2010

HINDUSTHAN UDYOG LTD.

Profit & Loss Account for the year ended 31st March, 2010

Previous Year Rs.	SCHEDULE	Current Year Rs.
INCOME		
65,87,60,593	Sales of Goods & Services and other Income J	51,45,12,448
EXPENDITURE		
30,37,16,613	Materials & Stores Consumed K	20,95,60,171
29,90,310	Tools & Implements Consumed L	22,56,873
32,40,204	Movement in Stock M	71,85,803
3,93,38,136	Excise Duty	2,90,50,305
15,96,65,959	Manufacturing & Operating Expenses N	13,69,68,536
6,23,37,962	Administrative, Selling & Oth. Expenses O	5,35,41,188
1,97,99,988	Interest	1,16,43,595
1,62,30,755	Depreciation E	1,98,60,547
<u>60,73,19,927</u>		<u>47,00,67,018</u>
5,14,40,666	PROFIT/(LOSS) BEFORE TAX AND APPROPRIATION	4,44,45,430
—	Less : Provision for Taxation	
(9,60,773)	Income Tax	—
(1,40,388)	Fringe Benefit Tax	—
(14,72,000)	Tax for Earlier Year	6,17,566
	Deferred Tax	—
		<u>6,17,566</u>
<u>4,88,67,505</u>	Profit after Tax	4,38,27,864
(39,93,44,378)	Add: Bal. brought forward from previous year	(35,04,76,872)
<u>(35,04,76,873)</u>	Available for appropriation	<u>(30,66,49,009)</u>
6.81	Basic/Diluted earnings per Equity Share (Rupees)	6.11

**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 CHATTOPADHYAY)
Partner

Place : Kolkata
Date : 31st May, 2010

MEMBERSHIP NO : 051254

SHIKHA BAJAJ
Company Secretary

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

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2010

Previous Year Rs.	SCHEDULE 'A'	Current Year Rs.
	SHARE CAPITAL AUTHORISED	
48,50,00,000	4,85,00,000 Equity Shares of Rs. 10/- each.	48,50,00,000
6,00,00,000	60,00,000 Preference Shares of Rs. 10/- each.	6,00,00,000
54,50,00,000		54,50,00,000
	ISSUED, SUBSCRIBED & PAID UP	
6,32,71,000	71,76,725 (Pr.Yr. 63,27,100) Equity Shares of Rs. 10/- each Of the above —	7,17,67,250
	(i) 17,27,025 shares were allotted as fully paid up pursuant to contracts without payment being received in cash Rs. 1,72,70,250/-	
	(ii) 10,000 shares were allotted as fully paid up Bonus shares by Capitalisation of reserve Rs. 100,000/-	
—	60,00,000, 10% Cumulative Redeemable Preference Shares of Rs. 10/- each.	6,00,00,000
	— Due for redemption on March 9, 2012 [These Shares were allotted as fully paid up pursuant to a Scheme of Amalgamation]	
84,96,250	Equity Share Capital Suspense	—
6,00,00,000	Preference Share Capital Suspense	—
13,17,67,250		13,17,67,250

	SCHEDULE 'B'	
	RESERVES & SURPLUS	
39,08,27,590	CAPITAL RESERVE	39,08,27,590
51,72,108	REVALUATION RESERVE	51,13,360
58,747	Less : Adjusted with Depreciation	52,416
51,13,361		50,60,944
30,00,000	SPECIAL CAPITAL INCENTIVE	30,00,000
1,38,41,000	SHARE PREMIUM	1,38,41,000
1,21,62,074	GENERAL RESERVE	1,21,62,074
42,49,44,025		42,48,91,608

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2010

Previous Year Rs.	SCHEDULE 'C'	Current Year Rs.
	SECURED LOANS	
	CASH CREDIT	
13,38,10,216	UNITED BANK OF INDIA* (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)	—
1,79,68,676	STATE BANK OF INDIA* (Secured by Hypothecation of Stocks, Stores and Book Debts and by first charge on the Fixed Assets of the Company situated at Nagpur - Maharashtra)	—
—	IDBI BANK (Secured/to be secured by first charge by way of hypothecation of all Current Assets and Book Debts of the Company and first charge on the Fixed Assets of the Company situated at Ganipur - West Bengal and Nagpur - Maharashtra)	12,00,40,274
	TERM LOANS	
13,09,639	I.C.I.C.I BANK Secured by hypothecation of motor vehicles	2,75,665
89,756	H. D. F. C. BANK Secured by hypothecation of motor vehicles	26,73,447
15,31,78,287		12,29,89,386

* The Cash Credit Account of both United Bank of India & State Bank of India has been fully settled. However, the Charges on the Assets of the Company are in the process of being vacated.

