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## HINDUSTHAN UDYOG LTD.

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### NOTICE OF ANNUAL GENERAL MEETING TO THE MEMBERS

**NOTICE** is hereby given that the Sixty-Third Annual General Meeting of the Members of **HINDUSTHAN UDYOG LIMITED** will be held on Friday, the 23rd day of July, 2010 at 11.00 a.m. at the Registered Office of the Company at Trinity Plaza, 3rd Floor, 84/1A, Topsia Road (South), Kolkata-700046 to transact the following business :

#### ORDINARY BUSINESS :

- I. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the financial year ended on that date together with Directors' and Auditors' Reports thereon.
- II. To appoint a Director in place of Mr. Prakash Agarwal, who retires by rotation at this Meeting and being eligible offers himself for re-appointment.
- III. To re-appoint Messrs S. Ghose & Co., Chartered Accountants, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS :

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

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

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

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

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

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

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

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## **HINDUSTHAN UDYOG LTD.**

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

***Registered Office:***

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

Date : 31st May, 2010

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

**Shikha Bajaj  
Company Secretary**

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**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS WILL REMAIN CLOSED FROM 17TH JULY, 2010 TO 23RD JULY, 2010 BOTH DAYS INCLUSIVE.**
- 3. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT THEREIN THE MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS MENTIONED UNDER ITEM NOS. IV AND V OF THE NOTICE IS ANNEXED**

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## **HINDUSTHAN UDYOG LTD.**

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

#### **ITEM NO. IV**

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

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

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

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

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

#### **ITEM NO. V**

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

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

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

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

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

#### ***Registered Office:***

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

**Date : 31st May, 2010**

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

**Shikha Bajaj  
Company Secretary**

## HINDUSTHAN UDYOG LTD.

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

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

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# **HINDUSTHAN UDYOG LTD.**

## **BOARD OF DIRECTORS**

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

## **COMPANY SECRETARY**

SHIKHA BAJAJ

## **AUDITORS**

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

## **BANKERS**

UNITED BANK OF INDIA  
IDBI BANK LIMITED

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

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

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# HINDUSTHAN UDYOG LTD.

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 63rd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

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

## AMALGAMATION OF ACC-NIHON CASTINGS LIMITED WITH THE COMPANY:

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

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

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

## COMPANY PERFORMANCE:

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

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

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

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

**DIVIDEND:**

In view of the Brought forward unabsorbed accumulated losses, the Directors express their inability to recommend any dividend for the year under review.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**A. BUSINESS**

The Company is engaged in the manufacturing of Alloy and Stainless Steel Castings with stringent quality requirements required in Turbines, Metal Shredding, Heavy Earth Equipment, Pumps, Valves and Compressors and other Heavy Engineering Industries. It is also engaged in the manufacturing of Material Handling Equipments of varied nature required in the Mines, Cement Plants, Power Plants and Other General Engineering Sectors. The manufacturing units are located in Kolkata and Nagpur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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## **HINDUSTHAN UDYOG LTD.**

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### **D. INTERNAL CONTROL SYSTEM**

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

The Internal Audit function is conducted by a Senior Management Team of the Company. The reports of such audit, the progress in implementation of recommendations contained in such reports and the adequacy of internal control systems are reviewed by the Audit Committee of the Board in its periodical meetings.

### **E. HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

### **CORPORATE GOVERNANCE:**

The principles of good Corporate Governance through professionalism, accountability, transparency, trusteeship and control have always been followed by your Company and it has complied with all the applicable provisions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges.

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

### **DIRECTORS:**

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

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

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

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

### **DIRECTORS RESPONSIBILITY STATEMENT:**

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

- (i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period.
- (iii) That the Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the Annual Accounts for the financial year ended 31st March, 2010 on a "going

concern” basis.

**AUDITORS:**

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

**FIXED DEPOSIT:**

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

**PARTICULARS OF EMPLOYEES**

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

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

Particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required under section 217(1)(e) of The Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure “A”.

**CODE OF CONDUCT:**

Your Company has formulated Code of Conduct which applies to Board Members and Senior Management Personnel of the Company. Confirmations towards adherence to the Code during the Financial Year 2009-2010 have been obtained from all the Board Members and Senior Management Personnel in terms of the requirements of Clause 49 of the Listing Agreement and a declaration relating to compliance of this code during the year under review by all Board Members and Senior Management Personnel has been given by the Managing Director of the Company which accompanies this report.

**ACKNOWLEDGEMENTS:**

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

FOR AND ON BEHALF OF THE BOARD

Place: Kolkata  
Date: 31st May, 2010

V. N. AGARWAL  
RITU AGARWAL  
DIRECTORS

# HINDUSTHAN UDYOG LTD.

## ANNEXURE – “A”

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

### ENERGY CONSERVATION MEASURES TAKEN :

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

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

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

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

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

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

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

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