



# **36th Annual Report 1998-99**

Report  junction.com

**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.P. Setia (Nominee U.T.I.)  
 Mr. P.K. Sengupta (Nominee IFCI)  
 Mr. R. Roy (Nominee G.I.C. of India)  
 Mr. S.N. Mishra  
 Mr. Arun Bhagat  
 Mr. Moosa Raza  
 Mr. R.S. Gupta  
 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 & Chief Executive Officer  
 Co-Chairman & Chief Executive Officer  
 Managing Director  
 Managing Director  
 General Manager of Unit Trust of India  
 Chief General Manager of IFCI  
 Former Director & General Manager of Oriental Insurance Company Limited  
 Former Secretary General, Lok Sabha  
 Former Director, Intelligence Bureau, Ministry of Home Affairs, Govt. of India  
 Former Secretary, Steel, Govt. of India  
 Former Chairman & Managing Director of NICL  
 Prof. at Massachusetts Institute of Technology, USA

Mr. R.K. Garg  
 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.  
 (STA 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)

**GALVANISHING 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.)

**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  
 E-mail : Investor@usha.com

**CONTENTS**

Sr.No.	Page No.	Sr.No.	Page No.
1. USHA (INDIA) LIMITED	1-15	10. FIZ-COM LIMITED	55-58
2. USHA ISPAT LIMITED	15-22	11. USHA FERRO METALS HOLDINGS LTD.	58-60
3. MALVIKA STEEL LIMITED	23-31	12. USHA HOLDINGS (TELECOM) LTD.	60-62
4. USHA UDYOG LIMITED	31-35	13. KOSHIKA HOLDINGS LTD.	62-63
5. USHA IRON & FERRO METALS CORPORATION LTD.	36-40	14. USHA GENERAL FOODS LIMITED	63-65
6. RAM KRISHAN KULWANT RAI ENTERPRISES LTD.	40-43	15. USHA INFORMATION SYSTEMS LIMITED	65-67
7. USHA HOUSING DEVELOPMENT CO. LTD.	43-47	16. USHA HOTEL AND ESTATE HOLDINGS LTD.	68-70
8. USHA MARCONI MICRO ELECTRONICS LTD.	47-50	17. ORPHIC RESORTS LIMITED	70-74
9. BURR BROWN (INDIA) LTD.	51-55	18. SHREE GOVIND HOTEL & HEALTH RESORTS PVT. LTD.	74-76

## NOTICE

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

NOTICE is hereby given that the 36th Annual General Meeting of the Members of the Company will be held on Thursday, the 2nd December, 1999 at 10.A.M. at Ushapuram, UPSIDC Industrial Estate, Jagdishpur, Dist. Sultanpur, Uttar Pradesh - 227 817 to transact the following business:

**ORDINARY BUSINESS:**

- To receive, consider and adopt the Balance Sheet as at 30th June, 1999 and Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
- To declare dividend on Cumulative Preference Shares.
- To appoint a Director in place of Mr. R.K. Gupta who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. K.C. Gupta who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Ms. Karen R. Polenske who retires by rotation and being eligible offers herself for re-appointment.
- 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:**

- To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. R.S. Gupta be and is hereby appointed as Director of the Company."
- To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Moosa Raza be and is hereby appointed as Director of the Company."
- To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Arun Bhagat be and is hereby appointed as Director of the Company."
- To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. S.N. Mishra be and is hereby appointed as Director of the Company."
- To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 17 of the Companies Act, 1956 and other applicable provisions, if any, the Main Object Clause of the Memorandum of Association of the Company be and is hereby altered by addition thereto the following Sub-clauses 4A & 4B after the Sub-clause 4 in the Clause III of the Memorandum of Association of the Company:  
4 A. Carry on business of agricultural products To manufacture, process, prepare, can, refine, buy, sell and deal in whether as whole salers or retailers or as exporters or importers or as principal or as agent in foods of vegetables, preserved, dehydrated canned or converted agricultural products, fruits and vegetables, pickles and processed or unprocessed alongwith their derivatives and by products, intermediate products.  
4 B. Carry on business of cash crops To acquire by purchase or otherwise and to carry on the business of manufacturers or sellers, dealers, exporters in tea, coffee, cardomom, pepper, spices, rubber and other cash crops and to carry on the business of trading in all commodities and articles."
- 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 the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner:  
i) The first para in the existing Article 1 be substituted with the following:  
"Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act and/or the Depositories Act, 1996 or any statutory modification thereof in force at the date at which the Articles become binding on the Company."  
ii) The following new definitions be inserted after the definition of 'Proxy' in Article 1..  
"Member" means the duly registered-holder from time to time of the shares of the Company of any class and includes the subscriber(s) of the Memorandum of the Company and also every person whose name is entered as the beneficial owner of any share in the records of the Depository, but does not include the bearer of a share warrant of the Company issued in pursuance of Section 114 of the Act. "Beneficial Owner" shall have the meaning assigned thereto by Section 2(1)(a) of the Depositories Act, 1996.  
"Depository" shall have the meaning assigned thereto by Section 2(1)(e) of the Depositories Act, 1996.  
"Depositories Act, 1996" shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.  
"Securities & Exchange Board of India" means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.  
iii) The following new Article be inserted as Article 7A after Article 7:  
Intimation to Depository "Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to depository immediately on allotment of such securities."  
iv) Existing Article 13 be substituted with the following Article:

The Company not bound to recognise any interest in share other than that of Registered holder or Beneficial owner

"Save as herein otherwise provided, the Company shall be entitled to treat the person whose name(s) appears on the Register of Members/Debtentures as the holders of any share/debenture in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as may be required by law) be bound to recognise any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such share/debenture on the part of any other person, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and at its sole discretion decide to register any share/debenture in the joint names of any two or more persons or the survivor or survivors of them."

- v) The following para be inserted after Article 15(b):  
The Company to recognise interest in securities other than that of registered holder, under Depositories Act

"The Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with the Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996."

- vi) The following new Articles be inserted as Articles 15A, 15B, 15C and 15D after article 15:  
Power to company to dematerialise and rematerialise

"15A - The Company shall be entitled to dematerialise its existing shares, debentures, and other securities and rematerialise its such shares, debentures and other securities held by it with the Depository and/or other, its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any."

Option for Members

"15B - Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. A beneficial owner of any security can at any time opt out of a Depository. If permitted by law, in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities."

Securities in Depositories and Beneficial owner

"15C - All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners."

