

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance:-

1) THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good Governance practices stem from culture and mind set of the organization. As stakeholders across the country evidence keen interest in the practices and performance of Companies, Corporate Governance has emerged on the centre stage.

The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. It aims to constantly review its systems and procedures at all levels to achieve the highest level of Corporate Governance in the overall interest of all the Shareholders.

The details of compliances made by the Company for the year ended 31st March, 2018 are as follows:

2) BOARD OF DIRECTORS

- The Board of Directors is the apex body constituted by the shareholders for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that long term interests of the shareholders are being served.
- The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on 31.03.2018 the Company's Board consisted of Four Directors who is eminent Professional with experience and expertise in Business, Industry, Finance and Law.
- The Composition of the Board as on 31.03.2018 are as follows:-

Sl. No.	Category	No. of Directors	% of Total
1.	Executive Director & Promoter - Managing Director	1	25.00
2.	Non-Executive Director & Promoter	2	50.00
3.	Non-Executive & Independent Director	1	25.00
	TOTAL	4	100.00

Details relating to the Composition of the Board as on 31.03.2018 are as follows:-

Sl.	Name of the Board Members	Category	No. of other Directorships In Indian Companies	No. of other Board Committee(s) of which he/she is a Member	No. of other Board Committee(s) of which he/she is a Chairperson
1.	Mr. V. N. Agarwal DIN:00408731	Managing Director & Promoter	9	8	---
2.	Mr. Prakash Agarwal DIN:00249468	Non - Executive & Promoter	10	1	--
3.	Mrs. Ritu Agarwal DIN:00006509	Non - Executive & Promoter (Woman Director)	5	--	--
4.	Mr. Binaya Kapoor DIN:00544162	Non - Executive & Independent	2	1	---
5.	Mr. A. K. Ghosh DIN:01424368	Non - Executive & Independent	5	6	3

- The Committee Memberships/Chairmanships considers Audit Committee and Stakeholders Relationship Committee only.
- Mr. Binaya Kapoor ceased to be a Director of the Company due to his demise on 13.12.2017. The above details pertaining to him are upto 12.12.2017.
- Mr. Prakash Agarwal is the son of Mr. V. N. Agarwal and husband of Mrs. Ritu Agarwal.
- The Non-Executive Directors do not hold any shares in the Company except for Mr. Prakash Agarwal who holds 5,16,200 shares.

3) **BOARD MEETINGS & AGM HELD DURING THE FINANCIAL YEAR 2017 - 18**

- (i) During the Financial Year 2017-18 Six Board Meetings were held on:-
30th May 2017, 14th July 2017, 13th September 2017, 12th December 2017, 5th January 2018 and 13th February 2018.
- (ii) Attendance record of the Directors at the Board Meetings and the last AGM are as follows:-

Name of the Board Members	No. of Board Meetings Attended	Attendance at the last AGM held on 26 th September, 17
Mr. V. N. Agarwal	6	Yes
Mr. Prakash Agarwal	6	Yes
Mrs. Ritu Agarwal	5	Yes
Mr. Binaya Kapoor	3	No
Mr. A. K. Ghosh	6	Yes

4) BOARD MEETINGS

- i) The Company's Governance policy requires the Board to meet at least four times in a year with a time gap between any two Board Meetings not exceeding one hundred and twenty days.
- ii) In terms of Company's Corporate Governance Policy, all statutory, significant and material information (including compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances) are placed before the Board to enable it to discharge its responsibility.
- iii) The Internal Guidelines for Board Meetings facilitate the decision making process at the Meeting of the Board in an informed and efficient manner.

5) BOARD AGENDA

Meetings are governed by structured Agenda. The Board Members in consultation with the Chairman may bring up any matter for the consideration of the Board.

