

2000

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Annual Report 1999 - 2000

USHA INTERNATIONAL LTD. *It's a better life*

USHA INTERNATIONAL LTD.

Regd. Office: 19, Kasturba Gandhi Marg, New Delhi-110001



28.6.2000

NOTICE

The 47th Annual General Meeting of the Company will be held as scheduled below:-

DATE : 4.8.2000 (Friday)
 TIME : 11.00 A.M.
 VENUE : FICCI Auditorium, Tansen Marg,
 NEW DELHI-110001.

for transaction of the following business:-

1. To consider and adopt the Balance Sheet of the Company as at March 31, 2000 and the Profit & Loss Account for the year ended that day and the Directors' and Auditors' Reports, thereon.
2. To confirm that the Interim Dividend declared during the year by the Board of Directors be treated as the total dividend for the year 1999-2000.
3. a) To appoint Auditors to hold Office from the conclusion of this meeting until the conclusion of next Annual General Meeting and authorise the Board of Directors to fix their remuneration. M/s Thakur, Vaidyanath Aiyar & Co. are the retiring Auditors.
 b) To authorise the Board of Directors to appoint and fix the remuneration of Branch Auditors for various Branches of the Company in consultation with the Company's Auditors.
4. To appoint a Director in place of Mr. Deepak Shriram who retires by rotation and is eligible for re-election.
5. To appoint a Director in place of Mr. A.K. Jain who retires by rotation and is eligible for re-election.
6. To consider and if thought fit to pass with or without modification(s), the following resolution as Special Resolution:-
 "Resolved 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 by inserting the following as Articles 47A, 47B and 138A in the Articles of Association of the Company:-

Dematerialisation of Securities**Definitions**

47A.1 For the purpose of this Article:

"SEBI" means the Securities and Exchange Board of India.

"Depository" means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities and Exchange Board of India Act, 1992.

"Beneficial Owner" means a person or persons whose name(s) is/are recorded in the Register maintained by a Depository under the Depositories Act, 1996.

"Security" means such security as may be specified by SEBI from time to time.

"Member" in respect of dematerialised shares means the beneficial owner thereof, i.e. the person or persons whose name(s) is/are recorded as a beneficial owner in the Register maintained by a Depository under the Depositories Act, 1996 and in respect of other shares the person or persons whose name(s) is/are duly registered as a holder of share(s) in the Company from time to time and includes the subscribers to the Memorandum of Association.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the provisions of the Depositories Act, 1996 or otherwise.

Issue of Securities and option for investors

3. Notwithstanding anything contained in these Articles, every issue of security by the Company shall be in the dematerialised form and the Company shall intimate the details of allotment to the Depository immediately on allotment of such securities.

Investors to a new issue and the beneficial owner shall have the option to rematerialise the shares subsequent to the allotment or dematerialisation, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificates of the securities subject to the provisions of applicable laws, rules, regulations or guidelines. The shares so rematerialised shall bear new distinctive numbers so as to identify them from the shares not dematerialised.

Securities in depository mode to be in fungible form

4. All securities held in the depository mode with the Depository shall be dematerialised and be in fungible form. To such securities held by a depository on behalf of a beneficial owner, nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

Rights of Depositories and Beneficial Owners

5. 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 securities 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 other membership 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 register maintained by a Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

Service of documents

6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in depository mode, the records of the beneficial owner may be served by a depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a Depository as beneficial owner.

Distinctive numbers of securities held in the depository mode

8. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

Register and Index of Beneficial Owners

9. The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of members and holders of securities for the purposes of these Articles and the Act.

47B Nomination facility in respect of Shares/Debentures

Notwithstanding anything contained hereinabove, when a nomination had already been made in compliance with the provisions of section 109A and 109B of the Companies Act, 1956 or any statutory modifications thereto from time to time, the Board may transfer the Shares and/or Debentures in the name of the nominee on the death of all the joint holders provided sufficient evidence is produced by the nominee.

