



HINDUSTHAN UDYOG LIMITED

Annual Report 2001-2002

HINDUSTHAN UDYOG LTD.

BOARD OF DIRECTORS :

V. N. AGARWAL, Managing Director
PRAMOD KUMAR KHAITAN
A. K. CHAKRAVARTY
PRAKASH AGARWAL

BANKERS :

UNITED BANK OF INDIA

AUDITORS :

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

REGISTERED OFFICE :

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

HINDUSTHAN UDYOG LTD.**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting their Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2002.

	<u>2001-2002</u>	<u>2000-2001</u>
FINANCIAL RESULTS :		
Profit before Interest & Depreciation	1,23,80,410	1,70,94,066
Deduction :		
Interest	69,50,416	1,11,43,288
Depreciation	50,57,179	55,93,406
Provision for tax for the year	1,80,000	1,76,000
Tax for Earlier Year	—	1,45,178
Net Profit after tax	1,92,815	36,194
Add : Brought forward profit	47,71,493	47,35,299
Balance carried to Balance Sheet	<u>49,64,308</u>	<u>47,71,493</u>

WORKING :

Working of the Company's several divisions during the year was satisfactory. The Durgapur unit however continued to remain closed during the year. Your directors do not recommend any dividend for the year in view of inadequate profit.

DIRECTORS :

Mr. V. N. Agarwal and Mr. P. K. Khaitan, directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 sub section (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed :-

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit or loss of the company for the year under review,
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;
- (iv) that the directors had prepared the accounts for the financial year ended on 31st March, 2002 on a 'going concern' basis.

AUDIT COMMITTEE :

An Audit Committee comprising of three directors viz. Mr. V.N. Agarwal, Mr. A.K. Chakravarty and Mr. Prakash Agarwal has been formed in compliance with the requirement of Section 292A of the Companies Act, 1956. The committee will have such additional functions as are required to achieve adequacy and effectiveness of accounting and financial controls of the company and compliance with company policies and applicable laws & regulations.

The Audit Committee of the company reviewed the financial reports for the year under review and recommended the same for the approval of the Board of Directors.

FIXED DEPOSIT :

The Company has not invited any deposits from the public.

INFORMATION AS TO CONSERVATION OF ENERGY ETC.

It terms of Sec. 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) rule 1988, the requisite information is furnished herein below :

Conservation of energy : Not applicable to the Company.

Research & Development :

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

Technology, Absorption, Adaptation & Innovation :

- a) The Company successfully absorbed the technology in production of Conveyors and Air Pollution control equipment as per the design and drawings, supplied by the foreign collaborators.
- b) The Company has the benefit of technology for the manufacturing of high quality equipments which are equivalent to those imported and same may be considered as import substitution products.
- c) Particulars relating to imported technology.

<u>Technology Imported</u>	<u>Year of Import</u>	<u>S t a t u s</u>
Mining and Industrial round link Chains	1991	In the process of being absorbed.
Steel Castings	1991	In the process of being absorbed.
Wet scrubber and slurry disposal System	1993	Technology fully absorbed.
Exhaust Filtration Systems	1992	Technology fully absorbed.
Armoured Face Chain Conveyors	1991	Technology fully absorbed.

Foreign Exchange Earnings & Outgo :

a) Export activities and export plans :- Efforts are continuing to explore new foreign markets and to enlarge its share in the existing markets for export of Tea, C. I. Castings and Steel Casting.

b) Total foreign exchange used. 37,61,330

c) Total foreign exchange earned 4,44,274

AUDITORS :

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

With regard to the Auditors' observations in their report, the corresponding notes on accounts are self explanatory.

PERSONNEL :

Industrial relations within the company remained cordial and satisfactory during the year. Your directors wish to place on record their appreciation for the hard work and services put in by the employees at all levels. There are no particulars to be reported under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Kolkata

Dated 22nd July, 2002

For and On behalf of the Board

V. N. AGARWAL

PRAKASH AGARWAL

Directors

AUDITORS' REPORT

TO THE MEMBERS OF

HINDUSTHAN UDYOG LIMITED

- 1.0 We have audited the attached Balance Sheet of Hindusthan Udyog Limited as at 31st March, 2002 and also the Profit and Loss account for the year ended on that date annexed thereto. Those financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2.0 We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3.0 No provision has been made for sticky advances totaling to Rs. 8,50,003/- and diminution of Rs. 2,23,390/- in the value of quoted investments as referred to in Note No. B-3(a) & 3(b) in Schedule 'O'.
- 4.0 As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 5.0 Further to our comments in the Annexure referred to above, we report that :
 - 5.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 5.2 In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - 5.3 The Balance Sheet and Profit and loss account dealt with by this report are in agreement with the books of account;
 - 5.4 In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
 - 5.5 On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 6.0 In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the Accounting Policies, Notes on Accounts and Other Schedules (From A to N) attached thereto give the information required by the companies Act, 1956, in the manner so required and subject to our remarks in Para 3.0 above, give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2002 ; and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For S. GHOSE & CO.
Chartered Accountants
CHANDAN CHATTERJEE
Partner.

Place : Kolkata
Date : 22nd July, 2002

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4.0 of our report of even date)

Re : HINDUSTHAN UDYOG LIMITED

1. The Company has maintained proper records showing full particulars of fixed assets except quantitative details in respect of assets installed prior to 1972-73.

Revaluation of Plant and Machinery has been shown in the fixed asset register as having been allocated to the assets on a prorata basis. It has been explained that fixed assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its business. It was reported by the management that no material discrepancy was noticed on such verification during the year.

2. None of the fixed assets has been revalued during the year.
3. The stock of finished goods, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. According to the information given to us, discrepancies noticed on physical verification of stocks as compared to book record were not significant and the same have been properly dealt with in the books of account.
6. The valuation of stocks disclosed in Accounting Policy No. A-7 is fair and proper in accordance with normally accepted accounting principles. Raw Materials has been valued at cost or net realisable value, whichever is lower, and, semi-finished goods has been valued at estimated cost or net realisable value, whichever is lower. There has been no change in the method of valuation from last year.
7. As explained to us, no loan was taken from companies firms or other parties coming within the purview of section 301 of the Companies Act, 1956.
8. As explained to us, no loan was granted to companies, firms or other parties coming within the purview of section 301 of the Companies Act, 1956..
9. In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief no loan or advance in the nature of loan was given by the Company.
10. In our opinion and according to the information and explanations given to us, the existing internal control procedures are commensurate with the size of the company and nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.