



**HINDUSTHAN UDYOG LTD.**

Registered Office :  
"TRINITY PLAZA" 3rd Floor  
84/1A, Topsia Road (South)  
Kolkata-700 046, India  
Phone : (033) 3021 6800 / 2285 1079 & 81  
Fax : (033) 3021 6863  
E-mail : hulho@hul.net.in  
CIN No. : L27120WB1947PLC015767

Date: 01.11.2016

To  
BSE Limited  
Phiroze Jeejeebhoy Towers  
25<sup>th</sup> Floor, Dalal Street,  
Mumbai-400001

**RE: SUBMISSION OF ANNUAL REPORT FOR THE FINANCIAL YEAR 2015-16**

Dear Sir,

Enclosed please find herewith the Annual Report of our Company for the Financial Year ended 31<sup>st</sup> March, 2016 in terms of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you.

Yours Faithfully,

**FOR HINDUSTHAN UDYOG LIMITED**

**[SHIKHA BAJAJ]  
COMPANY SECRETARY & COMPLIANCE OFFICER**

# **HINDUSTHAN UDYOG LIMITED**

**CIN: L27120WB1947PLC015767**

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Sixty-Ninth Annual General Meeting (AGM) of the Members of **HINDUSTHAN UDYOG LIMITED** will be held on Thursday, the 29<sup>th</sup> day of September, 2016 at 10.00 a.m. at the Registered Office of the Company at Trinity Plaza, 3<sup>rd</sup> 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 31<sup>st</sup> March, 2016 and the Statement of Profit and Loss for the financial year ended on that date together with the Directors' and Auditors' Reports thereon.
- II. To reappoint a Director in place of Mr. Prakash Agarwal (DIN 00249468), who retires by rotation at this Meeting and being eligible offers himself for re-appointment.
- III. To re-appoint Messrs S. Ghose & Co. LLP, Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**REGISTERED OFFICE:**  
**TRINITY PLAZA, 3<sup>RD</sup> FLOOR,**  
**84/1A, TOPSIA ROAD (SOUTH),**  
**KOLKATA-700046**  
**DATE: 27<sup>TH</sup> MAY, 2016**  
**CIN: L27120WB1947PLC015767**

**BY ORDER OF THE BOARD**  
**FOR HINDUSTHAN UDYOG LIMITED**

**Sd/-**  
**[SHIKHA BAJAJ]**  
**COMPANY SECRETARY**

### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS 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. A person can act as a Proxy on behalf of Members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company.
2. The Register of Members and Share Transfer Books will remain closed from 26<sup>th</sup> September, 2016 to 29<sup>th</sup> September, 2016 both days Inclusive.
3. Voting through electronic means:

- (a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- (b) The facility for voting through Ballot Paper shall be made available at the AGM and the members attending the meeting who have not cast their votes by remote e-voting shall be able to exercise their right at the meeting through Ballot Paper.
- (c) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (d) The remote e-voting period shall commence on September 26, 2016 at 9:00 am and end on September 28, 2016 at 5:00 p.m. During this period the Members of the Company as on the cut-off date of September 22, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (e) The process and manner for remote e-voting are as under:-
  - I. *In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company]*
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

- (vii) Select "EVEN" of "Name of the company".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to guptarinku123@gmail.com with a copy marked to evoting@nsdl.co.in
- II. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company or requesting physical copy]

- (i) Initial password is being provided separately:

<b><u>EVEN</u></b> <b><u>(REMOTE E-VOTING EVENT NO.)</u></b>	<b><u>USER ID</u></b>	<b><u>PASSWORD/PIN</u></b>

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- (f) In case of any queries, you may refer FAQs for Members and remote e-voting User Manual for Members available at the Download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- (g) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (h) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 22, 2016.
- (i) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 22, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to Issuer at [kkg@hul.net.in](mailto:kkg@hul.net.in)
- (j) However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- (k) A person, whose name is recorded in the Register of Members as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (l) Ms. Rinku Gupta, Company Secretary in Practice (Membership No. ACS-25068) has been appointed as the Scrutinizer for providing facility to the Members and to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- (m) The Chairman of Meeting shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (n) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of conclusion of AGM, a consolidated scrutinizer's report of total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The Results declared along with the report of the Scrutinizer shall be placed on the website of NSDL immediately after its declaration and shall also be communicated to the Stock Exchanges.

**REGISTERED OFFICE:**  
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**KOLKATA-700046**  
**DATE: 27<sup>TH</sup> MAY, 2016**  
**CIN: L27120WB1947PLC015767**

**BY ORDER OF THE BOARD**  
**FOR HINDUSTHAN UDYOG LIMITED**

**Sd/-**  
**[SHIKHA BAJAJ]**  
**COMPANY SECRETARY**

**DISCLOSURE OF DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE AGM IN TERMS OF REGULATION 26 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015**

<b>NAME OF THE DIRECTOR</b>	<b>PRAKASH AGARWAL</b>
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	178,500
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 including acquisitions and turnarounds
Other Directorships in Indian Companies	<ol style="list-style-type: none"> <li>1. WPIL Limited</li> <li>2. Bengal Steel Industries Limited</li> <li>3. Hindusthan Parsons Limited</li> <li>4. V.N. Enterprises Limited</li> <li>5. HSM Investments Limited</li> <li>6. Macneill Electricals Limited</li> <li>7. Spaans Babcock India Limited</li> <li>8. Revox Enterprises Private Limited</li> <li>9. Morgan Finvest Private Limited</li> <li>10. Live-Life Buildcon Private Limited</li> <li>11. Clyde Pumps India Private Limited</li> <li>12. Mody Industries (F.C.) Private Limited</li> </ol>
Other Committee Memberships/Chairmanships	<p>In WPIL Limited:</p> <p>(a) Risk Management Committee - <i>Chairman</i></p> <p>(b) Stakeholders Relationship Committee - <i>Member</i></p> <p>(c) Share Transfer Committee – <i>Member</i></p> <p>(d) Corporate Social Responsibility Committee – <i>Member</i></p>

# **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**

IDBI BANK LIMITED  
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 69th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2016.

### COMPANY PERFORMANCE:

	2015 - 2016	2014 - 2015
	₹ in Lakhs	₹ in Lakhs
<b>FINANCIAL RESULTS</b>		
<b>Total Revenue</b>	<b>3,676.58</b>	<b>4,420.49</b>
<b>EBITDA</b>	<b>143.30</b>	<b>435.08</b>
Less :		
Finance Costs	120.07	169.49
Depreciation	141.00	180.46
Tax Expense	0.26	5.80
<b>Profit after Tax (PAT)</b>	<b>(118.03)</b>	<b>79.33</b>
Add : Opening Balance in Profit & Loss Account	(1,942.92)	(2,022.25)
<b>Closing Balance</b>	<b>(2,060.95)</b>	<b>(1,942.92)</b>

The Total Income of the Company for the year under review was reduced by 17% due to the continued slow growth in the Indian Economy that affected all segments of the Economy particularly the Manufacturing Industries. The reduction in Revenues affected the EBITDA Margins which was reduced to 4% during the year.

Your Company is striving for overcoming the current challenges and is hopeful of improving its performance in the coming year in view of the expected economic growth.

The Durgapur Unit continued to remain closed during the year.

### 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 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, Earth Moving and Mining Equipment, Power Plants, Pumps, Valves, Compressors and other Heavy Engineering Industries. It is also engaged in the manufacturing of Material Handling Equipments of varied nature required in Mines, Cement Plants, Power Plants and Other General Engineering Sectors. The Company has manufacturing units located in Kolkata and Nagpur.

#### B. REVIEW OF OPERATIONS & FUTURE PROSPECTS

The key operational highlights at both the Units were:-

##### *Nagpur Unit*

- Development of Pump Casings in Super Duplex Stainless Steel grade.



- Impellers, Bowl and bell in CD4MCuN Grade developed.
- Development of 9.5 M/T single piece Discharge Bowl in Grey Cast Iron.
- Operation of new VTL Machine.
- Increase in Line moulding capacities by modification of existing line.

### **Kolkata Unit**

- Successful development of Creep Steel Castings
- Development of Duplex Stainless Steel Grade 5A Castings with the help of technology for Hot Knockout which reduces chances of rejections of castings due to cracks.
- Removal of Low Alloy and plain Carbon Steel Items so as to concentrate on making of only High Alloy Steel Castings (H.A.S.) with good margins.

### **C. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS**

The Company sees opportunity in the development and supply of high contribution items.

Further, good opportunity also exists in catering of new export markets which needs to be aggressively tapped.

However, your Company is exposed to certain risks and areas of concern for it are:-

- (i) Demand for Company's highly sophisticated steel casting products in few critical segments only.
- (ii) Stagnancy in the Market Demand due to General Economic conditions.
- (iii) Heavy Dependence on Few Customers in the Export Market.
- (iv) Currency Fluctuations in adverse direction.
- (v) Fluctuations in raw material prices can affect the bottomline as most of the orders are fixed price orders with no price variation clause.
- (vi) Pressure on Pricing.
- (vii) Increase in Prices of Power and other Manufacturing Overheads.

### **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 procedures.

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 the Listing Agreements/Regulations. A separate Report on Corporate Governance forms part of the Annual Report 2015-16 along with the Auditors' Certificate on its compliance in **Annexure B**.

# **HINDUSTHAN UDYOG LTD.**

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## **DIRECTORS:**

Mr. Prakash Agarwal, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. His Brief Resume is attached to the Notice of the ensuing Annual General Meeting.

