

49th Annual Report

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

Directors

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

Principal Executive

Mr. S.S. Singhal

Asstt. Company Secretary

Mr. Amit Chaurasia

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 2002-2003)

Regd. Office

19, Kasturba Gandhi Marg,
New Delhi - 110001.



TEN YEAR FINANCIAL SUMMARY

PARTICULARS	UNIT	YEAR ENDING MARCH									
		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
SALES – TOTAL (INCLUDING ORDERS BOOKED ON PRINCIPALS)	Cr/Rs.	400.9	410.0	417.2	390.1	344.1	320.0	289.4	247.5	215.7	190.8
– DIRECT	Cr/Rs.	261.7	279.9	281.2	265.1	226.1	229.0	224.4	191.7	163.0	145.8
PROFIT – BEFORE DEP. & TAX	Cr/Rs.	7.1	9.1	9.9	9.0	6.3	5.7	5.0	4.6	4.0	3.1
– NET	Cr/Rs.	3.4	4.7	5.4	5.4	3.6	3.3	1.9	2.4	1.4	1.5
SHARE CAPITAL - PAID UP	Cr/Rs.	2.3	2.3	2.3	2.3	2.0	1.9	1.9	1.9	0.9	0.9
NET WORTH	Cr/Rs.	42.3	39.6	34.5	30.4	22.0	17.6	14.2	12.8	9.0	8.0
TOTAL ASSETS	Cr/Rs.	121.2	112.7	109.8	93.8	81.7	79.1	68.6	63.6	54.7	51.2
DIVIDEND – AMOUNT	Lac/Rs.	68.3	113.8	113.8	108.3*	48.4*	42.2	42.2	42.2	32.8	32.8
– RATE	%	30.0	50.0	50.0	50.0	25.0	22.5	22.5	22.5	35.0	35.0
BOOK VALUE PER EQUITY SHARE	Rs.	185.9	173.8	151.5	133.4	111.4	94.0	75.8	68.4	96.3	85.4
EARNING PER EQUITY SHARE	Rs.	14.8	20.6	23.9	23.7	18.2	17.7	10.1	12.8	14.5	15.7

* PRORATA

DIRECTORS' REPORT

The Directors present their 49th Annual Report alongwith audited accounts of the Company for the year ended March 31, 2002.

The gross profit for the year after provision of interest but before depreciation and taxes, amounted to Rs. 7.1 Crores against Rs. 9.1 Crores last year.

A sum of Rs. 34.0 Lacs is being transferred to General Reserve.

The Directors have recommended Dividend @ 30% to the Equity Shareholders.

Consumer Durables Industry, the business line of your Company, has been passing through a critical state of affairs partly due to the liberalization of the economy resulting in stiff competition with imported goods. Consequently, all the competitors have registered a decline in sales as well as profitability during the year. The Directors report that, despite the prevailing recessionary climate, your Company has been able to steer through and manage its affairs profitably with marginal decline in only Direct Turnover from Rs. 279.9 Crores to Rs. 261.7 Crores while the Indirect Turnover increased from Rs. 130.1 Crores to Rs. 139.2 Crores.

The Company has added various new products during the year including a Joint Venture with an American Company, M/s Hunter Fan Co. for "Hunter Fans", medium size Diesel Gensets and Inverters. These products are expected to contribute substantially to the profits of the Company during the coming years.

Exports including orders booked on manufacturers were higher at Rs. 81.9 Crores during the year as against Rs. 73.5 Crores last year. Exports are expected to be higher during current year and are expected to increase year to year.

Fixed Deposits amounting to Rs. 9.6 Lacs pertaining to 52 depositors remained unclaimed at the close of the year; of these, deposits amounting to Rs. 6.4 Lacs have since been paid/renewed during the current year.

The provisions of 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.

There were no employees covered under Section 217(2A) of the Companies Act, 1956.

The amount of foreign exchange earned/utilized during the year has been given in the Schedules, which form an integral part of the report.

As required under section 217(2AA) of the Companies Act, 1956, your Directors state:

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (ii) that the accounting policies selected and applied are consistent and the judgements and estimates made 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 the financial year and of the profit of the company for that period;
- (iii) that proper and sufficient care has been taken 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 annual accounts have been prepared on a going concern basis.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and a Certificate from auditors of the Company regarding compliance of conditions of Corporate Governance are annexed herewith and form part of this 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.