	SCHEDULE 'D'	
	UNSECURED LOANS	
1,17,028	Deferred Sales Tax Loans	1,17,028
19,33,93,000	Inter Corporate Deposits	17,00,00,000
19,35,10,028		17,01,17,028

HINDUSTHAN UDYOG LIMITED

SCHEDULE 'E' Schedules forming Part of the Balance Sheet as at 31st March, 2010

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31.03.2009 Rs.	Addition Rs.	Deduction Transfer Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.	Addition Rs.	Deduction Transfer Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1. LAND & BUILDINGS									
i) LAND FREEHOLD	61,79,192	47,46,916	—	1,09,26,108	—	—	—	1,09,26,108	61,79,192
ii) LAND LEASEHOLD	1,43,63,933	—	—	1,43,63,933	9,09,163	1,51,989	—	1,33,02,781	1,34,54,770
iii) BUILDINGS	8,69,01,912	12,53,377	—	8,81,55,289	4,54,45,407	29,37,839	—	3,97,72,043	4,14,56,505
2. PLANT & MACHINERY									
i) MACHINERY	37,90,96,026	60,89,227	—	38,51,85,253	28,13,39,285	1,35,45,579	—	9,03,00,389	9,77,56,741
ii) COMPUTER INSTALLATION	35,20,100	20,446	—	35,40,546	29,76,928	2,17,591	—	3,46,027	5,43,172
iii) VEHICLES	91,00,685	43,32,610	6,58,403	1,27,74,892	57,00,371	17,00,675	6,13,536	59,87,382	34,00,314
3. FURNITURE FIXTURE & OFFICE EQUIPMENTS									
	2,40,42,557	9,52,505	—	2,49,95,062	1,69,25,418	13,59,292	—	67,10,352	71,17,139
	52,32,04,405	1,73,95,081	6,58,403	53,99,41,083	35,32,96,572	1,99,12,965	6,13,536	16,73,45,082	16,99,07,833
4. ASSETS DISCARDED (Estimated Net realisable value)	63,213			63,213				63,213	63,213
TOTAL	52,32,67,618	1,73,95,081	6,58,403	54,00,04,296	35,32,96,572	1,99,12,965	6,13,536	16,74,08,295	16,99,71,046
Previous Year	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	16,99,71,046	

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

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2010

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.	2,30,500	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.	—	10	—
12,98,319	Hindalco Industries Ltd.	—	1	—
21,22,953	Parsvnath Developers Ltd.	4,000	10	21,22,953
4,38,01,244				4,22,64,291
UNQUOTED :				
EQUITY SHARES				
7,15,500	Hindusthan Parsons Ltd.	3,80,000	10	10,15,500
3,25,000	H. S. M. International Pvt. Ltd.	1,52,500	10	3,25,000
3,01,500	Tamilnadu Alkaline Batteries Ltd.	3,00,000	10	3,01,500
2,50,000	Spaans Babcock India Ltd.	25,000	10	2,50,000
2,01,000	Sagarpriya Distributors Pvt. Ltd.	20,000	10	2,01,000
1,50,750	Revox Enterprises Pvt. Ltd.	15,000	10	1,50,750
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
1,10,00,800	Macneill Electricals Ltd.	8	100	800
15,000	Government and Trust Securities (National Saving Certificate)			15,000
1,31,45,437				24,45,437
5,69,46,681	TOTAL :			4,47,09,728
15,76,15,599	Aggregate Market value of Quoted Investment			75,05,45,667