## **NO. OF BOARD MEETINGS HELD**

During the year 2015-16, Five (5) Board Meetings were held on 29th May 15, 8th August 15, 14th September 15, 6th November 15 and 6th February, 16.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of Section 134(5) of The Companies Act, 2013, the Directors state as follows that:-

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the accounts for the financial year ended 31st March, 2016 on a "going concern" basis;
- (v) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such were adequate and operating effectively.

## **BOARDEVALUATION:**

The Board evaluated the effectiveness of its functioning and that of the Committees and of Individual Directors by seeking inputs on various aspects of Board/Committee Governance and considered and discussed in details the inputs received from the Directors.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in strategic planning and fulfillment of their obligations including but not limited to their participation in the Board/Committee Meetings.

## **INDEPENDENT DIRECTORS DECLARATION:**

The Independent Directors meet the criteria of being Independent (as prescribed in The Companies Act, 2013 and the Listing Regulations) and an Independency Certificate from them have been obtained.

## **AUDITORS:**

Messrs S. Ghose & Co. LLP, Chartered Accountants, Statutory Auditors hold office till the conclusion of this AGM. They have expressed their willingness to continue as such and are eligible for re-appointment.

## **EXTRACT OF ANNUAL RETURN**

As provided under Section 92(3) of The Companies Act, 2013, the extract of Annual Return in Form MGT-9 pursuant to Rule 12 of The Companies (Management and Administration) Rules, 2014 is annexed herewith as **Annexure C**, as part of this Report.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of The Companies Act, 2013 read with Rule 9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by a Practicing Company Secretary is annexed herewith as **Annexure D**, as part of this Report.

## RELATED PARTY TRANSACTIONS

All contracts/arrangements/transactions entered by the Company with its Related Parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with Related Parties are disclosed in the Notes to the Financial Statements.

## VIGIL MECHANISM

In terms of Section 177(9) & (10) of The Companies Act, 2013, a Vigil Mechanism of Directors and Employees has been established, details of which are given in the Corporate Governance Report.

## PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of section 197(12) of The Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure E**. However, disclosure required in terms of Rules 5(2) & (3) of said Rules are not applicable to the 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 134(3)(m) of The Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are given in the **Annexure A**.

## CODE OF CONDUCT:

Your Company has formulated a 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 2015-16 have been obtained from all the Board Members and Senior Management Personnel in terms of the Listing Regulations and a declaration relating to compliance of this code during the year 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, suppliers, bankers, employees 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: 27th May, 2016

# HINDUSTHAN UDYOG LTD.

## ANNEXURE “A”

### PARTICULARS AS REQUIRED UNDER SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014

#### ENERGY CONSERVATION MEASURES TAKEN :

All Units of the Company endeavor to control and 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) Bulk Production done through Induction Furnaces for melting 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 will ensure savings in the Company's Energy Consumption. The power costs of the Company have increased during the year under review, the same is comparable with the Industry Standards.

	POWER CONSUMPTION	For the year ended 31.03.2016	For the year ended 31.03.2015
1)	<b>Electricity</b> Units purchased (KWH in Lakhs) Total Amount (₹ In Lakhs) Rate/Unit (₹)	39.73 382.38 9.62	44.09 410.70 9.32
2)	<b>Light Diesel Oil</b> Units purchased (Ltrs. In Lakhs) Total Amount (₹ In Lakhs) Rate/Unit (₹)	1.69 67.14 39.73	1.87 87.99 47.05
3)	<b>Consumption/Unit of production</b> Product (Units): Steel, Alloy and Cast Iron Castings (MT) Electricity (KWH/MT) Light Diesel Oil (Ltrs./MT)	1,167 3,404 145	1,341 3,287 139

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

Research and Development is carried on for improvement in the quality of the existing products and production process so as to bring them in line with the requirements of Customers or Industry Standards.

Expenditure on Research and Development are 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, 2015.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange earned	₹ 791.69 Lakhs
Foreign Exchange used	₹ 18.95 Lakhs

**FOR AND ON BEHALF OF THE BOARD**

**Place: Kolkata**  
**Date: 27th May, 2016**

**V. N. AGARWAL**  
**RITU AGARWAL**  
**DIRECTORS**

## **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.

The details of compliances made by the Company for the year ended 31st March, 2016 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 31.03.2016 the Company's Board consisted of Five Directors out of which two were Independent Directors who are eminent Professionals with experience and expertise in Business, Industry, Finance and Law.

The Composition of the Board as on 31.03.2016 are as follows:-

<b>Sl. No.</b>	<b>Category</b>	<b>No. of Directors</b>	<b>% of Total</b>
1.	Executive Director & Promoter – Managing Director	1	20.00
2.	Non-Executive Director & Promoter	2	40.00
3.	Independent & Non-Executive Director	2	40.00
	<b>TOTAL</b>	<b>5</b>	<b>100.00</b>

## HINDUSTHAN UDYOG LTD.

Details relating to the Composition of the Board as on 31.03.2016 are as follows:-

Sl.	Name of the Board Members	Category	No. of other Directorships in Indian 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 DIN:00408731	Managing Director & Promoter	10	8	—
2.	Mr. Prakash Agarwal DIN:00249468	Non - Executive Director & Promoter	12	1	—
3.	Mrs. Ritu Agarwal DIN:00006509	Non - Executive Director & Promoter (Woman Director)	5	—	—
4.	Mr. Binaya Kapoor DIN:00544162	Non - Executive & Independent	2	1	—
5.	Mr. A.K. Ghosh DIN:01424368	Non - Executive & Independent	5	6	2

- The Committee Memberships/Chairmanships considers Audit Committee and Stakeholders Relationship Committee only.
- Mr. Prakash Agarwal is the son of Mr. V.N. Agarwal and husband of Mrs. Ritu Agarwal.
- The Non-Executive Directors do not hold any shares in the Company except for Mr. Prakash Agarwal who holds 1,78,500 shares.

### 3) BOARD MEETINGS & AGM HELD DURING THE FINANCIAL YEAR 2015 - 16

(i) During the Financial Year 2015-16 Five Board Meetings were held on:-

29th May 15, 8th August 15, 14th September 15, 6th November 15 and 6th February, 16.

(ii) Attendance record of the Directors at the Board Meetings and the last AGM are as follows:-

Name of the Board Members	No. of Board Meetings Attended	Attendance at the last AGM held on 29th September, 2015
Mr. V.N. Agarwal	5	Yes
Mr. Prakash Agarwal	3	Yes
Mrs. Ritu Agarwal	5	Yes
Mr. Binaya Kapoor	5	No
Mr. A.K. Ghosh	5	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 one hundred and twenty days.

## **HINDUSTHAN UDYOG LTD.**

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- ii) In terms of Company's Corporate Governance Policy, all statutory, significant and material information (including compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances) 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) BOARD PROCEDURE**

- (i) The Members of the Board are provided with the requisite information as required by Part A of Schedule II of Regulation 17(7) of SEBI (LODR) Regulations 2015 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 in terms of Regulation 26(1) of SEBI (LODR) Regulations, 2015. The Directors from time to time have intimated to the Company their Memberships/ Chairmanships in various Committees in other Companies.

### **7) POST-MEETING FOLLOW UP 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.

### **8) SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors held a Meeting on 6th February 2016 without the presence of any Non-Independent Directors and Members of Management wherein they (i) reviewed the performance of Non-Independent Directors and the Board as a whole and (ii) assessed the quality, quantity and timelines of flow of information between the Company Management and Board that was necessary for the Board to effectively and reasonably perform their duties.

### **9) VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism for the Directors and Employees which enable them to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The mechanism also provides for adequate safeguards against victimization of Directors/ Employees who avail the mechanism.

This functioning of this Policy is reviewed by the Audit Committee and it is ensured that no employee is denied access to the Committee.

### **10) COMMITTEES OF THE BOARD**

Currently there are three Board Committees - the Audit Committee, Stakeholders Relationship Committee and Nomination 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 Statutory 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 performance of the Statutory Auditors and the adequacy of internal control function.
- (f) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- (g) Reviewing the Internal Audit function and the progress in the implementation of recommendations contained in the Internal Audit Report.
- (h) Efficiency and effectiveness of operations.
- (i) Valuation of undertakings or assets of the Company, wherever it is necessary.
- (j) Reliability of financial and other management information and adequacy of disclosures
- (k) Compliance with all relevant statutes.
- (l) Approval or any subsequent modification of transactions of the Company with Related Parties.
- (m) Reviewing the functioning of Whistle Blower mechanism.

The composition of the Audit Committee as on 31.03.2016 is as follows:-

<b>Name of the Director</b>	<b>Chairman/Member</b>	<b>Category</b>
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 2015-16 Four Audit Committee Meetings were held and the Attendance of the Members at the said Meetings is given below:-

<b>Name of the Director</b>	<b>No. of meetings attended</b>
Mr. A.K. Ghosh	4
Mr. Prakash Agarwal	3
Mr. Binaya Kapoor	4

## ii) **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee oversees redressal of Shareholders/ Investors grievances relating to transfer of shares, non-receipt of Annual Report etc.

The said Committee consists of Mr. A.K. Ghosh and Mr. Prakash Agarwal of which Mr. A. K. Ghosh is the Chairman.

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

During the year ended 31st March 2016, no complaints/queries were received and no complaint/query was pending to be resolved as on 31st March, 2016. There were no transfer of shares pending for registration as on 31st March 2016 and all transfers, if any, had been effected within a period of 15 days from the date of their lodgment.

