



# Salarpuria & Partners

CHARTERED ACCOUNTANTS  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HINDUSTHAN UDYOG LIMITED

### Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS Financial Statements of **HINDUSTHAN UDYOG LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, financial performance including Other Comprehensive Income, cash flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

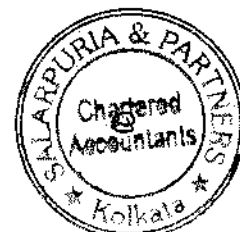
### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS Financial Statements.





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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2018, and its **PROFIT** (financial performance including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

## Other Matters

The comparative financial information of the company for the year ended 31<sup>st</sup> March, 2017 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated 30<sup>th</sup> May, 2017 expressed an unmodified opinion.

## Emphasis of Matter

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

- (a) Note No. 2 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.

## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section(11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 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;
  - (c) 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;





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- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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";
- (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:
- The Company does not have any pending litigations as at March 31, 2018, which would impact its financial position in its Standalone Ind AS Financial Statements.
  - The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2018.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

For Salarpuria & Partners

Chartered Accountants

Firm ICAI Reg. No. 302113E

Nihar Ranjan Nayak

N. R. Nayak

Chartered Accountant

Membership No.-57076

Partner

Place: Kolkata

Date: 30/05/2018





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## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date to the members)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) As explained to us, the Fixed Asset, according to the practice of the Company, are been physically verified by the management at reasonable intervals, in as phased verification programme, 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 programme, a portion of the Fixed Assets has been physically verified by the management during the year and no material discrepancies between the books records and the physical Fixed Asset has been noticed.  
  
(c) The title deeds of Immovable Properties are held in the name of the Company.
- ii. The Management has conducted the physical verification of inventory at reasonable interval and in respect of stocks with third parties at the year end, written confirmations have been obtained and no material discrepancies have been noticed on physical verification of Inventory as compared to the book records.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, limited liability partnerships, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence comment on paragraph (iii) of the said Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us by the management, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, where applicable, with respect to the loans, investments, guarantees and security made.
- v. According to the information and explanations given to us, there are no such deposits taken by the Company, for which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2015, with regard to deposits accepted from the public are not applicable.
- vi. 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 Companies Act, 2013, in respect of the activities carried on by the company. Hence, a comment on paragraph (vi) of the said Order is not applicable.
- vii. (a) According to the information and explanations given to us, the Company is generally not regular in depositing undisputed Statutory Dues like Provident Fund, Employees' State Insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it with the appropriate authorities and there are no outstanding statutory dues as at 31.03.2018 for the period of more than six months from the date they became payable.





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- (d) According to information and explanation given to us by the management, there were no statutory dues payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of dispute.

| SL.NO.       | NAME OF THE STATUTE             | NATURE OF DUES | AMOUNT (Rs)       | PERIOD TO WHICH THE MOUNT RELATES | FORUM IN WHICH DISPUTE IS PENDING                |
|--------------|---------------------------------|----------------|-------------------|-----------------------------------|--|
| 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.           | Central Sales Tax Act, 1956     | Assessed Dues  | 1,634,285         | 1998-1999                         | Registrar Maharashtra Sales Tax Tribunal, Mumbai |
| 4.           | Central Sales Tax Act, 1956     | Assessed Dues  | 5,926,481         | 1999-2000                         | Deputy commissioner of Sales Tax(Appeal), Nagpur |
| 5.           | Bombay Sales Tax Act, 1959      | Assessed Dues  | 1,044,631         | 2000-2001                         | Deputy commissioner of Sales Tax(Appeal), Nagpur |
| 6.           | Central Sales Tax Act, 1956     | Assessed Dues  | 1,389,004         | 2000-2001                         | Deputy commissioner of Sales Tax(Appeal), Nagpur |
| 7.           | Central Sales Tax Act, 1956     | Assessed Dues  | 1,202,194         | 2001-2002                         | Registrar Maharashtra Sales Tax Tribunal, Mumbai |
| 8.           | Bombay Sales Tax Act, 1959      | Assessed Dues  | 949,067           | 2002-2003                         | Deputy commissioner of Sales Tax(Appeal), Nagpur |
| 9.           | Central Sales Tax Act, 1956     | Assessed Dues  | 390,538           | 2002-2003                         | Deputy commissioner of Sales Tax(Appeal), Nagpur |
| <b>TOTAL</b> |                                 |                | <b>13,131,530</b> |                                   |  |

- viii. According to the information and explanations given to us and on basis of examination of records of the company, the company has not defaulted in repayment of loans or borrowings to financial institutions, banks. The Company has not taken any loan from government and has not issued debentures.





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- ix. According to the audit procedures performed and information and explanation given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Hence, comment on paragraph (ix) of the said Order is not applicable.
- x. According to the information and explanations given to us by the management, no fraud by the Company or on the Company by its officer or employees has been noticed or reported during the course of our audit. Hence, comment on paragraph (x) of the said Order is not applicable.
- xi. According to the information and explanations given to us and on the basis of examination of records of the company, the company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- xii. In our Opinion, the company is not a Nidhi Company. Hence, paragraph (xii) of the said Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. So, a comment on paragraph (xiv) of the said order is not applicable.
- xv. The company has not entered into any non-cash transactions with the directors or persons connected with him. Hence, a comment on paragraph (xv) of the said Order is not applicable.
- xvi. The Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act, 1934.

**For Salarpuria & Partners**

**Chartered Accountants**

**Firm ICAI Reg. No. 302113E**

**Nihar Ranjan Nayak**

*N. R. Nayak*

Chartered Accountant  
Membership No. 57076  
Partner

Place: Kolkata

Date: 30/05/2018





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## **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").**

**(Referred to Paragraph 2(f) of Report on Other Legal and Regulatory Requirements of our Report of even date).**

We have audited the internal financial controls over financial reporting of **HINDUSTHAN UDYOG LIMITED** ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the Ind AS 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 Ind AS 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.





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## 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 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 31st March 2018, 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 Salarpuria & Partners

Chartered Accountant

Firm ICAI Reg. No. 302113E

Nihar Ranjan Nayak

N. R. Nayak  
Chartered Accountant  
Membership No. 57076  
Partner

Place: Kolkata

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