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2010

Previous Year Rs.	SCHEDULE 'G'		Current Year Rs.
	CURRENT ASSETS, LOANS & ADVANCES :		
	CURRENT ASSETS :		
	INVENTORIES (See Note A.5 of Sch-'P')		
90,27,492	Tools & Implements	1,19,54,862	
6,13,68,137	Raw Materials	6,83,83,642	
2,17,65,126	Finished Goods	2,28,63,902	
7,12,54,539	Semifinished Goods	<u>6,29,69,960</u>	16,61,72,366
	SUNDRY DEBTORS : (Considered Good)		
5,98,06,556	Over six months	5,15,20,669	
2,19,93,305	Less : Provision made for doubtful debts	<u>2,19,93,305</u>	
3,78,13,251		2,95,27,364	
<u>13,76,03,319</u>	Other Debts	<u>13,77,57,313</u>	16,72,84,676
17,54,16,570			
14,262	ACCRUED INTEREST ON INVESTMENT		14,262
	CASH AND BANK BALANCES		
20,54,621	Cash in hand (As certified)	6,15,151	
25,34,297	Current Accounts with Scheduled Banks	2,83,07,428	
1,65,875	Margin Money against L/C with UBI	—	
<u>21,03,645</u>	Fixed Accounts with Scheduled Banks	<u>17,50,000</u>	3,06,72,579
	LOANS & ADVANCES		
	Advances recoverable in Cash or in kind or for value to be received : (Considered Good)		
23,63,222	Advance to Suppliers	19,17,891	
1,12,564	Advance against Expenses	88,414	
9,34,953	Advance to Employees	16,34,942	
6,86,83,750	Other Advance	7,81,92,181	
70,01,896	Less : Prov. for doubtful Advance	<u>70,08,596</u>	
93,87,772	Advance Income Tax	7,11,83,585	
2,61,329	Prepaid Expenses	<u>34,28,339</u>	
		<u>2,68,619</u>	7,85,21,790
	DEPOSITS		
1,54,14,228	Security Deposit	1,67,82,137	
<u>2,16,68,594</u>	Other Deposit	<u>94,72,233</u>	2,62,54,369
<u>45,75,29,080</u>	TOTAL		<u>46,89,20,043</u>

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Balance Sheet as at 31st March, 2010

Previous Year Rs.	SCHEDULE 'H'		Current Year Rs.
	CURRENT LIABILITIES & PROVISIONS :		
	A. CURRENT LIABILITIES :		
	Sundry Creditors		
4,57,58,115	(a) For Goods	4,53,10,377	
33,41,135	(b) For Expenses	39,28,217	4,92,38,594
<u>4,90,99,250</u>			
4,91,08,027	Sundry Advance		6,39,50,851
2,12,38,930	Other Liabilities		1,99,72,162
2,40,000	Deposit for Godown		2,40,000
<u>11,96,86,207</u>			<u>13,34,01,607</u>
	B. PROVISIONS		
45,51,500	Provision for Income Tax		—
22,30,000	Provision for Fringe Benefit Tax		—
63,23,269	Provision for Gratuity		79,16,203
11,99,762	Provision for Leave Encashment		30,44,540
<u>1,43,04,531</u>			<u>1,09,60,743</u>
<u>13,39,90,738</u>	TOTAL (A + B) :		<u>14,43,62,350</u>

SCHEDULE 'I'

MISCELLANEOUS EXPENDITURE

(To the Extent not written off or Adjusted)

1,64,506	Deferred Revenue Expenditure	1,09,618
<u>1,64,506</u>		<u>1,09,618</u>

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2010

Previous Year Rs.	SCHEDULE 'J'		Current Year Rs.
	SALE OF GOODS & SERVICES AND OTHER INCOME		
62,16,43,737	Sales of Goods (Net of Returns)		49,30,99,159
	SALES OF SERVICES :		
45,000	Service Charges & Re-imburement of Expenses		—
	OTHER INCOME :		
5,61,591	Profit on Sale of Share	—	
12,31,760	Interest Receipt	1,57,551	
30,58,242	Rent Receipt	32,59,907	
4,60,416	Profit on Sale of Assets.	57,599	
48,025	Dividend	38,82,434	
9,39,069	Sundry Creditors & Liabilities Written Back	1,23,904	
—	Misc. Receipt	11,34,016	
17,45,929	Commission	—	
68,63,259	Foreign Exchange Fluctuation Gain	—	
2,21,63,565	D.E.P.B. Income	1,27,97,878	
<u>3,70,71,856</u>			<u>2,14,13,289</u>
<u>65,87,60,593</u>			<u>51,45,12,448</u>

	SCHEDULE 'K'		
	MATERIALS AND STORES CONSUMED		
7,65,71,767	Opening Stock		6,13,68,137
	Add: Purchase during the year		
22,00,19,885	Raw Materials & Components	17,15,54,617	
6,84,93,098	Sundry Stores	4,50,21,059	21,65,75,676
<u>36,50,84,750</u>			<u>27,79,43,813</u>
6,13,68,137	Less : Closing Stock		6,83,83,642
<u>30,37,16,613</u>			<u>20,95,60,171</u>