## HINDUSTHAN UDYOG LTD.

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### iii) **NOMINATION AND REMUNERATION COMMITTEE**

The terms of reference of Nomination and Remuneration Committee involves:-

- (a) Formulation of criteria for determining qualifications, positive attributes and independence of Director and recommend to the Board a policy relating to the remuneration of the Directors and Key Managerial Personnel.
- (b) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- (c) Formulation of criteria for evaluation of performance of Independent Directors and Board of Directors.

The Composition of the Nomination and Remuneration Committee as on 31.03.2016 is as follows:-

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

The remuneration of Managing Director is determined by the Board in terms of Companies Act, 2013 subject to the approval of Shareholders and recommendations of the Nomination and Remuneration Committee.

The Criteria for performance evaluation of Independent Directors is given below:-

- (a) Updated on skills, knowledge, familiarity with the Company, its business and the external environment in which it operates.
- (b) Participates in development of strategies.
- (c) Committed to the fulfillment of Directors obligations and fiduciary responsibilities.
- (d) Quality of analysis and judgment related to progress, opportunities and need for changes.
- (e) Contributes adequately to address the top management issues.
- (f) Considers adequately before approving any Related Party Transactions
- (g) Acts within authority and assists in protecting the legitimate interests of Company, Shareholders and its employees.
- (h) Ensures that vigil mechanism has been properly implemented and monitored.
- (i) Reports concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.
- (j) Does not disclose confidential information, commercial secrets, technologies, unpublished price sensitive information unless such disclosure is approved by the Board or required by law.

During the year 2015-16 no Meeting of the Nomination and Remuneration Committee was held.

Details of Remuneration paid to Mr. V.N. Agarwal as Managing Director during 2015-16 are as follows:-

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

## HINDUSTHAN UDYOG LTD.

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 2016 were as follows:-

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

### 11) GENERAL MEETINGS

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

Financial Year	Location	Date	Time
2014 - 2015	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.	29th September, 2015	10 a.m.
2013 - 2014		27th September, 2014	10 a.m.
2012 - 2013		25th July, 2013	11 a.m.

- ii) Whether any Special Resolutions were passed in the previous Three AGMs : Yes. Special Resolutions for Re-appointment of Mr. V.N. Agarwal as a Managing Director for a period of 3 Years commencing from 01.01.2015 was passed in the AGM held on 29.09.2015.
- 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 applicable provisions of the Companies Act, 2013 read with the Rules made thereunder.

### 12) DISCLOSURES

- i) There are no materially significant transactions with the Related Parties that may have potential conflict with the interests of the Company at large, except as disclosed in the Notes to the Financial Statements.
- 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 Board Members and the Senior Management Personnel of the Company adhere to this principle and compliance with the same is affirmed by each of them annually.
- iv) The Company is in compliance with the requirements of the Corporate Governance, which reflects in this Report.

## HINDUSTHAN UDYOG LTD.

### 13) MEANS OF COMMUNICATIONS

- (i) **Quarterly Results:** - Quarterly Results were announced within a period of 45 days from the end of the relevant Quarter (except for the last quarter) and were published in The Financial Express (English) and Ek din (Bengali) Newspapers. 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, inter alia Audited Annual Accounts, Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto.
- (iii) **Website:-** The Quarterly Results are not displayed on the Website of the Company.
- (iv) **Official News Releases:-** Official News Releases, if any, are not displayed on the Website of the Company.
- (v) **Displays, Presentations etc:-** Displays, presentations etc are not made to Institutional Investors/ Analysts and hence not displayed on the Company's Website.

### 14) 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	Thursday
B.	Date	29.09.2016
C.	Time	10.00 a.m.
D.	Venue	Registered Office at : Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.

#### (iii) Financial Calendar for the Year 2016-2017:

Sl.	Particulars	Remarks
A.	1st Quarter ending 30th June, 2016	Before 14th August, 2016
B.	2nd Quarter and Half-year ending 30th September, 2016	Before 14th November, 2016
C.	3rd Quarter ending 31st December, 2016	Before 14th February, 2017
D.	4th Quarter and Annual Results for the year ending 31st March, 2017	Before 30th May, 2017

- (iv) **Dates of Book Closure** : 26.09.2016 – 29.09.2016 (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, 2016.
- (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: 18142
2. The Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, 25th Floor,  
Dalal Street, Mumbai – 400001  
Scrip Code: 513039

The listing fees for the Financial Year 2016-17 have been paid 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, 2016.

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

M/s Link Intime India Private Limited are the Registrar and Share Transfer Agents (RTA) of the Company.

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 : kolkata@linkintime.co.in

**(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 15 days from the date of receipt if the documents are clear in all respects.

In terms of the Listing Agreements/Regulations the Company obtains half yearly Certificates from a Company Secretary in practice for due compliance of share transfer formalities.

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

The Equity Shares of the Company are admitted with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for enabling the Investors to hold and trade in the shares of the Company in dematerialized form.

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

As on 31st March, 2016, 10,07,969 Equity Shares representing 14.04% of the Company's Total Equity Shares were held in dematerialized form.

## HINDUSTHAN UDYOG LTD.

**(xi) Distribution Schedule:**

The Distribution Pattern of the Equity Shares of the Company as on 31st March, 2016 is given below:

Sl. No.	No. of Equity Shares held	No. of Holders	% of total holders	No. of Shares	% of Shareholding
1.	1 – 5000	11	18.64	5,313	0.07
2.	5001 – 10000	2	3.40	19,052	0.27
3.	10001 – 50000	29	49.15	7,97,293	11.11
4.	50001 – 100000	5	8.47	3,25,267	4.53
5.	100001 – 500000	6	10.17	13,54,725	18.88
6.	500001 – above	6	10.17	46,75,075	65.14
	<b>Total</b>	<b>59</b>	<b>100.00</b>	<b>71,76,725</b>	<b>100.00</b>

**(xii) Shareholding Pattern as on 31st March, 2016 :**

Sl. No.	Category	No. of Equity Shares held	% of holding
<b>A.</b>	<b>Promoters' holding :</b>		
	1. Indian Promoters	50,42,210	70.26
	2. Persons acting in concert	—	—
	<b>Sub-Total</b>	<b>50,42,210</b>	<b>70.26</b>
<b>B.</b>	<b>Non-Promoters' holding :</b>		
	<b>1. Institutional Investors</b>	—	—
	<b>2. Others :</b>		
	— Corporate Bodies	1,73,117	2.41
	— Indian Public	19,61,398	27.33
	<b>Sub-Total</b>	<b>21,34,515</b>	<b>29.74</b>
	<b>GRAND TOTAL</b>	<b>71,76,725</b>	<b>100.00</b>

**(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) Commodity price risk or foreign exchange risk and hedging activities**

NOT APPLICABLE [The Company has got no significant exposure in respect of commodity price risk or foreign exchange risk and has not undertaken any hedging activity]

**(xv) 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

**(xvi) 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 – 700 046  
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 27th May, 2016 and the same was approved.

**Place: Kolkata**  
**Date: 27th May, 2016**

**V. N. AGARWAL**  
**RITU AGARWAL**  
**DIRECTORS**

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

I hereby confirm that the Company has obtained from all the Board Members 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 2015-2016.

**Place: Kolkata**  
**Date: 27th May, 2016**

**For Hindusthan Udyog Limited**  
**V. N. Agarwal**  
**Managing Director**

# **HINDUSTHAN UDYOG LTD.**

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## **COMPLIANCE CERTIFICATE**

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, 2016 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, 2016 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept the 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 and have disclosed to the Auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which I am aware and the steps taken or proposed to be taken for rectifying the deficiencies.
- d) I have indicated to the Auditors and the Audit Committee that:-
  - i) There has not been any significant change in internal control over financial reporting during the year.
  - 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: 27th May, 2016**

**For Hindusthan Udyog Limited**

**V. N. Agarwal**  
**Managing Director**



**AUDITORS' CERTIFICATE**

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

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 2016 both in terms of erstwhile Clause 49 of the Listing Agreements with the Stock Exchanges and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

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 the above Agreement/Regulations.

We state that no investor grievances are pending for a period exceeding one month as on 31st March, 2016 as per records maintained by the Stakeholders Relationship 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. LLP**  
***Chartered Accountants***  
**FRN : 302184E/E300007**