Rights of Depositories and beneficial owner

"15D - (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it..

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities attached to such of his securities which are held by a Depository."

- vii) The following new Articles be inserted as Articles 44A and 44B after Article 44:  
"Nomination"

"44A (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.  
(2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be, shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures of, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the shares, or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of, the Company in the manner prescribed under the Act, in the event of his death, during the minority."

## Transmission of Securities

"44 B-1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

- a) to register himself as holder of the share or debenture, as the case may be, or
- b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder as the case may be, could have made.

(2) If the nominee elects to be registered as holder of the share or debenture, himself as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

(3) A Nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys in respect of the share or debenture, until the requirements of the notice have been complied with."

- vii) The following new Article 163(3) be inserted after Article 163(2)(b)(2)

"Where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disks."

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

Place: New Delhi

Date: 23rd September, 1999

## 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 provision of Sub Section 5 of Section 205A of the Companies Act, 1956, the Company will transfer unclaimed dividend relating to the year 1994-95 and 1995-96 to the "Investor Education and Protection Fund" in January, 2002 and October, 2003 respectively. Once the amount transferred to the said fund, no claim shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment. Members whose dividend for the year 1994-95 and 1995-96 are still unpaid are advised to claim the dividend before the due date mentioned above.
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 18.00 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 15<sup>th</sup> November, 1999. They will undertake the journey at their own risk and responsibility and should ensure sufficient woolen clothing and blankets to protect against severe cold during overnight travel.
4. Shareholders are requested to intimate change of address, if any, to the Share Transfer Agents, M/s Information Technologies (India) Ltd. (Unit: Usha (India) Ltd., Leasag House, B-II/2, Mohan Cooperative Industrial Estate, Delhi-Mathura Road, Badarpur, New Delhi - 110 044, who are the Share Transfer Agents of the Company.
5. Investors holding securities in physical form and desirous of availing the nomination facility for nominating the person(s) in whom all rights of transfer and/or amount payable in respect of shares/debentures/deposits shall vest in the event of his/her death are requested to write to the Share Transfer Agent viz. Information Technologies (India) Ltd. in the address mentioned hereinabove for sending the nomination forms.
6. The Register of Contract/arrangement and Register of Directors' shareholding shall be open for inspection by the members during the continuance of the meeting.
7. The shareholders seeking any information with regard to accounts are requested to write to the Company atleast 10 days in advance so as to enable the Company to keep the information ready.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 18.11.1999 upto 02.12.1999 (both days inclusive).
9. Dividend recommended on Cumulative Preference Shares, 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 02.12.1999.
10. 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.
11. For quick redressal of investors grievances, the shareholders may correspond with the company at the E-mail address i.e. investor@usha.com.

## EXPLANATORY STATEMENT

Pursuant to Section 173 of the Companies Act, 1956

## RESOLUTION NO. 7, 8, 9 &amp; 10

Mr. R.S. Gupta and Mr. Moosa Raza were appointed as Additional Directors of the Company by circular resolution dated 19<sup>th</sup> November, 1998 and 23<sup>rd</sup> September, 1999 respectively. Mr. R.S. Gupta, retired as Chairman and Managing Director of National Insurance Co. Ltd. and

served insurance sector for about 36 years in various capacities. Whereas, Mr. Moosa Raza has got several years experience in the Indian Administrative Service (IAS) and retired as Secretary to Govt. of India.

Similarly Mr. Arun Bhagat and Mr. S.N. Mishra were also appointed as Additional Directors of the Company in the meeting of the Board of Directors dated 30.7.99. Mr. Arun Bhagat, retired as Director, Intelligence Bureau, Ministry of Home Affairs, Government of India and served Indian Police Service (IPS) for about 37 years in various capacities. Whereas, Mr. S.N. Mishra served the Indian Administrative Service (IAS, Orissa Cadre) for 35 years and retired as Secretary General, Lok Sabha.

All these directors are eminent personalities in their respective fields and they are the reservoirs of rich experience. The Company can tap their experience and their inductions on the Board will greatly help the over all development of the Company, particularly in the wake of Government of India's economic liberalisation policies in various sectors like insurance, infrastructure etc.

The above appointments were made in terms of Sections 260 and 289 of the Companies Act, 1956 and Articles 91 and 119 of the Articles of Association of the Company. The Company has received notices from certain members under Section 257 of the Companies Act, 1956 signifying their intention to propose the names of Mr. R.S. Gupta, Mr. Moosa Raza, Mr. Arun Bhagat and Mr. S.N. Mishra as Directors at the forthcoming Annual General Meeting alongwith the prescribed deposit. The Board recommends the resolutions for approval of the shareholders.

None of the Directors except Mr. R.S. Gupta, Mr. Moosa Raza, Mr. Arun Bhagat and Mr. S.N. Mishra are concerned or interested in the resolution.

## RESOLUTION NO.11

The Company was incorporated on 15-02-62 and the Main Objects of the Company in the Memorandum of Association was very limited. Now your Company has diversified the area of business to a very great extent and the Company intends to enter into a new life of business of agricultural products and trading in cash crops which has a very wide scope in the market. Further, the new area of business will enrich and strengthen the financial flow in the business. The proposed activities under the existing circumstances can be compounded conveniently and advantageously with the existing business of the Company.

For the purpose of expansion of business activities, the Main Object Clause of Memorandum of Association of the Company is to be altered in terms of Section 17 of the Companies Act, 1956. The proposed alteration requires the approval of the shareholders by means of a Special Resolution.

The Board recommends the resolution for approval of the shareholders.

None of the Directors shall be deemed to be concerned or interested in the resolution.

## RESOLUTION NO. 12

The Securities & Exchange Board of India (SEBI) has, announced a list of scrips including the scrips of Usha (India) Ltd., for compulsory demat trading by the institutional investors viz. FIIs, Financial Institutions, mutual funds, banks, OCBs. Other investors also have the option of keeping their securities in electronic form. The Company has already entered into a tripartite agreement with the National Securities Depository Ltd. and M/s. Aiankt Assignments Ltd. and the equity shares of the Company have been admitted as eligible security in the depository system.

Further, the Companies (Amendment) Ordinance, 1999 has provided that the holder(s) of securities of the Company shall have a right to nominate a person to whom the rights of securityholder(s) of the Company will vest in the event of his/her death.

In order to provide for suitable provisions in the Articles of Association of the Company, it is necessary to alter the Articles of Association. The Articles of Association can be altered by means of a special resolution of the shareholders.

