



MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

# 35th Annual Report 1997 - 98

*Tamale*

**USHA (INDIA) LIMITED**

Mr. Kulwant Rai

**BOARD OF DIRECTORS**

Mr. Vinay Rai

Mr. Anil Rai

Mr. S.K. Mittal

Dr. M.C. Gupta

Mr. M.M. Kapur (Nominee U.T.I.)

Mr. R. Roy (Nominee G.I.C. of India)

Mr. Baldev Pasricha

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

Ms. Karen R. Polenske

Dr. R.L. Choudhury

Mr. R.K. Gupta

Mr. Varun Rai

Mr. M.L. Wadhwa

Mr. J.R. Gupta

Mr. K.C. Gupta

Mr. A.K. Kanchan

Whole time Directors

Chairman Emeritus

Chairman & Managing Director

Vice-Chairman & Managing Director

Joint Managing Director

Joint Managing Director

Executive Director, Unit Trust of India

Director & General Manager Oriental Insurance Company Limited

Former Chairman, The Industrial Finance Corporation of India Limited

Former Director, Minerals & Metals Trading Corporation of India Ltd.

Mr. T.K. Sadhu  
Company Secretary

**AUDITORS**

M/s Bansal & Co.

Chartered Accountants

E-95A, Himalaya House,

23, Kasturba Gandhi Marg,

NEW DELHI-110 001.

**SHARE TRANSFER AGENT**

Information Technologies (India) Ltd.

(R & T Division)

Unit : Usha (India) Limited

Lesag House

B-11/2, M.C.I.E.,

Delhi-Mathura Road,

Badarpur, NEW DELHI-110 044

**REGISTERED OFFICE**

USHAPURAM,

UPSIDC Industrial Estate,

Jagdishpur, Distt. Sultanpur,

Uttar Pradesh-227 817

**LOCATION OF PLANTS**

**ELECTRONIC DIVISION**

12/1, Delhi-Mathura Road,

FARIDABAD-121 003 (HARYANA)

**GALVANISING STEEL DIVISION**

Usha Nagar, Rae Bareli,

Gauriganj, Distt. Sultanpur (U.P.)

Amethi Road-227 409

**USHA ELECTRONIC COMPONENTS**

**COMPLEX**

UPSIDC Industrial Area,

Bhimtal-263 136,

Distt. Nainital (U.P.)

**SOLAR DIVISION**

SOLAN (H.P.)

**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 Bharti Connaught Circus,

New Delhi-110 001

**THE SANWA BANK LTD.**

Mercantile House, 15 K.G. Marg,

NEW DELHI-110 001.

**CORPORATE OFFICE**

USHA BHAVAN

A-41, Mohan Co-operative

Industrial Estate,

Delhi-Mathura Road, New Delhi-110 044

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## NOTICE

To  
The Members,  
USHA (INDIA) LTD.

**NOTICE** is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on Friday, the 6th November 1998, at 10.00 A.M. 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, 1998 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 Cumulative preference shares.
3. To appoint a Director in place of Mr. Baldev Pasricha 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 Mr. S.K. Mittal 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** Mr. Varun Rai be and is hereby appointed as Director of the Company."
8. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) Article 102 and Article 124 of the Articles of Association of the Company be and is hereby deleted and substituted by the following new Articles:  
**ARTICLE 102 - ROTATION AND RETIREMENT OF DIRECTORS**  
At each Annual General Meeting of the Company one-third of such of the Directors for the time being, as are liable to retire by rotation, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.  
**ARTICLE 124 - TO WHAT PROVISIONS HE SHALL BE SUBJECT**  
Subject to the Provisions of Section 255 of the Act, a Managing Director, shall be subject to the same provisions as to resignation, retirement and removal as the other Directors, and he shall, ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of Director for any cause."
9. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) Article 5B of the Articles of Association of the Company be and is hereby deleted and substituted by the following new Article:  
**ARTICLE 5B - BUY BACK OF SHARES**  
Subject to the provisions of the Act/Rules the Company shall have power to purchase, from time to time, its own shares and any securities that may have right to subscribe for shares of the Company and make payment in respect of such purchase(s) including power to re-sell and/or re-issue such shares and securities."
10. 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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) Article 3 of Articles of Association of the Company be and is hereby deleted with immediate effect."
11. 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** subject to applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof and any Ordinance promulgated in this regard for the time being in force and as may be enacted/promulgated from time to time) and subject to such other approvals, permissions and sanctions, as may be necessary and subject further to such terms, conditions, alterations, changes and variations as may be specified while according such approvals which the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall also include a Committee thereof) be and is hereby authorised to accept if it thinks fit, consent of the Company be and is hereby accorded to the Board at its sole and absolute discretion to purchase or buy-back, from the existing holders of shares and securities that may have right to subscribe for shares of the Company, (hereinafter, for sake of brevity, Shares and Securities are referred to as "Securities") on a proportionate basis and/or from the open market and/or from any lots smaller than market lots of Securities (odd lots) and/or by purchasing Securities issued to employees pursuant to Employees Stock Option Scheme, out of its free reserves and/or out of premium accounts and/or out of proceeds or any issue(s) made by the Company specifically for the purpose, and/or from such other sources or any combination thereof as may be permitted by law, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of Securities so bought back shall not exceed 25% of any class of securities of the Company at any time.  
**RESOLVED FURTHER THAT** the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things as may in its sole and absolute discretion deem necessary, expedient, usual or proper and to settle any question, doubt or difficulty that may arise in the matter."
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 Section 94 of the Companies Act, 1956 and other applicable provisions, if any, the Authorised Equity Share Capital of the Company be diminished from Rs.800 Crores to Rs.700 Crores by cancelling 10,00,00,000 equity shares of Rs.10/- each forming part of the Authorised Equity Share Capital of the Company which have not been taken or agreed to be taken by any person.  
**RESOLVED FURTHER THAT** after the cancellation of equity shares of Rs.100

crores as aforesaid the Company's Authorised Preference Share Capital be simultaneously increased from Rs.200 Crores to Rs.300 Crores by creation of additional one crore preference shares of Rs.100/- each.

