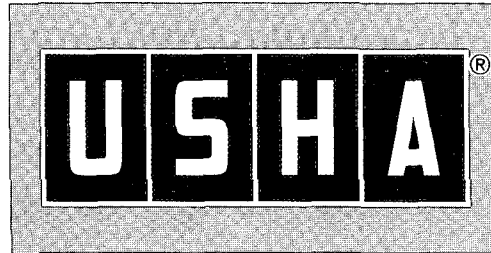


72nd
annual
REPORT
2009

USHA INTERNATIONAL LTD.



It's a better life.

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



Directors

Bhalla, P.K.

Chowdhury, A.K.

Goila, N.K.

Jain, A.K.

Shriram, Chhaya

- *Whole Time Director*

Shriram, Siddharth

- *Chairman*

Wadhwa, Sunil

- *Managing Director*

Wazir, Vinod K.

Strategic Advisor

Shriram, Krishna

Executive Directors

Chhabra, Dinesh

Goel, Alok

Raju, Ravi

Principal Executives

Bhandari, P.C.

- *Vice President*

Khurana, Anil

- *Vice President*

Mani, Madhav

- *Vice President*

Munjal, Anju

- *Vice President*

Narang, D.S.

- *Senior Advisor*

Narayan, P

- *Vice President*

Singhal, S.S.

- *Senior Advisor*

Company Secretary

Agrawal, Manoj

Bankers

Bank of Baroda

Auditors

Thakur, Vaidyanath Aiyar & Co.

Chartered Accountants

Equity Share Listed at

Delhi Stock Exchange & Calcutta Stock Exchange

(Annual Listing Fee paid for the year 2009-2010)

Registered Office

19, Kasturba Gandhi Marg, New Delhi - 110001

Corporate office

Plot No. 3, Institutional Area, Sector-32, Gurgaon - 122001. Haryana



CHAIRMAN'S REVIEW

Dear Shareholders,

The economic balloon of the last few years, inflated by aggressive, unsound and adventurous financial policies of countries, based on an unprecedented availability of money at low interest costs, finally, inevitably burst causing economies world wide to shrink rapidly. Untold hardship was visited on millions of innocent people, unemployment levels rose, the basis of international trade was undermined and the world was looking at a very long and slow process of reconstruction spread over several years.

India has also been badly affected with GDP growth rates falling from about 9% p.a. to below 6% p.a. Post the favourable outcome of the general elections, there is much optimism but getting on to the required sustainable growth path of about 9% p.a. will be slow in coming. India cannot be isolated from the impact on the rest of the world.

Like many other companies in India, Usha has also been affected by this worldwide and domestic downturn. In the process of managing this situation, the company has decided on several new initiatives which are bold, transformational, innovative and expensive. Essentially we must try to prepare the company for the future, take advantage of many of the suggestions made by our international consultants, and build very strong H R and training systems to fuel the desired growth of existing products and the introduction of several new products.

Seminal changes in the structure of the economy are expected to be pushed through by the new Government. Focus on employment generation will result in spending power generation at rural levels. This will enable spending on nourishment, housing, health and education. Thus the billion plus people of India can be a source of enduring strength rather than India's abiding weakness.

This will offer several opportunities for companies such as ours for innovatively designing products and services that can meet the growing economic needs of aspiring populations while being compliant with the equally growing demands of climate change regimes.

Usha International needs a transformational change to move more positively in these directions. This is what we are attempting in the coming years.

With warm regards

Siddharth Shriram

June 11, 2009

DIRECTOR'S REPORT

USHA INTERNATIONAL LIMITED

(Formerly known as The Jay Engineering Works Limited)

Your Directors are pleased to present the 72nd Annual Report alongwith audited accounts of the Company for the year ended March 31, 2009.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2009 is summarized below :

(Rs. Crores)

Particulars	Financial Year Ended	
	31st March, 2009	31st March, 2008
Sales & Service	816.94	721.84
Gross Profit before Depreciation, and Tax	37.18	26.92
Less:		
a) Depreciation and amortization	6.06	6.25
b) Provision for Taxes:	10.47	(1.31)
Profit available for appropriation	20.65	21.98
Reserves & Surplus	79.79	70.96

The sales of your Company has increased by 13.17% and profit after tax is lower at Rs.20.65 crores. Reserves and Surplus of your Company stand at Rs. 79.79 Crores as on 31st March, 2009.

DIVIDEND

Your Directors have recommended a dividend of Re.1.00 (10%) per Equity Share of Rs.10/- each for the Financial Year ended 31st March, 2009 which, if approved at the ensuing Annual General Meetings will be paid to all the Equity Shareholders whose names appear in the Register of Member. This dividend is inclusive of interim dividend at Rs.0.50/- (5%) declared at the Board of Directors Meeting held on 23.01.2009. The dividend will absorb Rs.2.99 crores inclusive of dividend tax, from profit available for appropriation.