**Chandan Chattopadhyay**  
***Partner***

**Membership No. 051254**

**Place: Kolkata**  
**Date: 27th May, 2016**

# HINDUSTHAN UDYOG LTD.

## ANNEXURE “C”

### FORM NO. MGT – 9

#### EXTRACT OF ANNUAL RETURN

For the Financial Year ended on 31st March, 2016

[Pursuant to Section 92(3) of The Companies Act, 2013 and Rule 12(1) of The Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	: L27120WB1947PLC015767
ii) Registration Date	: 3rd September 1947
iii) Name of the Company	: Hindusthan Udyog Limited
iv) Category/Sub-Category of the Company	: Indian Company limited by Shares
v) Address of the Registered Office and contact details	Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata – 700046 Ph: 033 3021 6800
vi) Whether listed company	Yes
vii) Name, Address and contact details of RTA	Link Intime India Private Limited Fort Burlow, 59C Chowringhee Road, 3rd Floor, Kolkata – 700020 Tel : 033 2289 0540 Fax No: 033 2289 0539 E-mail ID : kolkata@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1.	Alloy Steel Castings	27310	97%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Company Name and Address	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	WPIL Limited Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (S), Kolkata – 700046	L36900WB1952 PLC020274	Associate Company	39.54%	2(6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**  
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	% of Total Shares	
<b>A. Indian Promoters</b>									
– Individuals	3,70,535	—	3,70,535	5.17	3,70,535	—	3,70,535	5.17	—
– Bodies Corporate	40,34,456	6,37,219	46,71,675	65.09	40,34,456	6,37,219	46,71,675	65.09	—
<b>Sub Total (A)</b>	<b>44,04,991</b>	<b>6,37,219</b>	<b>50,42,210</b>	<b>70.26</b>	<b>44,04,991</b>	<b>6,37,219</b>	<b>50,42,210</b>	<b>70.26</b>	<b>—</b>
<b>B. Public Non Institutions</b>									
– Indian Bodies Corporate	1,17,850	55,267	1,73,117	2.41	1,17,850	55,267	1,73,117	2.41	—
– Indian Individuals									
(a) holding nominal capital upto Rs. 2 Lakh	1,65,015	483	1,65,498	2.31	1,65,015	483	1,65,498	2.31	—
(b) holding nominal capital in excess of Rs. 2 Lakh	14,80,900	3,15,000	17,95,900	25.02	14,80,900	3,15,000	17,95,900	25.02	—
<b>Sub Total (B)</b>	<b>17,63,765</b>	<b>3,70,750</b>	<b>21,34,515</b>	<b>29.74</b>	<b>17,63,765</b>	<b>3,70,750</b>	<b>21,34,515</b>	<b>29.74</b>	<b>—</b>
<b>C. Shares held by Custodians for GDRs &amp; ADRs</b>	—	—	—	—	—	—	—	—	—
<b>GRANDTOTAL (A+B+C)</b>	<b>61,68,756</b>	<b>10,07,969</b>	<b>71,76,725</b>	<b>100.00</b>	<b>61,68,756</b>	<b>10,07,969</b>	<b>71,76,725</b>	<b>100.00</b>	<b>—</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change
		Nos.	% of total	% Shares Pledged to total	No. of Shares	% of total	% Shares Pledged to total	
1	V.N. Enterprises Ltd.	16,59,625	23.13	—	16,59,625	23.13	—	—
2	Bengal Steel Industries Ltd	5,98,600	8.34	—	5,98,600	8.34	—	—
3	Tea Time Limited	5,94,600	8.29	—	5,94,600	8.29	—	—
4	Neptune Exports Limited	5,90,400	8.23	—	5,90,400	8.23	—	—
5	Orient International Ltd	5,46,850	7.62	—	5,46,850	7.62	—	—
6	Asutosh Enterprises Ltd.	4,57,500	6.37	—	4,57,500	6.37	—	—
7	Premalata Agarwal	1,79,625	2.50	—	1,79,625	2.50	—	—
8	Prakash Agarwal	1,78,500	2.49	—	1,78,500	2.49	—	—
9	HSM Investments Limited	1,15,600	1.61	—	1,15,600	1.61	—	—
10	HSM International Pvt Ltd	1,08,500	1.51	—	1,08,500	1.51	—	—
11	Vishwanath Agarwal	12,410	0.17	—	12,410	0.17	—	—
	<b>TOTAL</b>	<b>50,42,210</b>	<b>70.26</b>	<b>—</b>	<b>50,42,210</b>	<b>70.26</b>	<b>—</b>	<b>—</b>

## HINDUSTHAN UDYOG LTD.

### (iii) Change in Promoters Shareholding (please specify, if there is no change)

There has been no change in the Promoters Shareholding during the year ended 31st March, 2016.

### (iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of each Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year		Change in holdings	Date-wise change and reasons
		Nos.	% of total	Nos.	% of total		
1	Poonam Jhaver	10,00,000	13.93	10,00,000	13.93	—	—
2	Mina Rungta	90,000	1.25	90,000	1.25	—	—
3	Shashi Chawla	60,000	0.84	60,000	0.84	—	—
4	Santosh Devi Gargawat	60,000	0.84	60,000	0.84	—	—
5	Rajesh Kumar Kayal	60,000	0.84	60,000	0.84	—	—
6	Metal Centre Limited	55,267	0.77	55,267	0.77	—	—
7	Sanjay Kumar Pasari	50,000	0.70	50,000	0.70	—	—
8	Ichamati Investments Limited	49,700	0.69	49,700	0.69	—	—
9	United Machine Co. Ltd.	47,200	0.66	47,200	0.66	—	—
10	Suresh Kumar Sangneria	42,000	0.58	42,000	0.58	—	—
	<b>TOTAL</b>	<b>15,14,167</b>	<b>21.10</b>	<b>15,14,167</b>	<b>21.10</b>	<b>—</b>	<b>—</b>

### (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year		Change in holdings	Date-wise change and reasons
		Nos.	% of total	Nos.	% of total		
KEY MANAGERIAL PERSONNEL							
1	Mr. V.N. Agarwal (Managing Director)	12,410	0.17	12,410	0.17	—	—
2	Ms. Shikha Bajaj (Company Secretary)	—	—	—	—	—	—
OTHER DIRECTORS							
1	Mr. Prakash Agarwal	1,78,500	2.49	1,78,500	2.49	—	—
2	Mrs. Ritu Agarwal	—	—	—	—	—	—
3	Mr. Binaya Kapoor	—	—	—	—	—	—
4	Mr. A.K. Ghosh	—	—	—	—	—	—

## HINDUSTHAN UDYOG LTD.

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total
At the beginning of the year				
i) Principal	10,15,82,074	15,50,00,000	---	25,65,82,074
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>10,15,82,074</b>	<b>15,50,00,000</b>	<b>—</b>	<b>25,65,82,074</b>
<b>Changes during the year (Reduction)</b>	<b>8,51,40,994</b>	<b>2,00,00,000</b>	<b>—</b>	<b>10,51,40,994</b>
At end of the year:				
i) Principal	1,64,41,080	13,50,00,000	—	15,14,41,080
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	<b>1,64,41,080</b>	<b>13,50,00,000</b>	<b>—</b>	<b>15,14,41,080</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Managing Director Total (Rs.)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,00,000
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	—
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
5.	Others	—
	<b>Total (A)</b>	<b>12,00,000</b>

## HINDUSTHAN UDYOG LTD.

### B. Remuneration to other directors:

Particulars of Remuneration	Directors' Name				Total (Rs.)
	Prakash Agarwal	Ritu Agarwal	Binaya Kapoor	A. K. Ghosh	
Independent Directors					
• Fees for attending board meetings	—	—	5,000	5,000	10,000
• Commission	—	—	—	—	—
• Others	—	—	—	—	—
<b>Total (1)</b>	<b>—</b>	<b>—</b>	<b>5,000</b>	<b>5,000</b>	<b>10,000</b>
<b>Other Non-Executive Directors</b>					
• Fees for attending board meetings	3,000	5,000	—	—	8,000
• Commission	—	—	—	—	—
• Others	—	—	—	—	—
<b>Total (2)</b>	<b>3,000</b>	<b>5,000</b>	<b>—</b>	<b>—</b>	<b>8,000</b>
<b>Total = (1+2)</b>	<b>3,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>18,000</b>

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTG

Sl. No.	Particulars of Remuneration	Company Secretary Total (Rs.)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,37,413
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	—
	(c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	—
2.	Stock Option	—
3.	Sweat Equity	—
4.	Commission	—
5.	Others	—
	<b>Total (A)</b>	<b>3,37,413</b>

## HINDUSTHAN UDYOG LTD.

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

FOR AND ON BEHALF OF THE BOARD

V. N. AGARWAL  
RITU AGARWAL  
DIRECTORS

Place: Kolkata  
Date: 27th May, 2016

**Form MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

TO

THE MEMBERS OF HINDUSTHAN UDYOG LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **HINDUSTHAN UDYOG LIMITED** (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **HINDUSTHAN UDYOG LIMITED** (“Company”) for the financial year ended on 31st March, 2016, according to the applicable provisions of:-
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder (Not applicable to the Company during audit period);
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during audit period);
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable to the Company during audit period);
    - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);
    - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);



- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during audit period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during audit period);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);
- (vi) The Management has identified and confirmed that there are no such laws that are specifically applicable to the Company with respect to the sector in which it is operating except those relating to Air/Water Pollution Prevention and Control, applicable provisions of which have been complied with by the Company.
2. We have also examined compliance with the applicable clauses of the following:-
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) The Listing Agreements entered into by the Company with the Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- During the period under review the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above.
3. We further report that:
- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes if any, in the composition of the Board that took place during the year under review were carried out in compliance with the provisions of the Act;
  - (b) Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of the meeting;
  - (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. We further report that there are adequate systems and processes in the Company with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**FOR RINKU GUPTA & ASSOCIATES  
COMPANY SECRETARIES**

**RINKU GUPTA  
COMPANY SECRETARY IN PRACTISE  
ACS – 25068, CP NO. 9248**

**PLACE: KOLKATA  
DATE: 26TH MAY, 2016**

## HINDUSTHAN UDYOG LTD.

### ANNEXURE “E”

#### PARTICULARS OF EMPLOYEE AND RELATED DISCLOSURES

- (a) Ratio of remuneration of each Director to the median remuneration of Company's employees of the Company for the financial year.

SL.	DIRECTOR NAME	DESIGNATION	RATIO TO MEDIAN REMUNERATION
1	Mr. V.N. Agarwal	Managing Director	2.5

The Remaining Directors of the Company only received Sitting Fees for attending the Board Meetings and accordingly their remuneration and ratio of same to median remuneration are very low, hence not reported separately.

- (b) Percentage increase in remuneration of each Director, CFO, CEO, during the Financial Year

There was no increase in the remuneration of the Directors of the Company.

- (c) The percentage increase in the median remuneration of employee during the Financial Year was around 5%

- (d) The number of Permanent employees on the rolls of the Company is 210.

