

**USHA**  
(INDIA) LTD

**GROUP USHA**

MD		BKC	<input checked="" type="checkbox"/>
CS		DPY	<input checked="" type="checkbox"/>
RO		DIV	<input checked="" type="checkbox"/>
TRA		AC	<input type="checkbox"/>
AGM		SHH	<input type="checkbox"/>
YE			<input type="checkbox"/>

# 34th Annual Report

## 1996-97

USHA (INDIA) LIMITED

**CHAIRMAN EMERITUS**

Mr. Kulwant Rai

**BOARD OF DIRECTORS**

Mr. Vinay Rai

Mr. Anil Rai

Mr. Baldev Pasricha

Lt. Gen. J.K. Khanna (Retd.)

Mr. M.M. Kapoor

Dr. R.L. Choudhury

Mr. R.K. Gupta

Mr. S.K. Mittal

Ms. Karen R. Polenske

Dr. M.C. Gupta

Mr. M.L. Wadhwa

Mr. J.R. Gupta

Mr. K.C. Gupta

Mr. A.K. Kanchan

Mr. T.K. Sadhu

Chairman &amp; Managing Director

Vice-Chairman &amp; Managing Director

(Former Chairman, The Industrial Finance Corporation of India Limited)

(Former Director, Minerals &amp; Metals

Trading Corporation of India Ltd.)

Nominee of Unit Trust of India

(Executive Director, Unit Trust of India)

Whole Time Directors

Company Secretary

**AUDITORS**

M/s Bansal &amp; co.

Chartered Accountants.

E-95A, Himalaya House,

23, Kasturba Gandhi Marg,

NEW DELHI-110 001.

**SHARE TRANSFER AGENT**

Information Technologies (India) Ltd.

(R&amp;T Division)

Unit : Usha (India) Limited

Usha House,

B-II/100, M.C.I.E.

Delhi-Mathura Road,

Badarpur, NEW DELHI-110 044.

**BANKERS TO THE COMPANY****INDIAN BANK**

47-48, Pragati House,

Nehru Place, NEW DELHI-110 019

**CANARA BANK**

56, Janpath,

NEW DELHI-110 001.

**PUNJAB NATIONAL BANK**

Jeevan Bharati, Connaught Circus,

NEW DELHI-110 001

**THE SANWA BANK LTD.**

Mecantile House, 15, K.G. Marg,

NEW DELHI-110 001.

**LOCATION OF PLANTS****ELECTRONICS DIVISION**

12/1, Delhi-Mathura Road,

FARIDABAD-121 003 (HARYANA)

**GALVANISED STEEL DIVISION**

Usha Nagar, Rae Bareilly,

Gauriganj, Distt. Sultanpur (U.P.)

Amethi Road-227 409

**USHA ELECTRONIC COMPONENTS COMPLEX**

UPSIDC Industrial Area,

Bhimtal-263 136,

Distt. Nainital (U.P.)

**REGISTERED OFFICE**

USHAPURAM,

UPSIDC Industrial Estate,

Jagdispur, Distt. Sultanpur,

Uttar Pradesh-227 817.

**CORPORATE OFFICE**

USHA BHAWAN

A-41, Mohan Co-operative

Industrial Estate,

Delhi-Mathura Road, New Delhi-110 044

**CONTENTS**

	PAGE NO.
USHA (INDIA) LTD .....	01-16
USHA ISPAT LTD .....	17-23
MALVIKA STEEL LTD .....	24-33
USHA UDYOG LTD .....	34-39
USHA IRON & FERRO METALS CORP. LTD .....	40-46
BURR BROWN (INDIA) LTD .....	46-51
USHA HOUSING DEVELOPEMENT COMPANY LTD .....	52-56
RAM KRISHAN KULWANT RAI ENTERPRISES LTD .....	56-59
KOSHIKA TELECOM LTD .....	60-64
USHA GENERAL FOOD LTD .....	64-66
FIZ-COM LTD .....	66-70
USHA MARCONI MICRO ELECTRONICS LTD .....	70-73
USHA INFORMATION SYSTEMS LTD .....	73-76

## USHA (INDIA) LIMITED NOTICE

To  
The Members,  
USHA (INDIA) LTD.

NOTICE is hereby given that the 34th Annual General Meeting of the Members of the Company will be held on Wednesday, the 24th December, 1997, at 12.00 Noon at Ushapuram, UPSIDC Industrial Estate, Jagdishpur, Distt. Sultanpur, Uttar Pradesh - 227 817 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 1997 and Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on preference shares.
3. To appoint a Director in place of Lt. Gen. J.K. Khanna (Retd) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Dr. R.L. Choudhury who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Dr. M.C. Gupta who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors who shall 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

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 269 read with Schedule XIII, Sections 198, 309, 316, 317 and other applicable provisions of the Companies Act, 1956, Mr. Vinay Rai be and is hereby reappointed as Managing Director of the Company with effect from 1.1.98 for a further period of five years on the following terms and conditions:

A. Salary : Rs.75,000 per month

B. Commission : One percent commission on the net profits of the company in any financial year computed in the manner as laid down in Section 309(5) and other applicable provisions, if any, of the Companies Act, 1956, subject to the ceiling of 50% of the annual salary.

C. Perquisites: In addition to the salary and commission, the Managing Director shall also be entitled to perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with utilities therefor such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance, earned leave etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. Vinay Rai. The value of such perquisites shall however be restricted to Rs.75,000/- per month.

For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, where applicable. In the absence of any such Rules, perquisites shall be evaluated at actual cost.

Provision for use of the company's chauffeur driven car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income-tax Act, gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, Mr. Vinay Rai shall be entitled to the same salary and perquisites but not exceeding the limits specified under section II of Part II of Schedule XIII to the Companies Act, 1956 in respect of such financial year.

RESOLVED FURTHER THAT subject to the approval of Central Government, wherever necessary, the Board of Directors of the Company be and is hereby authorised to alter and vary the above terms and conditions of appointment of Mr. Vinay Rai as it may, from time to time, in its discretion deem fit in terms of Section 269 read with Schedule XIII, Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 or in pursuance of any amendments to the said Sections and Schedule XIII.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such matters and things as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to the foregoing resolution or otherwise considered by the Board to be in the best interests of the Company."