The Board recommends the resolution for approval of the shareholders.

None of the Directors shall be deemed to be concerned or interested in the resolution.

## DIRECTORS' REPORT

## To the Members

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report on the business and operations of the Company and the Audited Statement of Accounts for the year ended 30<sup>th</sup> June, 1999.

**A. FINANCIAL RESULTS:** The performance of the Company this year is also impressive. The Company recorded a turnover of Rs. 1392.39 Crores against the previous year Rs. 1129.36 Crores registering an increase of 23.29 %. The net profit after tax also increased to Rs. 44.14 Crores (previous year Rs. 23.70 Crores) thus registered an increase of 86.24%. The above performance was achieved despite an increase in input costs and adverse economic situation prevailing all over.

(Rs. in Lacs)

	1998-99	1997-98
<b>TURNOVER</b>	<b>139238.83</b>	<b>112935.65</b>
Gross Profit	10022.26	6341.46
Less: Interest	2170.57	1581.47
Depreciation	2437.55	2235.20
Profit before taxation	4413.81	2524.79
Less: Provision for taxation	-	155.00
Profit after taxation	4413.81	2369.79
Add: Previous year's profit	5710.73	5677.14
Profit available for appropriation	10124.54	8046.93
<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	2361.79	1099.24
iv) Debenture Redemption Reserve	925.17	724.56
v) General Reserve	331.04	178.00
vi) Balance carried to Balance Sheet	6172.14	5710.73

**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 12% 4000000 Non



Cumulative Optionally Convertible Preference Shares of Rs. 100/- each aggregating Rs. 40 Crores on Private Placement basis.

**D. OPERATIONS AND FUTURE OUTLOOK:** The economic slow down experienced over the last two years, finally appears to be bottoming out, and there are some signs of prices of Electronic Components firming up and also a slight increase in domestic and international demand. With East Asian Crisis now behind us, the economy seems to be emerging from a long dark tunnel of recession and this will benefit Indian industry and trade. The GDP growth was higher at 5.8% in 1998-99 compared to a 5% growth in 97-98. Inflation has fallen to a 17 year low of a mere 1.85 percent and this rate is the lowest since August 1982 when it had touched 1.66 percent. Agriculture and allied sectors largely contributed to a higher GDP growth with the sectorial out put growing at 5.3%. Index of Industrial production has risen to 7.2 percent in May, 1999 against just 3.7 percent growth in May last year. Industrial growth is also increased to 6.3% against 4.2% for the same period last year. Economy, in general, is lately coming out of the slump. There are definite signs of revival. Semiconductor Industry, internationally, is looking up. Foreign currency market has been broadly steady. Capital market has recovered. Domestic Semiconductor market, however, remained sluggish.

To combat the sluggishness, company has embarked upon export of conventional electronics products and power products to new territories like TAIWAN, TURKEY, VENEZUELA and several other countries. This export drive has met with good success.

The Company's export-oriented plant continued to perform well and is functioning at its full capacity, which has been increased by 20% during the period under review. Your Company is now one of the world's largest TO-92 Transistors producing Plant. Accordingly, exports of the Company have gone up substantially.

During the year, Samsung awarded the "Star OEM" status to your company for outstanding export performance on quality, delivery, capacity utilisation continuously for three years.

The Solar Division of the Company has stabilized and continues to perform well. Epitaxy Project which has been partly funded by Technology Development Board is to be commissioned shortly.

The Wafer fabrication division has also stabilized and is improving the value addition of the company's products by way of backward integration.

In view of the pick up in international market and substantial backward integration which your company has undertaken, your directors look forward to the future with considerable optimism. The Company is also in the process of acquiring the running units of M/s Lesag HBB (I) Ltd. an existing company engaged in the business of manufacturing and sale of Semiconductor Devices of Transistor of TO-220 and 218 and DO-201 Diodes of international standards. After the proposed acquisition of the said units the Company can augment its production with the help of additional plant and machinery supported by World Class Technology acquired from Lesag HBB, Germany. All these factors will ultimately leads to economies of scale and hence, enhance the foreign exchange earnings and profitability of the Company.

The Company's Trading Stock has fared reasonably well but due to the continuing difficulty with liquidity problems in steel and other ferrous and non-ferrous items, the margins continued to be relatively lower.

In view of the growing importance of Information Technology in the world and the incentive given by the Government of India, your Directors have given a much greater thrust to the Information Technology Division during the year.

During the year returns on investments are not commensurate to money invested. However, the investments in Telecom will bear rich dividends in the coming years. Its move towards holding companies in Steel and Telecom is as per international practices.

As we are on the threshold of the millennium, your Directors are committed to take several measures and specific actions in the areas of cost reduction and increase the productivity of the Company. Greater emphasis will be made in the coming years to focus new investment in well defined present and future core areas, which would result in ensuring the enhancement of shareholders value.

The Board of Directors places on record with appreciation the whole hearted support received from its entire team and look forward to their continued support in meeting the challenges of the new millennium.

**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:** Manufacturing of quality product is the essence of your Company. Products of your Company are well accepted by overseas market. The Company pay special attention to continuous improvement in work culture and management. The Induction of Total Quality Through Speed at all levels in the organization has resulted in better utilization of available time and resources and made us cost and quality conscious. During the year Samsung Electronic Corporation, Korea awarded STAR OEM to our Company for the outstanding performance on quality, delivery and capacity utilisation. All the units of the Company was maintained ISO 9000 Certificate. The quality of the products of the Company has also won a price in Northern Regional Quality Circle Competition.

**G. ENVIRONMENTAL PROTECTION:** The Company is fully conscious to the needs of protecting the environment and factory premises from pollution. All statutory regulation regarding air, water, soil, and noise pollution are strictly adhered to. Electronic Division of the Company has obtained ISO 14000 Environmental Management System accreditation.

**H. TRANSFER OF DIVIDEND:** Unclaimed Dividend for the year 1994-95 and 1995-96 will be transferred to Investor Education and Protection Fund to be established by the Central Government in the year January, 2002 and October 2003 respectively in terms of sub section (5) of Section 205A of the Companies Act, 1956.

**I. DIRECTORS:** Mr. R.S. Gupta and Mr. U. Mahesh Rao have been appointed as Additional Directors of the Company w.e.f. 19.11.98 and 16.4.99 respectively. Industrial Finance Corporation of India has appointed Mr. P.K. Sengupta as its nominee Director on the Board of the Company w.e.f. 20.1.1999. Unit Trust of India (UTI) has withdrawn its nominee Mr. M.M. Kapur and in his place appointed Mr. M.P. Setia as its nominee Director.

