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USHĀ
(INDIA) LTD.

**USHĀ (INDIA)
LIMITED**

2003-2004

Mr. Kulwant Rai

BOARD OF DIRECTORS

Mr. R.P. Sharma

Mr. S. C. Dikshit

Mr. R. C. Jain

Mr. Ashok Kumar Verma

Mr. Manish Dhawan

Dr. Ravindra Nath Sharma

Chairman Emeritus

Director

Nominee Director, UTI

Nominee Director, GIC

Whole Time Director

Whole Time Director

Whole Time Director

AUDITORS

P. Bholusaria & Co.
Chartered Accountants
26/11, Shakti Nagar,
New Delhi - 110 007

REGISTER & TRANSFER AGENT

RCMC Share Registry (P) Ltd.
1515, 1st Floor, Bhisham Pitamah Marg,
Near South Extn., Kotla Mubarakpur,
New Delhi-110003

REGISTERED OFFICE

Road No. 1
UPSIDC Industrial Estate,
Jagdishpur, Distt. Sultanpur,
Uttar Pradesh - 227 817

LOCATION OF PLANT

ELECTRONIC DIVISION
12/1, Delhi-Mathura Road,
Faridabad - 121 003 (Haryana)

CONTENTS

	PAGE NOS.
Notice	1
Directors' Report	3
Auditors Report	8
Balance Sheet as at 31st March. 2004.....	12
Profit and Loss Account for the Period Ended 31st March 2004.....	13
Schedules	14
Part-IV	27
Cash Flow Statement	28

NOTICE

NOTICE is hereby given that the 40th Annual General Meeting of the Members of Usha (India) Limited, will be held on Thursday, the 30th September, 2004 at 11.00 A.M at the Registered office, at Road No. 1, UPSIDC Industrial Estate, Jagdishpur, Distt. Sultanpur, Uttar Pradesh – 227 817 to transact the following businesses :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint Auditors to 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:

3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to provisions of Section 260 of the Companies Act, 1956 read with Article 91 of the Articles of Association of the Company, Mr. R. P. Sharma who was appointed as an additional director and is liable to cease in this Annual General Meeting and in respect of whom a notice as required under Section 257 of the Companies Act, 1956 proposing his appointment as director and necessary deposit have been received, be and is hereby appointed as a Director liable to retire by rotation."

4. 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 260 of the Companies Act, 1956 read with Article 91 of the Articles of Association of the Company, Mr. Ashok Kumar Verma who was appointed as an additional director and is liable to cease in this Annual General Meeting and in respect of whom a notice pursuant to Section 257 of the Companies Act, 1956 proposing his appointment as a Director and necessary deposit have been received, be and is hereby appointed as a Director liable to retire by rotation."

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 198, 269 read with Schedule XIII, 309,310,311 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) and in terms of Article 95A of the Articles of Association of the Company and subject to approval of Central Government, Mr. Ashok Kumar Verma be and is hereby appointed as Whole -Time Director of the Company for a period of five years w.e.f. 07.04.2004 upon such remuneration as detailed below:

Basic Salary : Rs. 14000 in scale of 14000-2000-22000
HRA : Rs. 50% of Basic Salary
Special Allowance : Rs. 7000 per month

Other Perquisites:

In addition to the salary, he shall also be entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, car, reimbursement of petrol, repair and maintenance expenses of car, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. Ashok Kumar Verma subject to maximum of 50% of Basic and HRA."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 198, 269 read with Schedule XIII, 309,310,311 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) and in terms of Article 95A of the Articles of Association of the Company and subject to approval of Central Government, Mr. Ashok Gupta be and is hereby appointed as Whole-Time Director of the Company for a period 06.05.2004 to 14.06.2004 upon such remuneration as detailed below:

Basic Salary : Rs. 12500 in scale of 12500 – 2000-20500
HRA : Rs. 8500/- p.m
Special Allowance : Rs. 4000 per month

Other Perquisites:

In addition to the salary, he shall also be entitled to perquisites like 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. Ashok Gupta subject to maximum of 50% of Basic and HRA."