**RESOLVED FURTHER THAT** consequent to the above, the existing clause V of the Memorandum of Association of the Company be substituted by the following clause:

The Authorised Capital of the Company is Rs.1000,00,00,000 (Rupees One Thousand Crores) divided into 70,00,00,000 (Seventy Crores) equity shares of Rs.10/- (Rupees Ten) each and 3,00,00,000 (Three Crore) preference shares of Rs.100 (Rupees one hundred) each with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the Articles of Association of the Company."

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 other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Article 5 of Articles of Association of the Company be and is hereby deleted and be substituted in its place by the following new Article:

The Authorised Capital of the Company is Rs.1000,00,00,000 (Rupees One Thousand Crores) divided into 70,00,00,000 (Seventy Crores) equity shares of Rs.10/- (Rupees Ten) each and 3,00,00,000 (Three Crore) preference shares of Rs.100 (Rupees one hundred) each with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the Articles of Association of the Company."

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** in accordance with the provisions of Section 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, Equity Shares of Rs.10/- each of the aggregate nominal value not exceeding Rs.50 (Rupees Fifty Crores) on such terms as to nominal amount, amount of premium and such other terms and conditions to any persons, bodies corporate, financial investment 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 equity 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 equity shares."

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, Cumulative/Non Cumulative Preference Shares on following terms:

i) The aggregate nominal value of such preference shares shall not exceed Rs.50 Crores with an option to the holders to convert their holding into equity shares between the end of 3rd and 5th year from the date of allotment at a price and on such terms as may be decided by the Board. ii) the rate of dividend on such preference shares shall not be less than 10% but not more than 16% per annum. iii) the preference shares shall be redeemed not earlier than three years but not later than ten years from the date of allotment at the sole discretion of the Board and on such other terms and conditions as the Board may decide to any persons bodies corporate, financial / investment, 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 16% - 19,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each allotted to Financial Institutions 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** pursuant to Sections 198, 309, 310, other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, the remuneration of Mr. Vinay Rai, Managing Director of the Company be and is hereby revised w.e.f. 1.10.1998 as follows.

Salary : Rs.2,50,000 (Rupees Two Lacs Fifty Thousand only) per month.  
Perquisites : In addition to the above salary he 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 per month shall, however, be restricted to Rs.2,50,000/- per month.

**RESOLVED FURTHER THAT** all other terms and conditions of the remuneration including commission as approved by the shareholders in their meeting held on 24th December, 1997 shall remain unchanged."

17. 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, other applicable provisions, if any, and Schedule XIII to the Companies Act, 1956, the remuneration of Mr. Anil Rai, Managing Director of the Company be and is hereby revised w.e.f. 1.10.1998 as follows:

Salary : Rs.2,50,000 (Rupees Two Lacs Fifty Thousand only) per month.  
Perquisites : In addition to the salary, he 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. Anil Rai. The value of such perquisites per month shall, however, be restricted to Rs.2,50,000/-.

**RESOLVED FURTHER THAT** all other terms and conditions of the remuneration including commission as approved by the shareholders in their meeting held on 27th November, 1995 shall remain unchanged."

18. 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 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the remuneration of Mr. A.K. Kanchan, Whole-time Director of the Company be and is hereby revised w.e.f. 1-10-1998 as follows :

Salary : Rs.30,000/- (Rupees Thirty Thousand only) p.m. in the pay scale of 30000-5000-50000.

Perquisites : In addition to the salary, he 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 Rs.30,000/-.

**RESOLVED FURTHER THAT** all other terms and conditions of the remuneration as approved by the Share holders in their meeting held on 24-12-1997 shall remain unchanged."

19. 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 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the remuneration of Mr. J.R. Gupta, Whole-time Director be and is hereby revised w.e.f. 1-10-1998 as follows :

Salary : Rs.30,000/- (Rupees Thirty Thousand only) p.m. in the pay scale of 30000-5000-50000.

Perquisites : In addition to the salary, he 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 Rs.30,000/-.

**RESOLVED FURTHER THAT** all other terms and conditions of the remuneration as approved by the Share holders in their meeting held on 30-12-1996 shall remain unchanged."

20. 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 198, 309, 310 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956, the remuneration of Mr. K.C. Gupta, Whole-time Director be and is hereby revised w.e.f. 01-10-1998 as follows :

Salary : Rs.30,000/- (Rupees Thirty Thousand only) p.m. in the pay scale of 30000-5000-50000.

Perquisites : In addition to the salary, he 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 Rs.30,000/-.

**RESOLVED FURTHER THAT** all other terms and conditions of the remuneration as approved by the Board of Directors in their meeting held on 30-12-1996 shall remain unchanged."

Registered Office :  
USHAPURAM,  
UPSIDC Industrial Estate,  
Jagdishpur, Distt. Sultanpur,  
Uttar Pradesh - 227 817  
Date: 25th September, 1998

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.

- In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company will transfer unclaimed dividend relating to the year 1994-95 to the General Revenue Account of the Central Government in January, 1999. The dividend after this date can be claimed from the Registrar of Companies, U.P. at Kanpur. Members whose dividend for the year 1994-95 is still unpaid are advised to claim the dividend before 30th November, 1998.
- 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 16.00 hours. The arrangement will depend on response received and will be strictly on FIRST COME FIRST SERVED basis. Those interested (ONLY INDIVIDUAL MEMBERS) should intimate the Company on or before 20 Oct. 1998. The 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.
- Shareholders are requested to intimate change of address, if any, to the Transfer Agents, M/s Information Technologies (India) Ltd. (Unit : Usha (India) Ltd.), Lesag House, B-II/1, Mohan Cooperative Industrial Estate, Delhi - Mathura Road, Badarpur, New Delhi - 110 044, who are the Transfer Agents of the Company.
- The Register of Members and Share Transfer, Books of the Company will remain closed, from 15-10-1998 upto 6-11-1998 (both days inclusive).
- 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 6-11-1998.
- 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

At a meeting of the Board of Directors held on 31st August, 1998 Mr. Varun Rai was appointed as Additional Director in terms of Section 260 of the Companies Act, 1956 and Article 91 of the Articles of Association of the Company, to hold office upto the date of the forthcoming Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Varun Rai as Director at the forthcoming Annual General Meeting alongwith the prescribed deposit. The Board recommends the resolution for approval of the shareholders.

None of the Directors except Mr. Varun Rai and Mr. Vinay Rai are concerned or interested in the resolution.