Mr. J.K. Khanna and Mr. Baldev Pasricha, Directors of the Company have resigned from the Board w.e.f. 4.3.99 and 6.3.99 respectively. The Board places on record its appreciation for the services rendered by Mr. M.M. Kapur, Mr. J.K. Khanna and Mr. Baldev Pasricha.

Both Mr. Vinay Rai, Chairman & Managing Director and Mr. Anil Rai Vice-Chairman & Managing Director have been redesignated as Chairman & Chief Executive Officer (CEO) and Co-Chairman and Chief Executive Officer (CEO) of the Company respectively. Mr. S.K. Mittal and Dr. M.C. Gupta, Joint Managing Directors have been redesignated as Managing Directors of the Company.

Mr. R.K. Gupta, Mr. K.C. Gupta and Ms. Karen R. Polenske, Directors of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**J. 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. 53,500 were outstanding as on 30<sup>th</sup> June, 1999. There were 22 Deposits totalling Rs. 47,500 which

matured but were not claimed as on due date. Since then deposit totalling to Rs. NIL has been paid.

**K. Y2K COMPLIANCE:** As we are approaching the year 2000, a major concern throughout the world, more particularly for the industrial sector has been tackling the Y2K problem by updating all the computer hardware and software so that the system do not fail on the critical dates. Steps are being taken for the necessary upgradation/replacement/remediation of all the critical information technology systems in the Company. The Company has engaged the expert services of an outside agency and the estimated cost involved is about Rs. 10 Lacs. A contingency plan is being formulated to lessen the impact of any unforeseen disruption and ensure business continuity.

**L. CORPORATE GOVERNANCE:** Your Company is striving for excellence in management and is always ready to follow the best management practices, the first round of reform was directed to put the relevant code of Corporate Governance. To achieve the ideals of good Corporate Governance in the Company, your Board is taking continued interest in the policy making process including the strategic plan, organizational restructuring, implementation of risk management practices. The Company recognizes the interest of all stake holders, customers, shareholders, Government and the employees. With a view to enhancing the shareholders value, the Company is striving to achieve high levels of transparency and accountability by adopting best management practices. Your Board has formed various Sub-committees for giving focused attention on specific issues of operational significance. Details regarding the relevant code of "Corporate Governance" adopted by your Company are given in Annexure "A" to the Directors' Report.

**M. DEMATERIALIZATION OF SHARES:** The Company has already executed a tripartite agreement amongst National Securities Depositories Ltd. and M/s Alerikit Assignments Ltd., the R&T Agents for admitting the shares of our Company for demat. All the fully paid equity shares of the Company are eligible for dematerialization. The shareholders have the option to convert their holding into electronic form by dematerializing their share certificate. Large number of shareholders including Institutional investors have already opted for this facility.

**N. 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.

**O. 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.

**P. RESEARCH AND DEVELOPMENT:** All the units of the Company concentrate on innovative changes to improve its product and quality to match with international standard. The Company has a Government recognised R&D House which continues to strive for indigenous development of various products. Some of the inventions and innovations by our in-house scientists/engineers are as under:

1. Development of Cathodic Protection Rectifier.
2. Development of Solar Cells leading to 37 W Solar Panels alongwith a whole range of Solar products.
3. A range of small signal and medium power transistors.
4. Additional diodes including fast recovery and higher power diodes.

Department of Scientific and Industrial Research (DSIR) has sanctioned assistance to your company for a project to develop High Power Thyristors and the project is progressing satisfactorily.

**Q. 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. The Board has taken note of the Auditors' Observations and reply to the same has been given at Note Nos. 6(e) & (f) of the Notes on Account annexed to the Accounts at Schedule P, which are self explanatory.

**R. LISTING ARRANGEMENTS:** The Company's shares are listed on U.P., Delhi and Mumbai Stock Exchanges. The Company has paid listing fee to U.P. Stock Exchange upto 96-97 and also partly for 97-98. Listing fee of Delhi and Mumbai Stock Exchanges have been paid upto 95-96 and 97-98 respectively. The application for delisting have been made to Calcutta, Ludhiana and Cochin Stock Exchanges in the year 1994 and to Jaipur and Madras Stock Exchanges in the year 1995 and 1996 respectively, on account of infrequent and low volume of trading of our shares.

#### S. 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.

#### T. ACKNOWLEDGEMENT:

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) LTD.

VINAY RAI  
Chairman

Place: New Delhi  
Date: 30th July, 1999

#### 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 converters are used to feed correct energy to the motors.
2. Energy is consumed when it is necessary.
3. Additional power factor controllers (capacitors) are installed to have better P.F.
4. Unnecessary 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. Production units are scheduled to optimise the use of energy.

8. Load scheduling has been done to save energy.
9. ISO 14000 Accredition obtained.
10. Utility services being run as per requirement.
- (b) Additional investments and proposals, if any being implemented for reduction of consumption of energy.
- (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.
- (d) Total energy consumption and energy consumption per unit.

**B. TECHNOLOGY ABSORPTION:**

(e) Efforts made in technology absorption

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans;

(g) Total foreign exchange earned used

As per Form B

- (1) Participated in *Electronica-96* (Germany)
- (2) Tapped 8 new countries/markets and the company is exporting to more than 15 countries all over the globe.
- (3) Successfully designed products tailor made to the customers' requirements & meeting international standards.