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2010

Previous Year Rs.	SCHEDULE 'L'	Current Year Rs.
	TOOLS AND IMPLEMENTS CONSUMED	
78,81,580	Opening Stock	90,27,492
41,36,222	Add: Purchase during the year	51,84,243
1,20,17,802		1,42,11,735
90,27,492	Less : Closing Stock	1,19,54,862
29,90,310		22,56,873

	SCHEDULE 'M'		
	MOVEMENT IN STOCK		
	OPENING STOCK		
2,99,20,868	Finished Goods	2,17,65,126	
6,63,39,001	Semifinished Goods	7,12,54,539	9,30,19,665
9,62,59,869			
	LESS : CLOSING STOCK		
2,17,65,126	Finished Goods	2,28,63,902	
7,12,54,539	Semifinished Goods	6,29,69,960	8,58,33,862
9,30,19,665			
32,40,204	Decrease/(Increase) in Stock		71,85,803

	SCHEDULE 'N'	
	MANUFACTURING & OPERATING EXPENSES	
4,19,656	Export Freight, Forwarding, Inspection & Testing etc	3,89,831
2,26,67,217	Transportation, Freight & Service Charges :	1,39,87,467
3,39,55,766	Component Processing Expenses	2,70,59,450
3,72,210	Fuel & Truck Maintenance	3,70,354
4,70,61,585	Power & Fuel	4,09,57,115
3,49,63,341	Salaries, Wages & Bonus	4,02,88,331
21,27,038	Workmen Welfare Expenses	17,82,912
3,16,236	Factory & Godown Rent	3,16,236
30,34,421	Repairs to Buildings	1,24,500
82,02,852	Repairs to Machinery	90,90,916
64,21,346	Sales Tax	25,95,425
50,027	Misc. Factory Expenses	6,000
74,264	Operating Expenses (ICD)	—
15,96,65,959		13,69,68,536

HINDUSTHAN UDYOG LTD.

Schedules forming Part of the Profit & Loss Account for the year ended 31st March, 2010

Previous Year Rs.	SCHEDULE 'O'	Current Year Rs.
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
44,14,940	Salaries & Bonus	50,14,901
7,65,500	Directors Remuneration & Fees	12,21,500
43,94,213	Provident Fund & E. S. I. Contribution	45,72,159
16,64,899	Gratuity	17,20,387
19,05,076	Staff Welfare & Medical Expenses	19,35,730
23,85,568	Service Charges	27,73,612
66,76,755	Liquidated Damages	20,28,924
—	Bad Debts	1,69,500
16,86,816	Commission	2,81,689
81,66,267	Repairing & Maintenance Charges	33,51,498
3,49,662	Electric Charges	4,95,287
42,95,796	Rent, Rates & Taxes	31,46,256
24,39,730	Bank Charges	13,98,188
1,28,21,943	Travelling & Conveyance Charges	93,52,812
12,95,358	Vehicle Expenses	12,92,012
7,90,233	Telephone & Telex Charges	7,75,199
5,14,294	Printing & Stationery	5,47,960
1,94,541	Postage & Telegrams	1,15,316
5,80,053	Insurance	4,87,317
8,83,241	Legal Charges	4,74,512
2,96,215	Advertisement	91,935
8,82,064	Subscription & Donation	11,03,056
	Auditors Remuneration :	
75,000	For Audit Fee	75,000
25,000	For Tax Audit Fee	25,000
10,000	For VAT Audit Fee	10,000
1,56,629	In other Capacity	45,663
47,750	Tender Purchase	5,250
22,02,699	General Expenses	24,55,260
23,62,832	Claims & Discount	11,59,539
54,888	Miscellaneous Expenditure written off	54,888
—	Listing Fees	87,800
—	Loss on Sale of Investment	3,81,173
—	Loss on Exchange Fluctuation	68,91,866
6,23,37,962		5,35,41,188

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 of cost and net realisable value. The cost formula used is FIFO (Weighted Average for Nagpur Unit). The valuation of Semi-finished 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 liability to employees are made on the basis of Actuarial Valuation basis 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

HINDUSTHAN UDYOG LTD.

