
HINDUSTHAN UDYOG LTD.

NOTICE OF ANNUAL GENERAL MEETING TO THE MEMBERS

NOTICE is hereby given that the Sixty-Fifth Annual General Meeting of the Members of **HINDUSTHAN UDYOG LIMITED** will be held on Friday, the 31st day of August, 2012 at 10.00 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, 2012 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 appoint a Director in place of Mr. A.K. Ghosh, 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 SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act or any amendment or re-enactment thereof, the Company hereby accords its consent and approval to the re-appointment of Mr. V.N. Agarwal as Managing Director of the Company for a period of three years with effect from 01.01.2012 on the same terms and conditions and payment of remuneration and other perquisites/benefits as was applicable during his previous tenure and also recommended by the Remuneration Committee of Directors and set out in the Explanatory Statement under this item to the Notice convening this Meeting."

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

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

"RESOLVED THAT pursuant to the applicable provisions of The Companies Act, 1956, the consent of the Company be and is hereby accorded for postponement of the date of redemption of 60,00,000,

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10% Cumulative Redeemable Preference Shares of ₹ 10/- each aggregating to Rs. 600 Lakhs and issued to V.N. Enterprises Limited from 9th March, 2012 to 9th March, 2017.”

“RESOLVED FURTHER THAT any Director and/or the Company Secretary be and are hereby authorized to do all such acts, deeds and things as may be required in this connection.”

Registered Office:

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

Date : 29th May, 2012

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

**Shikha Bajaj
Company Secretary**

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS WILL REMAIN CLOSED FROM 27TH AUGUST, 2012 TO 31ST AUGUST, 2012 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 & V OF THE NOTICE IS ANNEXED**

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

ITEM NO. IV

Mr. V.N. Agarwal was re-appointed as the Managing Director of the Company for a period of three years with effect from 01.01.2009 and his term of office was due to expire on 31.12.2011. Keeping in mind the significant contribution to the growth and performance of the Company by Mr. V.N. Agarwal during the said tenure, the Board of Directors of your Company at its meeting held on 29.10.2011, approved the re-appointment of Mr. V.N. Agarwal as the Managing Director of the Company for a further period of three years with effect from 01.01.2012. The terms of his re-appointment including remuneration as approved by the Remuneration Committee and the Board subject to the approval of the Members to be obtained at this Meeting are as follows:-

1. PERIOD

Three years commencing from 01.01.2012.

2. REMUNERATION

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

(a) Salary : ₹ 1,00,000/- per month

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

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

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

3. TERMINATION

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

4. The Managing Director shall not be entitled to any Sitting Fees for attending the meetings of the Board of Directors/ Committee of Directors and shall not be liable to retire by rotation.

5. The re-appointment of Mr. V.N. Agarwal as Managing Director and remuneration payable to him are in line with Schedule XIII to the Act subject to the approval of Members to be obtained at this Annual General

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Meeting and to the extent any of the provisions herein are inconsistent or contrary to the terms of such approval, the latter will prevail.

6. As required under the Act, the following further particulars pertaining to the Company and the appointee are set out herein:-

I General Information

(a) Nature of Industry

The Company is engaged in the manufacturing of Alloy and Stainless Steel 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 the Mines, Cement Plants, Power Plants and Other General Engineering Sectors.

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

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

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

Not Applicable

(d) Financial Performance

Performance of the Company during the last three years is set out as under:-

	2010-11	2009-10	2008-09
			(₹ In Lakhs)
Gross Turnover	5,388.21	5,058.97	6,507.15
Profit before Tax	307.91	444.45	514.40
Provision for Taxes	—	6.17	25.73
Profit after Tax	307.91	438.28	488.67
Balance b/f from Previous Year	(3,066.49)	(3,504.77)	(3,993.44)
Balance at the end of the year	(2,758.58)	(3,066.49)	(3,504.77)
Share Capital	1,317.67	1,317.67	1,317.67
Reserves & Surplus	1,489.87	1,182.43	744.67
Loan Funds	2,776.52	2,931.06	3,466.88
Fixed Assets	1,724.88	1,737.39	1,722.73
Investments	462.60	447.10	569.47
Net Current Assets	3,396.03	3,245.58	3,235.38
Miscellaneous Expenditure	0.55	1.09	1.64