138A Payment of Dividend—Electronic Clearing System

Notwithstanding anything contained in the Articles of Association of the Company, any dividend declared may be paid by Electronic Clearing System through any sponsored Bank, after complying with the formalities prescribed from time to time."

By Order of the Board

Vinita

(VINITA CHAUDHRY)
ASSTT. CO. SECRETARY

NOTES TO NOTICE OF MEETING

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed w.e.f. 2.8.2000 to 4.8.2000 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Securities and Exchange Board of India introduced Depository system in 1996 with a view to enhance the efficiency of Capital Markets in India. The system offers various advantages to the Company and the investors, which inter-alia include elimination of voluminous and cumbersome paper work involved in the present script based system, avoidance of fake certificates being transacted in the stock market, saving in cost towards stamp duty payable on the market value of the shares etc.

The Company is compulsorily required to get its shares dematerialised as per the Circular of SEBI dated 29.5.2000.

In view of the above, it is proposed to get the shares of the Company dematerialised for which certain enabling provisions are to be incorporated in the Articles of Association of the Company.

Similarly, new clauses are proposed to be incorporated in the Articles of Association of the Company based on the amendment in the Companies Act, 1956 regarding the facilities relating to the Nomination of shares and also for the payment of Dividend through Electronic mode in addition to existing provision of payment by cheque/draft/warrant. Hence the Special Resolution in the accompanying notice which requires the approval of the members.

None of the Directors is concerned or interested in the above resolution.

By Order of the Board

Vinita

(VINITA CHAUDHRY)
ASSTT. CO. SECRETARY

Usha International Ltd., an enterprise of the Shriram Group, has been among the foremost companies to reach quality products to consumers.

use our products. And an effective way to strengthen existing loyalties as well as forge new bonds.

Building on this core foundation and,



For well over five decades now, our concerted marketing efforts in India and abroad have not only created successive new possibilities but, most importantly, lasting goodwill in the minds and hearts of those who've bought our products.

indeed, our greatest strength, rests our declaration of the Customer Millennium.

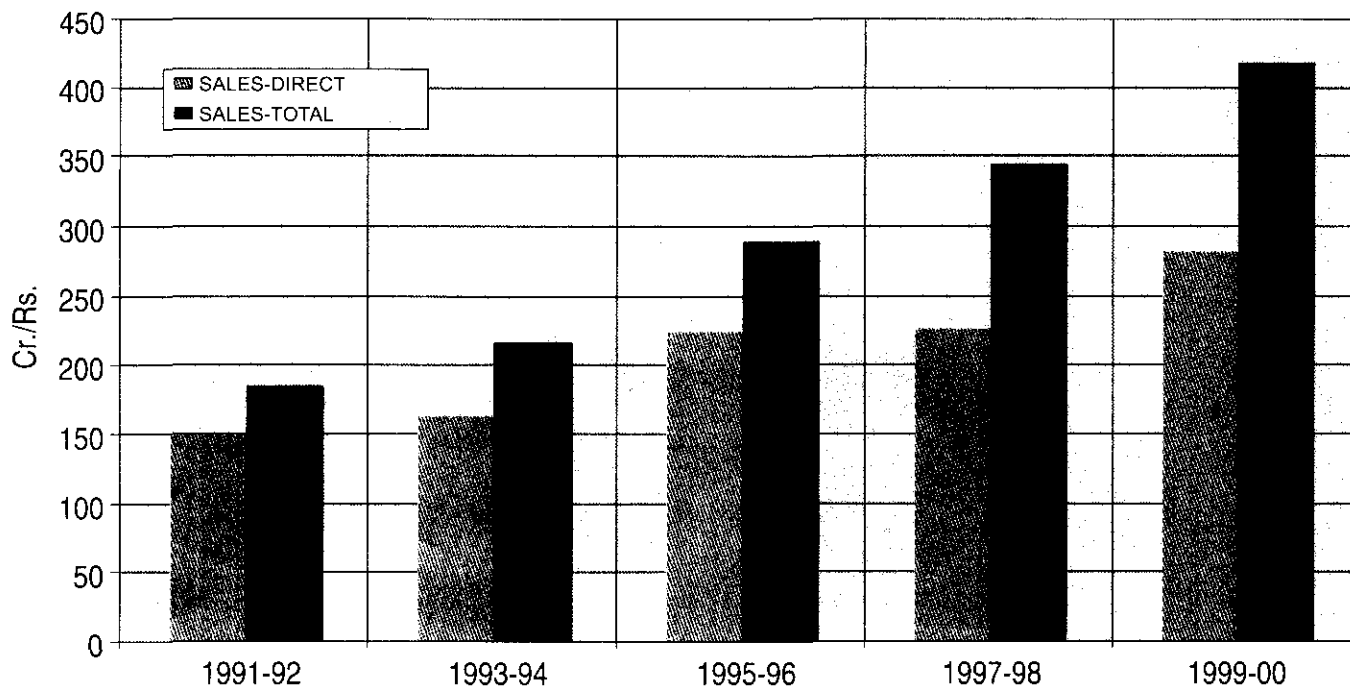
A concept that goes well beyond customer satisfaction and focuses on customer well-being. Because even in a century that is predicted to witness more rapid and unexpected change than any that has been before there is one promise, we believe, that will always continue to draw in customers.