Rs. 2487.55 Lacs  
Rs. 2083.36 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		
Units	621323	209841
Total amount (Rs.)	2974197	974181
Rate/Unit	4.79	4.64
(b) Own generation:		
(i) Through Diesel generators:		
Units	5159035	13327
Units per Ltr. of diesel Oil	0.51	0.78
Cost/Unit	4.17	14.10
(ii) Through Steam turbine/generator:		
Units		
Units per Ltr. Of fuel/gas	Nil	Nil
Cost/Unit		
2. Coal (specify quality and where used)	Nil	Nil
3. Furnace Oil		
Quantity (K. Ltrs.)	10.5 KL	83KL
Total amount (Rs.)	115335.00	873160.00
Average rate	11000.00	10520.00
4. Other/Internal generation (please give details)	Nil	Nil

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Products	Standards (if any)	Current Year	Previous year
GP/CC Sheets	M.T.	259.920	926.840
Electricity	Units	645.40	226.40
Furnace Oil	Ltr.	40.39	89.55
Coal	-	-	-
Others	-	-	-

**FORM B**

(See Rule 2)

**Form for disclosure of particulars with respect to Absorption. RESEARCH AND DEVELOPMENT (R & D)**

1. Specific areas in which R &amp; D carried out by the Company.

2. Benefits derived as a result of the above R &amp; D.

3. Future plan of action.

4. Expenditure on (R &amp; D)

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of turnover

1. Cathodic protection rectifier developed.
2. Diversified product range in TO 92 about 5 family amounting to 15 types.
3. Electroless plating for low ohms contacts.
4. Ongoing R&D on power devices in TO 220/ TO3 package.
5. Solar Cell for 37-39 watts modules developed.
6. R&D has carried out to increase Salt-Spray life of our Sheet.
7. For increasing Higher Resistance and conductivity R&D has carried out Highly Chromate Passivation.
1. TO 92, Solar in full production, power transistors in TO 220 & TO 3 on going.
2. Import substitution of rectifier leading to more cost competitiveness of the end products in the international market.
3. Demand of Telephone & Automobile Industries has increased due to substitute of Imported Tame Coated Sheets.
1. Complete R&D of TO 220 & TO3 packages types of power transistors and then focus on Schottky and fast diodes.
2. As per satisfaction of the market, further R&D will be done in the field of phosphate Passivation and one side coating.

Rs. 176.05 Lacs  
Rs. 66.99 Lacs  
Rs. 243.04 Lacs

0.18 %

**Technology absorption, adaptation and innovation:**

(i) Efforts, in brief, made towards technology absorption, adoption and innovation.

(ii) Benefits derived as a result of the above efforts.

(iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year)

(a) Technology imported

(b) Year of import

(c) Has technology been fully absorbed

(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

Solar cell and TO 92 fully absorbed. Efforts are being made to use latest technology for innovating for product diversification. Solar cell & TO 92 have reached full production level this year. Specific requirements, to suit the Industrial & Commercial market.

Plastic packaging transistor devices technology from Samsung Electronics Corporation, Korea and Lesag HBB, Germany.

1995

Yes, the technology has been fully absorbed.

N.A.

On behalf of the Board

VINAY RAI  
ChairmanPlace: New Delhi  
Date: 30th July, 1999

Particulars of Employees under Section 217(2A) of the Companies Act, 1956 &amp; forming part of the Directors' report for the year ended 30.06.99

Sr. No.	Name	Designation	Remuneration Gross (Rs.)	Qualification/ Experience	Date of Joining	Age (Years)	Last Employment
1.	Mr. A.K. Kanchan	Director	966080	B.Tech (IT/M.Engg.) Canada, 18 Years	29.09.94	42	Vikas Hybrids Elec. Ltd.
2.	Mr. Anil Rai	Co-Chairman & CEO	4257000	M.A. (Economics) 21 Years	01.01.82	44	Vishwa Niryat (P) Ltd.
3.	Mr. C.G. Ethirajulu	Vice President (Operation)	640148	B.E. (E.C.E.) 21 Years	05.05.95	51	Bharat Electronics Ltd.
4.	Mr. J.R. Gupta	Director	832788	M.A. 36 Years	11.05.66	56	Bombay Woolen Mills (P) Ltd.
5.	Mr. K.C. Gupta	Director	817468	B.Com. Dip. in Costing 45 Years	11.05.88	63	Usha Microprocess Controls Ltd.
6.	Mr. Mahesh Chadha*	Sr. G.M. (Marketing)	488648	B.Tech, MBA 16 Years	29.03.96	42	Osmo Electricals Private Limited
7.	Mr. R.S. Gupta*	C.E. (Insurance)	278002	M.Com., LLB, LLF 40 Years	17.02.97	63	National Insurance Co. Ltd.
8.	Mr. S.M. Venkataraman*	Sr. Vice President & Chief Executive	731893	M.A. AICS (U.K.) 38 Years	01.02.95	62	MSTC Ltd.
9.	Mr. Vinay Rai	Chairman & CEO	4257000	S.M. (EE) USA 25 Years	01.01.73	50	First Employment

**Notes:**

1. Gross salary includes salary, value of free accommodation, medical expenses, provident fund, leave travel allowance etc.
2. The nature of the employment & other terms & conditions of services of all employees are/were regular & governed by rules & regulations of the company as applicable from time to time.
3. None of the employees is a relative of any director of the company except Mr. Anil Rai & Mr. Vinay Rai who are brothers.
4. Asterisk denotes employed for a part of the year.

ANNEXURE - A TO DIRECTORS' REPORT  
CORPORATE GOVERNANCE

Usha (India) Ltd., the flagship Company of 'Group Usha' has committed to adopt the relevant Code of 'Corporate Governance' advocated by the Confederation of Indian Industry (CII). We, Usha (India) Ltd., believe in order to maximise the growth and long term shareholders' value, every Indian Corporate should laid down certain code and policies which will in turn help the over all development of a Company. The relevant recommendations of the CII adopted by the Usha (India) Ltd. are as follows:

**Board of Directors**

- The Board of Directors will meet at least six times in a year unless there is a special Agenda requiring Board approval.
- The Board will have agenda for the meeting sufficient for discussion half a day. Presentation on the working of plants shall also be planned.
- Composition of the Board:**  
Board consists of 10 Directors, out of which 8 are Non-executive including nominees of FIIs. The day to day management of the Company is entrusted to two professional Managing Directors.
- Non-executive Directors are as follows:**
  - Mr. U. Mahesh Rao - Ex- MD of GIC
  - Mr. S.N. Mishra - Retd. Civil Servant
  - Mr. Arun Bhagat - Retd. Civil Servant
  - Ms. Karen Polenske - Prof. at Massachusetts Institute of Technology, USA
  - Mr. R. Roy - Ex- MD of GIC - Nominee of GIC
  - Mr. M.P. Saha - GM of UTI - Nominee of UTI
  - Mr. P.K. Sengupta - Chief GM of IFCI - Nominee of IFCI
  - Mr. R.S. Gupta - Ex-Chairman & M.D. of NICL

All these Directors presently holds Directorship on other renowned companies, but, none of them holds Directorship in more than 10 listed companies.