FIXED DEPOSITS

Fixed Deposits amounting to Rs. 21.91 lacs pertaining to 58 depositors remained unclaimed at the close of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review is annexed and is forming part of the Corporate Governance Report stipulated under Clause 49 of the listing agreements with the Stock Exchanges.

AVRO SALES PRIVATE LIMITED (ASPL)

A statement of the 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 Avro Sales Private Limited (ASPL) 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. Siddharth Shriram, Director and Mr. N. K. Goila, Director will retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

A brief resume of the Directors retiring by rotation as well as proposed to be appointed at the ensuing Annual General Meeting as stipulated under Clause 49 of the listing agreement with the Stock Exchanges in India, are given in the section on Corporate Governance Report.

Mr. S.S.L. Gupta, Mr. Vinay Kumar, Mr. S.C. Jain and Mr. Krishna Shriram resigned from the Directorship of the Company w.e.f. 30.5.2008, 1.7.2008, 22.8.2008 and 27.02.2009 respectively. The board places on record its sincere appreciation of the valuable services rendered by them during their tenure as directors of the Company.

AUDITORS

M/s Thakur Vaidya Nath Aiyer & 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, 2009 has been given in Notes to the Accounts which are attached herewith and form an integral part of the Annual Accounts..

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 :

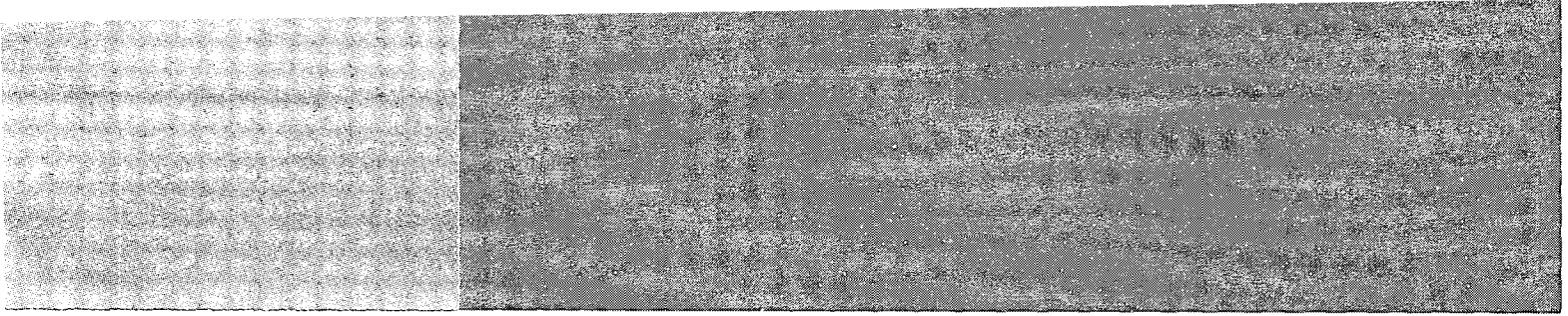
- (i) The applicable Accounting Standards had been followed along with proper explanation relating to material departures in the preparation of Annual Accounts.
- (ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The directors had prepared the annual accounts 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 compliance.

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 on NSDL and CDSL



LISTING OF SECURITIES OF THE COMPANY

The listing fee for the year 2009-2010 has been paid to the Stock Exchanges where the Shares of the Company are listed (Delhi and Calcutta).

GROUP COMPANIES FOR INTER SE TRANSFER OF SHARE

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..

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 Company's personnel during the year.