The promise of a better life. Just the credo that we, at Usha International, live by everyday.

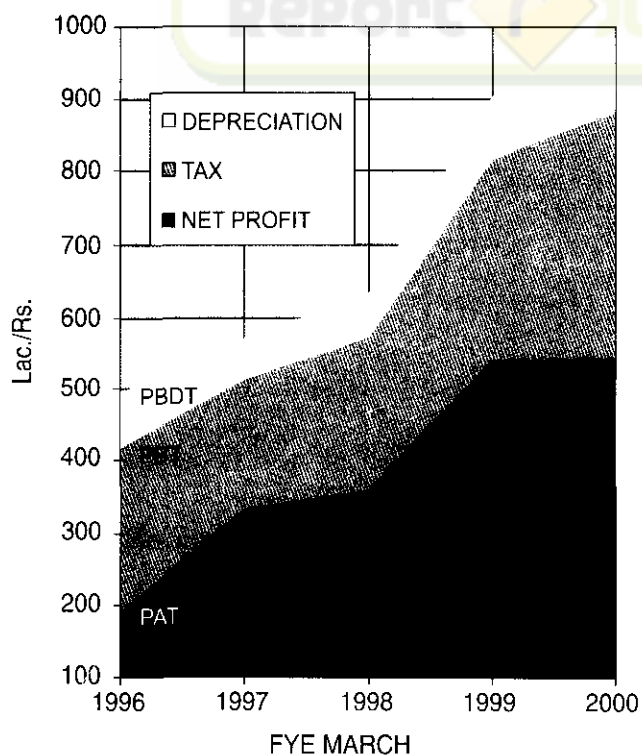
In fact, whether at home or overseas, improving, innovating and modernising our products has been a continuous process. A conscious means by which to better the lives of people who buy and

we, at Usha International, live by everyday.