**MATERIAL ROLE OF NON - EXECUTIVE DIRECTORS**

All the Non - Executive Directors on the Board are eminent personalities and have rich experience in their respective disciplines. These Directors are actively participating in the Board Meeting and if any problems crop up, suggesting remedial actions. Thus the Company is being benefited by the rich experience and guidance of the Non - Executive Directors. Audit Sub Committee is always being presided over by a Non - Executive Director and the comments of the Committee on the Audit Report would be discussing in the Board Meetings.

**ATTENDANCE OF DIRECTORS IN THE BOARD MEETINGS**

The Company ensure that the Board Meetings are held on the day, date and time, convenient to all its Directors especially Non - Executive Directors. The Company, in future will adhere to the minimum fifty percent attendance by all directors in the Board Meeting.

**KEY INFORMATION TO THE BOARD**

Un-audited Financial Results of the Company is being published in the leading English and Hindi newspapers every quarter as per the listing agreement with Stock Exchanges.

Internal Audit Report is being presented to Audit Sub - Committee and the Audit Sub Committee Members are examining the Report point-wise and suggesting remedial action as and when it is required.

Hence forth, the Company will place the following key information before the Board:

- Annual operating plans and budgets, together with up-dated long term plans.
- Capital budgets, manpower and overhead budgets.
- Show cause, demand and prosecution notices received from revenue authorities.
- Fatal or serious accidents, dangerous occurrences, and any effluent or pollution problems.
- Defaults such as non - payment of inter-corporate deposits, if any.
- Recruitment of Sr. Officers just below the Board level, including appointment or removal of the Company Secretary.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Material labour problems and their proposed solutions.
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the role of adverse exchange rate movement.

**AUDIT SUB-COMMITTEE**

The Company has already set up an Audit Sub - Committee consists of Non - functional directors including nominees of Financial Institutions. These Audit Sub - Committee members are highly experienced professionals in their respective fields. This Audit Sub Committee is constituted in accordance with the requirements of the Financial Institutions and good corporate governance code. In every meeting of the Audit Sub - Committee, the members are reviewing the Audit Report prepared by the Internal Auditors of the Company on various departments like Finance, Accounts, Secretariat etc. The observation of the Audit Sub Committee will be subsequently discussed and considered in the meeting of the Board of Directors.

**ADDITIONAL SHAREHOLDER'S INFORMATION**

High and low monthly averages of share prices in Mumbai and Delhi Stock Exchanges are given below:

Month	MUMBAI			DELHI		
	High	Low	Average	High	Low	Average
Jul. 98	4.50	3.25	3.88	5.15	4.00	4.58
Aug. 98	3.75	3.00	3.38	4.95	4.00	4.48
Sep. 98	4.95	3.50	4.23	4.25	3.55	3.90
Oct. 98	4.50	3.10	3.80	6.25	4.00	5.13
Nov. 98	7.80	3.55	5.68	4.00	3.50	3.75
Dec. 98	5.35	3.65	4.50	5.35	3.75	4.55
Jan. 99	5.30	3.60	4.45	5.50	3.25	4.38
Feb. 99	5.10	4.25	4.68	5.75	4.70	5.23
Mar. 99	9.30	3.55	6.43	8.10	4.00	6.05
Apr. 99	6.30	4.10	5.20	6.25	4.65	5.45
May 99	5.25	4.05	4.65	4.65	4.50	4.58
Jun. 99	4.70	3.90	4.30	4.50	3.75	4.13

**OTHER NON FINANCIAL DISCLOSURES**

Mr. Vinay Rai, Chairman and CEO and Mr. Anil Rai, Co-Chairman and CEO are brothers. Mr. Varun Rai, Director is the son of Mr. Vinay Rai. Apart from the above relation, none of the other directors have any of their relatives in employment of the Company or on the Board.

The Statutory Registers under the Companies Act, 1956 regarding the details of Directors and their disclosures of interest in other companies, firms etc. and Directors' shareholdings are being maintained by the Company and the same will be available for inspection during the Annual General Meeting.

No loans have been given to/or outstanding from any of the Directors of the Company.

A secretarial Compliance Certificate is being filed by the Company with the Registrar of Companies, Kanpur alongwith and forming part of the Annual Return, certifying that all the secretarial requirements under the Companies Act, 1956 have been adhered to during the year.

**KEY INFORMATION ON THE UNITS OF THE COMPANY**

The details and informations on the units of the Company including the full Audited Balance Sheet containing the total turnover, Profit and Loss Account, Cash Flow Statement, Directors' Report are being placed before the Board of Directors every year soon after the closure of financial year of the Company. The Directors' Report of the Company contains details like total turnover, profit, rate of dividend declared, action taken for Environmental Protection, Particulars of Conservation of Energy, progress in Research and Development etc. Moreover, Directors' Report of the Company reflect a complete picture of the operation and future outlook of the Company.

The details pertaining to foreign exchange earned and used by the Company also will appear in the annexure of Directors' Report.

**AUDITORS' REPORT****TO THE MEMBERS OF  
USHA (INDIA) LIMITED**

We have audited the attached Balance Sheet of Usha (India) Limited as at June 30, 1999 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:

- 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 and 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 enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order:
- Further to our comments referred to in paragraph 1 above
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account, 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 purposes of our audit, have been received from the branches, not visited by us.
  - The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account and returns.
  - In our opinion, the profit and loss account and the balance sheet comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, subject to non compliance of Accounting Standard-13 on Accounting for Investment.
  - In our opinion and to the best of our information and according to the explanations given to us the said accounts, subject to the revaluation of investments resulting therein increase in investment by Rs. 24038.69 lacs and the capital reserve by Rs. 1367.27 lacs against revaluation reserve and increase in profit by the same amount, as further explained at Note No. 6 (e) in 'Schedule 'P' on Notes on Account, give the information required by the Companies Act in the manner, so required and give a true and fair view:
    - In the case of balance sheet of the state of the Company's affairs as at 30th June, 1999 and
    - 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 : 30th July, 1999

**ANNEXURE TO THE AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE.**

- 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 fixed assets. No material discrepancy have been noticed, in respect of the asset which have been physically verified during the year.
- 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 the nature of its business.
- The discrepancies noticed on physical verification between the physical stocks and book records were not material and the same have been properly dealt with in the books of account.
- 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 any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and to the companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956, except unsecured interest free loan of Rs. 23485.24 lacs granted to subsidiaries for which no terms and conditions are determined.