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 309, 310 and other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, the following perquisite(s)/ allowance(s) be and are hereby granted to Mr. M.L. Wadhwa, Whole-time Director w.e.f. 1.7.97 in addition to his existing remuneration.

i) Perquisites - Helper Allowance upto the extent of Rs.3,000/- per month.

ii) Allowances - Special Allowance of Rs.500/- per month.

RESOLVED FURTHER THAT all other terms and conditions as approved by the shareholders in their meeting held on 30.6.1989 and as amended from time to time, shall remain unaltered."

9. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 309, 310 and other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956 the remuneration of Mr. J.R. Gupta, Whole-time Director of the Company be and is hereby revised w.e.f. 1.10.97 as follows:  
Basic Salary : Rs.27,000/- (Rupees Twenty Seven Thousand only) per month in the pay scale of 24,000-3,000-39,000-5000-54,000.

Perquisites : In addition to the salary, Mr. J.R. Gupta, Whole-time Director shall be entitled to house rent allowance or leased accommodation including furnishings together with utilities, such as, gas, water, electricity and gardener, watchman, sweeper and helper allowance. The value of all such perquisites per month shall be restricted to one month basic salary.

RESOLVED FURTHER THAT all other terms and conditions of the remuneration as approved by the Shareholders in their meeting held on 30.12.96 shall remain unchanged."

10. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 309, 310 and other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956 the remuneration of Mr. K.C. Gupta, Whole-time Director of the Company be and is hereby revised w.e.f. 1.10.97 as follows:

Basic Salary : Rs.27,000/- (Rupees Twenty Seven Thousand only) per month in the pay scale of 24,000-3,000-39,000-5000-54,000.

Perquisites : In addition to the salary, Mr. K.C. Gupta, Whole-time Director shall be entitled to house rent allowance or leased accommodation including furnishings together with utilities, such as, gas, water, electricity and gardener, watchman, sweeper and helper allowance. The value of all such perquisites per month shall be restricted to one month basic salary.

RESOLVED FURTHER THAT all other terms and conditions of the remuneration as approved by the Shareholders in their meeting held on 30.12.96 shall remain unchanged."

11. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 269 read with Schedule XIII, Sections 198, 309 and other applicable provisions of the Companies Act, 1956, Mr. A.K. Kanchan, Director be and is hereby appointed as a Whole-time Director of the Company with effect from 27.6.1997 for a period of 5 years on the following terms and conditions:

Salary : Rs.18,000/- (Rupees Eighteen Thousand only) per month.

HRA/CLH : Rs.10,500/- (Rupees Ten Thousand Five Hundred) only per month.

Allowances : Special Allowance of Rs.7,500/- (Rupees Seven Thousand Five Hundred) only per month

Other perquisites :

i) Medical reimbursement, Leave Travel Concession, Contribution to Provident Fund, Superannuation Fund or Annuity Fund will be as per Rules of the Company;

ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and

iii) Leave encashment as per Rules of the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, Mr. A.K. Kanchan shall be entitled to the same salary and perquisites in respect of such financial year.

RESOLVED FURTHER THAT subject to the approval of Central Government, wherever necessary, the Board of Directors of the Company be and is hereby authorised to alter and vary the above terms and conditions of appointment of Mr. A.K. Kanchan as it may, from time to time, in its discretion deem fit in terms of Section 269 read with Schedule XIII, Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 or in pursuance of any amendments to the said Sections and Schedule XIII.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such matters and things as in its absolute discretion it may consider necessary, expedient or desirable in order to give effect to the foregoing resolution or otherwise considered by the Board to be in the best interests of the Company."

12. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 309, 310 and other applicable provisions of the Companies Act, 1956, if any, read with Schedule XIII to the Companies Act, 1956, the remuneration of Mr. A.K. Kanchan, Whole-time Director be and is hereby revised with effect from 01-10-1997 as follows.

Salary : Rs.24,000/- (Rupees Twenty Four Thousand only) p.m. in the pay scale of 24000-3000-39000- 5000-54000.

Perquisites : In addition to the salary, Mr. A.K. Kanchan, Whole-time Director shall be entitled to house rent allowance or leased accommodation including furnishings together with utilities, such as, gas, water, electricity and gardener, watchman, sweeper and helper allowance. The value of all such perquisites per month shall be restricted to one month basic salary.

RESOLVED FURTHER THAT all other terms and conditions of the remuneration as approved by the Board of Directors in their meeting held on 27-06-1997 shall remain unchanged.

13. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED AS A SPECIAL RESOLUTION THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) for the words "Ten" appearing in existing Article 5C of the Articles of Association of the Company the words "Twenty" shall be substituted."

14. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED AS A SPECIAL RESOLUTION THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof for the time being in force) existing Article 127 of the Articles of Association of the Company be and is hereby deleted and be substituted in its place by the

following new Article:

127 : "The Board shall provide for the safe custody of the Seal and the Seal shall never be used except on the authority previously given by the Board or a Committee of the Board and, save as provided in Article 15(a) thereof, any one Director of the Company or the Secretary of the Company or any other person authorised by the Board/Committee of Directors, shall sign every instrument to which the seal is affixed, provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board/Committee to issue the same."

15. To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED AS A SPECIAL RESOLUTION** THAT in accordance with the provisions of Section 80, 81 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendment or re-enactment thereof for the time being in force) Memorandum and Articles of Association of the Company, Guidelines for Disclosure and Investor Protection - Preferential Issues of 4th August, 1994 issued by Securities and Exchange Board of India (SEBI) and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 or any amendment thereof and subject to such approvals, permissions and/or sanctions, as may be necessary, of appropriate authorities or institutions under any law, regulations or guidelines or under the covenants of agreements, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any Committee(s) which the Board may have or may hereafter constitute to exercise powers of the Board including the powers conferred by this resolution), to issue, offer and allot, from time to time, in one or more tranches, preference shares of Rs.100/- each of the aggregate nominal value not exceeding Rs.150 (Rupees One Hundred Fifty) Crores on such terms as to nominal amount, rate of dividend, amount of premium, schedule and manner of redemption and such other terms to any persons, bodies corporate, Financial Institutions, Mutual Funds, Banks etc. whether or not they are members of the company as the Board may consider proper and in such numbers as may be agreed to between the Company and the said subscribing persons and on such other terms as the appropriate authorities or the financial institutions or the subscribing persons may require and the Board of Directors of the Company agree to.