On behalf of the Board

Place : New Delhi

Date : 11.06.2009

SIDDHARTH SHRIRAM
CHAIRMAN

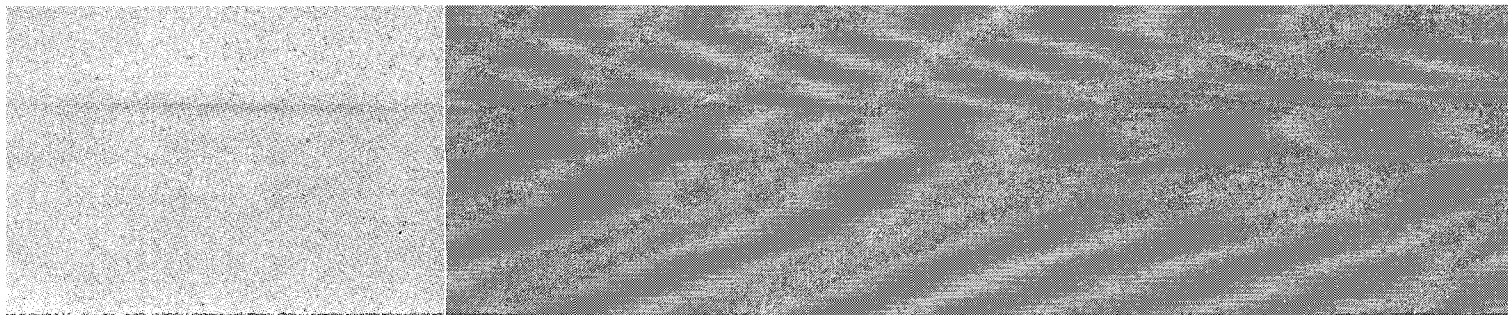
Annexure-I

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 | <ul style="list-style-type: none"> - New Models/design development - Technology/processes upgradation - Products quality/efficiency - Standardisation | | | | | | | | | | | | |
| 2. Benefits derived as a result of above:
R&D | <ul style="list-style-type: none"> - Reduction in manufacturing costs - Improved consumer appeal - Process simplification | | | | | | | | | | | | |
| 3. Future plan of action | <ul style="list-style-type: none"> - 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 | <table border="0"> <tr> <td>a) Capital</td> <td>-</td> <td>Nil</td> </tr> <tr> <td>b) Recurring</td> <td>-</td> <td>Rs. 26.72 Lacs</td> </tr> <tr> <td>c) Total</td> <td>-</td> <td>Rs. 26.72 Lacs</td> </tr> <tr> <td>d) Total R&D exp. as a % of total turnover</td> <td>-</td> <td>0.03%.</td> </tr> </table> | a) Capital | - | Nil | b) Recurring | - | Rs. 26.72 Lacs | c) Total | - | Rs. 26.72 Lacs | d) Total R&D exp. as a % of total turnover | - | 0.03%. |
| a) Capital | - | Nil | | | | | | | | | | | |
| b) Recurring | - | Rs. 26.72 Lacs | | | | | | | | | | | |
| c) Total | - | Rs. 26.72 Lacs | | | | | | | | | | | |
| d) Total R&D exp. as a % of total turnover | - | 0.03%. | | | | | | | | | | | |

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/ tooling etc. besides in-house R&D developments. |
| 2. Benefits derived | <ul style="list-style-type: none"> - Cost Reduction - Quality Improvement - Improved Capacity Utilisation |
| 3. Information Technology (imported during the last five years) | Not Applicable |



Annexure-II

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED MARCH 31, 2009

1. Company's Philosophy on Code of Corporate Governance

Usha International's philosophy of Corporate Governance foster a culture for promoting good governance and voluntary compliance which facilitate effective participation of all concerned and at the same time maximize Shareholder value on a sustained basis. Usha's Board of Directors aims at framing best practices, structures, processes and ethics to attain high levels of transparency, integrity and equity in all the facets of operations of the Company, and in interactions with its stakeholders

2. Board of Directors

(I) Composition

At the year end, the Company's Board consists of eight Directors headed by a Non-Executive Chairman. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

During the year, thirteen Board meetings were held on 29.4.2008, 23.6.2008, 30.7.2008, 11.8.2008, 14.8.2008, 15.9.2008, 29.9.2008, 31.10.2008, 17.12.2008, 23.1.2009, 3.2.2009, 27.2.2009 and 27.3.2009

The particulars of the Directors during the year ended March 31, 2009 are as under :

Director	Category	Attendance Particulars		No. of outside Directorship held (excluding Private & Foreign Companies)	Committee Membership*	
		Board Meetings	Last AGM		Member	Chairman
Mr. A.K. Chowdhury	Independent/ Non-Executive	13	Yes	-	3	1
Mr. N.K. Goila	Non-Executive	13	Yes	1	2	Nil
Mr. S.S.L. Gupta ¹	Independent/ Non-Executive	1	-	-	-	-
Mr. Vinay Kumar ²	Independent/ Non-Executive	-	-	-	-	-
Mr. S.C. Jain ³ (Nominee of Life Insurance Corporation)	Independent/ Non-Executive	1	-	-	-	-
Mr. P.K. Bhalla	Independent/ Non-Executive	12	Yes	1	2	Nil
Mr. Krishna Shriram ⁴	Non Independent/ Non-Executive	4	No	-	-	-
Mr. Siddharth Shriram (Chairman)	Non-Executive	11	Yes	4	4	2
Mr. Sunil Wadhwa Managing Director	Executive Managing Director	12	Yes	1	-	-