- (e) The explanation on the relationship between average increase in remuneration and company performance

The average increase in remuneration of employees is approx 5% and the same is guided by factors like inflation, normal salary revisions and external competitiveness.

The Total employee cost for the Financial Year ended 31st March, 2016 was Rs. 713.83 Lakhs (19% of Total Revenues) against Rs. 780.02 Lakhs (18% of Total Revenues) in the Previous Year.

- (f) Comparison of remuneration of KMP against Company performance

SL	PARTICULARS	KEY MANAGERIAL PERSONNEL		
		MD	CS	TOTAL
1	Remuneration (Rs. in lakhs)	12.00	3.37	15.37
2.	Revenue (Rs. In Lakhs)	3,676.58		
3.	Remuneration (% of Revenues)	0.33	0.09	0.42
4.	EBITDA (Rs. In Lakhs)	143.30		
5.	Remuneration (% of PBT)	8.37	2.35	10.72

- (g) Variations in the market capitalization, price earnings ratio as at the closing of current FY and previous FY and % increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with last public offer.

Not Applicable as the shares of the Company were not traded during the year at any of the Stock Exchanges in which it is listed nor has made any recent public offer.

- (h) **Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and whether there are any exceptional circumstances for increase in managerial remuneration.**

The average percentage increase in the salaries of employees during the year was 5% and the same was on account of yearly increments. However there was no increase in the managerial remuneration during the year.

- (i) **The Key parameters for any variable component of remuneration availed by the Directors**

Not Applicable as there is no variable component in Directors' Remuneration.

- (j) **The ratio of remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.**

None

- (k) **The Remuneration is as per the Remuneration Policy of the Company.**

**FOR AND ON BEHALF OF THE BOARD**

**Place: Kolkata**  
**Date: 27th May, 2016**

**V. N. AGARWAL**  
**RITU AGARWAL**  
**DIRECTORS**

# **HINDUSTHAN UDYOG LTD.**

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## **INDEPENDENT AUDITORS' REPORT**

**TO**

**THE MEMBERS OF**

**HINDUSTHAN UDYOG LIMITED**

### **Report on the Financial Statements :**

We have audited the accompanying Financial Statements of **HINDUSTHAN UDYOG LIMITED**, which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements :**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordant with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter :

We draw attention to the following matters in the Notes to the Financial Statements:

- (a) Note No. 11 to the Financial Statements which describes that no provision for amortization has been made for Long term Leasehold Land at Durgapur.
- (b) The Company filed a lawsuit against Mahanadi Coalfields Ltd. for recovery of Rs. 91.93 lacs at Cuttack High Court for which no provision has been made in the accounts.

However, the Financial Statements of the Company have not been affected so far the going concern concept is concerned for the reasons as stated in the notes. Our opinion is not modified in respect of these matters.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" ; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations (WBCT Board/Tribunal/Appellate levels) on its financial position in its financial statement-Refer Note No. 28.1.b to the financial statement.
    - ii. the Company does not have any long-term contracts including derivative contracts -for which there is any material foreseeable losses.
    - iii. There is no amounts which is required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S. GHOSE & CO. LLP**  
**Chartered Accountants**  
**FRN : 302184E/E300007**

**Chandan Chattopadhyay**  
**Partner**  
**Membership No. 051254**

**Place: Kolkata**  
**Date : 27th May, 2016**

## **HINDUSTHAN UDYOG LTD.**

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### **ANNEXURE – A, TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in our report of even date attached)**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
(c) The title deeds of immovable properties are held in the name of the company.
- 2) The management has conducted the physical verification of inventory at reasonable intervals and no material discrepancy have been noticed on physical verification of the inventory as compared to books records.
- 3) As per information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of CARO are not applicable to the Company.
- 4) According to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.  
(b) According to the information and explanation given to us, there are no dues of income tax, service tax, duty of customs, and duty of excise on account of any dispute.

However, based upon the audit procedures performed and according to the informations and explanations given to us, there are disputed dues in respect of Sales Tax as on 31st March, 2016. The details are as shown in Enclosure -1.

- 8) According to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

- 9) Based upon the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of CARO are not applicable to the Company.
- 10) Based upon the audit procedures performed and according to the information and explanations given by the management, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) As per information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) As per information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and according to the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and according to the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of CARO are not applicable to the Company and hence not commented upon.
- 16) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For S. GHOSE & CO. LLP**  
***Chartered Accountants***  
**Firm Registration No. : 302184E/E300007**

**Place : Kolkata**  
**Date : 27th May, 2016**

**Chandan Chattopadhyay**  
***Partner***  
**Membership No. 051254**

**STATEMENT OF DISPUTED LIABILITIES FOR SALES TAX**

<b>Sl. No.</b>	<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Amount (Rs.)</b>	<b>Period of which the amount relates</b>	<b>Where Dispute is pending</b>
1.	West Bengal Sales Tax Act 1994	Assessed Dues	414,263	2004-2005	WBCT (A/R) Board
2.	Central Sales Tax Act 1956	Assessed Dues	181,067	2004-2005	WBCT (A/R) Board
3.	West Bengal Vat Act 2003	Assessed Dues	879,941	2011-2012	WBCT (A/R) Board
4.	Central Sales Tax Act 1956	Assessed Dues	35,558	2011-12	WBCT (A/R) Board
5.	Central Sales Tax Act 1956	Assessed Dues	1,634,285	1998-1999	Registrar Maharashtra Sales Tax Tribunal, Mumbai
6.	Central Sales Tax Act 1956	Assessed Dues	5,926,481	1999-2000	Deputy Commissioner of Sales Tax (Appeal), Nagpur
7.	Bombay Sales Tax Act 1959	Assessed Dues	1,044,631	2000-2001	Deputy Commissioner of Sales Tax (Appeal), Nagpur
8.	Central Sales Tax Act 1956	Assessed Dues	1,389,004	2000-2001	Deputy Commissioner of Sales Tax (Appeal), Nagpur
9.	Central Sales Tax Act 1956	Assessed Dues	1,202,194	2001-2002	Registrar Maharashtra Sales Tax Tribunal, Mumbai
10.	Bombay Sales Tax Act 1959	Assessed Dues	949,067	2002-2003	Deputy Commissioner of Sales Tax (Appeal), Nagpur
11.	Central Sales Tax Act 1956	Assessed Dues	390,538.00	2002-2003	Deputy Commissioner of Sales Tax (Appeal), Nagpur
			<b>14,047,029</b>		



**ANNEXURE - B TO THE AUDITORS' REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HINDUSTHAN UDYOG LIMITED as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are

## **HINDUSTHAN UDYOG LTD.**

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recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S. GHOSE & CO. LLP**  
***Chartered Accountants***  
**Firm Registration No. : 302184E/E300007**

**Place: Kolkata**  
**Date : 27th May, 2016**

**Chandan Chattopadhyay**  
***Partner***  
**Membership No. 051254**

# HINDUSTHAN UDYOG LTD.

## **Balance Sheet as at 31st March, 2016**

I. EQUITY AND LIABILITIES	Notes	As at 31st March 2016 Rs.	As at 31st March 2015 Rs.
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	131,767,250	131,767,250
(b) Reserves and Surplus	4	218,581,597	230,410,726
		<b>350,348,847</b>	<b>362,177,976</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	2,725,856	3,455,881
(b) Long-term Liabilities	6	436,283	750,777
		<b>3,162,139</b>	<b>4,206,658</b>
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	7	148,832,252	253,243,221
(b) Trade payables	8	74,922,315	93,180,145
(c) Other current liabilities	9	154,478,418	135,447,754
(d) Short-term provisions	10	31,317,199	28,970,401
		<b>409,550,185</b>	<b>510,841,521</b>
<b>Total</b>		<b>763,061,171</b>	<b>877,226,155</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	151,527,690	155,788,981
(ii) Capital Work In Progress		—	2,163,175
(b) Non-current Investments	12	46,180,093	46,180,093
(c) Long term Loans and advances	13	13,034,059	16,574,498
		<b>210,741,842</b>	<b>220,706,747</b>
<b>(2) Current assets</b>			
(a) Inventories	14	146,073,208	167,530,443
(b) Trade Receivables	15	191,268,952	229,347,750
(c) Cash and Cash Equivalents	16	14,187,234	12,873,565
(d) Short-term Loans and Advances	17	189,794,833	232,823,047
(e) Other Current Assets	18	10,995,102	13,944,603
		<b>552,319,330</b>	<b>656,519,408</b>
<b>Total</b>		<b>763,061,171</b>	<b>877,226,155</b>