**RESOLUTION NO.8** : As per Section 255 of the Companies Act, 1956 and Article 88 of Articles of Association of the Company two thirds of the total number of Directors shall retire by rotation. Therefore, not more than one-third should be appointed as non-rotating Directors. Presently the maximum number of directors as per Article 87 of the Articles of Association of the Company is twenty and accordingly six directors, at best, can be non - rotational.

Since Articles 102 and 124 of Articles of Association of the Company provide that the office of Managing Director can also be non-rotating, there may be some difficulty in maintaining the aforesaid ratio if the number of nominees of financial institutions increases on the Board. Therefore, it is proposed to amend them suitably.

As per Section 31 of the Companies Act, 1956 a Company can alter its Articles of Association by passing a special resolution in the General Meeting of the members. The Board considered the matter in the meeting on 31st August, 1998 and recommend this resolution for your approval.

None of the Directors except Mr. S.K. Mittal and Dr. M.C. Gupta may be deemed concerned or interested in this resolution.

**RESOLUTION NO. 9 & 10** : The Central Government is seriously considering a proposal to allow Companies to buy back its own shares/securities by amending the relevant provisions of the Companies Act, 1956. By virtue of this, the companies will be in a position to buy back their own shares/securities.

Article 5B of the Articles of Association of the Company contains provisions for buy back of its shares by the company. But it restricts buy back to fully paid shares only. Besides, it provides making payment out of capital only. It is suggested to amend this article and provide for buy back of fully as well as partly paid shares of the company and making of payment out of capital or proceeds of the issue or in any other manner as may be permissible under law/rules.

Besides existing Article 3 of the Articles of Association of the Company prohibits the buy back of shares as well as providing of loans, guarantees or financial assistance to any person for purchase of its shares of the Company. Continuing this article will run contrary to the provisions of Article 5B. Accordingly it is proposed to delete Article 3 of Articles of Association of the Company. However, after deleting this Article and till the introduction of buy back provisions, Section 77 of the Companies Act, 1956 will take care of the aforementioned prohibition regarding buy back etc. Therefore it is proposed to suitably amend Article 5B and delete Article 3 of Articles of Association.

As per Section 31 of the Companies Act, 1956 the Company can alter its Articles of Association by passing a special resolution in the general meeting.

The Board considered both these matters in their meeting on 31.8.1998 and recommend these resolutions for your approval.

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

**RESOLUTION NO.11** : While making it legally permissible for the companies to buy back its own shares/securities, the law may provide various conditions, limitations including one relating to the approval of shareholders subject to which this can be done. Accordingly, in anticipation of the amendment to the Companies Act, 1956 or any re-enactment thereof, it is proposed to authorise the Company to buy back its own shares and securities from the existing shareholders and/or from open market and/or from holders of odd lots and/or from the employees issued under Stock Option Scheme or in any other way.

The Board considered the proposal, in its meeting on 31-8-1998 and recommend this resolution for your approval.

The Directors of the Company may be deemed to be concerned or interested to the extent their holding may be bought back by the Company.

**RESOLUTION NOS.12 & 13** : As per existing Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company the authorised capital of the company is Rs.1000,00,00,000 (Rupees One Thousand Crores) divided into 80,00,00,000 (Eighty Crores) equity shares of Rs.10/- (Rupees Ten) each and 2,00,00,000 (Two Crores) preference shares of Rs.100 (Rupees one hundred) each. The Company has already issued preference shares worth Rs.194.60 Crores. Therefore, the Company can, at best, issue further preference shares upto Rs.5.40 Crores only.

In order to enable the Company to raise funds in future by issuing preference shares, it is proposed to divide authorised capital of Rs.1000 Crores into 70 Crores equity shares of Rs.10/- each and 3 Crores preference shares of Rs.100/- each.

In terms of section 94 of the Companies Act, 1956 the company can increase the share capital or diminish the amount of share capital by cancelling the shares that have not been taken or agreed to be taken by any person by passing an ordinary resolution in the General Meeting of the shareholders.

The above proposal will necessitate amendment of Clause V of Memorandum of Association and Article 5 of Articles of Association of the Company. In terms of section 94 of the Companies Act, 1956 the proposed amendment of Memorandum of the Company requires the approval of the shareholders by way of ordinary resolution. However, in terms of Section 31 alteration of Article 5 requires approval of shareholders by way of special resolution.

The Board of Directors considered this matter (by circulation) and recommend these resolutions for your approval.

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

**RESOLUTION No.14 & 15 :** In order to meet a part of the working capital requirements of the Company and/or retiring a part of its borrowings including redeeming debentures and also for purpose of making investments including subscribing to the share capital of its subsidiary companies as may be stipulated by the Financial Institutions as a pre-requisite to their financing those subsidiaries, the Company proposes private placement of equity shares and preference shares upto Rs.50 Crores each.

Under section 81 of the Companies Act, 1956, 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 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 in any other manner.

Besides this, in pursuance of guidelines for Disclosure and Investor Protection - preferential issues of 4th August, 1994 issued by Securities and Exchange Board of India (SEBI), consent of the members of the company is required to be obtained for issuing/ allotting shares, debentures or other financial instruments on preferential basis to any persons or person, financial institutions, banks, mutual funds, bodies corporate etc. whether or not they are members of the Company.

The Board of Directors considered this matter (by circulation) and recommend these resolutions for your approval.

## DIRECTORS' REPORT

### To the Members

Your Directors have pleasure in presenting the 35th Annual Report and the Audited Statement of Accounts for the year ended 30th June, 1998.

**A. FINANCIAL RESULTS :** The business of the Company has been increasing at a steady pace. This year the Company recorded a turnover of Rs.112936 Lacs against previous years Rs.90144 Lacs registering an increase of 25.28%. The net profit after tax also increased by 992% to Rs.2370 Lacs despite a marginal increase in interest cost and despite the extremely difficult economic situation prevailing both in India and abroad.