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 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 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 of ACC-Nihon Castings Limited (ANCL) with our Company, the Company on 29.07.2009 had allotted :-
 - i) 8,49,625 Equity Shares of Rs. 10/- each, credited as fully paid up, to the Equity Shareholder of ANCL and,
 - ii) 60,00,000, 10% Cumulative Redeemable Preference Shares of Rs. 10/- each, credited as fully paid up, to the Preference Shareholder of ANCL.
- b) No Preference Dividend is payable to Preference Shareholder in respect of aforesaid Preference Shares as they have waived their right in respect of any Preference Dividend from the date of allotment of these Shares till the date of their redemption.
2. Contingent Liabilities : -
 - i. Letters of Guarantee outstanding as at 31.03.10 Rs.62.51 Lacs (Previous year Rs.148.72 Lacs).
 - ii. Claim not acknowledged as debts :- Disputed demand for Sales Tax, Rs. 301.70 Lacs (Previous year Rs. 285.08 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. 52,416/- (Previous year Rs. 58,748/-), 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.

HINDUSTHAN UDYOG LTD.

6.	Directors Remuneration :	Current Year		Previous Year		
	Salary	12,00,000		7,50,000		
	Sitting Fees	21,500		15,500		
		12,21,500		7,65,500		
7.	Opening 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		6,10,39,001	
			7,12,54,539		6,63,39,001	
	2) Finished Products					
	Tea		6,507		6,507	
	Steel Casting Goods	147.710 M/T	2,17,58,619	309.717 M/T	2,99,14,361	
			2,17,65,126		2,99,20,868	
8.	Closing Stock	Current Year		Previous Year		
		Qty.	Rs.	Qty.	Rs.	
	1) Semifinished Products					
	Steel Structure & Goods		33,00,000		33,00,000	
	Steel Casting Goods		5,96,69,960		6,79,54,539	
			6,29,69,960		7,12,54,539	
	2) Finished Products					
	Tea		6,507		6,507	
	Steel Casting Goods	64.380 M/T	2,28,57,395	147.710 M/T	2,17,58,619	
			2,28,63,902		2,17,65,126	
9.	Licensed and Installed Capacity and Actual Production					
	CAPACITY	(in MT)				
		Licensed		Production		
			Current Yr	Previous Yr	Current Yr	Previous Yr
	Steel Structure	Not Applicable	1,800	1,800	—	—
	Roller/Idlers	Not Applicable	1,000	1,000	—	—
	Steel Castings	Not Applicable	4,800	4,800	2,580	2,981
10.	Raw Materials Consumed	Current Year		Previous Year		
		Qty	Rs.	Qty	Rs.	
	Steel Materials	19.920 M/T	45,839	1.392 M/T	45,839	
	Sundry Stores & Consumables		11,88,89,640		17,13,17,945	
	Components		17,27,382		18,08,023	
	Scrap	2801.735 M/T	8,84,05,494	2915.171 M/T	13,04,89,644	
	Packing Materials		8,342		55,162	
			20,95,60,171		30,37,16,613	
	Indigeneous		20,93,97,623	99.92%	100.00%	30,37,16,613
	Imported		162,548	00.08%		—

HINDUSTHAN UDYOG LTD.

11 Sale of Goods		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
	Steel Castings	2,626.893 M/T	48,15,34,113	2,953.880 M/T	60,91,77,599
	Spares & Others for Conveyors		42,36,590		48,78,731
	Others		73,28,456		75,87,407
			49,30,99,159		62,16,43,737
12. Expenses in Foreign Currency		Current Year		Previous Year	
	1) Import of Machinery Component		20,22,664		23,91,473
	2) Travelling (Foreign)		17,24,988		12,81,912
	3) Import of Stores & Consumables		1,62,548		—
13. Earnings in Foreign Exchange		Current Year		Previous Year	
	1) F.O.B value of Exports		16,63,70,097		28,82,34,107
	2) Freight & Insurance Recovered		31,81,063		53,36,432
14. Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2010 amounts	Receivable for export of goods				

Foreign Currency	Current Year		Previous Year	
	Amount in Foreign Currency	Amount (Rs.)	Amount in Foreign Currency	Amount (Rs.)
USDOLLAR	4,58,258.03	2,11,59,896	6,61,257.01	3,14,27,817
GREAT BRITAIN POUND	2,32,491.99	1,67,85,381	2,57,894.00	1,84,76,771
EURO	90,579.00	56,49,116	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 & Services	12,64,73,965	—
Rent Received	19,80,000	—
Remuneration (Mr V N Agarwal)	—	12,00,000
Sitting Fees	—	10,000

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 Geographical locations of the Customers i.e. Domestic & Export Sales have been provided.