New Delhi
June 27, 2002

On behalf of the Board
SIDDHARTH SHRIRAM
(CHAIRMAN)



ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Company continues to firmly believe in and has consistently practised high standards of good Corporate Governance. The spirit of Corporate Governance prevailed in the Company and influenced its system of functioning long before the guidelines were codified. Your Company's Corporate philosophy is to attain highest level of transparency, accountability and equity in all facets of operations and in all interactions with its customers, shareholders, employees, government and lenders.

2. Board of Directors

The Board of the Company consists of a Managing Director and four Non-Executive Directors. During the year under review, 5 Board meetings were held on 28.5.2001, 26.7.2001, 10.8.2001, 30.10.2001 and 31.1.2002. Other related particulars of Directors are as under: -

Name	Category	Directorships in other Indian Public Ltd. Cos. (Nos.)	Committee Membership		Board Meetings attended (Nos.)	Attendance at last AGM
			Member	Chairman		
Mr. Siddharth Shriram	Non-Executive	12	3	2	4	Present
Mr. Sunil Wadhwa	Managing Director	-	1	-	5	Present
Mr. Siddhartha Sen	Non-Executive	3	1	2	4	Present
Mr. Deepak Shriram*	Non-Executive	4	1	1	3	Present
Mr. A.K. Jain	Non-Executive	-	2	-	4	Present

* Brother of Mr. Siddharth Shriram

3. Audit Committee

The Company has an Audit Committee. The powers, role and terms of reference of the Audit Committee are substantially as per the recommendations of SEBI.

The other details of Audit Committee are as under: -

Member Director	Category	Meetings attended (Nos.)	Sitting fees paid
Mr. Siddharth Shriram (Chairman)	Non-Executive	3	Nil
Mr. Siddhartha Sen	Non-Executive	3	Nil
Mr. A.K. Jain	Non-Executive	3	Nil

4. **Managerial Remuneration Committee**

Separate Remuneration Committee has not been formed. The remuneration of Directors is fixed by the Board. The remuneration policy is directed towards rewarding performance based on periodical review of achievements. Details of remuneration paid to Directors are given below: -

Name of Director	Sitting Fee (Lac/Rs.)	Salary & Perquisites (Lac/Rs.)	Commission @1% of Net Profits (Lac/Rs.)
Mr. Siddharth Shriram	0.08	-	7.49
Mr. Sunil Wadhwa	-	70.84	-
Mr. Siddhartha Sen	0.08	-	-
Mr. Deepak Shriram	0.06	-	-
Mr. A.K. Jain	0.08	-	-

Service Contract with the Managing Director is for 5 years from 27.01.1999 (Notice period - 6 months) and no Severance Fee is payable.

5. **Share Transfers and Shareholders/Investors Grievances Committee**

The Company has a Board Committee namely "Share Transfers and Shareholders/Investors Grievances Committee" to look into various issues relating to Shareholders including the redressal of complaints, Share Transfers/ Transmissions/issue of duplicate Share Certificates, non-receipt of Dividend, etc.

The meetings of this Committee are frequently held to ensure completion of share transfer work within the stipulated period and for proper and timely redressal of investors' complaints.

The details of the Committee Meetings are as under: -

Member Director	Category	Meetings Attended (Nos.)
Mr. Siddhartha Sen (Chairman)	Non- Executive	11
Mr. Sunil Wadhwa	Managing Director	11
Mr. Siddharth Shriram	Non-Executive	-
Mr. Deepak Shriram	Non-Executive	-
Mr. A.K. Jain	Non - Executive	2

The Board has designated Mr. Amit Chaurasia, Asstt. Co. Secretary as the Compliance Officer as per the SEBI Guidelines in this regard.

No Share Transfers were pending as on 31.3.2002.



The Company ensures that all correspondence / grievances of the investors are attended to within 7-10 days from the date of their receipt. Accordingly, all the letters received from Shareholders on various issues have been attended / replied.

6. **General Body Meetings**

The details of last three Annual General Meetings are as follows: -

Year	Location	Date	Time
2000-2001	FICCI Auditorium, Tansen Marg, New Delhi	10.8.2001	11.00 A.M.
1999-2000	FICCI Auditorium, Tansen Marg, New Delhi	4.8.2000	11.00 A.M.
1998-1999	FICCI Auditorium, Tansen Marg, New Delhi	28.7.1999	11.00 A.M.

No Special Resolutions were put through postal ballot last year.

7. **Disclosures**

During the year under review:

- There were no material/significant transactions with the Directors or the Management, their subsidiaries or relatives that have any potential conflict with interest of the Company at large.
- There has been no case of non-compliance by the Company, nor any cases of penalty, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to the capital market during the last three years.