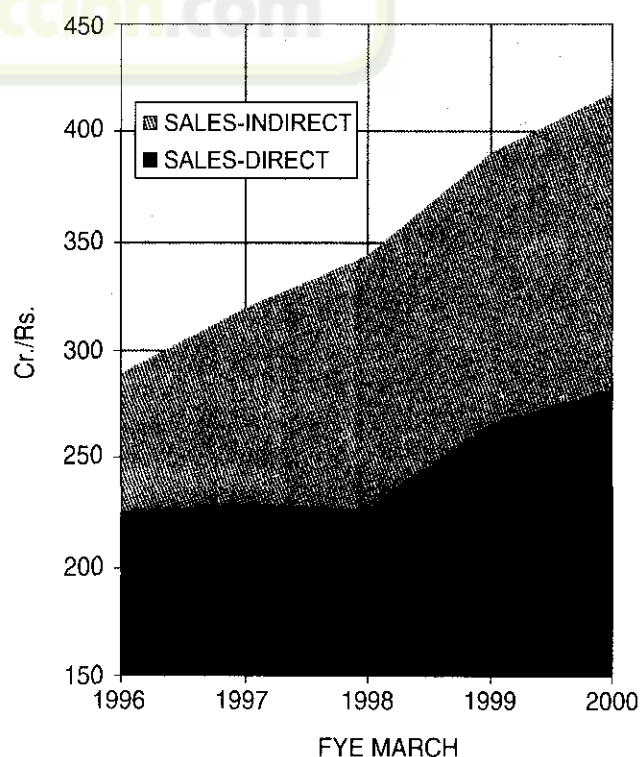
SALES

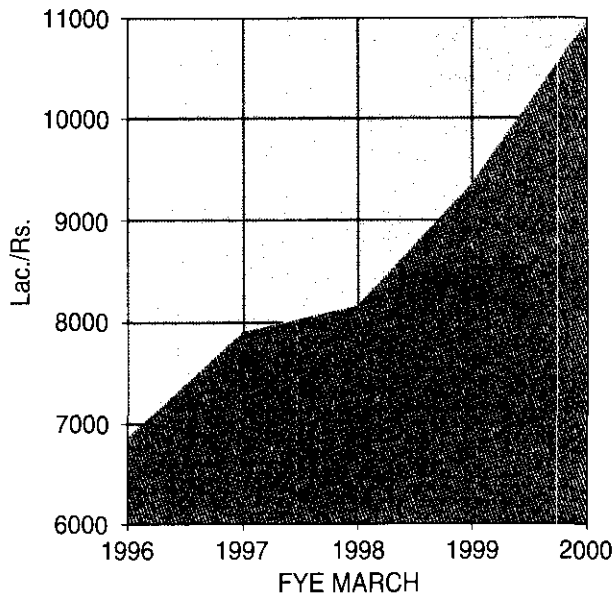
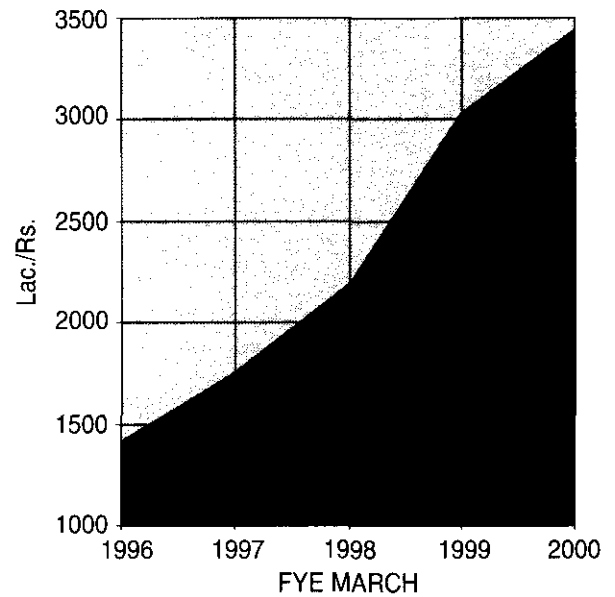