(Rs. In lacs)

	1997-98	1996-97
<b>TURNOVER</b>	112935.65	90143.89
Gross Profit	6341.46	4929.17
Less : Interest	1581.47	1467.62
Depreciation	2235.20	2874.87
Profit before taxation	2524.79	566.68
Less: Provision for taxation	155.00	350.00
Profit after taxation	2369.79	216.68
Add: Provision written back	-	(9.80)
Previous year's profit	5677.14	6012.34
Profit available for appropriation	8046.93	6219.22
<b>APPROPRIATIONS</b>		
i) Dividend		
a) To equity shareholders		
b) To Cumulative Preference Shareholders	304.00	304.00
ii) Tax on Dividend	30.40	30.40
iii) Capital Redemption Reserve	1099.24	146.97
iv) Debenture Redemption Reserve	724.56	60.71
v) General Reserve	178.00	245.00
vi) Balance carried to Balance Sheet	5710.73	5677.14

**B. DIVIDEND :** With a view to conserve the resources, no dividend has been recommended in respect of equity shares and non-cumulative redeemable preference shares of the Company. However, in respect of 16% - 1900000 Cumulative Redeemable 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 CAPITAL :** During the year the Company has allotted 10% 7560000 Non Cumulative Redeemable Preference shares of Rs.100/- each, 12% - 10000000 Non Cumulative Optionally Convertible Preference shares of Rs.100/- each and 50000000 Equity shares of Rs.10/- each on private placement basis.

**D. OPERATIONS AND FUTURE OUTLOOK :** Economy, in general, has not come out of the slump and industry in the country continues to suffer under the grip of slow-down. Capital market has not shown any signs of recovery and the foreign currency market continues to be unsteady. Infrastructure facilities have not improved to provide a much needed fillip to the growth of industry.

The operations of the Company have also been affected by the adverse economic conditions. The Electronic Divisions' margins were under squeeze on account of stiff competition from imports. The meltdown of South-East Asia led to shrinking of global electronics market. The Company's export oriented plant, however, continued to do well and is functioning to its full capacity. It has been given "Export House" status by the Government of India. The Company has set up facilities for manufacturing Wafer Fab and Epitaxy growing. This has lead to more value addition and will contribute substantially to higher profit margins in the coming years. The Company is in the process of setting up 5' pseudosquare & 6' round diameter solar cells manufacturing project with the capacity of 3MW/Year. Solar Module of 35 W peak rating obtained approval of Solar Energy Centre, Govt. of India.

During the year, Department of Electronics, Govt. of India has funded the Company for a project involving development of key technologies for indigenous manufacture of high voltage transistors. The Company is now at the cutting edge of technology worldwide in its areas of operations.

The Company's Trading Sector has fared well but due to the continuing difficult liquidity problems in steel and other ferrous and non-ferrous items, the margins were relatively

The Directors of the Company may be deemed to be concerned or interested to the extent the shares may be offered and allotted to them.

**RESOLUTION No.16,17,18,19 & 20 :** The Board of Directors of the Company (by circulation) have decided to revise the salary of Mr. Vinay Rai and Mr. Anil Rai, Managing Directors of the Company, to Rs.2,50,000/- each per month and monthly perquisites equal to monetary limit of the same amount with effect from 1.10.98. It has further been decided that all other terms and conditions of their remuneration including commission will remain unchanged. They were re-appointed as Managing Directors of the Company for a period of 5 years w.e.f. 1.1.98 and 1.1.96 respectively. The re-appointment and the terms of remuneration was subsequently approved by the shareholders in their meetings held on 24.12.97 and 27.11.95 respectively.

They have been guiding the affairs of the Company for more than two decades and are largely responsible for the phenomenal growth of the Company. Considering their status in the industry, their contributions, labour, effort and involvement in the Company, cost of living in the country and the remuneration package their counterparts in the industry are drawing, the Board has revised their salary as stated hereinabove.

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 Board has also revised vide the aforesaid resolutions read with another resolution by circulation dated, 25th September 1998, the salary of Mr. A.K. Kanchan, Mr. J.R. Gupta and Mr. K.C. Gupta Whole time Directors of the Company to Rs.30,000/- per month and the monthly monetary limits of the perquisites to the same amount w.e.f. 1.10.98, and placed their salaries in the revised pay scale of Rs. 30000-50000-50,000.

The proposed revision of the salary of Mr. Vinay Rai, Mr. Anil Rai, Mr. A.K. Kanchan, Mr. J.R. Gupta and Mr. K.C. Gupta requires approval of the shareholders in the General Meeting that may be held immediately after the proposed revision.

The Board of Directors, therefore, recommends these resolutions for your approval.

This may be treated as an abstract of the revision of the terms and conditions of appointment of Mr. Vinay Rai, Mr. Anil Rai, Mr. A.K. Kanchan, Mr. J.R. Gupta and Mr. K.C. Gupta under Section 302 of the Companies Act, 1956. Except Mr. Vinay Rai, Mr. Anil Rai (both are brothers) and Mr. Varun Rai, who is son of Mr. Vinay Rai, Mr. A. K. Kanchan, Mr. J. R. Gupta and Mr. K. C. Gupta, no other Director is concerned or interested in their respective resolutions.

lower.

The Company's other divisions like Software, Engineering, Construction and Solar Divisions have done reasonably well.

In view of the growing importance of Information Technology in the world and the incentive given by the Government of India, your Directors propose to give a much greater thrust to the Information Technology Division and in particular to the software exports side. With a view to restructure the Group Operations of the Company, it has been decided to integrate the iron & ferro metal manufacturing and communication related subsidiary companies under separate holding companies. With this end in view your Directors have decided to sell and transfer, out of its holding, 51% of the share capital of Usha Ispat Ltd. and Malvika Steel Ltd. in favour of another subsidiary company, namely, Usha Ferro Metals Holdings Ltd. As a sequel to this decision, the Company has already transferred, in the first phase, 1,43,43,000 equity shares of Usha Ispat Ltd. and 4,86,21,700 equity shares of Malvika Steel Ltd. in favour of Usha Ferro Metals Holdings Ltd. Similarly, the Company has decided to sell and transfer, out of its holding, 51% of the equity share capital of Koshika Telecom Ltd. to another subsidiary, namely, Usha Holdings (Telecom) Ltd.

The Directors would like to place on record its deep appreciation to the entire team for bringing out good results inspite of the slowdown everywhere.

**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 :** It has been the constant endeavour of the Company to manufacture quality products to meet international standards and improve work culture and management. The introduction of TOTAL QUALITY THROUGH SPEED at all levels in the organisation has resulted in better utilisation of available time and resources and made us cost and quality conscious.

All units of the Company are ISO 9000 certified. The Company is in the process of obtaining ISO 14000 certification and hopes to achieve this accreditation in the current year.