**RESOLVED FURTHER** THAT the Board be and is hereby authorised to agree to such conditions and modifications, if any, in the terms of issue as may be required by the appropriate authorities, the subscribing persons or Financial Institutions while according approvals to the proposed issue of said preference shares, do all such acts, deeds and things as it may deem necessary and to settle any question or difficulty whatsoever as may arise with regard to the issue and allotment of the said preference shares.

**RESOLVED FURTHER** THAT the preference shares that may be issued in pursuance of this resolution shall not rank pari passu with the existing preference shareholders without their consent."

16. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

**"RESOLVED** THAT subject to the approval of the Central Government in terms of Section 372 of the Companies Act, 1956 and other applicable provisions, if any, and any other approvals as may be required, consent of the Company be and is hereby given to the Board of Directors of the Company for making investment, from time to time, by way of subscription, purchase or otherwise upto 50% of the Equity Share Capital of Usha Drager Ltd. and that the Board be and is hereby authorised to settle all questions and matters arising out of and incidental to the proposed investment.

**RESOLVED FURTHER** THAT the Board of Directors be and is hereby expressly authorised, without further reference to the shareholders, to do all such acts and things as may be necessary to give effect to the above mentioned resolution including acceptance of any modification of conditions which may be suggested by the authorities whose approvals are being sought and as may be accepted by the Board."

**Registered Office :**

USHAPURAM, UPSIDC Industrial Estate,  
Jagdishpur, Distt. Sultanpur,  
Uttar Pradesh - 227 817

**Date:** 11th November, 1997

**By Order of the Board  
For USHA (INDIA) LTD.,**

**T.K. SADHU  
COMPANY SECRETARY**

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY FORMS IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, USHAPURAM, UPSIDC INDUSTRIAL ESTATE, JAGDISHPUR, DISTRICT SULTANPUR, UTTAR PRADESH - 227 817 NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company will transfer unpaid/unclaimed dividend relating to the year 1993-94 to the General Revenue Account of the Central Government in January, 1998.
3. Limited arrangement will be made for taking members located in Delhi to attend the Annual General Meeting at Jagdishpur which is about 500 kilometres from Delhi. The overnight travel time will be approximately 16 hours. The arrangement will depend on response received and will be strictly on FIRST COME FIRST SERVED basis. Those interested (ONLY MEMBERS) should intimate the Company on or before 8.12.97. They will undertake the journey at their own risk and responsibility and should ensure sufficient woolen clothings and blankets to protect against severe cold during overnight travel.
4. Shareholders are requested to intimate change of address, if any, to the Transfer Agents, M/s Information Technologies (India) Ltd. (Unit : Usha (India) Ltd.), Usha House, B-II/100, Mohan Cooperative Industrial Estate, Delhi - Mathura Road, Badarpur, New Delhi - 110 044.
5. The fully paid equity shares of the Company have been admitted for dematerialisation on National Securities Depository Limited (NSDL), Bombay and Alankit Assignments Limited, Delhi are the Registrars & Transfer Agents for this purpose. Shareholders may, at their option,

get their shareholding dematerialised at National Securities Depository Ltd., Bombay.

6. The Register of Members and Share Transfer Books of the Company will remain closed from 1.12.1997 upto 24.12.1997 (both days inclusive).
7. Dividend recommended, if approved by the shareholders in the Annual General Meeting, will be paid within the prescribed period to those shareholders whose names stand on the Register of Members on 24.12.1997.
8. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days upto the date of Annual General Meeting between 11.00 A.M. and 1.00 P.M.

### EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956

#### RESOLUTION NO.7

Mr. Vinay Rai was re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 1.1.1993. His term of office will expire on 31.12.97.

Considering the fact that Mr. Vinay Rai has been guiding the company for more than two decades and is largely responsible for its phenomenal growth and that the company requires his continuous guidance and services, the Board of Directors of the Company has in its meeting held on 29th Sept., 1997 re-appointed Mr. Vinay Rai as Managing Director of the Company for a further period of 5 years w.e.f. 1.1.98 on the terms and conditions which are included in Resolution No.7 of the Notice subject to approval of the Shareholders.

In terms of Schedule XIII to the Companies Act, 1956, a company having profits may pay remuneration by way of salary, dearness allowance, perquisites, commission and other allowances which shall not exceed 5% of its net profits for one such managerial person and if there is more than one such managerial person, 10% for all of them together. The appointment of Mr. Vinay Rai is within the limits laid down in Section 198, 309 read with Schedule XIII to the Companies Act, 1956 and approval of the Central Government will not be required.

Accordingly, the Board recommends the accompanying resolution for your approval.

This may be treated as an abstract of the terms and conditions of appointment of Mr. Vinay Rai under Section 302 of the Companies Act, 1956. Except Mr. Vinay Rai and Mr. Anil Rai, no other Director is concerned or interested in this resolution.

#### RESOLUTION NO. 8

The Board of Directors of the Company has in its meeting held on 27.6.1997 approved revision of remuneration w.e.f. 1.7.1997 of Mr. M.L. Wadhwa, Whole time Director of the Company. These terms of revision of remuneration are within the limits prescribed in Sections 198, 309 and Schedule XIII to the Companies Act, 1956.

The Department of Company Affairs has issued certain clarifications vide their Circular No.2194 F.No.114/92-CL V dated 10.2.1994 stating in para 2 (VIII) that the Board of Directors may revise the remuneration of Whole time Directors provided it is within the limits laid down in Schedule XIII to the Companies Act, 1956 but such revision should be got approved by the shareholders in the General Meeting held immediately after revision of remuneration. However, approval of Central Government is not required as the revision of remuneration is within the limits prescribed in the said Schedule.

Accordingly, the Directors recommend the accompanying resolution for your approval.

This may be treated as an abstract of the variation of terms and conditions of appointment of the aforesaid Whole time Director under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. M.L. Wadhwa is, in any way, concerned or interested in the resolution.

#### RESOLUTION Nos.9 & 10

The Board of Directors of the Company has in its meeting held on 29.9.97 approved revision of remuneration w.e.f. 1.10.1997 in respect of Mr. J.R. Gupta and Mr. K.C. Gupta, Whole time Directors of the Company by virtue of the powers vested in it by the shareholders vide resolution adopted in the Annual General Meeting held on 30.12.96 and placed their salaries in a graded pay scale. The proposed terms of their remuneration are within the limits prescribed in Schedule XIII and Section 309 of the Companies Act, 1956.