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

"RESOLVED THAT pursuant to Section 260 of the Companies Act, 1956 read with Article 91 of the Articles of Association of the Company, Mr. Manish Dhawan who was appointed as an additional director and is liable to cease in this Annual General Meeting and in respect of whom a notice as required under Section 257 of the Companies Act, 1956 proposing his appointment as Director and necessary deposit have been received, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 read with Schedule XIII, 309,310,311 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) and in terms of Article 95A of the Articles of Association of the Company and subject to approval of Central Government, Mr. Manish Dhawan be and is hereby appointed as Whole-Time Director of the Company for a period of five years w.e.f. 06.05.2004 upon such remuneration as detailed below :

Basic Salary : Rs. 10000 in scale of 10000 – 2000- 18000
HRA : Rs. 6000/- P.M.
Special Allowance : Rs. 4000 per month

Other Perquisites:

In addition to the salary, he shall also be entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. Manish Dhawan subject to maximum of 50% of Basic and HRA."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 read with Schedule XIII, 309,310,311 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) and in terms of Article 95A of the Articles of Association of the Company and subject to approval of Central Government, Mr. Padam Dhanda be and is hereby appointed as Whole -Time Director of the Company for a period 06.05.2004 to 14.06.2004 upon such remuneration as detailed below :

Basic Salary : Rs. 10000 in scale of 10000 – 2000- 18000
HRA : Rs. 6000/- P.M.
Special Allowance : Rs. 4000 per month

USHA (INDIA) LIMITED**Other Perquisites:**

In addition to the salary, he shall also be entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. Padam Dhanda subject to maximum of 50% of Basic and HRA."

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

"RESOLVED THAT pursuant to Section 260 of the Companies Act, 1956 read with Article 91 of the Articles of Association of the Company, Dr. Ravindra Nath Sharma who was appointed as an additional director and is liable to cease in this Annual General Meeting and in respect of whom a notice pursuant to Section 257 of the Companies Act, 1956 proposing his appointment as Director and necessary deposit have been received, be and is hereby appointed as a Director liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 read with Schedule XIII, 309, 310, 311 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) and in terms of Article 95A of the Articles of Association of the Company and subject to approval of Central Government, Dr. Ravindra Nath Sharma be and is hereby appointed as Whole-Time Director of the Company for a period of five years w.e.f. 14.06.2004 upon such remuneration as detailed below :

Basic Salary : Rs. 10000 in scale of 10000 – 2000- 18000
HRA : Rs. 6000/- P.M.
Special Allowance : Rs. 4000 per month

Other Perquisites:

In addition to the salary, he shall also be entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Dr. Ravindra Nath Sharma subject to maximum of 50% of Basic and HRA."

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

"To note that the networth of the Company has further eroded in the period 2003 to 2004 (12 months) and therefore a fresh reference be filed with the Board for Industrial and Financial Reconstruction (BIFR) under provision of Sick Industrial Companies (Special Provisions) Act, 1985 and the Board of Directors of the Company be authorized to take such steps as necessary in this matter and further all acts, deeds and things etc, done by the Board of Directors be is hereby ratified."

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

Place : New Delhi

Date : 2nd September 2004

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 AT ROAD NO. 1, UPSIDC INDUSTRIAL ESTATE, JAGDISHPUR, DISTRICT SULTANPUR, UTTAR PRADESH – 227 817 AT LEAST 48 HOURS BEFORE THE MEETING.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September 2004 to 30th September 2004 (both days inclusive) in connection with Annual General Meeting.
4. Limited arrangement will be made for taking members located in Delhi to attend the Annual General Meeting at Jagdishpur, which is about 500 Kilometers away from Delhi. The arrangement will depend upon response received and will be strictly on **FIRST COME FIRST SERVED** basis. Interested individual members should intimate the Company on or before 26th September 2004.
5. The Register of Contract/arrangement and Register of Directors' shareholding shall be kept open for inspection by the members during the continuance of the meeting
6. The shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days in advance of the meeting so that the information called for can be made available at the time of meeting.
7. All documents referred to in the accompanying Notice and Explanatory Statement are kept 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 (2) of the Companies Act, 1956

ITEM NO. 3

Mr. R. P Sharma was appointed as an Additional Director by the Board in its meeting held on 7th April 2004. He is an independent non-executive director. In terms of Section 260 of the Companies Act, 1956 he ceases to be additional director at this annual general meeting however a notice as required in Section 257 of the Companies Act, 1956 along with prescribed deposit have been received proposing his appointment as Director liable to retire by rotation.

The Board recommends his appointment for the approval of the members. Except Mr. R. P. Sharma no other director is concerned or interested in this resolution.