Information about Secondary Segments: - Geographical

	Rs. Lakhs
(i) Revenue by Geographical Market	
– India	3,235.48
– Outside India	1,695.51
	4,930.99
(ii) Addition to Fixed Assets and Intangible Assets	
– India	173.95
– Outside India	—
	173.95
(iii) Carrying Amount of Segment Assets	
– India	6,392.31
– Outside India	—
	6,392.31

17. Earning Per Share :

Profit after Taxation	Rs. 4,38,27,864/-
Weighted average number of Equity Shares outstanding	71,76,725
Basic & Diluted earnings per Share (Face value Rs. 10/-)	6.11

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, 2010. Consequently, no impairment loss has been recognised in the statement of Profit & Loss for the year ended 31st March, 2010.

20. There are no Micro enterprises or Small scale enterprises to whom the Company owes any due which are outstanding as at 31st March, 2010. [31.03.2009 – 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 2010			
		Date Month Year			

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

Public Issue	:	NIL	Bonus Issue	:	NIL
Right Issue	:	NIL	Private Placement	:	8496

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

Total Liabilities	:	8,49,765	Total Assets	:	8,49,765
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Sources of Funds

Paid up Capital	:	1,31,767	Reserves & Surplus	:	4,24,892
Secured Loans	:	1,22,989	Unsecured Loans	:	1,70,117

Application of Funds

Net Fixed Assets	:	1,73,739	Investments	:	44,710
Net Current Assets	:	3,24,558	Misc. Expenditure	:	109
Accumulated Losses	:	3,06,649			

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

Turnover	:	5,14,512	Total Expenditure	:	4,70,067
Profit/Loss before Tax	:	44,445	Profit/Loss after Tax	:	43,828
Earning per Share (in Rs.)	:	6.11	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 : 31st May, 2010

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, 2010

	For the year ended 31.03.2010	For the year ended 31.03.2009
A) Cash Flow from Operating Activities		
Net Profit before Interest & Tax	4,44,45,430	5,14,40,666
Adjustments for :		
Provision for gratuity	15,92,934	12,04,518
Provision for Leave Encashment	18,44,778	1,48,762
Depreciation	1,98,60,547	1,62,30,755
Loss/(Profit) on Sale of Investments	3,81,173	(5,61,591)
Loss/(Profit) on Fixed Assets	(57,599)	(4,60,416)
Dividend Received	(38,82,434)	(48,025)
Interest Received	(1,57,551)	(12,31,760)
Interest Paid	1,16,43,595	1,97,99,988
Misc exps W/Off	54,888	54,888
Operating Profit before Working Capital Changes	7,57,25,761	8,65,77,785
Adjustments for :		
Trade & Other Receivables	1,51,80,251	2,21,01,817
Inventories	(27,57,072)	1,72,97,957
Trade Payables	1,37,15,400	(5,55,88,813)
Cash Generated from/(used) in Operations	10,18,64,340	7,03,88,746
Interest Paid	(1,16,43,595)	(1,97,99,988)
Income Tax Paid/Adjusted	(73,99,066)	(4,25,161)
Net Cash From/(used in) operating activities	8,28,21,679	5,01,63,597
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,14,23,868)	(3,29,89,252)
Sale of Fixed Assets	1,02,466	6,64,998
Purchase of Investments	(3,00,000)	(1,10,00,000)
Sale of Investments	1,21,55,780	10,59,402
Dividend Received	38,82,434	48,025
Interest Received	1,57,551	12,31,760
Net Cash used in Investing Activities	(54,25,637)	(4,09,85,067)
C) Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings (Net)	(2,18,43,283)	(1,19,67,342)
Proceeds from Short Term Borrowings (Net)	(3,17,38,618)	—
Net Cash from Financing Activities	(5,35,81,901)	(1,19,67,342)
Net Increase/(Decrease) in cash and Cash Equivalents (A + B + C)	2,38,14,141	(27,88,812)
Cash and Cash Equivalents as at the beginning of the year (Opening Balance) – Cash and Bank Balances	68,58,438	96,47,250
Cash and Cash Equivalents as at the end of the year (Closing Balance) – Cash and Bank Balances	3,06,72,579	68,58,438

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

(CHANDAN CHATTOPADHYAY)
Partner
MEMBERSHIP NO : 051254

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

Place : Kolkata
Date : 31st May, 2010

SHIKHA BAJAJ
Company Secretary

HINDUSTHAN UDYOG LTD.

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statements of **Hindusthan Udyog Ltd.** for the year ended 31st March 2010. 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 31st May, 2010.

For S. GHOSE & CO.
Chartered Accountants

Chandan Chattopadhyay
Partner
Membership No. 051254

Place: Kolkata
Date : 31st May, 2010