The Department of Company Affairs has issued certain clarifications vide their Circular No.2194 F.No.114/92-CL V dated 10.2.1994 stating in para 2 (VIII) that the Board of Directors may revise the remuneration of Whole time Directors provided it is within the limits laid down in Schedule XIII to the Companies Act, 1956 but such revision should be got approved by the shareholders in the General Meeting held immediately after revision of remuneration. However, approval of Central Government is not required as the revision of remuneration is within the limits prescribed in the said Schedule.

Accordingly, the Directors recommend the accompanying resolution for your approval.

This may be treated as an abstract of the variation of terms and conditions of appointment of the aforesaid Whole time Directors under Section 302 of the Companies Act, 1956.

None of the Directors except Mr. J.R. Gupta and Mr. K.C. Gupta are, in any way, concerned or interested in their respective resolution.

#### RESOLUTION Nos.11 & 12

Mr. A.K. Kanchan is a B.Tech (I.I.T), M.Engg. (Canada) with sixteen years of working experience in the field of electronics. He joined the company in Sept., 1994 and before his appointment as Whole time Director he was working as Vice - President of Electronics Division of the Company. Considering his qualification and working experience, the Board has appointed him as Whole time Director of the Company w.e.f. 27.6.1997 for a period of five years on the terms and conditions included in Resolution No.11 of the Notice.

Besides, the Board of Directors has in its meeting held on 29th Sept., 1997 approved revision of remuneration in respect of Mr. A.K. Kanchan w.e.f. 1.10.1997. The particulars of revision are included in Resolution No.12 of the Notice.

In terms of Schedule XIII to the Companies Act, 1956, the approval of the shareholders is required for appointing a Whole time Director as well as for revision of his remuneration.

Accordingly, the Directors recommend the accompanying resolutions for your approval. This may be treated as an abstract of terms of appointment as well as the variation of terms of remuneration of the aforesaid Whole time Director under Section 302 of the Companies Act, 1956.



None of the Directors except Mr. A.K. Kanchan, is in any way, concerned or interested in the resolution.

#### RESOLUTION Nos.13 & 14

Consequent to the amendment of Sub-section 5A of Section 80 of the Companies Act, 1956, a company can issue preference shares which can be redeemed not later than 20 years from the date of its issue as against 10 years which was applicable before the said amendment came into force.

However, Article 5C of the Articles of Association of the Company provides that the company can issue preference shares redeemable not later than 10 years. The Board considered amendment of Article 5C to this extent in its meeting held on 27.6.97 to fall in line with the provisions of Section 80 (5A) of the Companies Act, 1956.

Besides, Article 127 of the Articles of Association in its present form enjoins the affixation of the common seal only in presence of two Directors or one Director alongwith the Company Secretary. At times it becomes quite difficult for the directors to move to different places/offices together just for the purpose of affixing Common Seal. It is proposed to modify the Article as given in the resolution No.14 of the Notice. The Board considered the matter in its meeting held on 27.6.1997. As per Section 31 of the Companies Act, 1956 a Company can alter its Articles of Association by passing a Special resolution in general meeting of the shareholders.

Accordingly, the Directors recommend these Resolutions for your approval.

None of the Directors of the Company is in any way, concerned or interested in these resolutions.

#### RESOLUTION NO.15

In order to finance part of the cost of expansion, diversification and modernisation undertaken or to be undertaken by the company, the working capital requirements and/or retiring a part of its borrowings including redeeming debentures, the company proposes to issue funds by issuing of preference shares to bodies corporate, financial institutions, mutual funds, Banks etc. whether or not they are members of the company by way of private placement.

As per Guidelines for Disclosure and Investor Protection - Preferential Issues of 4th August, 1994 issued by SEBI, consent of the members of the company is required to be obtained for preferential allotment of preference shares to any person or persons, financial institutions, banks, mutual funds, bodies corporate etc. whether or not they are members of the company.

Besides, whenever it is proposed to increase the subscribed capital of the company by allotment

of further shares, such further shares are required to be offered to the existing equity shareholders by the company by way of Rights Issue unless the company in general meeting approves by means of a special resolution under sub section 1A of Section 81 of the Companies Act, 1956 to offer, issue and allot such shares to any person(s), whether they be members or not, in any other manner.

Besides, preferential allotment of preference shares do not attract the provisions of SEBI (Substantial Acquisition of Shares and Take overs) Regulations, 1997 provided the necessary disclosures are made in terms of Regulation 3(1)(c) of the said Regulations relating to the identity of the class of the proposed allottees.

Once the shareholders approve the preferential allotment of preference shares, the Board will take necessary steps in this behalf.

The Board considered the preferential allotment of preference shares for an amount not exceeding Rs.150 Crores in its meeting held on 29th Sept., 1997 and recommend the resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent they may be offered and allotted preference shares on preferential basis.

#### RESOLUTION NO.16

Usha Drager Ltd. a Joint Venture between Usha (India) Ltd. and Draegerwerk Aktiengesellschaft, Germany plans to increase its business operations. With a view to meet the requirements of funds for necessary capital expenditure, working capital etc., they propose to increase the share capital of the company.

The proposal was discussed by the Board in its meeting held on 27.06.97 and has approved making investment upto 50% of share capital of Usha Drager Ltd., subject however, to the approval of the shareholders.

As per sub section (4) of Section 372 of the Companies Act, 1956, the Board is authorised to make investment upto 30% of the subscribed equity share capital or aggregate of paid up equity and preference share capital, whichever is low, of the other body corporate. However, for investment exceeding this limit, approval of shareholders and Central Government is required.

Accordingly, the Board recommends the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

## DIRECTORS' REPORT

### To

#### The Members

Your Directors have pleasure in presenting the 34th Annual Report and the Audited Statement of Accounts for the year ended 30th June, 1997.

The Accounts for the year ended 30th June, 1997 were finalised and adopted by the Board alongwith Auditors Report thereon in their meeting on 29th Sept., 1997. The accounts were subsequently amended on account of non declaration of dividend by Usha Ispat Ltd., a subsidiary company in their Annual General Meeting held on 28th Oct. 1997, there by the dividend income has been reduced by Rs. 865.74 Lacs and Managing Directors' remuneration by Rs.9 Lacs.

