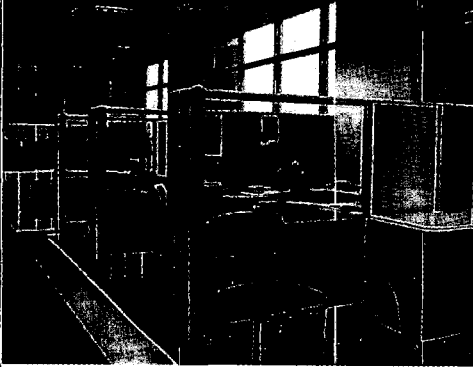


71st Annual Report 2008



USHA INTERNATIONAL LTD.

(Formerly known as The Jay Engineering Works Ltd.)



Our Corporate office is equipped with every modern facility that a 21st century office needs, improving functionality and efficiency. The open plan work systems, connectivity and cheerful interiors make working here a real pleasure.



It's a better life.

Determination
Innovation
Excellence
Empowerment

We know where we want to go and together we will get there

We will encourage people to open their minds, explore new ideas and think creatively

We will excel in all our business processes and will leverage experts wherever required

We will develop a culture that will allow each one of us to have the authority and be accountable for his/her actions

Directors

A.K. Chowdhury

A.K. Jain

Chhaya Shriram – Whole Time Director

Krishna Shriram

N.K. Goila

P.K. Bhalla

S.C. Jain

Siddharth Shriram – Chairman

Sunil Wadhwa – Managing Director

Vinod K. Wazir

Principal Executives

Executive Directors

Alok Goel

Ravi Raju

S.S. Singhal (Senior Advisor)

Vice-Presidents

Anju Munjal

D.S. Narang (Senior Advisor)

P.C. Bhandari

P. Narayan

Company Secretary

Pratibha Aggarwal

Bankers

Bank of Baroda

Punjab National Bank

Auditors

Thakur, Vaidyanath Aiyar & Co.

Chartered Accountants

Equity Shares Listed at

Delhi Stock Exchange & Calcutta Stock Exchange

(Annual Listing Fee paid for the year 2008-2009)

Registered Office

19, Kasturba Gandhi Marg

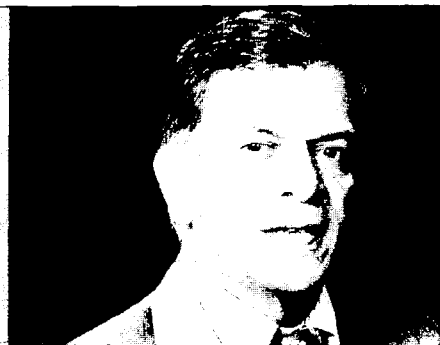
New Delhi – 110 001

Corporate Office

Plote No. 3, Institutional Area

Sector-32, Gurgaon – 122 001

Haryana



CHAIRMAN'S MESSAGE

Dear Shareholder,

Last year saw our international consultant's report being submitted and broadly accepted by the Management of the Company. This acceptance mandates, among other things, significant organizational changes and H.R. growth, introduction of new products and concentration on linking manufacturing to sales and design in a way which will prepare us well for the succeeding decade.

We must operate our business in the context of some significant events in the world which also impact us in our societies. Some of these events are that much of the world, including India, remains mired in poverty; the estimated future prices of fossil fuels for energy are going to be so high that the way we live will be comprehensively altered, bringing a host of new opportunities which will change our lives in presently unknown ways. Many forces including the impact of rapid industrialization of developing countries, is causing the world's natural ecological balance to shift with completely unpredictable consequences.

Therefore we must commit to run our business to fit into the particular scenarios of how life and business will be in the future.

Accordingly, all of our products must provide a healthful, cheerful and sustainable way of life. This requires significant application of mind and then great courage to stay the course. It is in this way that we can help make a better life for many. This is the set of values we must live by. All of our products must necessarily get Energy Star ratings so that the customer may know that we, with them, are active subscribers and participants in programmes to conserve energy. The consequential initial higher price to the consumer will give a long term return to the society, and therefore themselves. We must propagate that reducing each person's carbon foot print through lower energy consumption will make for a better life for all of us. Therefore we must look for materials that are recyclable, most convenient to be accessed, easy to use, so that our customers may say that they are participating in the world campaign for lower energy consumption and reducing global warming.

We cannot do this alone. While we will of course use many design firms and R&D establishments, including our own, we must enlist the assistance of all stakeholders such as our customers/ shareholders/employees/dealers. They can and must tell us and give us ideas how we may proceed on our mission. We live in this world together and therefore must be partners in making a better life for all of us.