ITEM NO. 4 & 5

The Board of Directors appointed Mr. Ashok Kumar Verma as an Additional Director in its meeting held on 7th April, 2004. The Company has received a notice under Section 257 of the Companies Act, 1956 along with prescribed deposit signifying his candidature for appointment as Director. He is M.Sc having experience of more than 20 years in Steel Electronics Industry. He is managing the Electronics-Division, Faridabad. Previously he was in charge of the Gauriganj Division of the Company. Since he had been working as AGM (Purchase), by the virtue of his appointment as Director he would become Whole-Time Director. The application has been moved to the Central Government for its approval for remuneration as required under Section 269 and Schedule XIII of the Companies Act, 1956. This proposed resolution may also be treated as an abstract of the agreement between company and Mr. Ashok Kumar Verma pursuant to section 302 of the Companies Act, 1956.

The Board recommends this resolution for the approval of shareholders. Except Mr. Ashok Kumar Verma no other director is concerned or interested in this resolution.

ITEM NO. 6

The Board appointed Mr. Ashok Gupta as an Additional Director in its meeting held on 6th May 2004. He is a Chartered Accountant having experience of more than 12 years in Accounts & Finance. Since he was working as AGM (Finance), by virtue of his appointment as Director, he became Whole-Time Director. The resolution may also be treated as an abstract of the agreement between the Company and Mr. Ashok Gupta

as required under Section 302 of the Companies Act, 1956. Since he resigned from the Whole Time Directorship on 14th June, 2004 therefore the approval of the shareholders is required only for the period 6th May 2004 to 14th June 2004.

The Board recommends this resolution for members' approval. Except Mr. Ashok Gupta, no other director is concerned or interested in this resolution.

ITEM NO.7 & 8

Mr. Manish Dhawan was appointed by the Board as an Additional Director as per the provisions of section 260 of the Companies Act, 1956. Since he had been working as Sr. Manager (Administration), by virtue of his appointment as Director, he would become Whole -Time Director. He is B.Sc. and having PGDBM and experience of more than 13 years in Administration & Personnel areas. The application has been moved to Central Government for its approval for remuneration as required under Section 269 and Schedule XIII of the Companies Act, 1956. This resolution may also be treated as an abstract of the agreement between the Company and Mr. Manish Dhawan as required under Section 302 of the Companies Act, 1956. In respect of his appointment as Director a notice as per Section 257 has been received in the Company along with necessary deposit.

The Board recommends the resolution for the approval of shareholders. Except Mr. Manish Dhawan, none of the directors is concerned or interested in the resolution.

ITEM NO. 9

Mr. Padam Dhanda was appointed by the Board as an Additional Director in its meeting held on 6th May, 2004. Since he was working as Sr. Manager (Marketing & Commercial), by virtue of his appointment as Director, he became Whole-Time Director. He is B.E (Industrial Electronic) having experience of more than 8 years in Domestic & International Marketing. This resolution may also be treated as an abstract of the agreement between the Company and Mr. Padam Dhanda pursuant to section 302 of the Companies Act, 1956. Since he resigned from the Whole Time Directorship on 14th June, 2004 therefore the approval of the shareholders is required only for the tenure of his office as Director.

The Board recommends this resolution for members' approval. Except Mr. Padam Dhanda, no other director is concerned or interested in this resolution.

ITEM NO. 10 & 11

Dr. Ravindra Nath Sharma was appointed by the Board as an Additional Director as per the provisions of section 260 of the Companies Act, 1956 in its meeting held on 14th June 2004. His term of office expires in this Annual General Meeting. In respect of his appointment a notice as required under section 257 of the Companies Act, 1956 has been received along with necessary deposit. He is Ph. D in Physics and having experience of more than 09 years in Electronics Industry. Dr. Ravindra Nath Sharma had been working as Senior Manager (Production); by virtue of his appointment as Director he would become Whole-Time Director. The application has been moved to Central Government for its approval for remuneration as required under Section 269 and Schedule XIII of the Companies Act, 1956. This resolution may also be treated as an abstract of the agreement between the Company and Dr. Ravindra Nath Sharma pursuant to Section 302 of the Companies Act 1956. The Board recommends the resolution for the approval of the shareholders. None of the Directors except Dr. Ravindra Nath Sharma is concerned or interested in this resolution.

ITEM NO. 12

In the Annual Accounts finalized for the period ended 31st March 2004 the accumulated losses have increased further and exceeds the net worth, which has resulted in total erosion of entire peak net worth. The Board of Directors have formed an opinion, based on the audited annual accounts for the period ended 31st March 2004, that the company, prima facie, a sick company as defined under Section 3(1) (O) of the Sick

Industrial Companies (Special Provisions) Act, 1985 and pursuant to the provisions of the said Act, a reference has to be filed with Hon'ble Board for Industrial and Financial Reconstruction (BIFR) within 60 days from the date of finalization of the accounts.