PROFITS



SALES



TOTAL ASSETS**NET WORTH**
TEN YEAR FINANCIAL SUMMARY

FYE MARCH

PARTICULARS	UNIT	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Revenue		10800	9200	8200	7800	6800	5800	4800	3800	2800	1800
Operating Expenses		7500	6500	5500	4500	3500	2500	1500	500	500	500
Operating Profit		3300	2700	2700	3300	3300	3300	3300	3300	2300	1300
Finance Income		100	100	100	100	100	100	100	100	100	100
Finance Expenses		100	100	100	100	100	100	100	100	100	100
Profit Before Tax		3300	2700	2700	3300	3300	3300	3300	3300	2300	1300
Income Tax		1000	800	800	1000	1000	1000	1000	1000	800	500
Profit After Tax		2300	1900	1900	2300	2300	2300	2300	2300	1500	800
Dividend		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Retained Profit		1300	900	900	1300	1300	1300	1300	1300	500	0
Capital Reserve		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
General Reserve		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Surplus		3300	2700	2700	3300	3300	3300	3300	3300	2300	1300
Assets		10800	9200	8200	7800	6800	5800	4800	3800	2800	1800
Liabilities		10800	9200	8200	7800	6800	5800	4800	3800	2800	1800

Directors

Mr. Siddharth Shriram-Chairman
Mr. A.K. Jain
Mr. Siddhartha Sen
Mr. Deepak Shriram
Mr. Sunil Wadhwa-Managing Director

Principal Executive

Mr. S.S. Singhal

Asstt. Company Secretary

Ms. Vinita Chaudhry

Bankers

Bank of Baroda

Auditors

Thakur, Vaidyanath Aiyar & Co.,
Chartered Accountants

Equity Shares Listed At

Delhi Stock Exchange
(Annual Listing fee paid for the year 2000-2001)

Regd. Office

19, Kasturba Gandhi Marg,
New Delhi-110001.

DIRECTORS' REPORT

The Directors present their 47th Annual Report alongwith audited accounts of the Company for the year ended March 31, 2000.

The gross profit for the year after provision of interest but before depreciation and taxes, amounted to Rs. 9.86 Crores against Rs. 9.04 Crores last year.

The Directors have recommended that the Interim Dividend @ 50% declared during the year be treated as total dividend for the year 1999-2000.

A sum of Rs. 55 lacs is being transferred to General Reserve, making it Rs. 14.3 Crores against Rs. 13.8 Crores last year.

The performance of your Company has been good considering the overall economic situation in the Country. Your Company has managed its affairs profitably and its total turnover during the year including indirect turnover of Rs. 136 Crores (Rs. 125 Crores during previous year) increased from Rs. 390 Crores to Rs. 417 Crores.

Exports including orders booked on manufacturers were also higher at Rs. 48 Crores during the year as against Rs. 46 Crores last year. Exports are expected to be much higher during current year in all the products.

Airconditioners and Water Coolers, which were hitherto being supplied to your Company by Siel Aircon Ltd. will now be manufactured by a Joint Venture Company (JVC) incorporated under the name and style of M/s Dalkin Shriram Airconditioning Pvt. Ltd. Our Company has entered into a non-compete agreement with the JVC against payment of a non-compete fee and have also been offered marketing rights for 5 States and all the North Eastern States. In addition, your Company has been given dealership for the products of JVC for all the Company Showrooms through out the country. This arrangement is likely to contribute significantly to the turnover/profits of the Company during the year.

Fixed Deposits amounting to Rs. 6.04 lacs pertaining to 42 depositors remained unclaimed at the close of the year; of these, deposits amounting to Rs. 3.64 lacs have since been paid/renewed during the current year.

Your Company had successfully undergone Y2K roll over. All the systems and equipments are functioning normal in the post Y2K environment.

Statement regarding subsidiary companies, pursuant to Section 212 of the Companies Act, 1956 is attached with the Accounts. The reports and accounts of the subsidiary companies are also attached.

The provisions for energy conservation and technology absorption are not applicable to the Company.

The observations of the auditors are self-explanatory and/or suitably explained in various notes to the Accounts.

Information relating to particulars of personnel u/s 217(2A) of Companies Act, 1956 is annexed and the amount of foreign exchange earned/utilised during the year has been given in the schedules which form an integral part of the report.