**G. ENVIRONMENTAL PROTECTION :** Protecting and improving environment has become an integral part of the production plans of all the units. All statutory regulations regarding air, water, soil and noise pollution are strictly adhered to. We are committed to creating pollution free atmosphere in the factory premises. The above mentioned ISO 14000 accreditation will be a testimony to management's resolve to protect the environment.

**H. TRANSFER OF DIVIDEND :** Unclaimed Dividend for the year 1994-95 will be transferred to the General Revenue Account of the Central Government in January, 1999 in terms of sub section(5) of Section 205A of the Companies Act, 1956.

**I. DIRECTORS :** General Insurance Corporation of India has withdrawn its nominee, Mr. M.P. Modi from the Board and nominated Mr. R. Roy in his place. The Board places on record its appreciation for the services rendered by Mr. Modi during his tenure as director of the Company.

Mr. Baldev Pasricha, Dr. R.L. Choudhury and Mr. S.K. Mittal, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

**DEPOSITS :** The Company has not accepted any deposits from the public during the year under review. However, fixed deposits from the public amounting to Rs.5.07 Lacs were outstanding as on 30th June, 1998. There were 13 Deposits totalling Rs.1.24 Lacs which matured but were not claimed as on due date. Since then deposit totalling to Rs.1.24 Lacs has been paid.

**K. 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.

**L. 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.

**M. RESEARCH AND DEVELOPMENT :** All the units of the Company strive to make innovative changes to improve its product and quality to meet the international standards.



**USHA (INDIA) LIMITED**

Some of the break throughs made by the in-house research and development team are as under:

- i) Development of 0.1% Tolerance Resistors of 1/4 watt for critical applications.
- ii) Development and production of Cathodic Protection Rectifier for Gas Authority of India Ltd.
- iii) Development and Production of nearly zero ohm resistors.
- iv) Solar Photovoltaic modules of 35 peak watt rating, based on our own silicon solar photovoltaic cells have obtained approval from Solar Energy Centre, Ministry of Non-Conventional Energy Sources, Government of India.
- v) Development of Microwave Plasma Edge Etching Machine for edge etching of a coin stack of 100 wafers at a time, for Solar cell production line, for increasing production capacity.
- vi) Development of Medium Voltage Diode Chips.

**N. 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.

**C. 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.

**3. 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 : 31st August, 1998

**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 :
1. Thyristor convertors are used to feed correct energy to the motors.
  2. Energy is consumed when it is necessary.
  3. Power factor controllers (capacitors) are installed to have better P.F.
  4. Un-necessary losses in process and distribution process are minimised.
  5. Regular maintenance of all energy consuming equipments to obtain maximum energy conservation.
  6. Tube lights and sodium vapour lamps are used. Incandescent lamps are eliminated.
  7. Utility services being run as per requirement.
  8. Production units are scheduled to optimise use of energy.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : Power factor being improved if by additional capacitors.
- c) Impact of the measures at (a) and (b) : 1. Solar Power is being used for above for reduction of energy : lightening.  
consumption and consequent impact : 2. Reduction in consumption on the cost of production of goods. : per unit of production.
- d) Total energy consumption and energy : As per Form A  
consumption per unit of production :

**TECHNOLOGY ABSORPTION :**

- e) Efforts made in technology absorption : As per Form B
- FOREIGN EXCHANGE EARNINGS AND OUTGO :**
- f) Activities relating to exports, initiatives : NIL  
taken to increase exports; development of new export markets for products and services; and export plans;
- g) Total foreign exchange earned. : Rs.1927.21 Lacs  
Used Rs.132.46 Lacs

**FORM A**

(See Rule 2)

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

POWER AND FUEL CONSUMPTION		Current year	Previous year
Electricity			
(a) Purchased			
Unit		209841	172480
Total amount (Rs.)		974181	834974
Rate/unit (Rs.)		4.64	4.84
(b) Own generation			
(i) Through diesel generator			
Units		13327	43586
Units per Ltr. of diesel Oil		0.78	1.5
Cost/Unit (Rs.)		14.10	5.64
(ii) Through steam turbine/generator		NIL	NIL
Coal (specify quality and where used)		NIL	NIL

	Current year	Previous year
3. Furnace Oil		
Quantity (k.ltrs.)	83 KL	52.5 KL
Total amount (Rs.)	873160	436325
Average rate (Rs.)	10520	8310
4. Others/internal generation	NIL	NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	Standards (if any) (MT)	Current year	Previous year
Galvanised plain/corrugated sheets		926.840	1712.465
Electricity	(Units)	226.40	255.00
Furnace oil	(Ltrs)	89.55	30.65
Coal	NIL	NIL	NIL
Others	NIL	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

- (a) Zero Ohm Resistors
  - (b) 0.1% Tolerance Resistors
  - (c) Development of Engineering cum production process for High Current, High Voltage Rectifier S 1107.
  - (d) High Power Transistor Chip for TO-3 package.
  - (e) Cathode Base Diode Chips
  - (f) Water Cooled High Current Rectifier upto 60KVA for Electrolytic and Metallurgical Plants.
  - (g) Electrostatic Precipitator
  - (h) Cathodic Protection Rectifier - Productionisation
  - (i) Microprocessor controlled High Current Rectifier
  - (j) Development of Schottky Diode Chips.
  - (k) Salt-Spray life of Galvanised steel sheets.
  - (l) Increasing of Higher Resistance and conductivity.
2. Benefits derived as a result of the above R & D.
- (a) Import substitution of Rectifier of the above R & D Chips & Transistor Chips leading to more cost competitiveness of the end products in the International market.
  - (b) FE saving and minimising the effect of depreciating Rupee against Foreign Currencies.
  - (c) Product diversification and entering into new areas of business.
  - (d) Higher Profitability and market share.
- Future Plan of action :
- (a) Thyristor Chips suitable for DCR 504, 604, 804, 1004 with DSIR financial assistance under Patcher Scheme.
  - (b) Multilayer CVD Passivated High Voltage Planar Transistors with DoE financial assistance under FRIEND'S SCHEME.
  - (c) Epitaxial Silicon growing on substrate Silicon Wafers of 4" and 6" dia by chemical vapour deposition with Technology Development Board's (Deptt. of Science and Technology)' financial assistance.
  - (d) High efficiency 135 mm x 135 mm and 150 mm x 150 mm Pseudo square monocrystalline Solar Cells suitable for 40 to 100 Watts rating panels with financial assistance from IREDA.
  - (e) Strategic alliance has been made with M/s Enertron of Spain for joint manufacturing of high efficiency inverters for Railways and solar Power Plants.
4. Expenditure on (R&D)
- |   |                 |
|---|-----------------|
| (a) Capital   | Rs. 136.08 Lacs |
| (b) Recurring   | Rs. 39.68 Lacs  |
| (c) Total   | Rs. 175.76 Lacs |
| (d) Total R&D expenditure as a percentage of turnover | 0.16%           |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
  - (a) Development of Indigeneous Spares and Process Improvements.
  - (b) Zero ohm Resistors commercial production started based on in-house R&D.
  - (c) Development of 0.1% Tol. Resistors in 1/4 Watts for critical application.
  - (d) Production and supply of Cathodic Protection Rectifier of 25 Volt /25 Amos. for Gas Authority of India.
  - (e) Production cum Engineering process for S1107 Diode.
2. Benefits derived as a result of the above efforts, product improvement cost reduction, development, import substitution, etc.
  - (a) Product improvement & development, e.g.: cost reduction, spares parts - developed as import substitution.
  - (b) Entering into critical areas of component segment.
  - (c) Export of High Power Devices for the first time.
  - (d) Saving of Foreign Exchange by import substitution.
  - (e) Introduction of new equipments to have broad based product range which will increase the turn-over and profitability of the company.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.
  - a) Technology imported : (i) Plastic packaging transistor devices technology from Samsung Electronics Corporation, Korea and Lesag HBB, Germany.
  - (b) Year of Import : 1995
  - c) Has technology been fully absorbed ? - Fully absorbed
  - d) If not fully absorbed, areas N.A. where this has not taken place, reasons therefor and future plans of action : N.A