The previously announced merger of Usha International Limited into The Jay Engineering Works Ltd is now complete; we have changed the name of the merged entity (i.e. The Jay Engineering Works Ltd) into Usha International Ltd to better express our brand. Thus now, for the first time, Usha International is a composite of our own manufacturing, our own selling and distribution, our own brands and our own sourcing and distributing. Now that this is achieved there are many plans to improve our business over the next 3-4 years.

We are exploring new businesses that we may enter into including the establishment of additional brands and distribution of other brands and products through our superior distribution system. You will see evidence of this in the coming months.

We have targeted that UIL will grow at a rapid but measured pace. For this however there has to be a complete overhaul and re-envisioning of our human resources structures. Consequently a comprehensive overhaul of all policies are being undertaken and streamlining and modernizing a bottom-up top-down approach to evolving an H R Vision is under way. We believe that this will significantly enhance the attractiveness of our Company for encouraging bright new talent to join us and for retaining existing skills. We have already embarked on expansion of top and senior management at different levels to fill out our growing needs, investing significantly higher amounts on executive education at all levels and involving each employee in representing the Company and our corporate brand to the external world.

At present the Company shares post merger are not traded. Procedural matters with the exchanges where your Company was originally listed (Delhi and Calcutta Stock Exchanges) have been completed and subsequent applications on the BSE and NSE, where they were never listed, will be made. Please bear with us on this.

With warm regards,



Siddharth Shriram

JOINT VENTURES / ASSOCIATES

- Honda Sael Power Products, Japan

HONDA

- Hunter Fan Company, USA



- Janome Sewing Machine Company, Japan

JANOME[®]

- G.D. Midea Environment Appliances Manufacturing Company Ltd., China



- NGK, Japan



Report  junction.com

DIRECTORS' REPORT

USHA INTERNATIONAL LIMITED

(Formerly known as The Jay Engineering Works Limited)

Your Directors are pleased to present the 71st Annual Report alongwith Audited Accounts of the Company for the year ended March 31, 2008.

SCHEME OF ARRANGEMENT

The merger of Usha International Limited and Shriram Fuel Injection Industries Limited into The Jay Engineering Works Limited and reduction of equity share capital of the merged company w.e.f. 1.4.2007 has been accomplished. Further more, the name of The Jay Engineering Works Limited stands legally changed to Usha International Limited.

Accordingly, 1,10,74,319 new Equity Shares have been allotted to the eligible Shareholders of all the concerned Companies.

FINANCIAL RESULTS

The Annual Report of the Company for the year 2007-2008 has been prepared after considering the effect of the Merger.

The merged Company made a gross profit of Rs. 2853.46 lacs for the year ended 31.3.2008. The previous year stand alone profit of the company was Rs. 291.24 lacs but this is not at all comparable.

DIVIDEND

Your Directors have considered the payment of dividend and feel it appropriate to observe the effects of the merger and have liquidity available for any urgent need. Therefore they are unable to recommend a dividend.

FIXED DEPOSITS

Fixed Deposits amounting to Rs. 28.07 lacs pertaining to 89 depositors remained unclaimed at the close of the year.

SUBSIDIARY COMPANY

AVRO SALES PRIVATE LIMITED

Owing to the merger, M/s Avro Sales Private Ltd. a wholly owned subsidiary of erstwhile Usha International Limited has become a subsidiary of the company.

A statement of Holding Company's interest pursuant to Section 212 of the Companies Act, 1956 and the Audited Annual Accounts along with Report of Board of Directors and Auditors of the subsidiary Company are attached to the Accounts.

In accordance with the Accounting Standard (AS-21), consolidated financial statements are also attached which form part of the Annual Accounts of the Company.

DIRECTORS

Mr. N.K. Goila, Director will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer himself for reappointment.

Mr. P.K. Bhalla has been appointed as Additional Director w.e.f. 30.10.2007.

Mr. S.S.L. Gupta, Mr. A.K. Chowdhury and Mr. Vinay Kumar resigned from the Directorship of the Company w.e.f. 30.5.2008, 2.6.2008 and 1.7.2008 respectively. The board places on record its sincere appreciation of the valuable services rendered by them during their tenure as directors of the Company.

After merger, the Board of Directors was reconstituted at the Board meeting held on 23.6.2008 and the following Directors have been appointed as Additional Directors:

1. Mr. Sunil Wadhwa
2. Ms. Chhaya Shriram
3. Mr. A.K. Jain
4. Mr. A.K. Chowdhury
5. Mr. Vinod K. Wazir

Mr. Sunil Wadhwa has been appointed as Managing Director of the Company w.e.f. 2.6.2008 till 31.3.2012. Ms. Chhaya Shriram has been appointed as Whole- time Director of the Company w.e.f. 2.6.2008 till 31.3.2010.