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

Place : New Delhi

Date : 2nd September 2004

COMPANY SECRETARY

DIRECTORS' REPORT

To

The Members

USHA (INDIA) LIMITED.

Your Directors present the 40th Annual Report of the Company with the Audited Statement of Accounts for the period ended on 31st March, 2004.

FINANCIAL RESULTS :

(Rs. in Lacs)

PARTICULARS	2003-2004 (12 months)	2001-2003 (16 months)
TURNOVER	659.79	1684.04
Profit/(Loss) before Interest & Depreciation	(419.40)	(4433.31)
Less: Interest	1782.33	2576.08
Depreciation	1059.07	2076.16
Net Profit/(Loss) after taxation	(3260.80)	(9085.55)
Less: Prior Period Adjustments	(4.59)	(1.16)
Add: Transfer from General Reserve	-	-
Profit/(Loss) brought forward from last period	(119827.64)	(110740.93)
Profit/(Loss) carried to Balance Sheet	(123093.03)	(119827.64)

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS AND FUTURE OUTLOOK

The Company has been concentrating on the core areas of production during the period. Despite working capital problem the company registered a turnover of Rs. 659.79 lacs against Rs. 1684.04 lacs in the previous period. The Company suffered the loss before interest and depreciation of Rs. 419.40 lacs against Rs. 4433.31 lacs in the previous period. The electronic industry has volatile market due to constant upgradation in technologies and consumer preference. From the last couple of years the Company is not receiving sufficient orders from the market due to recession in world over. The products of China and other countries are being dumped in India in large scale. The increasing role of World Trade Organization and total stoppage of export order from Fairchild (Samsung, Korea) are other reasons for the lower turnover. Due to liquidity problems, the company is not able to execute orders in time. However despite suffering cash losses, the Company is making all current statutory payments such as Excise duty, Custom duty, Sales tax, ESIC, Provident Fund, Wages, & TDS etc.

SUBSIDIARIES

Despite several letters and reminders, your company has not received any information from Malvika Steel Limited regarding its status and status of the shares pledged with the financial institutions. Since we are not able to find any information from Malvika Steel Limited therefore the Detailed Accounts and the Directors' Report of the subsidiary as required under Section 212 of the Companies Act, 1956 is not forming part of Annual Report of your company. In case the pledged shares have been transferred in the name of financial institutions, the holding of your company is reduced below 50%; and your company would not be in position to claim Holding Company status. Conversely, being the status quo maintained, Malvika Steel Limited is subsidiary of your company, Except MSL no other company is subsidiary of your company.

USHA (INDIA) LIMITED**DIRECTORS**

Mr. Vinay Rai and Mr. Anil Rai resigned from the directorship of the Company with effect from 16.08.2003. UTI appointment Mr. Satish Chandra Dikshit in place of Mr. Madan Pal Setia as its Nominnee Director with effect from 15.12.03. Mr. Rajeev Manchanda and Mr. Anil Kumar Jain resigned from the Board on 7th April, 2004. The Board places on record its appreciation for the services rendered by them. Mr. R. P. Sharma and Mr. Ashok Kumar Verma were appointed on the Board on April 7, 2004 as Additional Directors. Mr. Ashok Kumar Verma is designated as Whole Time Director. Mr. Ashok Gupta, Mr. Manish Dhawan and Mr. Padam Dhanda were appointed as Additional Directors on 6th May, 2004. Being employees of the Company they became Whole Time Directors. Mr. Ashok Gupta and Mr. Padam Dhanda resigned from the Board on 14th June, 2004 and Dr. Ravindra Nath Sharma was appointed as Whole Time Director from even date.

The Board of Directors appointed Mr. R. P. Sharma, Mr. Ashok Kumar Verma, Mr. Manish Dhawan and Dr. R.N. Sharma, as Additional Directors. The notices and prescribed deposits as required under Section 257 of the Companies Act, 1956 have been received and they are eligible for reappointment subject to approval of shareholders. The resolutions regarding their appointment are given in the notice calling Annual General Meeting.

DIVIDEND

The Company has incurred losses during the period; therefore no dividend has been recommended. Any dividend remaining unpaid / unclaimed for a period seven or more years has already been transferred to the Investor Education and Protection Fund established by Central Government under Section 205C of the Companies Act, 1956.