#### A. FINANCIAL RESULTS

The turnover of the Company has increased by 11.8% over the previous year to Rs.90143.89 Lacs. However, the net profits after tax were lower at Rs. 216.68 Lacs on account of lower margins due to overall recession in the economy, provision of depreciation on written down method and higher interest.

(Rs. in lacs)

	1996-97	1995-96
<b>Turnover</b>	90143.89	80619.10
<b>Gross Profit</b>	4929.17	7106.15
Less : Interest	1487.62	551.48
Depreciation	2874.87	3285.92
Profit before taxation	566.68	3268.75
Less : Provision for taxation	350.00	50.00
Profit after taxation	216.68	3218.75
Add : Provision written back	(9.80)	49.45
Previous year's profit	6012.34	5989.15
Profit available for appropriation	6219.22	9257.35
<b>Appropriations</b>		
i) Dividend		
a) To equity shareholders	-	2270.63
b) To Preference Shareholders	304.00	135.85
ii) Tax on Dividend	30.40	-
iii) Capital Redemption Reserve	146.97	633.33
iv) Debenture Redemption Reserve	60.71	60.71
v) General Reserve	-	245.00
vi) Balance carried to Balance Sheet	5677.14	5911.83

#### B. DIVIDEND

In view of the lower profits during the year and with a view to conserve the resources, no dividend has been recommended in respect of equity shares of the Company. However, as per terms of issue of 16% - 1900000 Preference Shares of Rs. 100/- each allotted to Financial Institutions, the Board has recommended 16% dividend on such preference shares subject to the approval of shareholders.

#### C. ISSUE OF SHARES/DEBENTURES

During the year the Company allotted 7,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 2/- per share on conversion of Warrants. Besides, the Company has also allotted Zero% - 70,00,000 Unsecured Redeemable Non Convertible Debentures of Rs. 100/- each on private placement basis which will be redeemed at a

premium of Rs.18 per Debenture at the end of 18 months or earlier at the discretion of the Company from the date of allotment.

#### D. OPERATIONS AND FUTURE OUTLOOK

The year 1996-97 has been a difficult year for the Company like it has been for most of the industries as a whole. The Electronic Division's margins were under squeeze as it faced tremendous competition from imports. The Company's export oriented plant, however, continued to do well and is functioning to its full capacity. The Company is in the process of setting up its complete manufacturing facilities including Wafer Fab and Epitaxy growing. This will lead to more value addition and higher profit margins in the coming years.

The turnover of Trading Division increased but due to the difficult position in steel and other ferrous and non-ferrous items, the margins were again under tremendous squeeze and therefore, the profitability was not as per Company's expectations. This year, the Investment Division of the Company did not yield results, because of the difficult market conditions prevailing in the country. The company hopes that the capital markets will pick up and the investments will yield good results. The market value of the investments, again due to the poor conditions in the capital market, recorded substantial decrease. The Company's other divisions like Software, Engineering, Construction and Solar Divisions are doing reasonably well and look forward to an increased demand in near future.

#### E. SUBSIDIARIES

As required under Section 212 of the Companies Act, 1956, the statement of audited accounts alongwith Report of the Board of Directors of each of the subsidiaries of the Company are annexed to the Balance Sheet and Profit and Loss Account.

#### F. QUALITY

The main thrust of the Company is on the total quality of the products, work culture, management and leadership. Remarkable improvement has been achieved by introduction of TOTAL QUALITY THROUGH SPEED at all levels in the organisation set up.

#### G. ENVIRONMENTAL PROTECTION

The Company is quite aware of its responsibilities towards environmental protection and is making all efforts in each of its factories for this purpose. All statutory regulations pertaining to air, water soil and noise pollutions are strictly adhered to.

#### H. TRANSFER OF DIVIDEND

Unclaimed/Unpaid Dividend for the year 1993-94 will be transferred to the General Revenue Account of the Central Government in January, 1998 in terms of sub section (5) of Section 205A of the Companies Act, 1956.

#### I. DIRECTORS

Mr. Y.K. Gauba, Mr. Ashok Agarwala, Mr. Varun Rai and Mr. P. Nilkant resigned from the directorship of the Company. Industrial Finance Corporation of India Ltd. has withdrawn its nominee, Mr. R.L. Srivastava from the Board of the Company. The Board places on record its appreciation for the services rendered by the above directors during their tenure as directors of the Company.

Dr. M.C. Gupta has been appointed as Director of the Company against vacancy caused by resignation of Mr. Ashok Agarwala. Mr. A.K. Kanchan has been appointed as Whole-time Director against the vacancy caused by resignation of Mr. Y.K. Gauba.

Lt. Gen. J.K. Khanna (Retd), Dr. R.L. Choudhury and Dr. M.C. Gupta retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

#### J. DEPOSITORY

The fully paid equity shares of the Company have been admitted for dematerialisation on National Securities Depository Ltd., Bombay and Alankit Assignments Ltd., New Delhi are the Registrar & Transfer Agents for this purpose. The shareholders of fully paid equity shares

## USHA (INDIA) LIMITED

have the option to convert their share holding in the Company into electronic form by dematerialising their share certificates.

**K. DEPOSITS**

Fixed deposits from the public amounting to Rs. 14.03 Lacs were outstanding as on 30th June, 1997. There were 25 Deposits totalling Rs. 0.63 Lacs which matured but were not claimed as on due date. Since then one deposit totalling to Rs. 0.11 Lacs has been renewed. In view of high cost of raising funds by way of deposits your Company will not renew the existing deposits or accept further deposits once the validity of the existing schemes expires.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms a part of this Report.

**M. PARTICULARS OF EMPLOYEES**

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 are given in the enclosed statement and form part of this report.

**N. RESEARCH AND DEVELOPMENT**

The Company in each of its various divisions continues to make innovative changes to improve its product and quality. In its exports, it has matched international standards. It has also been able to reduce costs and increase production yields.

The Company has been granted recognition as 'R&D House' by the department of scientific and industrial research. Some of the break throughs made by the in-house research development team are as under :

- Successful development of welding diode chip to meet the surge current of 5.5K amp.
- Development of 2KV. 400 Amp. diode chip using Boron-aluminium and Phosphorous open tube diffusion. This open tube diffusion was developed in-house for shallow gradient junctions.
- Development of medium power transistors by double epidouble diffusion planner technology. This technology improves Safe Operating Area (SOA) of the power transistors.
- Optimisation of process for production of Solar Cells resulted in yield improvement upto 95%.
- Successful development of high frequency tester for smoothing reactor SL-30.