Mr. Krishna Shriram has been appointed as Additional Director w.e.f. 30.7.2008.

Pursuant to provisions of Section 260 of the Companies Act, 1956, Mr. P.K. Bhalla, Mr. Sunil Wadhwa, Ms. Chhaya Shriram, Mr. A.K. Jain, Mr. A.K. Chowdhury, Mr. Vinod K. Wazir and Mr. Krishna Shriram are liable to retire at this Annual General Meeting. The Company has received notices from the Shareholders under section 257 of the Companies Act, 1956 proposing their candidature for the office of the Director.

In order to enable the Company to have a larger and stronger board to meet the new challenges in the business environment and growing competition and international operations, the Board of Directors had increased the maximum permissible limit of directors from 12 to 20. This has been recommended to the Shareholders for their approval at the forthcoming annual general meeting and thereafter an application will be made to the Central Government for its approval.

AUDITORS

M/s Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the forthcoming Annual General Meeting and is recommended for reappointment. The Company has received a certificate from them to the effect that their reappointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956.

AUDITORS REPORT

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

CONSERVATION OF ENERGY/TECHNOLOGY ABSORPTION/FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company's operations are not energy intensive, no special measures have been taken for energy conservation and no proposals are under consideration for the same. Particulars of energy consumption in Form 'A' are not required to be provided since the Company is not covered by industries specified in the relevant schedule.

Data of technology absorption in Form 'B' is annexed as per Annexure I.

The information relating to Exports has been given in the Corporate Governance Report and the amount of total foreign exchange earned/ utilised during year ended March 31, 2008 has been given in Notes to the Accounts which are attached herewith and form an integral part of this Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the particulars of employees are required to be furnished in

the statement to be annexed to this Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the Shareholders excluding the aforesaid annexure.

The complete annual report including this statement shall be made available for inspection by any Shareholder during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining the copy of the statement may write to the Company Secretary at registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) the applicable accounting standards have been followed in the preparation of the annual accounts;
- (ii) the accounting policies incorporated in Notes to the Accounts are consistent and the judgments 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 or loss 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 and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Compliance Report on Corporate Governance forms part of the Annual Report and annexed hereto as Annexure II along with the Auditors' Certificate on its compliance.

GROUP COMPANIES FOR INTERSE TRANSFER OF SHARES

Perennial Investments Private Limited, M.S.R. Enterprises Private Limited, Greenfields Commercial Private Ltd., Siel Holdings Limited and Mawana Sugars Limited are group Companies as defined in the Monopolies and Restrictive Trade Practices Act, 1969.

DEMATERIALISATION OF SHARES

The Equity Shares of the Company have been notified for compulsory trading in demat form. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the shares of the Company have been activated for dematerialization with NSDL and CDSL.

LISTING OF SECURITIES OF THE COMPANY

The listing fee for the year 2008-2009 has been paid to the Stock Exchanges where the Shares of the Company are listed (Delhi and Calcutta).

ACKNOWLEDGEMENTS

The Directors wish to thank the Company's Bankers, Dealers, the Shareholders and 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

New Delhi
August 19, 2008

SIDDHARTH SHRIRAM
CHAIRMAN

FORM – B**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO
TECHNOLOGY ABSORPTION****RESEARCH & DEVELOPMENT (R&D)**

1. Specific Areas in which R&D carried out by the company :
 - New Models/design development
 - Technology/processes upgradation
 - Products quality/efficiency
 - Standardisation
2. Benefits derived as a result of above R&D :
 - Reduction in manufacturing costs
 - Improved consumer appeal
 - Process simplification
3. Future plan of action :
 - R&D efforts to continue all round for better product quality, optimising raw material utilization and development of new models / designs to achieve better productivity / better consumer satisfaction.
4. Expenditure on R&D :

a) Capital	- Nil
b) Recurring	- Rs. 40.73 Lacs
c) Total	- Rs. 40.73Lacs
d) Total R&D exp. as a % of total turnover	- 0.06 %

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. Efforts made :
 - Interaction both nationally and internationally is maintained to introduce modern technology in plants by changes in operation processes / toolings etc. besides in-house R&D developments.
2. Benefits derived :
 - Cost Reduction
 - Quality Improvement
 - Improved Capacity Utilisation
3. Information Technology (imported during the last five years) :
 - Not Applicable