Place : New Delhi  
Dated : 31st August, 1998

**( VINAY RAI )  
CHAIRMAN & MANAGING DIRECTOR**

**ARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30.06.1998.**

No	Name	Designation	Gross Remuneration (Rs.)	Qualification/ Experience	Date of Joining	Age (Years)	Last Employment
	Mr. Anil Rai	Vice Chairman & Managing Director	1556858	M.A.(Economics)	01.01.82 20 years	43	Vishwa Niryat (P) Ltd.
	Mr.A.K. Kanchan	Director	646058	B.Tech. M.Engg. (Canada) 17 years	24.09.94	41	Vikas Hybrids & Elect. Ltd.
	*Mr. A.K. Kakkar	G.M.Finance	130693	B.Com.FCA	16.09.86	49	Triveni Engg. Ltd.

S.No	Name	Designation	Gross Remuneration (Rs.)	Qualification/ Experience	Date of Joining	Age (Years)	Last Employment
4.	Mr.A.V. Jain	Sr. General Manager (Commercial)	357178	B.E.(Mech), M.Tech 33 years	07.08.96	52	India Gypsum Ltd.
5.	Mr.C.G.Ethirajulu	Vice President (Operation)	544858	B.E.(ECE) 27 years	05.05.95	50	Bharat Electronics Ltd.
6.	*Mr.D.D. Shah	Sr.G.M. (Marketing)	338258	B.E.(Elec.)DP. Marketing & Sales 20 years	01.10.97	44	Usha Marconi Micro Electronics Ltd.
7.	Mr.J.R.Gupta	Director	680443	M.A. 35 years	11.05.66	55	Bombay Woolen Mills (P) Ltd.
8.	Mr.K.C. Gupta	Director	698835	B.Com. Diploma in Costing 44 years	11.05.88	62	Usha Microprocess Controls Ltd.
9.	*Mr.N.M. Malik	Sr.Dy. Gen. Manager	87559	B.E.(Hons) Diploma in MST	01.04.98	47	Information Tech. (India) Ltd.
10.	Mrs. Ranjana Manglagiri	D.G.M. (HRD)	326856	M. Phil. PGDHRM 10 Years	01.06.95	39	NPC Ltd.
11.	*R.K. Shrivastava	General Manager	101046	MSC., PGD, DMM 30 Years	01.03.98	56	Zenith Overseas(P) Ltd.
12.	*Mr.R.S. Gupta	C.E. (Insurance)	113865	M.Com.LLB.LLFI 39 years	17.02.97	62	National Insurance Co., Ltd.
13.	Mr.R. Gopalan	General Manager	399200	Radio Serv.& B.Sc. Math. 30 years	12.08.92	54	Continental Devices India Ltd.
14.	Mr.S.Rajgopalan	DGM(Finance)	339237	MBA (FMS) 20 years	19.06.96	45	Cosmique Ltd.
15.	Mr.S.M.Venkata Raman	Sr.Vice President & Chief Executive	701782	M.A. AICS(U.K) 37 years	01.02.95	61	MSTC Ltd.
16.	Mr.Sandeep Sinha	Sr.G.M. (Operation)	392462	M.Tech.(SSM), M.Sc. (Elec.) 14 years	13.09.93	37	Onida, Delhi
17.	Mr.S.K.Mahajan	GM(Operation R&D, Co-ordination)	352473	M.Tech(Elec) M.Sc. (Phy) 22 years	01.05.96	48	Central Elec.Engg. Institute, Pilani
18.	Mr.Vinay Rai	Chairman & Managing Director	1619435	S.M.(EE)USA 24 years	01.01.73	49	First Employment
19.	Mr.V.Ramareddy	Head Tech.& Planning	368792	B.E.(Mech) 39 years	11.04.95	64	Steel Authority of India Ltd.
20.	Mr.V.Aravamudan	Vice President	410352	M.Tech, M.Sc. 34 years	17.05.96	57	Consultants Keonics Ltd.
21.	*Mr.Vivek Khanna	Sr. General Manager (Finance)	263682	CAIIB, MSc.(Phy) 23 years	01.12.97	43	J. K. Synthetics 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 employee for a part of the years.