6) BOARD PROCEDURE

- (i) The Members of the Board are provided with the requisite information as required by Part A of Schedule II of Regulation 17(7) of SEBI (LODR) Regulations 2015 well before the Board Meetings and the same were dealt with appropriately.
- (ii) All Directors who are in various committees are within the permissible limits in terms of Regulation 26(1) of SEBI (LODR) Regulations, 2015. The Directors from time to time have intimated to the Company their Memberships/ Chairmanships in various Committees in other Companies.

7) POST MEETING FOLLOWUP SYSTEM

The Governance process in the Company includes an effective post-meeting follow up, review and reporting process for action taken/pending on decision of the Board/Board Committees.

8) SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors held a Meeting on 13th September, 2017 without the presence of any Non-Independent Directors and Members of Management wherein they (i) reviewed the performance of Non-Independent Directors and the Board as a whole and (ii) assessed the quality, quantity and timelines of flow of information between the Company Management and Board that was necessary for the Board to effectively and reasonably perform their duties.

9) **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism for the Directors and Employees which enable them to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The mechanism also provides for adequate safeguards against victimization of Directors/Employees who avail the mechanism.

This functioning of this Policy is reviewed by the Audit Committee and it is ensured that no employee is denied access to the Committee.

10) **COMMITTEES OF THE BOARD**

Currently there are three Board Committees - the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee. The Terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the respective Committee Chairman. Signed Minutes of Board Committee Meetings are placed at the Board Meetings for the information of the Board.

i) **AUDIT COMMITTEE**

Audit Committee of the Board, inter alia provides re-assurance to the Board on the existence of an effective internal control environment that ensures:-

- (a) Overseeing the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Compliance with Listing and legal requirements concerning financial statements.
- (c) Recommending to the Board the appointment/re-appointment of Statutory Auditors, fixation of their Audit Fees and approving payments made for any other services rendered by them.
- (d) Reviewing with the Management the Quarterly and the Annual Financial Statements before submission to the Board for approval.
- (e) Reviewing with the management the performance of the Statutory Auditors and the adequacy of internal control function.
- (f) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

- (g) Reviewing the Internal Audit function and the progress in the implementation of recommendations contained in the Internal Audit Report.
- (h) Efficiency and effectiveness of operations.
- (i) Valuation of undertakings or assets of the Company, wherever it is necessary.
- (j) Reliability of financial and other management information and adequacy of disclosures
- (k) Compliance with all relevant statutes.
- (l) Approval of Company's Related Parties Transactions.
- (m) Reviewing the functioning of Whistle Blower mechanism.

The composition of the Audit Committee as on 31.03.2018 is as follows:-

Name of the Director	Chairman/ Member	Category
Mr. A. K. Ghosh	Chairman	Non Executive & Independent
Mr. Binaya Kapoor *	Member	Non Executive & Independent
Mr. Prakash Agarwal	Member	Non Executive & Promoter

* Mr. Binaya Kapoor ceased to be a Member of the Committee consequent to his demise and cessation of directorship on 13.12.2017.

During the Financial Year 2017-18 Four Audit Committee Meetings were held and the Attendance of the Members at the said Meetings is given below:-

Name of the Director	No. of meetings attended
Mr. A. K. Ghosh	4
Mr. Prakash Agarwal	4
Mr. Binaya Kapoor	2

ii) **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee oversees redressal of Shareholders/ Investors grievances relating to transfer of shares, non-receipt of Annual Report etc.

The said Committee consists of Mr. A. K. Ghosh and Mr. Prakash Agarwal of which Mr. A. K. Ghosh is the Chairman.

During the year ended 31st March 2018, no complaints/queries were received and no complaint/query was pending to be resolved as on 31st March, 2018. There were no transfer of shares pending for registration as on 31st March 2018 and all

transfers, if any, had been effected within a period of 15 days from the date of their lodgment.

iii) **NOMINATION AND REMUNERATION COMMITTEE**

The terms of reference of Nomination and Remuneration Committee involves:-

- (a) Formulation of criteria for determining qualifications, positive attributes and independence of Director and recommend to the Board a policy relating to the remuneration of the Directors and Key Managerial Personnel.
- (b) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- (c) Formulation of criteria for evaluation of performance of Independent Directors and Board of Directors.