(e) Export Performance

			(₹ In Lakhs)
Export Earning on FOB Basis	1,437.97	1,695.51	2,935.70

(f) Foreign Investments or collaborators, if any

None

II. Information about the Appointee

(a) **Background Details**

Mr. V.N. Agarwal is a Graduate in Mechanical Engineering from Banaras Hindi University. He has got in depth exposure to and involvement in steering diverse business activities and has considerable experience and expertise in the marketing, management and operations of Engineering Industries.

(b) **Past Remuneration**

The remuneration drawn by Mr. V.N. Agarwal during the Financial Year ended 31st March, 2012 has been mentioned in the Report of Board of Directors on Corporate Governance.

(c) **Recognition or awards**

None

(d) **Job Profile and his suitability**

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

Mr. Agarwal has been in the Engineering Industry for more than 40 years and is well conversant with the business operations of the Company as he is associated with it since its takeover in the year 1972 and has been its Managing Director for more than 20 years.

(e) **Remuneration proposed**

As mentioned in foregoing pages.

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

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

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

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

III Disclosures

- (a) The remuneration package of Mr. V.N. Agarwal is already set out above.
- (b) The necessary disclosure as required under Paragraph 1B(IV) of Section II, Part II of Schedule XIII of the Act has already been made in the Report of Board of Directors on Corporate Governance.
- (c) The Board considers that having regard to the significant contribution made by Mr. V.N. Agarwal towards the growth of operational activities of the Company during his current tenure, his re-appointment as Managing Director for a further period of three years is fully justified. As such the Board recommends the Special Resolution as set out in Item No. IV for approval of the Shareholders.
- (d) Except Mr. V.N. Agarwal, Mr. Prakash Agarwal and Mrs. Ritu Agarwal, no other Director of the Company is concerned or interested in the said resolution.

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- (e) An abstract of the terms of re-appointment of Mr. V.N. Agarwal as Managing Director of the Company and Memorandum of concern or interest had been circulated to the Members in terms of Section 302 of the Companies Act, 1956.

ITEM NO. V

The Board of Directors of the Company at their Meeting held on 29th July, 2009 had allotted to V.N. Enterprises Limited 60,00,000, 10% Cumulative Redeemable Preference Shares of ₹ 10/- each in lieu of the Preference Shares held by it in ACC-Nihon Castings Limited (ANCL) pursuant to a Scheme of Amalgamation of ANCL with our Company. The said Preference Shares were due for redemption on 9th March, 2012.

In view of the brought forward unabsorbed accumulated losses, the Board of Directors at their Meeting held on 30.01.2012 decided subject to the approval of both the Equity and Preference Shareholder(s) to postpone the period of redemption of the Preference Shares by five years to 9th March, 2017.

The Board has received the written consent from the Preference Shareholder in this respect in terms of Section 106 of The Companies Act, 1956.

The postponement also requires the approval of the Equity Shareholders as a Special Resolution. The Board therefore recommends that the Proposed Resolution as set out in Item No. V be passed in the interest of the Company.

Except Mr. V.N. Agarwal and Mr. Prakash Agarwal, no other Director of the Company is interested or concerned in the said Resolution.

Registered Office:

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

Date : 29th May, 2012

**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 PURSUANT TO CLAUSE 49 (IVG) OF THE LISTING AGREEMENT

NAME OF THE DIRECTOR	MR. A. K. GHOSH
Date of Birth	06.01.1941
Date of First Appointment	31.03.2007
Qualifications	B.Com., LLB
No. of shares held	NIL
Nature of Expertise	Having in-depth exposure to International Business and vast experience in overall Business Administration
Other Directorships	<ol style="list-style-type: none">1. Tea Time Limited2. Orient International Limited3. Northern Projects Limited4. Neptune Exports Limited5. HSM International Private Limited
Other Committee Memberships/Chairmanships	
(a) Audit Committee	<ol style="list-style-type: none">(i) Tea Time Limited – <i>Member</i>(ii) Neptune Exports Limited – <i>Member</i>
(b) Investors' Grievance Committee	<ol style="list-style-type: none">(i) Tea Time Limited – <i>Chairman</i>(ii) Neptune Exports Limited – <i>Chairman</i>