On behalf of the Board,

Place : New Delhi  
Dated : 31st August, 1998

(VINAY RAI)  
CHAIRMAN & MANAGING DIRECTOR

## AUDITORS REPORT

TO THE MEMBERS OF  
USHA (INDIA) LIMITED

We have audited the attached Balance Sheet of Usha (India) Limited as at June 30, 1998 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 (1 B) 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.21159 lacs granted to subsidiaries as advance against allotment of shares/debentures 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 ad-

vances 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 aggregating during the year Rs. 50000 or more in respect of each party other than the 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 stock unserviceable or damaged stores, raw materials, or finished goods have been determined by the Company and necessary arrangements for loss have been made in accounts.
- The Company has complied with the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Accounts and Audits) Rules, 1975 with regard to deposits accepted from the public.
- The company has maintained reasonable records for the sale and disposal of realisable scrap. The company has no by product.
- The Company has an adequate internal audit system commensurate with the size and nature of its business.
- Maintenance of cost records have not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
- The Company has been regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities during the year.
- 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.
- 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 person

- 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 decrease in investment by Rs. 13658.37 lacs and the capital reserve by the same amount as further explained at Serial No. 8(e) in Schedule 'O' Notes on Accounts 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, 1998 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  
S K Bansal  
Partner

Place : New Delhi  
Date : 31-8-1998

## BALANCE SHEET AS AT 30TH JUNE, 1998

(Rs. in Lacs)

SCHEDULE	As at 30.6.98	As at 30.6.97
<b>SOURCES OF FUNDS</b>		
<b>1. Shareholder's Funds :</b>		
a) Capital A	53518.27	30958.11
b) Reserves and Surplus B	67478.33	67233.73
	120996.60	98191.84
<b>2. Loan Funds :</b>		
a) Secured Loans C	12095.16	11261.43
b) Unsecured Loans D	64.17	7014.10
	12159.33	18275.53
	133155.93	116467.37
<b>APPLICATION OF FUNDS</b>		
<b>1. Fixed Assets :</b> E		
a) Gross Block	18742.78	18068.95
b) Less : Depreciation	9769.96	7561.40
c) Net Block	8972.82	10507.55
d) Capital Work in Progress	8984.00	7210.96
	17956.82	17718.51
<b>2. Investments</b> F	93568.72	88924.99
<b>3. Current Assets, Loans and Advances</b>		
a) Inventories G	1174.30	1631.51
b) Sundry Debtors H	8875.78	6602.19
c) Cash and Bank Balance I	791.13	306.09
d) Loans and Advances J	31415.50	15233.80
	42256.71	23773.59
<b>Less : Current Liabilities and provisions</b>		
a) Liabilities K	21890.80	15644.57
b) Provisions	1028.42	929.69
<b>Net Current Assets</b>	19337.49	7199.33
<b>4. Miscellaneous Expenditure</b> L	2292.90	2624.54
(To the extent not written off or adjusted)		
	133155.93	116467.37
<b>Notes on Accounts</b> O		

### FOR AND ON BEHALF OF THE BOARD

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 & Mg. Director  
S.K. Mittal  
Jt. Mg. Director

Baldev Pasricha  
Lt. Gen. J.K. Khanna (Rtd.)  
Dr. R.L. Choudhary  
Varun Rai  
M.M. Kapur

Directors

M.L. Wadhwa  
J.R. Gupta  
K.C. Gupta  
A.K. Kanchan

Anil Rai  
Vice Chairman & Mg. Director  
Dr. M.C. Gupta  
Jt. Mg. Director

Whole Time Directors

Place : New Delhi  
Date : 31-8-1998



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

(Rs. in Lacs)

	CURRENT FINANCIAL YEAR	PREVIOUS FINANCIAL YEAR
<b>INCOME</b>		
Sales	112357.75	68048.99
Other Income	577.90	2094.90
<b>TOTAL</b>	<b>112935.65</b>	<b>90143.89</b>
<b>EXPENDITURE</b>		
Raw material consumed and finished goods	103368.82	82505.74
Manufacturing & other expenses	3225.37	2708.98
Interest	1581.47	1487.62
Depreciation	2235.20	2874.87
<b>TOTAL</b>	<b>110410.86</b>	<b>89577.21</b>
<b>Profit before Taxation</b>	<b>2524.79</b>	<b>566.68</b>
<b>Less : Provision for taxation</b>	<b>155.00</b>	<b>350.00</b>
<b>Profit after taxation</b>	<b>2369.79</b>	<b>216.68</b>
Previous Year Profit	5677.14	6012.34
Excess/deficit Provision Writtenback	—	(9.80)
<b>AVAILABLE FOR APPROPRIATIONS</b>	<b>8046.93</b>	<b>6219.22</b>
<b>APPROPRIATIONS</b>		
Dividend to Commulative Preference Share holders	304.00	304.00
Tax on dividend	30.40	30.40
Capital redemption reserve	1099.24	146.97
Debenture redemption reserve	724.56	60.71
General Reserve	178.00	—
Balance Carried to Balance Sheet	5710.73	5677.14
	<b>8046.93</b>	<b>6219.22</b>

Notes on Accounts

## FOR AND ON BEHALF OF THE BOARD

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

Vinay Rai  
Chairman & Mg. Director  
S.K. Mittal  
Jt Mg. Director

Anil Rai  
Vice Chairman & Mg. Director  
Dr. M.C. Gupta  
Jt. Mg. Director

S.K. Bansal  
Partner

T.K. Sadhu  
Company Secretary

Baldev Pasricha  
Lt. Gen. J.K. Khanna (Rtd.)  
Dr. R.L. Choudhary  
Varun Rai  
M.M. Kapur

Directors

M.L. Wadhwa  
J.R. Gupta  
K.C. Gupta  
A.K. Kanchan

Whole Time Directors

Place : New Delhi  
Date : 31-8-1998

## SCHEDULE "A" — SHARE CAPITAL

As at 30.6.98

As at 30.6.98

(Rs. in Lacs)

## Authorised :

80,00,00,000 (80,00,00,000) Equity shares of Rs. 10 each  
2,00,00,000 (2,00,00,000) Preference shares of Rs. 100 each

80000.00

20000.00

100000.00

80000.00

20000.00

100000.00

## Issued, Subscribed and Paid-up :

355895385 (305895385) Equity shares of Rs. 10 each  
Less : Allotment Money/Calls in Arrear Share Forfeiture  
800 Equity Shares of Rs. 10 each, paid Rs. 5 each  
19,00,000 (19,00,000), 16% Redeemable Cum. Preference  
shares of Rs. 100 each

35589.54

(1,531.31)

0.04

1900.00

10000.00

30589.54

(1,531.47)

