

# 53<sup>rd</sup>

ANNUAL REPORT 2006



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



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**Directors**

Siddharth Shriram-Chairman  
Sunil Wadhwa-Managing Director  
Chhaya Shriram-Whole Time Director  
A.K.Jain  
N.K.Goila

**Principal Executives**

**Executive Director**

S.S.Singhal

**Vice-Presidents**

P.C.Bhandari  
D.S.Narang  
P.Narayan  
Anju Munjal  
M.R.Singh  
Ajay Gupta  
S.B.Khedkar

**Company Secretary**

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 2006-2007)

**Regd. Office**

19, Kasturba Gandhi Marg  
New Delhi - 110001

**Corporate Office**

Plot-3, Institutional Area,  
Sector-32, Gurgaon-122 001  
Haryana





## CHAIRMAN'S MESSAGE



Dear Shareholders,

Your Company has achieved the best results ever in the history of its existence. There are many reasons for it; one is that the dynamics of the market have taken all your Company's products in an upward spiral of sales, and consequential profitability. Simultaneously, the control over the operating aspects of the Company have been kept tightly in check, resulting in your Company being well governed. All the employees and associates of the Company need to be congratulated and celebrated, and I would like to thank them for their great effort.

What of the future ?

While trying to provide our shareholders with better results year after year, some of the constraining factors for your Company need to be noted, with a view to strategizing how to build a robust company for the future.

All companies in India are being extremely aggressive with their growth plans; many companies are acquiring synergistic companies in other countries; many foreign companies are increasingly participating in India in the same businesses that we operate in; many companies in India are growing so rapidly that their demand for human capital is eating heavily into the human resources of other companies, including that of ours; the financial marketplace is undergoing an upheaval; the value of the rupee is once again becoming unclear; there are many other competitive and constraining elements.

Arising out of these, the cost of decisions is becoming greater while the certainty of outcome is becoming lesser. In other words change and reorientation is necessary, but the path forward needs to be carefully determined as the cost of mistakes can be heavy.

Accordingly, your Company is proposing to take external assistance to help design a strategic plan for the future. Such a plan will include aspects of defining our business into generic themes, raising additional resources for acquisition of vital brand properties, the acquisition and developing of human resources, the reorganization of work flows towards strategic ends, the possible setting up of new manufacturing facilities, the realization of hidden values in the Company, and a host of other related activities.