The Directors wish to place on record their sincere thanks to the Company's principals, its bankers, dealers and all its business associates for their continued support and record their appreciation of devoted services rendered by all ranks of Company personnel during the year.

On behalf of the Board

New Delhi
May 26, 2000

SIDDHARTH SHRIRAM
CHAIRMAN



AUDITORS' REPORT

To the members of Usha International Limited

We have audited the attached Balance Sheet of Usha International Limited as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent they are applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - (c) Reports of branch auditors have been received and the same have been considered.
 - (d) The Company's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns and in our opinion comply with the applicable mandatory accounting standards.
 - (e) Attention is drawn to Note No.5 regarding change in the valuation of stocks (necessitated by revised Accounting Standard AS-2) which has resulted in lowering the profits by Rs.14.54 Lacs.
 - (f) In our opinion and to the best of our knowledge and according to the informations and explanations given to us, the said accounts read together with Accounting Policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000 and
 - (ii) In case of the Profit and Loss Account, of the Profit for the year ended on that date.

For THAKUR, VAIDYANATH AIYAR & CO.

CHARTERED ACCOUNTANTS

New Delhi
May 26, 2000

V. RAJARAMAN
PARTNER

ANNEXURE REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF USHA INTERNATIONAL LTD. FOR THE YEAR ENDED 31ST MARCH, 2000

1. The Company has maintained proper records showing full particulars including quantitative details and situations of its fixed assets. The fixed assets were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
2. None of the Assets have been revalued during the year.
3. The stock in trade has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
4. The procedures of physical verification of stock followed by the Management as evidenced by the written procedures and instructions, are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification between physical stocks and book records, if material, are recovered from the persons in charge of stocks.
6. In our opinion, based on the examination of stock records, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles. Since the revised Accounting Standard AS-2 on Inventory valuation has come into force from 1st April 1999, the stocks have been valued on first-in first-out basis.
7. 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 and/or from the Companies under the same management as defined under Section 370 (1B) of Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, except in the nature of trade advances, to the companies, firms or other parties listed in the register maintained under Section 301 and/or to the Companies under the same management as defined under Section 370 (1B) of Companies Act, 1956.
9. The parties, to whom loans and advances in the nature of loans have been given by the company, are repaying the principal amounts as stipulated and are regular in payment of interest, where applicable.
10. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of traded goods and fixed assets, and the sale of traded goods.
11. The Company sells products mostly bearing the brand/patented name of the suppliers. We have been informed that these products are, in general, distinct, different in technical features and specifications and conform to the quality/reliability standards of the Company. Therefore, the comparison of prices paid by the Company for the products purchased by it in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, with the prices of other similar products available in the market does not arise.
12. According to information and explanations given to us, the company has complied with the directions issued by the Reserve Bank of India for acceptance of deposits by non-banking and non-financial companies and the provisions of Section 58A of the Companies Act, 1956, and the rules framed thereunder.
13. The company has an internal audit system commensurate with the size and nature of business of the Company.
14. According to the records of the Company, Provident Fund and Employees State Insurance Fund dues have been regularly deposited during the year with the appropriate authorities.
15. According to the records of the company and information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax and Sales Tax (which taxes alone are applicable to the Company) is outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.
16. On the basis of test checks carried out during the course of audit and according to information and explanations given to us, no personal expenses (other than those payable under contractual obligations or in accordance with generally accepted business practice) appear to have been charged to revenue account.
17. This being a trading Company, the Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to it. However, the Company is not "sick" as per the definition given in the said Act.
18. The damaged goods have been determined by the Management and necessary provision has been made for the loss in the books of account of the company.

For THAKUR, VAIDYANATH AIYAR & CO.
 CHARTERED ACCOUNTANTS

New Delhi
 May 26, 2000

V. RAJARAMAN
 PARTNER