DEPOSITS

The Company has not accepted any deposits from the public during the period under review.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement your company is complying with the major provisions. A separate report on the Corporate Governance on compliance with various recommendations, as reviewed by the Practising Company Secretary, is enclosed as a part of the Annual Report.

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.

PARTICULARS OF EMPLOYEES

There was no employee in the company during the period who was getting remuneration more or equal to the limits as prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1957.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under sub section (2AA) of Section 217 of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the period ended on 31st March, 2004, such applicable accounting standards that are in the opinion of the Board practical, had been followed along with proper explanations relating to material departures.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial period and of the profit or loss of the Company for the period under report.
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) That the Directors had prepared the accounts for the period ended 31.03.2004 on a 'going concern basis'.

AUDITORS & AUDITORS' REPORT

The Board recommends for appointment of M/s P. Bholusaria & Co., Chartered Accountants, as Auditors of Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received a certificate from M/s P. Bholusaria & Co., Chartered Accountants to the effect that their appointment, if made, will be within the permissible limits under Section 224(1B) of the Companies Act, 1956.

The Board has taken note of the Auditors Observations and the replies to the observations have been given in Notes to the Accounts section of schedule "O" i.e. Significant Accounting Policies and Notes to the Accounts and are self-explanatory.

LISTING ARRANGEMENTS

The Company's shares are listed at 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. Due to severe liquidity crunch, listing fee to the stock exchanges could not be paid.

ACKNOWLEDGEMENT

The Board wishes to place on record their deep appreciation of the continued support of shareholders, suppliers, dealers, bankers and employees. The Board also acknowledges with gratitude the co-operation and assistance given by the Government Authorities and other business constituents.

**On behalf of the Board
For USHA (INDIA) LTD.**

R.P. Sharma
(Director)

A.K. Verma
(Whole Time Director)

Manish Dhawan
(Whole Time Director)

Dr. R. N. Sharma
(Whole Time Director)

Place : New Delhi

Date : 2nd September 2004

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
Power-Load Management and Capacitor Banks have been used properly to achieve optimum utilization of electricity.
- (b) Additional investments and proposals, if any being implemented for reduction of consumption of energy. : None
- (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. : Overall consumption of power has reduced by 10-15 percent.
- (d) Total energy consumption and energy consumption per unit :- As per Form A.

B. TECHNOLOGY ABSORPTION:

- (e) Efforts made in technology absorption As:- per Form B

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;

- (1) Regular participation in exhibitions abroad.
- (2) Usha products being exported to across the world markets.
- (3) Efforts are to increase penetration into new markets.
- (g) Total foreign exchange earning and outgo.

The required details are given in schedule 40(h) of the Notes to Accounts as attached with Balance sheet in this Annual Report.

FORM A

(See rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION:

	Current Year (12 Months)	Previous year (16 Months)
1. Electricity Purchased (HSEB)		
(a) Units	546545	936235
Total amount (Rs. in lacs)	23.06	39.53
Rate/Unit	4.22	4.22
(b) Own generation:		
(i) Through Diesel generators;		
Units	1372000	2688000
Units per Ltr. of diesel Oil	3.50	3.50
Cost/Unit	4.73	4.25
(ii) Through Steam turbine/ generator:		
Units	-	-
Units per Ltr. Of fuel/gas	-	-
Cost/Unit	-	-
2. Coal (specify quality and where used.)	-	-
3. Furnace Oil		
Quantity (K. Ltrs.)	-	5.4 KL
Total amount (Rs.)	-	108000/-
Average rate	-	20.00/-
4. Other/Internal generation	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	Standards (if any)	Current Year	Previous year
Electricity	Units	1589	1598.00

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 & D carried out by the Company.
 - i) Glass to metal seal for diodes caps – B-diode Development of Bharat Heavy Electrical Limited
 - ii) (BHEL) assembly for Loco-Railway shed.
 - iii) Development of Pigtails for Z-diode, U-Diode, Q+X+S+Z thyristors.
2. Benefits derived as a result of the above R & D.
 - i) Diodes with in-house developed cap are being used in the products.
 - ii) Zener Diodes are being supplied to M/s ECIL, Hyderabad.
3. Future plan of action : In house development of high current (greater than 600 AMPS) diode chips
4. Expenditure on (R & D)
 - (a) Capital NIL
 - (b) Recurring NIL
 - (c) Total NIL
 - (d) Total R & D expenditure as a percentage of turnover NIL

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- (i) Efforts, in brief, made towards technology absorption, adoption and innovation. NIL
- (ii) Benefits derived as a result of the above efforts. N.A

- (iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) N.A
 - (a) Technology imported NIL
 - (b) Year of import N.A.
 - (c) Has technology been fully absorbed N.A.
 - (d) If not fully absorbed, areas where this has not taken place, reasons there of and future plans of action. N.A.