### **Significant Accounting Policies & Notes on Financial Statements 1 to 28**

**For S. GHOSE & CO. LLP**  
Chartered Accountants  
Firm Regn. No. 302184E/E300007

**Chandan Chattopadhyay**  
*Partner*  
Membership No. : 051254  
Place : Kolkata  
Date : 27th May, 2016

**SHIKHA BAJAJ**  
Company Secretary

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

# HINDUSTHAN UDYOG LTD.

## Statement of Profit & Loss for the year ended 31st March, 2016

Particulars	Notes	For the year ended 31st March 2016 Rs.	For the year ended 31st March 2015 Rs.
I. Revenue from Operations (Gross)	19	384,698,624	455,467,782
Less : Excise Duty		34,177,306	31,678,038
		350,521,318	423,789,744
II. Other Income	20	17,136,949	18,259,163
<b>III. Total Revenue (I + II)</b>		<b>367,658,267</b>	<b>442,048,907</b>
IV. Expenses:			
Cost of Materials Consumed & Other Manufacturing Expenses	21	200,111,532	225,237,708
Purchase of Traded Goods		—	—
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	22	5,595,265	(3,823,057)
Employee Benefit Expenses	23	71,383,116	78,002,327
Finance Costs	24	12,006,974	16,949,400
Depreciation and Amortisation Expenses	25	14,099,585	18,046,241
Other Expenses	26	76,237,992	99,123,858
<b>Total Expenses</b>		<b>379,434,464</b>	<b>433,536,477</b>
V. Profit/ (Loss) Before Prior Period adjustments, Exceptional items and Tax (III - IV)		(11,776,197)	8,512,430
VI. Prior Period Adjustments		—	—
VII. Profit/(Loss) before exceptional items and tax (V - VI)		(11,776,197)	8,512,430
VIII. Exceptional Items		—	—
IX. Profit/(Loss) before tax (VII - VIII)		(11,776,197)	8,512,430
X. Tax expense:			
(1) Current Tax		—	580,000
(2) Deferred tax		—	—
(3) Tax for Earlier Year		26,325	—
XI. Profit/(Loss) after Tax (IX - X)		(11,802,522)	7,932,430
XII. Earning per equity share	27	1.11	1.04

### Significant Accounting Policies & Notes on Financial Statements 1 to 28

For S. GHOSE & CO. LLP  
Chartered Accountants  
Firm Regn. No. 302184E/E300007

Chandan Chattopadhyay  
Partner  
Membership No. : 051254  
Place : Kolkata  
Date : 27th May, 2016

SHIKHA BAJAJ  
Company Secretary

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

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****NOTE : 1 CORPORATE INFORMATION**

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.

**NOTE : 2 SIGNIFICANT ACCOUNTING POLICIES****2.1 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, 2013.
- ii) Liquidated damages or claims 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.

**2.2 Capital Subsidy:**

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

**2.3 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. 2013.

**2.4 Investments:**

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

**2.5 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.

**2.6 Foreign Currency Transactions :**

Transaction in Foreign Currency is 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.

## HINDUSTHAN UDYOG LTD.

### 2.7 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.

### 2.8 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.

### 2.9 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.

### 2.10 Miscellaneous expenditure :

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

NOTE : 3 SHARE CAPITAL	As at 31st March, 2016	As at 31st March, 2015
	Rs.	Rs.
<b>Authorised Shares</b>		
48,500,000 Equity Shares of Rs. 10/- each	485,000,000	485,000,000
6,000,000 10% Cumulative Redeemable Preference shares of Rs. 10/- each	60,000,000	60,000,000
	<u>545,000,000</u>	<u>545,000,000</u>
<b>Issued, Subscribed &amp; Paid-Up Shares</b>		
7,176,725 Equity Shares of Rs. 10/- each	71,767,250	71,767,250
6,000,000 10% Cumulative Redeemable Preference shares of Rs. 10/- each (Due for Redemption on 9th March, 2017) (*)	60,000,000	60,000,000
<b>Total</b>	<b>131,767,250</b>	<b>131,767,250</b>

## 3.1 Reconciliation of shares outstanding at the beginning & at the end of the reporting period

Equity Shares	Nos.	As at 31st March, 2016	Nos.	As at 31st March, 2015
		Rs.		Rs.
At the beginning of the period	7,176,725	71,767,250	7,176,725	71,767,250
Issued during the period	NIL	NIL	NIL	NIL
Shares bought back during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the period	7,176,725	71,767,250	7,176,725	71,767,250

## 3.2 Aggregate number of Bonus share issued & share issued for consideration other than cash

Particulars	Nos.	As at 31st March, 2016	Nos.	As at 31st March, 2015
<b>Equity share allotted as fully paid bonus share by capitalisation of reserve</b>				
At the beginning of the year	NIL	NIL	NIL	NIL
Issued during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	—	—	—	—

<b>Equity share allotted as fully paid up pursuant to contracts for consideration other than Cash</b>				
At the beginning of the year	849,625	8,496,250	849,625	8,496,250
Issued during the year	—	—	—	—
Outstanding at the end of the year	849,625	8,496,250	849,625	8,496,250

## 3.3. Details of Shareholders holding more than 5% Shares in the Company

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Nos.	% Holding in the class	Nos.	% Holding in the class
<b>Equity Shares of Rs. 10 Each</b>				
1. V.N.Enterprises Limited	1,659,625	23.13	1,659,625	23.13
2. Poonam Jhaver	1,000,000	13.93	1,000,000	13.93
3. Bengal Steel Industries Limited	598,600	8.34	598,600	8.34
4. Tea Time Limited	594,600	8.29	594,600	8.29
5. Neptune Exports Limited	590,400	8.23	590,400	8.23
6. Orient International Limited	546,850	7.62	546,850	7.62
7. Asutosh Enterprises Limited	457,500	6.37	457,500	6.37

(\*) 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.

## HINDUSTHAN UDYOG LTD.

NOTE : 4 RESERVES & SURPLUS	As at 31st March, 2016	As at 31st March, 2015
	Rs.	Rs.
<b>a) Capital Reserve</b>		
Opening Balance	390,827,590	390,827,590
Addition	—	—
Deduction	—	—
Closing Balance	390,827,590	390,827,590
<b>b) Share Premium Account</b>		
Opening Balance	13,841,000	13,841,000
Addition	—	—
Deduction	—	—
Closing Balance	13,841,000	13,841,000
<b>c) Revaluation Reserve (**)</b>		
Opening Balance	4,872,024	4,901,795
Addition	—	—
Deduction	26,607	29,771
Closing Balance	4,845,417	4,872,024
<b>d) Special Capital Incentive</b>		
Opening Balance	3,000,000	3,000,000
Addition	—	—
Deduction	—	—
Closing Balance	3,000,000	3,000,000
<b>e) General Reserve</b>		
Opening Balance	12,162,074	12,162,074
Addition	—	—
Deduction	—	—
Closing Balance	12,162,074	12,162,074
<b>f) Deficit (Profit &amp; Loss Account)</b>		
Opening Balance	(194,291,962)	(202,224,392)
Addition	(11,802,522)	7,932,430
Deduction	—	—
Closing Balance	(206,094,484)	(194,291,962)
<b>Total</b>	<b>218,581,597</b>	<b>230,410,726</b>

NOTE : 5 LONG TERM BORROWINGS	As at 31st March, 2016			As at 31st March, 2015		
	Rs.			Rs.		
	Non-Current (a)	Current (b)	Total (a + b)	Non-Current (a)	Current (b)	Total (a + b)
Long Term Loans						
Secured						
- From Bank *	2,608,828	—	2,608,828	3,338,853	—	3,338,853
Deferred Sales Tax Loan	117,028	—	117,028	117,028	—	117,028
<b>Total</b>	<b>2,725,856</b>	<b>—</b>	<b>2,725,856</b>	<b>3,455,881</b>	<b>—</b>	<b>3,455,881</b>

\* The Loan is secured by hypothecation of Motor vehicles and is repayable in monthly instalments.



## HINDUSTHAN UDYOG LTD.

NOTE : 6 LONG TERM LIABILITIES	As at 31st March, 2016 Rs.			As at 31st March, 2015 Rs.		
	Non-Current (a)	Current (b)	Total (a + b)	Non-Current (a)	Current (b)	Total (a + b)
Advance from Customers	—	436,283	436,283	—	750,777	750,777
<b>Total</b>	<b>—</b>	<b>436,283</b>	<b>436,283</b>	<b>—</b>	<b>750,777</b>	<b>750,777</b>

NOTE : 7 SHORT TERM BORROWINGS	As at 31st March, 2016 Rs.			As at 31st March, 2015 Rs.		
	Non-Current (a)	Current (b)	Total (a + b)	Non-Current (a)	Current (b)	Total (a + b)
Short Term Loans Unsecured - From Body Corporate	—	135,000,000	135,000,000	—	155,000,000	155,000,000
Working Capital Loan From Bank Secured - Cash Credit From Banks **	—	13,832,252	13,832,252	—	98,243,221	98,243,221
<b>Total</b>	<b>—</b>	<b>148,832,252</b>	<b>148,832,252</b>	<b>—</b>	<b>253,243,221</b>	<b>253,243,221</b>

\*\* The loan is repayable on demand and is secured by way of Hypothecation of Book Debts, Raw Materials, Work in Process and Finished Goods, Stores and Spares and Other Current assets, both Present and Future.

NOTE : 8 TRADE PAYABLES (#)	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Sundry Creditors for Goods and Services	74,922,315	93,180,145
<b>Total</b>	<b>74,922,315</b>	<b>93,180,145</b>

NOTE : 9 OTHER CURRENT LIABILITIES	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Advance from Customers	435,954	839,020
Payable to employees	3,821,323	4,149,401
Other Payables	150,221,141	130,459,333
<b>Total</b>	<b>154,478,418</b>	<b>135,447,754</b>

NOTE : 10 SHORT TERM PROVISIONS	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Provision For Income Tax	5,057,000	5,057,000
Provision For Gratuity	20,916,638	18,129,311
Provision For Leave Encashment	5,343,561	5,784,090
<b>Total</b>	<b>31,317,199</b>	<b>28,970,401</b>

(#) There are no Micro enterprises or Small scale enterprises to whom the Company owes any due which are outstanding as at 31st March, 2016. [ 31.03.2015 - 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.

