

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 29th day of September, 2016 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, 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, 3RD FLOOR,
84/1A, TOPSIA ROAD (SOUTH),
KOLKATA-700046
DATE: 27TH 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 26th September, 2016 to 29th 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:

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

- (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 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 or to Issuer at 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 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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84/1A, TOPSIA ROAD (SOUTH),
KOLKATA-700046
DATE: 27TH 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

| | |
|---|---|
| NAME OF THE DIRECTOR | 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 | 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"> 1. WPIL Limited 2. Bengal Steel Industries Limited 3. Hindusthan Parsons Limited 4. V.N. Enterprises Limited 5. HSM Investments Limited 6. Macneill Electricals Limited 7. Spaans Babcock India Limited 8. Revox Enterprises Private Limited 9. Morgan Finvest Private Limited 10. Live-Life Buildcon Private Limited 11. Clyde Pumps India Private Limited 12. Mody Industries (F.C.) Private Limited |
| 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 |
| FINANCIAL RESULTS | | |
| Total Revenue | 3,676.58 | 4,420.49 |
| EBITDA | 143.30 | 435.08 |
| Less : | | |
| Finance Costs | 120.07 | 169.49 |
| Depreciation | 141.00 | 180.46 |
| Tax Expense | 0.26 | 5.80 |
| Profit after Tax (PAT) | (118.03) | 79.33 |
| Add : Opening Balance in Profit & Loss Account | (1,942.92) | (2,022.25) |
| Closing Balance | (2,060.95) | (1,942.92) |

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.

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