The Composition of the Nomination and Remuneration Committee during the year ended 31.03.2018 was as follows:-

Name of Director	Chairman/Member
Mr. A. K. Ghosh	Chairman
Mr. Binaya Kapoor *	Member
Mr. Prakash Agarwal	Member

* Mr. Binaya Kapoor ceased to be a Member of the Committee consequent to his demise and cessation of directorship on 13.12.2017.

The remuneration of Managing Director is determined by the Board in terms of The Companies Act, 2013 subject to the approval of Shareholders and recommendations of the Nomination and Remuneration Committee.

During the Financial Year 2017-18 one Nomination and Remuneration Committee Meeting was held on 12th December, 2017.

The Criteria for performance evaluation of Independent Directors is given below:-

- (a) Updated on skills, knowledge, familiarity with the Company, its business and the external environment in which it operates.
- (b) Participates in development of strategies.
- (c) Committed to the fulfillment of Directors obligations and fiduciary responsibilities.

- (d) Quality of analysis and judgment related to progress, opportunities and need for changes.
- (e) Contributes adequately to address the top management issues.
- (f) Considers adequately before approving any Related Party Transactions.
- (g) Acts within authority and assists in protecting the legitimate interests of Company, Shareholders and its employees.
- (h) Ensures that vigil mechanism has been properly implemented and monitored.
- (i) Reports concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.
- (j) Does not disclose confidential information, commercial secrets, technologies, unpublished price sensitive information unless such disclosure is approved by the Board or required by law.

Details of Remuneration paid to Mr. V. N. Agarwal as Managing Director during 2017-18 are as follows:-

Salary	Perquisites	Total
Rs. 16,50,000/-	-----	Rs. 16,50,000/-

Apart from Sitting Fees, no other remuneration is paid/payable to the Non-Executive Directors. Sitting fees paid to the Non-Executive Directors for the financial year ended 31st March 2018 were as follows:-

Name of the Director	Sitting Fees paid
Mr. Prakash Agarwal	Rs. 6,000/-
Mrs. Ritu Agarwal	Rs. 5,000/-
Mr. Binaya Kapoor	Rs. 3,000/-
Mr. A. K. Ghosh	Rs. 6,000/-

11) GENERAL MEETINGS

- i) Details of Annual General Meeting (AGM) held in the last three years are as under:-

Financial Year	Location	Date	Time
2016 – 2017	Registered Office at : Trinity Plaza, 3 rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.	26 th September, 2017	10 a.m.
2015 – 2016		29 th September, 2016	10 a.m.
2014 – 2015		29 th September, 2015	10 a.m.

- ii) Whether any Special Resolutions were : Yes.
passed in the previous Three AGMs

At AGM held on 26.09.2017

a) Postponement of the date of redemption of 10% Cumulative Redeemable Preference Shares of ₹ 10/- each.

b) Making of Loans, Investments and Guarantees in terms of Section 186 of The Companies Act, 2013

At AGM held on 29.09.2015

Re-appointment of Mr. V. N. Agarwal as a Managing Director for a period of 3 Years commencing from 01.01.2015

- iii) Whether Special Resolutions were put : Yes (For Sale of Undertaking of
through Postal Ballot last year the Company at Nagpur on 'Slump Sale' basis)
- iv) Are Special Resolutions proposed to be put : No
through Postal Ballot this year
- v) Procedure to be followed for Postal Ballot : In accordance with the
(if applicable) applicable provisions of the Companies Act, 2013 read with the Rules made thereunder.