**O. AUDITORS**

M/s Bansal & Co., Chartered Accountants. Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

**P. EMPLOYEES**

Cordial relations continue to exist between the management and the workers in all the units. The Board would like to take this opportunity to thank all the employees and workmen for the joint efforts which has enabled the Company to achieve these results.

**Q. APPRECIATION**

The Board wishes to place on record their deep appreciation of the continued support of shareholders/debentureholders/fixed deposit holders. The Board also acknowledges with gratitude the co-operation and assistance given by the Financial Institutions, Investment Institutions, Mutual Funds, Banks and business constituents.

On behalf of the Board  
For USHA (INDIA) LIMITED

VINAY RAI

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Date : 11th November, 1997

**ADDENDUM TO DIRECTORS' REPORT (IN COMPLIANCE TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956)**

**A. CONSERVATION OF ENERGY****(a) Energy Conservation Measures taken:**

- Thyristor converters are used to feed correct energy to the motors.
- Energy is consumed when it is necessary.
- Power factor controllers (capacitors) are installed to have better P.F.
- Un-necessary losses in process and distribution process are minimised.
- Regular maintenance of all energy consuming equipments is being done to obtain maximum energy conservation.
- Tube lights and sodium vapour lamps are used. Incandescent lamps have been eliminated.
- Utility services are run as per requirement.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :**

NIL

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The consumption of energy has been reduced.

**(d) Total energy consumption and energy consumption per unit of production :**

As per From A

**B. TECHNOLOGY ABSORPTION :****(e) Efforts made in technology absorption**

As per From B

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- Activities relating to exports : initiatives taken to increase exports : development of new export markets for products and services : and export plans :

NIL

- total foreign exchange earned. Rs. 1353.56 Lacs; Used Rs. 163.94 Lacs

**FORM A (See Rule 2)**

Form for Disclosure of Particulars with respect to Conservation of Energy.

**A. POWER AND FUEL CONSUMPTION**

		Current year	Previous year
1. Electricity			
(a) Purchased			
Unit		172480	143606
Total amount (Rs.)		834974	539287
Rate/unit (Rs.)		4.81	3.76
(b) Own generation			
(i) Through diesel generator			
Units		43586	11038
Units per Ltr. of diesel Oil		1.5	1.05
Cost/Unit Rs.		5.64	7.43
(ii) Through steam turbine/generator		NIL	NIL
2. Coal (specify quality and where used)		NIL	NIL
3. Furnace Oil			
Quantity (k. ltrs.) 52.5 KL		17 KL	
Total amount (Rs.)		436325	131920
Average rate (Rs.)		8310	7760
4. Others/internal generation		NIL	NIL
Please give details)			

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	Standards (if any)	Current year	Previous year
Galvanised plain/ Corrugated sheets	MT	1712.465	432.785
Electricity	(Units)	255.00	331.8
Furnace oil	(Ltrs)	30.65	39.29
Coal (specify quality)	-	NIL	NIL
Others (specify)	-	NIL	NIL

**FORM B (See Rule 2)**

Form for Disclosure of Particulars with respect to Absorption.

**RESEARCH AND DEVELOPMENT (R & D)**

- Specific areas in which R & D carried out by the company

- Miniaturisation of Metal Film Resistors.
  - Development of MFR's in cap visual form.
  - Passivation solution composition is changed to improve salt spray life of the Galvanised Sheets.
  - Successful development of welding diode chip to meet the surge current of 5.5K amp.
  - Development of 2KV. 400 Amp. diode chip using Boron-aluminium and Phosphorous open tube diffusion. This open tube diffusion was developed in-house for shallow gradient junctions.
  - Development of medium power transistors by double epidouble diffusion planner technology. This technology improves Safe Operating Area (SOA) of the power transistors.
  - Optimisation of process for production of Solar Cells resulted in yield improvement upto 95%.
  - Successful development of high frequency tester for smoothing reactor SL-30.
- Benefits derived as a result of the above R & D
- Second single largest manufacturer of 1/6W/1/8W
  - Supply of MFR's at a competitive price and increase in the market share by supply of good quality & full range of MFR's.
  - Import substitution of diode chips.
  - SS and medium power transistors using indigenously diffused chips were exported thereby earning foreign exchange.
  - Yield improvement of Solar Cells helped in cost reduction of finished cells.
- Future Plan of action

- Diversifying the product range into high wattage MFR's i.e. introduction of 1W in miniature size.
  - Use of 0.58mm Copper Wire in place of 0.6 mm copper wire the MFR's.
  - Development of Thyristors upto 2KV and greater than 200 amp., Schottky diodes. High voltage Transistor upto 1.5KV and 560 Amp./3.8KV Diode. Water cooled High Current Rectifier. Electrostatic precipitator and Cathodic Protection Rectifier.
- Expenditure on (R&D)
- Capital - Rs. 41.17 Lacs
  - Recurring - Rs. 76.93 Lacs
  - Total - Rs. 118.10 Lacs
  - Total R&D expenditure as a percentage of turnover - 0.13%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

- Efforts, in brief, made towards technology absorption, adaptation and innovation

- Manufacturing of Resistors <4.7E & >20M
- Achievement of ISO 9002 Quality Certification.
- Multi epi transistor process for power transistor being absorbed.
- Rubber passivation technology extended upto 2KV for diodes.
- Adaptation of boron aluminium and Gallium aluminium diffusion processes for high Voltage (3KV) diodes.

- Benefits derived as a result of the above efforts, e.g. product improvement cost reduction, product development, import substitution, etc.

- Capturing of Standard/Carbon film resistor share apart from MFR's on account of competitive price and Supply of High precision MFR's
- Tapping of export market with introduction of miniaturised range of MFR's.
- Cost competitiveness of the product and market acceptability.
- Import substitution of chips thereby saving Foreign Exchange.

- Incase of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : Not Applicable.