**NOTE : 11 Fixed Assets**

P A R T I C U L A R S	C O S T (Rs.)		A C C U M U L A T E D D E P R E C I A T I O N A N D A M O R T I S A T I O N (Rs.)		N E T B O O K V A L U E (Rs.)	
	01.04.2015	Addition	Deduction	31.03.2016	31.03.2015	31.03.2016
<u>TANGIBLE ASSETS</u>						
FREE-HOLD LAND	19,363,014	—	—	19,363,014	—	19,363,014
LEASEHOLD LAND	18,678,548	—	—	18,678,548	1,838,109	16,840,439
BUILDINGS & STRUCTURES	122,736,475	800,207	—	123,536,682	63,528,607	59,207,868
PLANT & EQUIPMENT	371,123,393	7,345,006	2,697,947	375,770,452	323,003,310	47,396,937
ELECTRONIC DATA PROCESSING MACHINES	4,104,951	—	—	4,104,951	3,927,012	177,939
ELECTRIC INSTALLATIONS	37,524,289	—	—	37,524,289	33,698,158	3,826,131
VEHICLES	13,917,371	2,542,614	1,835,340	14,624,645	9,792,437	4,832,208
FURNITURE & FITTINGS	27,924,317	222,622	—	28,146,939	23,795,743	4,351,196
ASSETS DISCARDED	—	—	—	—	63,213	—
Total	615,372,358	10,910,449	4,533,287	621,749,520	459,646,589	155,788,982
PREVIOUS YEAR	614,205,427	1,208,231	41,300	615,372,358	441,607,309	155,788,982

\* 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.

# HINDUSTHAN UDYOG LTD.

## NOTE : 12 Investments (At cost)

PARTICULARS	FACE VALUE (Rs.)	AS AT 31.03.2016		AS AT 31.03.2015	
		No. of Shares/Units	Value (Rs.)	No. of Shares/Units	Value (Rs.)
NON-CURRENT INVESTMENT					
Investment in Equity Instruments					
a) (Quoted)					
Tea Time Ltd.	10	114,000	286,777	114,000	286,777
Phosphate Co. Ltd.	10	26,400	294,180	26,400	294,180
Northern Projects Ltd.	10	139,900	343,329	139,900	343,329
Asutosh Enterprises Ltd.	10	150,000	367,323	150,000	367,323
Neptune Exports Ltd.	10	230,500	474,186	230,500	474,186
Orient International Ltd.	10	165,000	488,711	165,000	488,711
Bengal Steel Industries Ltd.	10	345,000	882,248	345,000	882,248
WPIL Ltd.	10	3,861,659	35,748,081	3,861,659	35,748,081
Ador Welding Ltd.	10	3,000	1,256,503	3,000	1,256,503
Parsvnath Developers Ltd.	5	8,000	2,122,953	8,000	2,122,953
<b>TOTAL (A)</b>			<b>42,264,291</b>		<b>42,264,291</b>
b) (Unquoted)					
Hindusthan Parsons Ltd.	10	500,000	2,565,500	500,000	2,565,500
H. S. M. International Pvt. Ltd.	10	152,500	325,000	152,500	325,000
Tamilnadu Alkaline Batteries Ltd.	10	300,000	301,500	300,000	301,500
Spaans Babcock India Ltd.	10	25,000	250,000	25,000	250,000
Bengal Central Building Society Ltd.	10	10,000	100,000	10,000	100,000
Kabini Papers Ltd., in Liquidation	10	42,135	45,887	42,135	45,887
AKA Washeries India Pvt. Ltd.	10	2,000	20,000	2,000	20,000
Huwood Hindusthan Pvt. Ltd.	10	2,000	20,000	2,000	20,000
Macneill Electricals Ltd.	100	918	91,800	918	91,800
V N Enterprises Limited	100	1,800	181,115	1,800	181,115
<b>TOTAL (B)</b>			<b>3,900,802</b>		<b>3,900,802</b>
Investment in Govt. Securities (Non - trade) (Unquoted)			15,000		15,000
<b>Total (C)</b>			<b>15,000</b>		<b>15,000</b>
<b>Total (A+B+C)</b>			<b>46,180,093</b>		<b>46,180,093</b>

	As at 31st March 2016		As at 31st March 2015	
	Cost	Market Value	Cost	Market Value
Aggregate value of Quoted Investments	42,264,291	1,520,059,008	42,264,291	2,246,630,750

## HINDUSTHAN UDYOG LTD.

NOTE : 13 LONG TERM LOANS AND ADVANCES	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
<b>LOANS :</b>		
Advances to Staff (Unsecured – Considered Good)	927,927	3,368,251
<b>ADVANCES RECOVERABLE IN CASH OR IN KIND</b>		
Considered Good	249,336	279,336
<b>SECURITY DEPOSITS :</b>		
Unsecured, Considered Good	11,856,795	12,926,911
<b>Total</b>	<b>13,034,058</b>	<b>16,574,498</b>

NOTE : 14 INVENTORIES	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Raw Material	58,449,402	70,792,095
Work-In progress	69,148,433	66,105,903
Finished Goods	11,601,555	23,181,726
Tools & Implements	6,873,817	7,450,719
<b>Total</b>	<b>146,073,207</b>	<b>167,530,443</b>

NOTE : 15 TRADE RECEIVABLES	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
<b>Outstanding for a period exceeding six months</b>		
Unsecured, Considered Good	54,431,620	62,109,168
<b>Others :</b>		
Unsecured, Considered Good	136,837,332	167,238,582
<b>Total</b>	<b>191,268,952</b>	<b>229,347,750</b>

NOTE : 16 CASH & CASH EQUIVALENTS	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
<b>Balances With Banks</b>		
a) In Current Account	9,397,007	7,750,469
b) In Fixed Deposit Account	3,367,814	3,367,814
	<b>12,764,821</b>	<b>11,118,283</b>
Cash In Hand	1,422,413	1,755,282
	<b>1,422,413</b>	<b>1,755,282</b>
<b>Total</b>	<b>14,187,234</b>	<b>12,873,565</b>

## HINDUSTHAN UDYOG LTD.

<b>NOTE : 17 SHORT TERM LOANS &amp; ADVANCES</b>	<b>As at 31st March, 2016 Rs.</b>	<b>As at 31st March, 2015 Rs.</b>
Advance Income Tax and Other Taxes	8,484,230	7,875,170
<b><u>Advances recoverable in Cash or in kind :</u></b>		
Unsecured, Considered Good	179,387,013	222,068,286
Prepaid Expenses	406,607	1,186,746
<b><u>Security Deposits :</u></b>		
Unsecured, Considered Good	1,516,983	1,692,845
<b>Total</b>	<b>189,794,833</b>	<b>232,823,047</b>

<b>NOTE : 18 OTHER CURRENT ASSETS</b>	<b>As at 31st March, 2016 Rs.</b>	<b>As at 31st March, 2015 Rs.</b>
Other Receivable (Considered Good)	10,980,840	13,930,341
Interest Accrued (Considered Good)	14,262	14,262
<b>Total</b>	<b>10,995,102</b>	<b>13,944,603</b>

## HINDUSTHAN UDYOG LTD.

<b>NOTE : 19 REVENUE FROM OPERATIONS</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
<b>Sale of Products</b>		
(a) Sale of Products	381,744,785	453,813,763
(b) Other Operating Income	2,953,838	1,654,019
<b>Gross Revenue From Operations</b>	<b>384,698,624</b>	<b>455,467,782</b>

<b>NOTE : 20 OTHER INCOME</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
(a) Dividend Income		
(i) From Long Term Investments	7,738,318	7,738,318
(b) Rent Receipts	4,792,125	5,870,779
(c) Interest Received on Deposits	316,245	729,618
(d) Profit on Sale of Capital Assets (net of loss on assets sold/written off)	1,599,451	10,432
(e) Gain on F/Exchange Fluctuation	1,234,232	5,203,833
(f) Miscellaneous Receipts	954,100	(1,293,817)
(g) Claim Receipts	502,478	—
<b>Total</b>	<b>17,136,949</b>	<b>18,259,163</b>

<b>NOTE : 21 COST OF MATERIALS CONSUMED &amp; OTHER MANUFACTURING EXPENSES</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
Raw Material Consumed	114,368,102	139,267,826
Stores Consumed	44,256,277	43,333,497
Power & Fuel	38,395,399	41,292,678
Carriage Inward	3,091,754	1,343,707
<b>Total</b>	<b>200,111,532</b>	<b>225,237,708</b>

<b>NOTE : 22 (INCREASE)/DECREASE IN INVENTORIES</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
<b>Inventories at the end of the year</b>		
Work in Progress	68,501,183	66,105,903
Finished goods	11,601,555	19,592,100
	<b>80,102,738</b>	<b>85,698,003</b>
<b>Inventories at the beginning of the year</b>		
Work in Progress	66,105,903	81,199,820
Finished goods	19,592,100	675,126
	<b>85,698,003</b>	<b>81,874,946</b>
<b>Total</b>	<b>5,595,265</b>	<b>(3,823,057)</b>

## HINDUSTHAN UDYOG LTD.

<b>NOTE : 23 EMPLOYEE BENEFIT EXPENSES</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
Salary, Wages, Bonus, Gratuity & Allowances	57,000,836	66,947,419
Contribution to Provident Fund , ESI & Other Fund	6,810,578	7,364,135
Staff Welfare Expenses	7,571,702	3,690,773
<b>Total</b>	<b>71,383,116</b>	<b>78,002,327</b>

<b>NOTE : 24 FINANCE COST</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
(a) Interest Expenses	12,006,974	16,949,400
<b>Total</b>	<b>12,006,974</b>	<b>16,949,400</b>

<b>NOTE : 25 DEPRECIATION &amp; AMORTISATION EXPENSES</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
Depreciation	14,126,192	18,076,012
Adjusted Out of Revaluation Reserve	26,607	29,771
<b>Total</b>	<b>14,099,585</b>	<b>18,046,241</b>