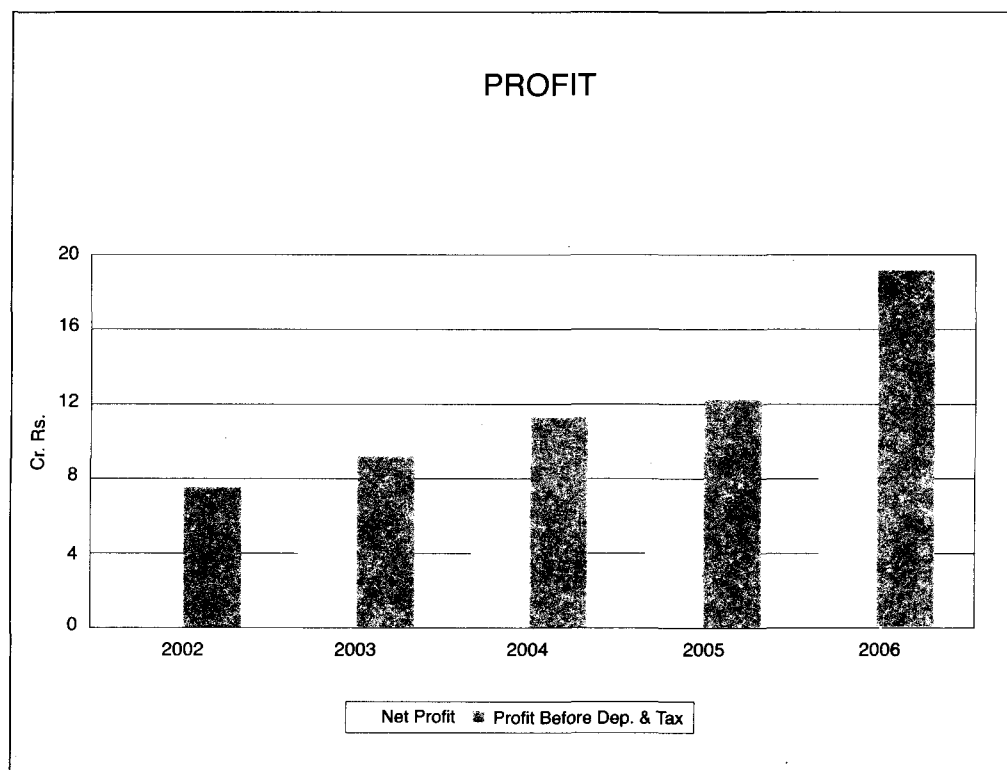
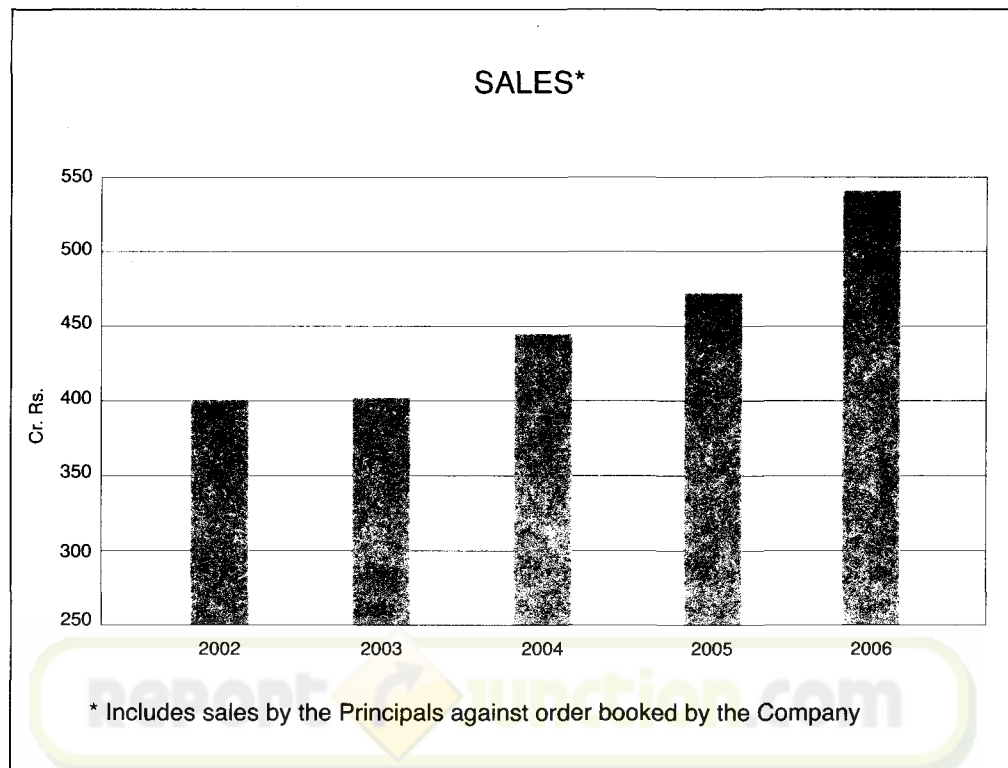
This is going to be very expensive, but is vital for the future of your Company. The benefit, if the above programme is properly executed, should easily be a multiple of the expenditure, year after year.

So, we are asking you to get ready for the journey of your life, as stakeholders of the Company, and look to the future with optimism.