- (ix) 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 the business for which there is no stipulation with regard to repayment of principal, however, it is found that the repayments are satisfactory.
- (x) There is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment, other assets and for the sale of goods.
- (xi) The transactions of purchase of goods and materials and sale 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 to Rs. 50000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties other than sale and purchase with subsidiary company which are reasonable taking into consideration the established source of supply and services.
- (xii) 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 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 30th June 1999 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.

For and on behalf of **BANSAL & CO.**  
Chartered Accountants  
**S. K. BANSAL**  
Partner

Place: New Delhi  
Date: 30th July, 1999

## BALANCE SHEET AS AT 30TH JUNE 1999

(Rupees in Lacs)

SCHEDULE		As At 30.06.99	As At 30.06.98
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds:</b>			
a) Capital	A	57216.31	53518.27
b) Reserves and Surplus	B	71477.91	67478.33
		<b>128696.22</b>	<b>120996.60</b>
<b>2. Loan Funds:</b>			
a) Secured Loans	C	12649.25	12095.16
b) Unsecured Loans	D	93.12	64.17
		<b>12742.37</b>	<b>12159.33</b>
		<b>141438.59</b>	<b>133155.93</b>
<b>APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets:</b>			
a) Gross Block	E	26296.13	18742.78
b) Less: Depreciation		13199.09	9769.96
c) Net Block		13096.04	8972.82
d) Capital Work in Progress		1882.65	8984.00
		<b>14981.69</b>	<b>17956.82</b>
<b>2. Investments</b>			
<b>3. Current Assets, Loans and Advances</b>	<b>F</b>	<b>103715.22</b>	<b>93568.72</b>
a) Inventories	G	1443.17	1174.30
b) Sundry Debtors	H	7013.56	8875.78
c) Cash and Bank Balances	I	488.52	791.13
d) Loans and Advances	J	31430.43	31415.50
		<b>40375.68</b>	<b>42256.71</b>
<b>Less: Current Liabilities and provisions</b>			
a) Current Liabilities	K	18584.86	21890.80
b) Provisions		1010.21	1028.42
		<b>20780.61</b>	<b>19337.49</b>
<b>Net Current Assets</b>			
<b>4. Miscellaneous Expenditure</b>	<b>L</b>	<b>1961.07</b>	<b>2292.90</b>
(To the extent not written off or adjusted)			
		<b>141438.59</b>	<b>133155.93</b>
Notes on Accounts	P		

## FOR AND ON BEHALF OF THE BOARD

As per our report of even date  
For and behalf of  
**BANSAL & CO.**  
Chartered Accountants  
**S.K. BANSAL**  
Partner

**R.K. GARG**  
Company Secretary

**ANIL RAI**  
Co-Chairman & CEO

**S.K. MITAL**  
Managing Director

**DR. M.C. GUPTA**  
Managing Director

**VARUN RAI**  
**ARUN BHAGAT**  
**S.N. MISHRA**  
**U. MAHESH RAO**  
**DR. R.L. CHOUDHURY**  
**R.S. GUPTA**  
**P.K. SENGUPTA**

Directors

**M.L. WADHWA**  
**J.R. GUPTA**  
**K.C. GUPTA**  
**A.K. KANCHAN**

Whole Time Directors

Place: New Delhi  
Date: 30th July, 1999



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1999

(Rupees in Lacs)

	SCHEDULE	Current Financial year	Previous Financial year
<b>INCOME</b>			
Sales		138292.77	110851.54
Other Income	M	945.86	1984.11
<b>TOTAL</b>		<b>139238.63</b>	<b>112935.65</b>
<b>EXPENDITURE</b>			
Raw material consumed and finished goods	N	125747.57	103368.82
Manufacturing and other expenses	O	3455.70	3225.37
Interest		2170.57	1581.47
Depreciation		3437.88	2235.20
<b>TOTAL</b>		<b>134824.52</b>	<b>110410.86</b>
<b>Profit before Taxation</b>		<b>4,413.81</b>	<b>2524.79</b>
Less: Provision for taxation		0.00	155.00
<b>Profit after taxation</b>		<b>4413.81</b>	<b>2369.79</b>
Previous Year Profit		5710.73	5677.14
<b>AVAILABLE FOR APPROPRIATIONS</b>		<b>10124.54</b>	<b>8046.93</b>
<b>APPROPRIATIONS</b>			
Dividend to Cumulative Preference Share holders		304.00	304.00
Tax on dividend		30.40	30.40
Capital redemption reserve		2,361.79	1099.24
Debenture redemption reserve		925.17	724.56
General Reserve		331.04	178.00
Balance Carried to Balance Sheet		6172.14	5710.73
		<b>10124.54</b>	<b>8046.93</b>

Notes on Accounts

P

FOR AND ON BEHALF OF THE BOARD

As per our report of even date  
For and behalf of  
**BANSAL & CO.**  
Chartered Accountants  
S.K. BANSAL  
Partner

R.K. GARG  
Company Secretary

ANIL RAI  
Co-Chairman & CEO

VARUN RAI  
ARUN BHAGAT  
S.N. MISHRA  
U. MANESH RAO  
DR. R.L. CHOUDHURY  
R.S. GUPTA  
P.K. SENGUPTA

Directors

S.K. MITTAL  
Managing Director

DR. M.C. GUPTA  
Managing Director

M.L. WADHWA  
J.R. GUPTA  
K.C. GUPTA  
A.K. KANCHAN

Whole Time Directors

Place: New Delhi  
Date: 30th July, 1999

(Rupees in Lacs)

## SCHEDULE 'A' - SHARE CAPITAL

As At 30.06.99

As At 30.06.98

<b>Authorized:</b>		
70,00,00,000 (80,00,00,000) Equity shares of Rs. 10 each	70000.00	80000.00
3,00,00,000 (2,00,00,000) Preference shares of Rs. 100 each	30000.00	20000.00
	<b>100000.00</b>	<b>100000.00</b>
<b>Issued, Subscribed and Paid-up:</b>		
35,58,95,945 (35,58,95,395) Equity shares of Rs. 10 each	35589.54	35589.94
Less: Allotment Money/Calls In Arrear	(1,531.27)	(1,531.31)
Share Forfeiture		
800 Equity Shares of Rs. 10 each, paid-up Rs. 5 each.	0.04	0.04
19,00,000 (18,00,000) 18% Redeemable Cum. Preference shares of Rs. 100 each	1900.00	1900.00
1,40,00,000 (1,00,00,000) 12% Redeemable Non-Cumm. Preference shares of Rs. 100 each	14,000.00	10,000.00
Less: Allotment Money/Calls In Arrear	(300.00)	
75,80,000 10% Redeemable Non-Cumm. Preference shares of Rs. 100 each	7560.00	7560.00
Note: (3.5 Lacs equity shares issued as bonus shares in the year 1982-83 by capitalising profits)	57218.31	53518.27