## HINDUSTHAN UDYOG LTD.

<b>NOTE : 26 OTHER EXPENSES</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
Component Processing Expenses	21,405,216	32,405,444
Repair to Buliding	89,000	496,656
Repair to Machnery	5,631,817	5,713,725
Inspection & Testing	1,710,568	1,361,564
Excise Duties	1,782,155	5,086,009
Sales Tax	6,803,170	7,425,653
Service Tax	2,475	-
Swachh Bharat Cess	16,968	-
Commission, Discounts and Rebates	1,757,275	1,980,723
Transportation and Freight	6,343,844	8,504,430
Directors Remuneration	1,200,000	1,200,000
Directors Meeting Fees	18,000	19,000
Service Charges	7,642,424	7,320,110
Liquidated Damages	1,738,248	2,298,714
Electric Charges	366,147	95,131
Rent	3,876,524	3,787,344
Rates & Taxes	3,316,091	1,140,477
Bank Charges	356,534	634,492
Travelling Expenses	4,049,919	4,270,108
Conveyance Charges	584,228	746,450
Vehicle Maintenance	1,088,784	559,933
Other Repairs	1,702,736	2,601,494
Postage, Telegram & Telephone	534,695	537,984
Printing & Stationery Items	369,378	246,832
Insurance Charges	663,563	677,902
Payment to Auditors		
– As Auditors	90,000	90,000
– For Taxation matters	45,000	45,000
– For Certification/Limited review	63,000	62,000
Listing Fees	225,000	134,354
Subscription & Donation	326,273	392,345
Advertisement	77,096	84,792
Exchange Fluctuation	—	7,953,879
Miscellaneous Expenses	2,361,864	1,251,313
<b>Total</b>	<b>76,237,992</b>	<b>99,123,858</b>

<b>NOTE : 27 EARNINGS PER EQUITY SHARE</b>	<b>For the year ended 31st March, 2016 Rs.</b>	<b>For the year ended 31st March, 2015 Rs.</b>
Profit after Taxation	(11,802,522)	7,932,430
Weighted average number of Equity Shares outstanding	7,176,725	7,176,725
Basic & Diluted earnings per Share (Face value Rs. 10/-)	(1.64)	1.11



## NOTE : 28

### NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

#### 28.1 Contingent Liabilities :

- a) Letters of Guarantee outstanding as at 31.03.16 Rs.38.43 Lacs (Previous year Rs. 63.81 Lacs).
- b) Claim not acknowledged as debts: - Disputed demand for Sales Tax, Rs. 140.47 Lacs (Previous year Rs. 210.36 Lacs) appealed against.

#### 28.2 Opening Stock

	Current Year		Previous Year	
	Qty.	Rs.	Qty.	Rs.
i) <b>Semifinished Products</b>				
Steel Structure & Goods		—		3,300,000
Steel Casting Goods		6,61,05,903		7,78,99,820
		<b>6,61,05,903</b>		<b>8,11,99,820</b>
ii) <b>Finished Products</b>				
Steel Casting Goods	89.021 M/T	1,95,92,100	3.555 M/T	6,75,126
		<b>1,95,92,100</b>		<b>6,75,126</b>

#### 28.3 Closing Stock

	Current Year		Previous Year	
	Qty.	Rs.	Qty.	Rs.
i) <b>Semifinished Products</b>				
Steel Casting Goods		6,91,48,433		6,61,05,903
		<b>6,91,48,433</b>		<b>6,61,05,903</b>
ii) <b>Finished Products</b>				
Steel Casting Goods	57.945 M/T	1,16,01,555	89.021 M/T	1,95,92,100
		<b>1,16,01,555</b>		<b>1,95,92,100</b>

#### 28.4 Actual Production

	Production	
	Current Year	Previous Year
Steel Castings	1,166.592 M/T	1,341.292 M/T

## HINDUSTHAN UDYOG LTD.

### 28.5 Raw Materials Consumed

		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
Scrap & Ferro Alloys	1,255.41 M/T		10,24,45,809	1,440.677 M/T	11,36,06,811
Stores Components & Consumables			5,60,21,050		6,89,12,344
Packing Materials			1,57,520		82,168
			<b>15,86,24,379</b>		<b>18,26,01,323</b>
Indigeneous	100%		<b>15,86,24,379</b>	100%	<b>18,26,01,323</b>

### 28.6 Sale of Goods

		Current Year		Previous Year	
		Qty.	Rs.	Qty.	Rs.
Steel Castings	1,143.646 M/T		37,28,93,915	1,266.843 M/T	42,63,72,469
Others			88,50,870		2,74,41,294
			<b>38,17,44,785</b>		<b>45,38,13,763</b>

### 28.7 Expenses in Foreign Currency

	Current Year	Previous Year
Sales Commission	18,94,945	19,80,723
	<b>18,94,945</b>	<b>19,80,723</b>

### 28.8 Earnings in Foreign Exchange

	Current Year	Previous Year
1) 1) F.O.B value of Exports	7,58,42,292	15,06,65,386
2) Freight & Insurance Recovered	33,26,705	46,05,899

### 28.9 Foreign exchange currency exposures not covered by derivative instruments as at March 31, 2016 amounts Receivable for export of goods

	Current Year		Previous Year	
	Amount in Foreign Currency	Amount (Rs.)	Amount in Foreign Currency	Amount (Rs.)
USDOLLAR	1,78,857	99,09,564	3,67,989	2,14,24,297
GREAT BRITAIN POUND	1,04,891	1,01,40,240	1,80,450	1,71,13,220
EURO	5,584	3,99,535	2,18,183	1,51,38,693

**28.10 Related Party Disclosure :**

## a) Associated Company :

1. WPIL Limited

## b) Key Management Personnel &amp; 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 :

<u>Transaction</u>	<u>Associated Company</u>	<u>Key Management Personnel</u>
Sales & Services	21,76,53,801	—
Purchase of Goods	43,94,828	—
Dividend Received	77,23,318	—
Lease Rent Received	46,20,000	—
Remuneration (Mr. V. N. Agarwal)	—	12,00,000
Sitting Fees	—	18,000

**28.11 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

	Rs. Lakhs
(i) Revenue by Geographical Market	
– India	3,226.67
– Outside India	791.69
	<u>4,018.36</u>
(ii) Addition to Fixed Assets and Intangible Assets	
– India	109.10
– Outside India	—
	<u>109.10</u>
(iii) Carrying Amount of Segment Assets	
– India	7,083.97
– Outside India	—
	<u>7,083.97</u>

## **HINDUSTHAN UDYOG LTD.**

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- 28.12** 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.
- 28.13** Considering the external and internal impairment indicators, the management is of the opinion that no asset has been impaired as at 31st March' 2016. Consequently, no impairment loss has been recognised in the statement of Profit & Loss for the year ended 31st March' 2016.
- 28.14** Previous years' figures have been regrouped and rearranged, wherever necessary.

Significant Accounting Policies & Notes on Financial Statements 1 to 28

**For S. GHOSE & CO. LLP**  
**Chartered Accountants**  
**Firm Regn. No. 302184E/E300007**

**Chandan Chattopadhyay**  
**Partner**  
**Membership No. : 051254**  
**Place : Kolkata**  
**Date : 27th May, 2016**

**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, 2016

	For the year ended 31.03.2016 Rs.	For the year ended 31.03.2015 Rs.
<b>A) Cash Flow from Operating Activities</b>		
Net Profit/(Loss) before Interest & Tax	(11,776,197)	8,512,430
Adjustments for :		
Provision for Gratuity	2,787,327	1,876,256
Provision for Leave Encashment	(440,529)	266,954
Depreciation	14,099,585	18,046,241
(Profit)/Loss On Sale of Investments	—	—
(Profit)/Loss On Sale of Fixed Assets	(1,599,451)	(10,432)
Dividend Received	(7,738,318)	(7,738,318)
Interest Received	(316,245)	(729,618)
Interest Paid	12,006,974	16,949,400
<b>Operating Profit before Working Capital Changes</b>	<b>7,023,146</b>	<b>37,172,913</b>
Adjustments for :		
Trade & Other Receivables	87,596,952	(55,429,584)
Inventories	21,457,235	(4,424,375)
Trade Payables	458,340	17,327,358
Cash Generated from/(used) in operation	116,535,673	(5,353,688)
Income tax Paid/Adjusted	(26,325)	—
<b>Net Cash From / (Used) in Operating Activities</b>	<b>116,509,348</b>	<b>(5,353,688)</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase Of Fixed Assets	(8,747,274)	(2,961,539)
Sale Of Fixed Assets	2,645,000	15,000
Interest Received	316,245	729,618
Dividend Received	7,738,318	7,738,318
<b>Net Cash from Investing Activities</b>	<b>1,952,289</b>	<b>5,521,397</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from Long term Borrowings	(730,025)	(659,191)
Proceeds from Short term Borrowings	(104,410,969)	21,880,673
Interest paid	(12,006,974)	(16,949,400)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(117,147,968)</b>	<b>4,272,082</b>
<b>Net Increase/(Decrease) in cash and Cash Equivalents (A + B + C)</b>	<b>1,313,669</b>	<b>4,439,791</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>12,873,565</b>	<b>8,433,774</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>14,187,234</b>	<b>12,873,565</b>

For S. GHOSE & CO. LLP  
Chartered Accountants  
Firm Regn. No. 302184E/E300007

Chandan Chattopadhyay  
Partner

Place : Kolkata  
Date : 27th May, 2016

SHIKHA BAJAJ  
Company Secretary

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

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