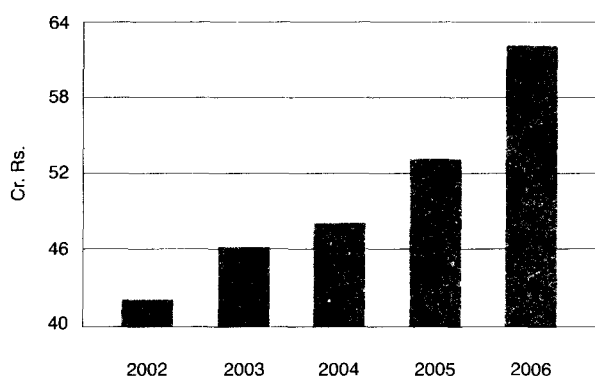
With warm regards

(SIDDHARTH SHRIRAM)

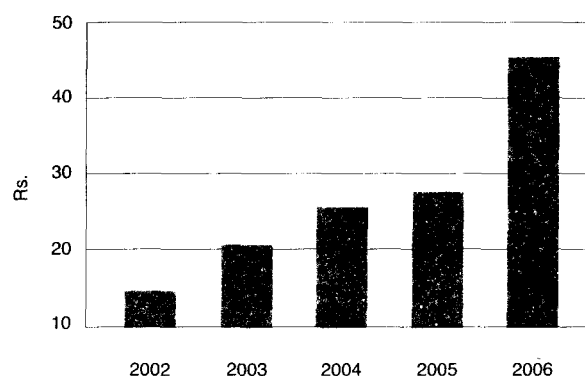
Date : 13th June, 2006



## NET WORTH



## EARNING PER SHARE

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## TEN YEAR FINANCIAL SUMMARY

F.Y.E.MARCH

PARTICULARS	UNIT	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>SALES</b>											
- TOTAL (INCLUDING ORDERS BOOKED ON PRINCIPALS)	Cr/Rs.	541.1	473.7	447.8	402.7	400.9	410.0	417.2	390.1	344.1	320.0
- DIRECT	Cr/Rs.	436.5	360.7	310.7	275.9	261.7	279.9	281.2	265.1	226.1	229.0
<b>PROFIT</b>											
- BEFORE DEP. & TAX	Cr/Rs.	19.6	12.3	11.4	9.5	7.1	9.1	9.9	9.0	6.3	5.7
- NET	Cr/Rs.	10.4	6.4	5.8	4.7	3.4	4.7	5.4	5.4	3.6	3.3
<b>SHARE CAPITAL - PAID UP</b>	Cr/Rs.	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.0	1.9
<b>NET WORTH</b>	Cr/Rs.	62.1	53.1	48.1	46.2	42.3	39.6	34.5	30.4	22.0	17.6
<b>TOTAL ASSETS</b>	Cr/Rs.	174.7	147.0	122.1	122.0	121.2	112.7	109.8	93.8	81.7	79.1
<b>DIVIDEND</b>											
- AMOUNT	Lac/Rs.	113.8	113.8	341.4	68.3	68.3	113.8	113.8	108.3 *	48.4 *	42.2
- RATE	%	50.0	50.0	150.0	30.0	30.0	50.0	50.0	50.0	25.0	22.5
<b>BOOK VALUE PER EQUITY SHARE</b>	Rs.	272.8	233.2	211.2	202.8	185.9	173.8	151.5	133.4	111.4	94.0
<b>EARNING PER EQUITY SHARE</b>	Rs.	45.5	27.9	25.6	20.6	14.8	20.6	23.9	23.7	18.2	17.7

\*PRORATA





## DIRECTORS' REPORT

The Directors present their 53rd Annual Report along with audited accounts of the Company for the year ended on March 31, 2006.

The Turnover of the Company increased by Rs. 75.8 Crores to Rs. 436.5 Crores though the Exports declined by Rs. 14.0 Crores.

The Directors are pleased to place on record that the Company has made the highest ever gross profit of Rs. 19.6 Crores (last year Rs. 12.3 Crores) and net profit of Rs. 10.4 Crores (last year Rs. 6.4 Crores) after meeting steep escalations in the cost of operations.

Moreover, as per the consolidated financial results of Usha International and its subsidiaries, The Jay Engineering Works Ltd. and Shriram Fuel Injection Industries Ltd., net profits increased to Rs.13.68 Crores from Rs.8.86 Crores last year.

A sum of Rs.104 Lac is being transferred to General Reserve.

The Directors have recommended Dividend @50 % on the Equity Shares.

Thus, your Company not only achieved the highest ever growth in sales but also gained market share in its main product lines, i.e. Electric Fans and Sewing Machines in the domestic market.