CORPORATE GOVERNANCE**INTRODUCTION**

The Company believes in good Corporate Governance and has made it a practice and a continuous process of development. The Company's philosophy on Corporate Governance envisage the attainment of high level of transparency and accountability in functioning of the Company and places due emphasis on regulatory compliances. The highest standards of professionalism, integrity, accountability, fairness and social responsiveness have been the core competences of the Corporate Governance in the Company.

I. CORPORATE PHILOSOPHY:

The quintessential elements of Corporate Governance are transparency, accountability and responsibility. At Usha (India) Limited the emphasis is on enhancement of shareholders' value, long-term financial health of the Company, environment friendly production methods, and adopting best management practices and presentation of information.

II. BOARD OF DIRECTORS**a. Composition and Category of Directors**

The Board of Directors of the Company comprises of a combination of Executive and Non Executive Directors and more than one third of the Board are independent. The Board consists of six directors who have been from the distinguished areas having specialised knowledge and professional experience in diverse fields such as accounts, finance, administration, law and production etc. However during this period the Board of Directors of the company was subjected to constant restructuring and thus unable to comply listing agreement. At present there are three independent directors on the board. The composition and category of directors as on date are given below:

Name	Category	Designation
Mr. S. C. Dikshit	Non -Executive Director, Independent	Nominee Director, UTI
Mr. R. C. Jain	Non - Executive, Independent	Nominee Director, GIC
Mr. R.P. Sharma	Non Executive Director, Independent	Director
Mr. Ashok Kumar Verma	Executive Director	Whole Time Director
Mr. Manish Dhawan	Executive Director	Whole Time Director
Dr. Ravindra Nath Sharma	Executive Director	Whole Time Director

b. Attendance of Directors at the Meeting of Board of Directors.

Sr. No.	Date	Board Strength	No. of Directors Present
1.	18.06.2003	7	5
2.	28.07.2003	7	6
3.	31.10.2003	5	3
4.	31.01.2004	5	3

The Directors hold directorship in other companies. However, there is no director on the Board of the Company who is Director in more than ten Companies or act as Chairman of more than five committees across all companies in which he is a director.

USHA (INDIA) LIMITED**III. COMMITTEES OF BOARD OF DIRECTORS****A. AUDIT COMMITTEE**

The composition, names of members and Chairman are as under:-

Sr.No	Name of members	Member/Chairman
1.	Mr. S.C. Dikshit	Chairman
2.	Mr. R.C. Jain	Member
3.	Mr. R.P. Sharma	Member

The Audit Committee was constituted pursuant to requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The composition of the Audit Committee has been changing during the period however at present the composition is in line with the requirement of Section 292A of the Companies Act, 1956 as well as the Listing Agreement. The Audit Committee reviews the internal Audit report, Unaudited / Audited financial results, appointment of Auditors etc. and discuss the same periodically. The Audit Committee complies with term of reference as provided in the Listing Agreement. During the period under review the Audit Committee met four times on 18.06.2003, 28.07.2003, 31.10.2003 and 31.01.2004.

B. COMMITTEE OF DIRECTORS

A Committee of Directors has been constituted to manage the day-to-day affairs of the Company. The committee functions under the control, supervision and within the terms of reference as decided by the Board of Directors. The composition, names of members and Chairman are as under:-

Sr.No	Name of members	Member/Chairman
1.	Mr. R.P.Sharma	Chairman
2.	Mr. A.K. Verma	Member
3.	Mr. Manish Dhawan	Member
4.	Dr. Ravindra Nath Sharma	Member

Dr. M.C. Gupta, Mr. Rajeev Manchanda and Mr. Anil Kumar Jain were the members of the Committee and on their resignation Mr. R.P. Sharma and Mr. Ashok Kumar Verma were made members of the Committee. Mr. R. P. Sharma chairs the meetings of the Committee. The Committee has been authorized to exercise powers as delegated to it by the Board for efficient control on operational areas, for managing the affairs of the Company and for ensuring speedy disposal of matters requiring immediate approval. The Committee meets as and when any matter comes for its consideration and approval. During the financial period ended on 31st March 2004 the Committee met 09 (Nine) times for disposal of matters related to the business of the Company.