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BOARD OF DIRECTORS

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

COMPANY SECRETARY

SHIKHA BAJAJ

AUDITORS

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

BANKERS

UNITED BANK OF INDIA
IDBI BANK LIMITED

REGISTERED OFFICE

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

CORPORATE OFFICE

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

HINDUSTHAN UDYOG LTD.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 65th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2012.

	2011 - 2012	2010 - 2011
	₹ in Lakhs	₹ in Lakhs
FINANCIAL RESULTS		
Total Revenue	5,900.21	5,194.01
EBITDA	581.06	605.00
Less :		
Finance Costs	135.82	106.18
Depreciation	180.87	190.91
Tax for Earlier Year	6.42	—
Profit after Tax (PAT)	257.95	307.91
Add : Opening Balance in Profit & Loss Account	(2,758.58)	(3,066.49)
Closing Balance	(2,500.63)	(2,758.58)

COMPANY PERFORMANCE:

During the year under review, the Total Revenue of the Company showed a significant growth of 14% from ₹ 5,194 Lakhs to ₹ 5,900 Lakhs. However, the Export Sales of the Company during the current year was ₹ 1,255 Lakhs as against ₹ 1,438 Lakhs in the previous year, showing a decrease of 13%, which was because of low demand from the Overseas Customers.

There was a reduction in the PAT of the Company (which stood at 4.37%) as compared to the last year and the same was due to an increase in the Finance Costs.

In view of the slowdown and the downtrend being witnessed in the Indian Economy too, the aforesaid Results and the Performance of the Company is considered to be quite satisfactory.

The Current Year's Profit has led to a further reduction in the Accumulated Losses of the Company from ₹ 2,758 Lakhs to ₹ 2,500 Lakhs.

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.

PREFERENCE SHARES

The Board of Directors of your Company have obtained a written consent from the Preference Shareholder in terms of Section 106 of The Companies Act, 1956 for postponement of the date of redemption of 60,00,000, 10% Cumulative Redeemable Preference Shares of ₹ 10/- each from 9th March, 2012 to 9th March, 2017.

The necessary Resolution seeking Equity Shareholders' approval to the aforesaid postponement forms part of the Notice of the ensuing Annual General Meeting of the Company.

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, 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 manufacturing units are located in Kolkata and Nagpur.

B. REVIEW OF OPERATIONS & FUTURE PROSPECTS

During the year under review, your Company took the following steps leading to efficiency in its operations:-

- Development of Duplex Stainless Steel grade of 6 MT single piece casting weight primarily required in Oil and Gas, Chemical Processing, Paper and Mining Industries.
- Development of Valve Bodies weighing 6.6 MT and 3MT single piece.
- Capability to pour 20 MT Liquid Metal at one time with the help of two ladles.
- Completion of Axle Housing Developmental Work
- Completion of SS410 Diaphragms (of 2 frame sizes) Developmental Work
- Erection of new machine shop shed

Further, the Company during the year continued its constant objective of creation of New Products and Customers and improvements in quality of its Existing Products with full commitment.

The aforesaid developments have resulted in significant Material and Product Development which will enable the Company to continuously improve and enhance its margins in the years to come.

The Future prospects of the Foundry Industry (of which we are a part) seems bright as it is extensively focusing on the development of Industries dealing in Gas, Turbine, Power, Pumps, Compressors, Valves and Earth Moving Equipments. These Industries are already having good order bookings and expansion plans and have immense scope of growth in the next 10-15 years thereby creating a demand for the Foundry Products in substantial volumes.

The Overall Foundry Industry would benefit from above as there are limited players in this Industry resulting in the creation of a big gap between demand and supply.

C. OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

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

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

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

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) Dependence on Few 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.