0.04

1900.00

1,00,00,000, 12% Redeemable Non-Cumm. Preference  
share of Rs. 100 each

7560.00

75,60,000, 10% Redeemable Non-Cumm. Preference  
Shares of Rs. 100 each

53518.27

Note : (3.5 Lacs equity shares issued as  
bonus shares in the year 1982-83 by capitalising profits)

30956.11

## SCHEDULE "B" — RESERVES AND SURPLUS

## Capital Reserve :

Revaluation Reserve  
As per last Balance Sheet  
Deletion during the year  
Less : Depreciation Adjustment

25403.18

1056.87

3.44

24342.87

103514.06

78107.07

3.81

25493.18

## Central Govt. Subsidy

As per las Balance Sheet

26.24

24369.11

26.24

25429.42

## Share Premium Account

As per last Balance Sheet  
Addition during the year  
Less : Utilised during the year

33103.21

0.61

731.09

31688.37

1563.54

148.70

32372.73

33103.21

**SCHEDULE "B" CONTD---**

**As at 30.6.98**

**As at 30.6.97**

**Debenture Redemption Reserve**

As per last Balance Sheet  
Addition during the year  
Less : Transfer to General Reserve

679.91	757.22
724.56	60.71
<u>223.87</u>	<u>138.02</u>

1180.60 679.91

**General Reserve**

As per last Balance Sheet  
Transfer from Profit and Loss Account  
Transfer from Debenture Redemption Reserve

1563.75	1425.73
178.00	—
<u>223.87</u>	<u>138.02</u>

1965.62 1563.75

**Capital Redemption Reserve**

As per last Balance Sheet  
Addition during the year

780.30	633.33
<u>1099.24</u>	<u>146.97</u>

1879.54 780.30

Profit and Loss Account  
(As per account annexed)

5710.73	5677.14
<u>67478.33</u>	<u>67233.73</u>

**SCHEDULE "C" — SECURED LOANS**

**Debentures**

4,47,740-14% (1996-98) Non-Cummulative Debentures of Rs. 100 each (Series IV).  
(Residual value Rs. Nil [Rs. 30])  
50,00,000 (50,00,000) 19% Redeemable Non Convertible Debenture of Rs. 100 each  
8,00,000 (8,00,000) 19% Redeemable Non convertible debentures of Rs. 100 each.  
3,00,000-18.5% Redeemable Non convertible debentures of Rs. 100 each  
Interest accrued & due

0.00	134.32
5000.00	5000.00
800.00	800.00
300.00	—
<u>51.74</u>	<u>37.90</u>
6151.74	5972.22

**Term loans**

Industrial Development Bank of India (IDBI)  
Interest accrued and due

2000.00	2000.00
<u>96.63</u>	<u>—</u>
2096.63	—

Industrial Finance Corporation of India Ltd.

Technical Development Board

Deptt. of Electronics

Suppliers Credit

(Guaranteed by IDBI and Secured by charge on the assets of Samsung Division at Faridabad 1,69,400 units of US-64 scheme of UTI and counter guaranteed by two Managing Directors)

From Banks

1774.81	1500.00
170.00	—
161.00	—
<u>1242.36</u>	<u>1312.89</u>

(Bank Loans are Secured by charge under joint deed of hypothecation with consortium Banks on pari passu basis on immovable properties Present or Future of Electronics Division of the company and property at Faridabad and property of Galvanising and Bhimtal Division and current Assets including stock of Raw Material, Finished Goods and Book Debts of Electronics, Galvanising and Bhimtal Division and Guaranteed by two Managing Directors)

498.62	476.32
<u>12095.16</u>	<u>11261.43</u>

**SCHEDULE "D" — UNSECURED LOAN**

**As at 30.6.98**

(Rs. in Lacs)

**As at 30.6.97**

Fixed Deposits :

a) From Public  
Interest accrued and due

5.07	14.03
<u>0.10</u>	<u>0.07</u>
5.17	14.10

b) From Bodies Corporate  
Interest accrued and due

50.00	—
<u>9.00</u>	<u>—</u>
59.00	—

70,00,000, Zero% Non convertible debenture of Rs. 100 each

—	7000.00
<u>64.17</u>	<u>7014.10</u>

**Schedule "E" — Fixed Assets**

PARTICULARS	Gross Block (At Cost)			Depreciation			Net Block		
	BALANCE AS AT 1.7.97	ADDITIONS (DELETION)	TOTAL AS AT 30.6.98	UPTO 30.6.97	FOR THE YEAR	WRITTEN BACK ADJUSTMENT	TOTAL	AS AT 30.6.98	AS AT 30.6.97
Land	746.44		746.44					746.44	746.44
Building	1773.29	214.12	1987.41	692.96	115.62	0.00	808.58	1178.83	1080.33
Plant and Machinery	14034.09	599.33 (147.29)	14486.13	6450.95	1953.20	23.64	8380.51	6105.62	7583.15
Electric Installation	137.59	0.42	138.01	68.99	8.63	0.00	77.62	60.39	68.60
Electric Equipment	7.42	3.64	11.06	3.71	0.72	0.00	4.43	6.63	3.71
Air Conditioners	1109.31	2.59 (16.35)	1095.55	215.48	124.52	5.27	334.73	760.82	893.82
Office Equipment	115.59	7.55	123.14	52.83	19.60	0.00	72.43	50.71	62.76
Furniture & Fixtures	57.16	1.50	58.66	30.50	5.22	0.00	35.72	22.95	26.66
Vehicles	88.06	10.41 (2.09)	96.38	45.98	11.64	1.68	55.94	40.44	42.08
Total	18068.95	839.56 (165.73)	18742.78	7561.40	2239.15 0.00	30.59	9769.96	8972.82	10507.55
Previous Year	16314.98	2177.68 (423.71)	18068.95	4791.78	2878.68 (109.06)	—	7561.40	10507.55	—

Note :

1. Additions to Plant and Machinery includes Rs. 206.55 lacs (Rs. 31.22) on account off foreign exchange fluctuation.
2. Land includes cost of Leasehold Land Rs. 574.28 lacs (Rs. 574.28 lacs).
3. Depreciation for the year amounting to Rs. 0.51 lacs in respect of EPITAXIAL Division's has been capitalised.
4. The company had revalued Land, Building, Plant & Machinery in the earlier years on the basis of approved valuers reports. The balances standing as on date in revaluation reserve after adjusting depreciation on revalued amount is Rs. 361.10 lacs.