C. REMUNERATION COMMITTEE

The composition, names of members and Chairman are as under:-

Sr.No	Name of members	Member/Chairman
1.	Mr. R. C. Jain	Chairman
2.	Mr. S.C. Dikshit	Member
3.	Mr. R. P. Sharma	Member

The Remuneration Committee has been formed to meet requirement of the provision of Schedule XIII of the Companies Act, 1956 and also in compliance to recommendatory provision of Clause 49 of the Listing Agreement. The Committee has been empowered to recommend the remuneration payable to managerial personnel. During the period ended 31st March 2004 no meeting of the Committee was held.

D. INVESTORS' GRIEVANCE COMMITTEE

The composition names of members are given below :-

Sr.No	Name of members	Member/Chairman
1.	Mr. R.P. Sharma	Chairman
2.	Mr. A.K. Verma	Member
3.	Mr. Manish Dhawan	Member

Mr. Rajeev Manchanda and Mr. Anil Kumar Jain were the members of the Committee till 7th April 2004 and on their resignation Mr. R. P. Sharma and Mr. Ashok Kumar Verma were made members of the Committee. Mr. R. P. Sharma is the Chairman. The complaints and grievances of the shareholders are redressed by the Committee in its meeting. However the applications, requests and complaints regarding demat securities have not been redressed in time because of non-transfer of electronic data form erstwhile transfer agent to the present transfer agent. The detailed reports on the redressal of investors' complaints, securities transfer and transmission etc as given by the Share Transfer Agent are placed before Committee Meeting for consideration and review, and the same are ratified by the Board of Directors. During the financial period ended 31st March 2004 the Committee met more than fifteen times for disposal of matters relating to investors.

IV. REMUNERATION POLICY

The present directors on the Board have been appointed after the closure of financial year i.e. after March 31 2004, therefore no managerial remuneration was paid to them during the period. However the details of the remuneration paid to Mr. Rajeev Manchanda and Mr. Anil Kumar Jain, who were Whole Time Directors during the period are as follows:-

Name of the Director:

Mr. Rajeev Manchanda * [Whole Time Director]

Basic Salary : Rs. 18,000 p.m.

Other Perquisites: In addition to the salary, he was also entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, car, reimbursement of petrol, repair & maintenance exp. of car, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. Rajeev Manchanda subject to maximum of 50% of Basic and HRA.

Mr. Anil Kumar Jain * [Whole Time Director]

Basic Salary: Rs. 14,000 p.m.

Other Perquisites: In addition to the salary, he was also entitled to perquisites like medical reimbursement, leave travel concession for himself and his family, car, reimbursement of petrol, repair & maintenance exp. of car, club fees, medical insurance, earned leave, hard and soft furnishing etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors with Mr. A.K. Jain subject to maximum of 50% of Basic and HRA.

*Mr. Rajeev Manchanda and Mr. Anil Kumar Jain resigned with effect from 07th April 2004.

V. PARTICULARS OF ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS.

Particulars	F.Y. 1999-2000 (18 months)	F.Y. 2001 (11 months)	F.Y. 2001-2003 (16 months)
Day	Saturday	Wednesday	Tuesday
Date	2nd June, 2001	20th Feb. 2002	29th July 2003
Time	11.00 A.M.	11.00 A.M.	11:00 A.M.
Venue	Ushapuram, UPSIC Industrial Estate Jagdishpur Distt. Sultanpur U.P.	Ushapuram UPSIC Industrial Estate Jagdishpur Distt. Sultanpur U.P.	Road No. 1 UPSIC Industrial Estate Jagdishpur Distt. Sultanpur U.P.

Whether Special Resolutions:-

a) Were put through postal ballot last year, details of voting pattern	: NO
b) Person who conducted the postal ballot exercise	: NA
c) Procedure for postal ballot	: NA

VI. DISCLOSURES

- (i) **Disclosure on the materially significant party transactions of the company of material nature, with its promoters, Directors or the management their subsidiaries or relatives etc, that may have potential conflict with the interest of the Company at large:**

During this period the company has not entered in the transactions with any of the related parties, which were in conflict with the interest of the Company.

- (ii) **Details of Non-Compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during this year:**

The Company has complied with the requirement of regulatory authorities on matters related to capital market and no penalties imposed on the company during this period.