Fixed Deposits amounting to Rs. 25 Lac pertaining to 91 depositors remained unclaimed at the close of the year; of these, deposits amounting to Rs. 6 Lac have since been paid / renewed during the current financial year.

The Company has opened a liason office in Colombo, Sri Lanka, during the year for undertaking intensive marketing of our products through communication of the USHA brand to a wider group of customers.

The Water Cooler factory taken over last year has started contributing to the profits of the Company and is expected to do better in the coming year. Since the Company is not covered by the industries specified in the relevant schedule, particulars of energy conservation and consumption in Form 'A' are not required to be given. Details of technology absorption as per Form 'B' are given in Annexure- I of this Report.

The information relating to Exports has been given in the Corporate Governance Report and the amount of foreign exchange earned / utilised during the year has been given in Notes to the Accounts which are attached herewith and form an integral part of this Report.

Particulars of personnel required to be furnished under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in the statement annexed to this Report.

During the year, the Company purchased 7 Lac 10% Redeemable Cumulative Optionally Convertible Preference Shares of M/s The Jay Engineering Works Ltd., a subsidiary of the Company with all the rights at the face value of Rs. 100 each.

The Central Government has granted exemption under Section 212(8) of the Companies Act, 1956 from attaching the documents of the subsidiaries as specified under Section 212(1) of the Companies Act, 1956. Audited Consolidated Financial Statements of the Company and the Subsidiaries, prepared in accordance with the Accounting Standard - 21 including the financial details of each subsidiary are attached herewith, which form part of the Annual Report / Accounts of the Company.

The Annual Accounts and the related details of the Company's Subsidiaries will be made available on request. The Annual Accounts of the subsidiary companies are also available for inspection at the Registered / Head Office of the Company and also at the respective Registered Offices of its subsidiaries.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;



- (ii) 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) 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 & detecting frauds and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

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

The Compliance Report on Corporate Governance forms part of the Annual Report. The Auditors Certificate on the Compliance of provisions of Corporate Governance stipulated under Clause 49 of the Listing Agreement is annexed to 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 the Company's personnel during the year.

On behalf of the Board

Gurgaon

Date: 13th June, 2006

**(SIDDHARTH SHRIRAM)**

CHAIRMAN

### PARTICULARS OF EMPLOYEES

IN TERMS OF SECTION 217 (2A) OF COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT

Name	Designation / Nature Of Duties	Remuneration (Rs.)	Qualifications	Experience (Yrs.)	Date Of Appointment	Age (Yrs.)	Last Employment Held Employer / Designation
Bhandari P.C.	Vice President - Marketing	2789391	B. Com., MBA	29	1987, Feb.18	51	Almana International Trading Co.Ltd. - Dy. General Manager
Munjal Anju	Vice President - Corporate Comm.	2873147	B.A. (H), PGD ( PR. & Advtg.)	29	1987, August 17	47	Ravissant - Manager Publicity
Narang D.S.	Vice President - Marketing	2694619	B.Sc (Engg.)	41	1978, July 11	63	American Universal Elect. (I) Ltd. - Branch Manager
Narayan P.	Vice President -Marketing	2430361	B.A.(H) Eco.	31	1975, Nov 01	51	First Employment
Shriram Chhaya	Whole Time Director	4470888	M. A. (Columbia University)	12	2002, Oct. 21	37	Usha International Ltd. - Officer On Spl. Duty
Singhal S.S.	Executive Director Finance & Accounts	3016160	B. Com (Hons), LLB, DBM., MBA	49	1975, Sept. 08	69	Century Metals Ltd. - Commercial Manager
Singh M. R.	Vice President - Orgn. & Personnel	3088148	M.A. , MBA	32	1995, Oct. 20	55	Bhartia Cutler Hammer Ltd. - General Manager - HR

1 Remuneration includes Salary , Commission, Allowances and monetary value of Perquisites as well as Company's contribution to Provident & Superannuation Fund.

2 The nature of employment is contractual except in the case of Whole Time Director whose terms have been approved by the Shareholders.

3 None of the employees is a relative of any Director of the Company except WholeTime Director, who is a relative of Mr. Siddharth Shriram.

On behalf of the Board

**SIDDHARTH SHRIRAM**  
CHAIRMAN