(a) Technology imported	(i) Technology for producing TO-3	(ii) Plastic packaging transistor devices technology from Samsung Electronics Corporation, Korea and Lesag HBB Germany.	(d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action.	1993 N.A	1995 N.A
(b) Year of Import	1993	1995			On behalf of the Board For Usha (India) Limited
(c) Has technology been fully absorbed?	Fully absorbed	Fully absorbed	Place : New Delhi Date : 11th November, 1997		Vinay Rai Chairman & Managing Director

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30.06.1997.**

S. No.	Name	Designation	Gross Remuneration (Rs.)	Qualification/ Experience	Date of joining	Age (Years)	Last Employment
1.	Mr. Anil Rai	Vice Chairman & Managing Director	1996180	M.A. (Economics) 19 years	01.01.82	42	Vishwa Niryat (P) Ltd.
2.	Mr. Gopal Sukla	V.P. (CIS)	216164	M. Tech (Comp. Tech.), MBA 21 years	16.10.96	42	Modiluft Ltd.
3.	Mr. J.R. Gupta	Director	578985	M.A. 34 years	11.05.66	54	Bombay Woolen Mills (P) Ltd.
4.	Mr. K.C. Gupta	Director	590820	B. Com. Diploma in Costing 43 years	11.05.88	61	Usha Microprocess Controls Ltd.
5.	Mr. R.S. Gupta	C.E. (Insurance)	323005	M.Com. LLB.LLF 38 years	17.02.97	61	National Insurance Co. Ltd.
6.	Mr. S.M. Venkata-raman	Sr. Vice President & Chief Executive	455421	M.A. AICS (U.K.) 36 years	01.02.95	60	MSTC Ltd.
7.	Mr. Vinay Rai	Chairman & Managing Director	2018275	S.M. (EE) USA 23 years	01.01.73	48	First Employment
8.	*Mr. Y.K. Gauba	Director	553493	BE&PG Diploma in Business Management 31 years	15.05.91	54	Faq Bearing Ltd.
9.	Mr. A.K. Kanchan	Sr. Vice President & Director	449226	B.Tech (IIT/K) M.Engg. (Canada) 16 years	24.09.94	40	Vikas Fibrides & Elect. Ltd.
10.	Mr. C.G. Ethirajulu	Chief Executive	353458	B.E. (ECE) 26 years	05.05.95	49	Bharat Electronics Ltd.

**Notes:**

- Gross remuneration includes salary, value of free accommodation, medical expenses, provident fund, leave travel assistance, exgratia.
- The nature of the employment and other terms and conditions of services of all employees are/were regular and governed by rules and regulations of the Company as applicable from time to time.
- None of the employees is a relative of any Director of the Company except Mr. Vinay Rai & Mr. Anil Rai who are brothers.
- Asterisk denotes employed for a part of the year.

**AUDITORS REPORT**

To  
The Members of  
**USHA (INDIA) LTD.**

We have audited the attached Balance Sheet of **Usha (India) Limited** as at June 30, 1997 and also the Profit and Loss Account for the year ended on that date annexed thereto in which the accounts of branches are incorporated, and report that :

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, on the basis of such checks of books and records of the Company as were considered appropriate and the information and explanations given to us during the course of audit we state on matters specified that in our opinion :

- The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. Physical verification of fixed assets was carried out by the management during the year and having regard to the size of the Company and nature of the assets, no material discrepancy between the book records and the physical inventory have been noticed.
- None of the fixed assets of the Company has been revalued during the year.
- Physical verification of stocks except in transit and lying with third parties have been conducted by the management during the year at reasonable intervals in respect of finished goods, stores, spare parts, raw materials.
- The procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- Valuation of stocks of finished goods, stores and spare parts, raw

materials and goods in process, is fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the previous year.

- The Company has not taken any loans, secured or unsecured from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and from companies under the same management as defined under sub section (1B) of Section 370 of the Companies Act, 1956.
- The Company has not granted secured or unsecured loans to the Companies listed in register maintained under section 301 of the Companies Act, 1956 except unsecured interest free loan of Rs. 2950 lacs granted to **Usha Ispat Limited** as advance against allotment of shares which is under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956 which is not prima-facie prejudicial to the interest of the company.
- There is no loans and advances in the nature of loan except interest free advances in current account and the staff advances in the course of business for which there is no stipulation with regard to repayment of principal. However, it is found that repayments are satisfactory.
- There is an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of stores, raw materials including components, plant and machinery, equipments, other assets and for the sales of goods.
- There are no transactions of purchases of goods and materials and sales of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the year Rs. 50000 or more in respect of each party other than sale and purchase with subsidiary company which are reasonable taking into consideration the established source of supply and services.
- On the basis of evaluation made by persons responsible for custody of stocks unserviceable or damaged stores, raw materials, or finished goods have been determined by the Company and necessary



## USHA (INDIA) LIMITED

- adjustments for loss have been made in accounts.
- (xiii) The Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public.
- (xiv) The company has maintained reasonable records for the sale and disposal of realisable scrap. The Company has no by product.
- (xv) The Company has an adequate internal audit System commensurate with the size and nature of its business.
- (xvi) Maintenance of cost records have not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956.
- (xvii) The Company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities during the year.
- (xviii) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Excise Duty and Customs Duty outstanding as at the end of the financial year for a period of more than six months from the date they became payable.
- (xix) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices and according to the information and explanations given to us, we have not come across any personal expenses which have been charged to Profit and Loss Account other than those payable under contractual obligations or in accordance with prevailing business practices.
- (xx) The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of the Company's service activity, in our view, considering its nature, the system of allocation of the materials and man hours consumed on the job is reasonable. The system of recording of receipts, issues and consumption of materials and allocation thereof is reasonable. In our opinion the system of authorisation at proper levels is reasonable and the system is adequate for internal control in respect of such service activity commensurate with the size of the Company and nature of its business.

(xxii) In case of trading activity, we were informed that there were no damaged goods.

(xxiii) In respect of investments and financial activity of the Company, adequate documents and records have been maintained and the Investments are held by the Company in its own name except to the extent of exemptions granted Under Section 49 of the Companies Act, 1956.

## 2. Further to our comments referred to in paragraph 1 above

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- (b) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books, and proper returns adequate for the purpose of audit, have been received from the branches, not visited by us.
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts :
- (d) In our opinion and to the best of our information and according to explanations given to us the said accounts, subject to the revaluation of investments resulting therein increase in investment by Rs. 25448.14 lacs and the capital reserve by the same amount as further explained in Notes on Accounts Note No. 11(e) in schedule 'O' of "Investment" to the Balance Sheet, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
- (i) In the case of Balance Sheet of the State of affairs of the Company as at 30th June, 1997 and
- (ii) In the case of Profit and Loss Account of the Profit for the year ended on that date.