VII. MEANS OF COMMUNICATION

Quarterly financial results of the company are generally published in the PIONEER/ SWATANTRA BHARAT. Quarterly financial results of the company are not sent to each shareholder. The Company ensures that its financial results are sent to the concerned Stock Exchanges immediately after the same have been considered and taken on record by the Board of Directors. Further, it has also been noticed that the Mumbai Stock Exchange displays the Company's financial results on its own website very promptly.

VIII. INFORMATION REGARDING DIRECTORS PROPOSED TO BE APPOINTED**PARTICULARS OF DIRECTOR****DIRECTORSHIPS
IN OTHER
COMPANIES**

Mr. Rajendra Prasad Sharma is having postgraduate degree in commerce. He has experience of more than 30 years in accounts and finance areas. He is non-executive independent director. He is also the chairman of Committee of Directors and Investors' Grievance Committee.

NI

Mr. Ashok Kumar Verma is Master of Science. He is having experience of more than 20 years in Steel Electronics Industry. He is managing the Electronics-Division, Faridabad. Previously he was in charge of the Gauriganj Division of the Company. He was working as AGM (Purchase) in this Company before his appointment as Whole Time Director.

NI

Mr. Manish Dhawan was working as Sr. Manager (Administration), by virtue of his appointment as Director; he became Whole-Time Director. He is a graduate in Science and having Post Graduate Diploma in Business Management and experience of more than 13 years in Administration & Personnel areas.

NI

Dr. Ravindra Nath Sharma is Ph.D in Physics and having experience of more than 09 years in Electronics Industry. Dr. Ravindra Nath Sharma had been working as Senior Manager (Production); by virtue of his appointment as Director he would become Whole-Time Director.

NI

IX. GENERAL SHAREHOLDERS INFORMATION

The following information would be useful to our shareholders:

1. ANNUAL GENERAL MEETING

Date and time : 30th September, 2004 at 11.00 A.M
Venue : Road No. 1, UPSIDC Industrial Estate, Jagdishpur, Distt. Sultanpur, Uttar Pradesh - 227 817.

2. FINANCIAL YEAR

: 01.04.2003 - 31.03.2004 (12 months)

3. DATE OF BOOK CLOSURE

: 25.09.2004 to 30.09.2004
(both days inclusive)

4. LISTING ON STOCK EXCHANGES :

The securities of the Company are listed at following stock exchanges:

The Delhi Stock Exchange Association Ltd,
3/1, Asaf Ali Road, DSE House, New Delhi-110 002,

The Stock Exchange, Mumbai,

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 023 and

The Uttar Pradesh Stock Exchange Assn. Ltd.,

Padam Tower, 14/113, Civil Lines, Kanpur - 208001.

The status of listing fee paid has been given in the Directors' Report.

5. STOCK CODE

: 431 (BSE)

6. REGISTRAR & SHARE TRANSFER AGENT:

M/s RCMC Share Registry (P) Ltd is the Registrar and Transfer Agent of the Company. Presently, our share transfer agent processes the share transfers, which are received in physical form. The shareholders are also given the option to convert their shares in demat form. However due to some problems with erstwhile R&T Agent i.e. M/s Alankit Assignment Limited the demat requests are not being processed temporarily.

7. DEMATERIALISATION OF SHARES

Being notified by SEBI to be under Compulsory demat segment, the trading in Equity Shares of the Company is permitted only in dematerialized form. Presently 85487448 shares (24.02%) are being held in demat form whereas 270413669 (75.98%) are held physically.

8. DISTRIBUTION OF EQUITY SHAREHOLDING*

Nominal value Rs. (1)	Share-holders Number (2)	Shares Number (3)	% of Total (4)
Upto - 5000	360250	49715993	13.97
5001 - 10000	40	318206	0.09
10001 - 20000	16	225750	0.06
20001 - 30000	4	92590	0.03
30001 - 40000	1	40000	0.01
40001 - 50000	2	87898	0.02
50001 - 100000	1	62500	0.02
100001 and above	51	219870732	61.78
TOTAL	360365	270413669	75.98

* Physical only

9. CATEGORIES OF SHAREHOLDING*

CATEGORY	No. of Shares held	% of shareholding
Resident Individuals	49856700	14.01
Relatives of Directors	134543	0.04
Non-resident Indians - (non-repatriation basis)	16182	0.0001
Nationalized Banks	10732	0.0001
Unit Trust of India	44910	0.01
Indian corporate bodies (Other than group companies)	112262136	31.54
Group Companies	108088466	30.37
Total	270413669	75.97

*Physical only