## SCHEDULE 'B' - RESERVES AND SURPLUS

## Capital Reserve:

Revaluation Reserve  
As per last Balance Sheet  
Addition (Deduction) during the year  
Less: Depreciation Adjustment

24342.87	25,403.18
56.81	(1,056.87)
3.11	3.44
<b>24396.57</b>	<b>24342.87</b>

## Central Government Subsidy

As per last Balance Sheet  
Addition during the year

26.24	26.24
15.00	-
<b>41.24</b>	<b>26.24</b>

## Capital redemption reserve

As per last Balance Sheet  
Addition during the year

1879.54	780.30
2361.79	1099.24
<b>4241.33</b>	<b>1879.54</b>

## Debenture Redemption Reserve

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

1180.60	879.81
925.17	724.56
0.00	223.87
<b>2105.77</b>	<b>1180.60</b>

USHA (INDIA) LIMITED

(Rupees in Lacs)

SCHEDULE 'B' CONTD...	As At 30.06.99	As At 30.06.98
<b>Share Premium Account</b>		
As per last Balance Sheet	32372.73	33103.21
Addition during the year	0.17	0.61
Less: Utilised during the year	148.70	731.09
	<b>32224.20</b>	<b>32372.73</b>
<b>General Reserve</b>		
As per last Balance Sheet	1965.62	1563.75
Transfer from Profit and Loss account	331.04	178.00
Transfer from Debenture Redemption Reserve	-	223.87
	<b>2296.66</b>	<b>1965.62</b>
<b>Profit and Loss Account</b>		
As per account annexed	6,172.14	5,710.73
	<b>71477.91</b>	<b>67478.33</b>
<b>SCHEDULE 'C' - SECURED LOANS</b>		
<b>Debentures</b>		
50,00,000 (50,00,000) 19% Redeemable Non-Convertible Debentures of Rs. 100 each	5000.00	5000.00
8,00,000 (8,00,000) 19% Redeemable Non-Convertible Debentures of Rs. 100 each	800.00	800.00
3,00,000 (3,00,000) 18.5% Redeemable Non-Convertible Debentures of Rs. 100 each.	300.00	300.00
Interest accrued & due	754.76	51.74
	<b>6854.76</b>	<b>6151.74</b>
<b>From Banks</b>		
(Bank Loans are Secured by way of charge under joint deed of hypothecation with consortium Banks on pari passu basis on immovable properties 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 and Bhimtal Division and Guaranteed by two Directors)	427.28	498.82
<b>Term loans</b>		
Industrial Development Bank of India Ltd.	1600.00	2000.00
Industrial Finance Corporation of India Ltd.	1774.81	1774.81
Technical Development Board	282.00	170.00
Department of Electronics	200.00	161.00
Interest accrued and due	337.28	96.63
Foreign Currency Loan		
EXIM Bank of India	239.49	-
	<b>4,413.58</b>	<b>4,202.44</b>
<b>Suppliers Credit</b>		
(Guaranteed by IDBI and Secured by way of charge on the assets of Samsung Division at Faridabad, 1,69,400 units of US-64 scheme of UTI and counter guaranteed by two Directors)	853.63	1242.36
	<b>12649.25</b>	<b>12095.16</b>
<b>SCHEDULE 'D' - UNSECURED LOAN</b>		
<b>Fixed Deposits:</b>		
a) From Public	0.54	5.07
Interest accrued and due	0.02	0.10
	<b>0.56</b>	<b>5.17</b>
b) From Bodies Corporate	78.26	50.00
Interest accrued and due	16.31	9.00
	<b>92.56</b>	<b>59.00</b>
	<b>93.12</b>	<b>64.17</b>

SCHEDULE 'E' - FIXED ASSETS							(Rupees in Lacs)		
PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	BALANCE AS AT 01.07.98	ADDITIONS (DELETION)	TOTAL AS AT 30.06.99	UPTO 30.06.98	FOR THE YEAR	WRITTEN BACK ADT.MENT	TOTAL	AS AT 30.06.99	AS AT 30.06.98
Land	746.44	-	539.44	-	-	-	-	539.44	746.44
Building	1987.41	(207.00) 35.24 (86.23)	1956.42	808.58	109.56	5.19	912.95	1043.47	1178.83
Plant and Machinery	14486.13	7494.86 (61.95)	21918.04	8,380.51	3149.96	7.38	11523.09	10395.75	8105.62
Electric Installation	138.01	12.59	150.60	77.62	9.08	0.00	86.70	63.90	80.39
Electric Equipment	11.06	1.54	12.60	4.43	1.29	0.00	5.72	6.88	6.63
Air Conditioners	1095.55	7.66	1103.21	334.73	106.78	0.00	441.51	661.70	760.82
Office Equipment	123.14	335.11 (1.69)	456.56	72.43	49.74	0.24	121.93	334.63	50.71
Furniture and Fixtures	58.66	2.42	61.08	35.72	4.46	0.00	40.18	20.90	22.94
Vehicles	96.38	5.25 (2.25)	99.38	55.94	11.07	0.00	67.01	32.37	40.44
TOTAL	18742.78	7894.47 (339.12)	26296.13	9769.96	3441.84	12.81	13199.09	13099.04	8972.82
Previous year	18068.95	839.56 (165.73)	18742.78	7561.40	2239.15	30.59	9769.96	8972.82	

Note :-

- Additions to Plant and Machinery includes Rs. 23.03 lacs (Rs. 206.55 lacs) on account of foreign exchange fluctuation.
- Land includes cost of Leasehold Land Rs. 387.28 lacs (Rs. 574.28 lacs).
- Depreciation for the year amounting to Rs. 0.95 Lacs (Rs. 0.51 Lacs) in respect of EPITAXIAL Division's assets has been capitalised.
- 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. 186.11 Lacs (Rs. 191.21 Lacs).
- Land and Building at 11/2 Mathura Road, Faridabad amounting to Rs. 525.00 Lacs (Rs. 525.00 Lacs) and Land at Bhimtal Division amounting to Rs. 59.10 Lacs (Rs. 59.10 Lacs) are pending registration in the name of the company.