12) DISCLOSURES

- i) There are no materially significant transactions with the Related Parties that may have potential conflict with the interests of the Company at large, except as disclosed in the Notes to the Financial Statements.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital markets during the last three years.
- iii) Your Company has a well laid out Code of Conduct and Business Ethics for the Board of Directors and Senior Management Personnel. It is one of the best means for increasing the transparency in the working of the Companies. The Board Members and the Senior Management Personnel of the Company adhere to this principle and compliance with the same is affirmed by each of them annually.

- iv) The Company is in compliance with the requirements of the Corporate Governance, which reflects in this Report.

13) MEANS OF COMMUNICATIONS

- (i) **Quarterly Results:** - Quarterly Results were announced within a period of 45 days from the end of the relevant Quarter (except for the last quarter) and were published in The Financial Express (English) and Ekdin (Bengali) Newspapers. In place of the results for the last quarter, the Company opted to submit the Audited Financial results for the entire financial year.
- (ii) **Annual Reports:** - Annual Reports containing, interalia Audited Annual Accounts, Directors' Report, Auditors' Report and other important information are circulated to members and others entitled thereto.
- (iii) **Website:** - The Quarterly Results are not displayed on the Website of the Company.
- (iv) **Official News Releases:** - Official News Releases, if any, are not displayed on the Website of the Company.
- (v) **Displays, Presentations etc:** - Displays, presentations etc are not made to Institutional Investors/Analysts and hence not displayed on the Company's Website.

14) GENERAL SHAREHOLDERS' INFORMATION

(i) **Company Registration Details**

The Company is registered in the State of West Bengal. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs is **L27120WB1947PLC015767**.

(ii) **Annual General Meeting to be held – Day, Date, Time and Venue:**

Sl. No.	Particulars	Remark
A.	Day	Friday
B.	Date	28 th day of September, 2018
C.	Time	10.00 a.m.
D.	Venue	Registered Office at: Trinity Plaza, 3 rd Floor, 84/1A, Topsia Road (South), Kolkata-700046.

(iii) **Financial Calendar for the Year 2018 - 19**

Sl.	Particulars	Remarks
A.	1 st Quarter ending 30 th June, 2018	Before 14 th August, 2018
B.	2 nd Quarter and Half-year ending 30 th September, 2018	Before 14 th November, 2018

C.	3 rd Quarter ending 31 st December, 2018	Before 14 th February, 2019
D.	4 th Quarter and Annual Results for the year ending 31 st March, 2019	Before 30 th May, 2019

- (iv) **Dates of Book Closure:** 24th day of September to 28th day of September
(Both days inclusive for the purpose of AGM)
- (v) **Dividend payment date:** Not applicable since no dividend has been recommended for the year ended 31st March, 2018.
- (vi) **Name of the Stock Exchanges at which Equity Shares are listed and Scrip Code assigned to the Company's shares at the respective Stock Exchanges:**

The Equity Shares of the Company are listed on the following Stock Exchanges:-

1. The Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, 25th Floor,
Dalal Street, Mumbai – 400001
Scrip Code: 513039
2. The Calcutta Stock Exchange Limited (CSE)
7, Lyons Range, Kolkata – 700001
Scrip Code: 18142

The listing fees for the Financial Year 2018-19 are being paid to both the Stock Exchanges.

(vii) **Market Price Data:**

There was no trading of the shares of the Company at the BSE and CSE during the year ended 31st March, 2018.

(viii) **Registrars and Share Transfer Agents:**

M/s Link Intime India Private Limited are the Registrar and Share Transfer Agents (RTA) of the Company.

Shareholders may address all their correspondences/queries relating to Dematerialization of Shares, transfer/transmission of physical securities, change of address, non-receipt of dividend or any other query relating to the Shares of the Company to them at the below mentioned Address:-

LINK INTIME INDIA PRIVATE LIMITED
Fort Burlow, 59C, Chowringhee Road, 3rd Floor
Room No. 5, Kolkata – 700020.
Tel : 033 2289 0540
Fax No: 033 2289 0539
E-mail ID : kolkata@linkintime.co.in

(ix) Share Transfer System:

All work relating to transfer of Physical Shares are processed by the Company's RTA at their above mentioned Address.