8. **Means of Communication**

Quarterly/half-yearly results are published in prominent newspapers viz. the Financial Express and Jansatta for the information of shareholders/investors. These results are not sent to the Shareholders individually. However, the results are made available at the Company's website, www.ushainternational.com.

9. **Management Discussion and Analysis Report**

Usha International Ltd. (UIL) is one of India's largest consumer durable marketing Company and markets a diverse range of products. We are the first name in Fans, Sewing Machines, Home Appliances, Air Conditioners, Water Coolers, Diesel Engines, Motors, Pumpsets and Auto Products for over 50 million customers in 60 countries around the world. Our network reaches out to every corner of the country and includes 16 Divisional Offices, 28 Warehouses, over 50 Company retail outlets and 5,000 sales and service centres.

Competition is rampant not only from the organised sector but also from low quality variants available in the market and the readily available foreign brands. Carrying out periodic research to ascertain changing tastes and trends, UIL has always had its finger on the pulse of the market and its ear to the ground. This has helped UIL to launch innovative products to meet consumer demands.

The Company has proved its mettle and is today at the forefront of the country's economic growth. Usha Fans have strengthened their position as market leader with a range of over 150 models, which are constantly being added to. In Sewing Machines, we are the preferred brand, with stringent quality parameters and innovations. Keeping up with consumer demands many new products are being added to the Home Appliances range, while in the Water Lifting Equipment, technically advanced and competitively priced models are being introduced. ULL is fast emerging as a Company to be reckoned with in the power generation segment with small and medium capacity gensets having been successfully introduced. On the export front too, new avenues of growth are being exploited with new and improved models of Fans, Diesel Engines, Pumpsets and Auto Components.

The Company has internal control systems, the adequacy of which has been commented by the Auditors in their report. The financial performance of the Company is covered in the Directors' Report. Segmentwise performance has also been disclosed in the audited accounts of the Company.

To ensure development of Human Resources and to retain and attract the right talent, key initiatives have been taken in this area: -

- A two week Residential Programme was conducted on "Managerial Competence Enhancement" for Divisional Heads to equip them with skills and knowledge required for today's competitive environment.
- Very objective performance management system is in place to reward top performance.
- Recruitment from top MBA Institutes is done to have Young Dynamic Managers for the future.
- Participation in the nationwide Hewitt Best Employers Survey which gives feedback on our employees perception and corrective measures to be taken.

The number of persons employed as on March 31, 2002 were 1038.

10. General Shareholder Information

- Annual General Meeting is proposed to be held on 2nd Sept, 2002 at Kamani Auditorium, 1, Copernicus Marg, New Delhi -110 001
- Financial Calendar for the year 2002-2003 (tentative)

Financial Year	:	1 st April, 2002 to 31 st March, 2003
Financial Results (Unaudited) for Quarter Ending 30.6.2002	:	July, 2002
Financial Results (Unaudited) for Quarter Ending 30.9.2002	:	October, 2002
Financial Results (Unaudited) for Quarter Ending 31.12.2002	:	January, 2003
Audited Financial Results for the Year Ending 31.3.2003	:	May/June, 2003



Annual General Meeting for the Year Ending 31.3.2003	: August, 2003
Other Information	
Book Closure	: 16.8.2002 to 2.9.2002 (both days inclusive)
Dividend Payment	: Dividend Warrants will be sent to shareholders within 30 days from the date of AGM.
Listing on Stock Exchange	: The Delhi Stock Exchange Association Ltd. Listing fee has been paid for the year 2002-2003.
Stock Code	: 21004

Stock Market price data of Delhi Stock Exchange for the year 2001-2002 is as under:

Month	High (Rs./ Unit)	Low (Rs. / Unit)
2001 - April - June	60.40	60.40
- July	60.40	56.00
- August - March, 2002	56.00	56.00

Share Transfer System

The Share Transfer work is handled within the Company to ensure prompt and efficient service to the Shareholders. Valid Share Transfers are registered and duly transferred Share Certificates are despatched within 30 days from the date of receipt.

Categories of Shareholders as on 31st March 2002

Category	No. of Shares	% Shareholding
Individuals	813400	35.74
Corporates (excluding Promoters)	243312	10.70
Mutual Funds	24600	1.08
NRI's	43384	1.90
Promoters	1151304	50.58
TOTAL	2276000	100.00