For and on behalf of  
Bansal & Co.  
Chartered Accountants

Place : New Delhi  
Date : 11th November, 1997

S.K. Bansal  
Partner

**BALANCE SHEET AS AT 30TH JUNE, 1997**

(Rupees in Lacs)

Schedule	As At 30.06.97	As At 30.06.96
<b>SOURCES OF FUNDS</b>		
1. Shareholders' Funds :		
a) Capital A	30958.11	23915.28
b) Reserves and Surplus B	67233.73	144057.29
2. Loan Funds :		
a) Secured Loans C	11261.43	8116.59
b) Unsecured Loans D	7014.10	342.96
	<u>18275.53</u>	<u>8459.55</u>
	<u>116467.37</u>	<u>176432.12</u>
<b>APPLICATION OF FUNDS :</b>		
1. Fixed Assets :		
a) Gross Block E	18068.95	16315.07
b) Less : Depreciation	7561.40	4791.88
c) Net Block	10507.55	11523.19
d) Capital Work in Progress	7210.96	1744.24
2. Investments F	17718.51	13267.43
3. Current Assets, Loans and Advances	88248.44	155404.71
a) Inventories G	2308.06	2072.59
b) Sundry Debtors H	6602.19	6508.12
c) Cash and Bank Balances I	306.09	400.07
d) Loans and Advances J	15233.80	12741.27
	<u>24450.14</u>	<u>21722.05</u>
Less : Current Liabilities and provisions		
a) Liabilities K	15644.57	14210.21
b) Provisions	929.69	2708.03
Net Current Assets	7875.88	4803.81
4. Miscellaneous Expenditure L	2624.54	2956.17
(To the extent not written off or adjusted)	<u>116467.37</u>	<u>176432.12</u>
Notes on Accounts O		

For and on behalf of Board of Directors

As per our report of even date  
For and on behalf of  
Bansal & Co.  
Chartered Accountants

S.K. Bansal  
Partner

T.K. Sadhu  
Company Secretary

Vinay Rai  
(Chairman & Managing Director)  
M.M. Kapur - Nominee Director, UTI  
Baldev Pasricha  
Lt. Gen. J.K. Khanna (Retd.)  
R.K. Gupta  
Dr. R.L. Choudhury  
S.K. Mittal  
Dr. M.C. Gupta  
K.C. Gupta  
J.R. Gupta  
A.K. Kanchan

Anil Rai  
(Vice Chairman & Managing Director)

Directors

Whole Time Directors

Place : New Delhi  
Date : 11th November, 1997



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1997**

(Rupees in Lacs)

Schedule	Previous Financial Year
<b>INCOME</b>	
Sales	
Other income	79215.38
<b>TOTAL</b>	<u>1403.74</u> <u>80619.10</u>
<b>EXPENDITURE</b>	
Raw material consumed and finished goods M	70445.31
Manufacturing & Other expenses N	3067.64
Interest	551.48
Depreciation	3285.92
<b>TOTAL</b>	<u>77350.35</u>
Profit before Taxation	3268.75
Less : Provision for taxation	50.90
Profit after taxation	<u>3218.75</u>
Previous Year Profit	5989.15
Excess/deficit Provision Writtenback	49.45
<b>AVAILABLE FOR APPROPRIATIONS</b>	<u>9257.35</u>
<b>APPROPRIATIONS</b>	
Dividend (Subject to Deduction of tax)	
To Equity shareholders	2270.63
To Preference shareholders	135.85
Tax on dividend	-
Capital Redemption Reserve	633.83
Debenture Redemption Reserve	60.71
General Reserve	245.00
Balance carried to Balance Sheet	5911.83
Notes on Accounts	<u>9257.35</u>

For and on behalf of Board of Directors

As per our report of even date  
For and on behalf of  
Bansal & Co.  
Chartered Accountants

S.K. Bansal  
Partner

T.K. Sadhu  
Company Secretary

Vinay Rai  
(Chairman & Managing Director)  
M.M. Kapur - Nominee Director, UTI  
Baldev Pasricha  
Lt. Gen. J.K. Khanna (Retd.)  
R.K. Gupta  
Dr. R.L. Choudhury  
S.K. Mittal  
Dr. M.C. Gupta  
K.C. Gupta  
J.R. Gupta  
A.K. Kanchan

Anil Rai  
(Vice Chairman & Managing Director)

Directors

Whole Time Directors

Place : New Delhi  
Date : 11th November, 1997

(Rupees in Lacs)

(Rupees in Lacs)

	AS AT 30.06.97	AS AT 30.06.96		AS AT 30.06.97	AS AT 30.06.96
<b>SCHEDULE 'A' SHARE CAPITAL</b>			<b>SCHEDULE 'B' RESERVES AND SURPLUS</b>		
Authorised :			Capital Reserve :		
8,000,00,000 (800000000) Equity shares of Rs. 10 each	80000.00	80000.00	Revaluation Reserve		
2,00,00,000 (20000000) Preference shares of Rs. 100 each	20000.00	20000.00	As per last Balance Sheet	103514.06	110743.37
	<u>100000.00</u>	<u>100000.00</u>	Addition during the year	2.50	18.98
Issued, Subscribed and Paid-up:			Deletion during the year	78109.57	7207.14
10% 1900000 (1900000) Redeemable Cumu. Pref. shares of Rs. 100/- each	1900.00	1900.00	Less: Depreciation Adjustment	3.81	41.16
30,58,95,385 (235895385) Equity shares of Rs.10 each	30589.54	23589.54		<u>25408.18</u>	<u>103514.06</u>
Less : Allotment Money/Calls in Arrears	1531.47	1574.30	Central Govt. Subsidy		
Share Forfeiture 800 Equity Shares of Rs. 5 Paid up.	0.04	0.04	As per last Balance Sheet	26.24	26.24
	<u>30358.11</u>	<u>23915.28</u>		25429.42	103540.30

Note : (Out of above 3.5 Lacs equity shares issued as bonus shares in the year 1992-93 by capitalising profits)

8