The same are registered and returned within a period of 15 days from the date of receipt if the documents are clear in all respects.

In terms of the Listing Regulations the Company obtains half yearly Certificates from a Company Secretary in practice for due compliance of share transfer formalities.

(x) Dematerialization of Equity Shares:-

The Equity Shares of the Company are admitted with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for enabling the Investors to hold and trade in the shares of the Company in dematerialized form.

The ISIN Number as activated by both CDSL and NSDL in respect of our Equity Shares is INE582K01018.

As on 31st March, 2018, 10,07,969 Equity Shares representing 14.04% of the Company's Total Equity Shares were held in dematerialized form.

(xi) Distribution Schedule:

The Distribution Pattern of the Equity Shares of the Company as on 31st March, 2018 is given below:-

Sl. No.	No. of Equity Shares held	No. of Holders	% of total holders	No. of Shares	% of Shareholding
1.	1 - 5000	11	21.15	5,313	0.07
2.	5001 - 10000	2	3.84	19,052	0.27
3.	10001 - 50000	25	48.08	6,69,593	9.33
4.	50001 - 100000	2	3.84	1,15,267	1.61
5.	100001 - 500000	5	9.62	11,76,225	16.39
6.	500001 - above	7	13.47	51,91,275	72.33
	Total	52	100.00	71,76,725	100.00

(xii) Shareholding Pattern as on 31st March, 2018:-

	Category	No. of Equity Shares held	Percentage of holding
A.	Promoters' holding :		
	1. Indian Promoters	53,79,910	74.96
	Sub-Total	53,79,910	74.96

B.	Non-Promoters' holding :		
	1. Institutional Investors	----	----
	2. Others :		
	-- Corporate Bodies	1,73,117	2.41
	-- Indian Public	16,23,698	22.63
	Sub-Total	17,96,815	25.04
	GRAND TOTAL	71,76,725	100.00

(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and like impact on Equity:

NOT APPLICABLE [The Company has not issued any GDRs/ADRs/ Warrants or any other Convertible Instruments]

(xiv) Commodity price risk or foreign exchange risk and hedging activities

NOT APPLICABLE [The Company has got no significant exposure in respect of commodity price risk or foreign exchange risk and has not undertaken any hedging activity]

(xv) Plant Locations:

- (a) 19, Dakshindari Road, Kolkata – 700048.
- (b) Biren Roy Road (West) Ganipur, Mahestala, 24 Parganas (S) - 700141
- (c) A-1/2, Butibori Industrial Area, Ruikhairi, MIDC-Butibori, Dist Nagpur - 441122

(xvi) Address for correspondence:


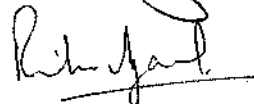
Shareholders should address their correspondence to the Company's RTA at their above mentioned Address or to the Secretarial Department of the Company at the following address:-

HINDUSTHAN UDYOG LIMITED

Trinity Plaza, 3rd Floor,
84/1A, Topsia Road (South),
Kolkata – 700046
Tel : 033 4055 6800/6808
Fax No: 033 4055 6863
E-mail ID : kkg@hul.net.in

The above report has been placed before the Board at its Meeting held on 30th May, 2018 and the same was approved.

FOR AND ON BEHALF OF THE BOARD

DIRECTORS

PLACE: KOLKATA
DATE: 30TH MAY, 2018

DECLARATION BY THE MANAGING DIRECTOR ON THE CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the Board Members and the Senior Management Personnel affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management Personnel in respect of the Financial Year 2017-2018.

PLACE: KOLKATA
DATE: 30TH MAY, 2018

FOR HINDUSTHAN UDYOG LIMITED



[V. N. AGARWAL]
MANAGING DIRECTOR