

USHDEV INTERNATIONAL LIMITED

4th ANNUAL REPORT

1997 - 98



USHDEV INTERNATIONAL LIMITED**BOARD OF DIRECTORS**

Vijay Gupta (*Chairman & Managing Director*)

Suman Gupta

Rajinder Miglani

Raman Tikka

Tyabji Anik

Anil Harish

Dr. Narayan Hegde (*Nominee of IREDA*)

Hiralal Chopra

BANKERS

Bank of America

Bank of Punjab Ltd.

AUDITORS

S.R. Batliboi & Associates

Chartered Accountants.

302, Regent Chambers,

Nariman Point,

Mumbai-400 021.

INTERNAL AUDITORS

R.A. Ruvala & Co.

Chartered Accountants

Shanti Niketan,

2nd Floor, 21 Vachha

Gandhi Road, Gamdevi,

Mumbai-400 007.

SOLICITORS

Desai & Diwanji

Lentin Chambers,

Dalal Street, Fort,

Mumbai-400 021.

REGISTERED OFFICE

New Harileela House,

6th Floor, Mint Road,

Fort, Mumbai-400 001.

USHDEV INTERNATIONAL LIMITED**NOTICE**

Notice is hereby given that the Fourth Annual General Meeting of the Shareholders of **USHDEV INTERNATIONAL LIMITED** will be held on **Thursday, 24th December, 1998** at **12.00 Noon** at **New Harileela House, 4th Floor, Mint Road, Fort, Mumbai-400 001**, to transact the following business :

ORDINARY BUSINESS

1. To receive, Consider, and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended 31st March, 1998 and the Report of the Directors and the Auditors thereon.
2. To Declare a Dividend.
3. To appoint a Director in place of Mr. Tyabji Anik who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Suman Gupta who retires by rotation and, being eligible offers herself for re-appointment.
5. To appoint M/s. Kalyaniwala & Mistry, Chartered Accountants as Auditors in place of retiring Auditors M/s. S. R. Batlioi & Co. to hold office from the conclusion of the Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

To appoint a Director in place of Mr. Hiralal M. Chopra, who was appointed as an Additional Director under Article 135 of Articles of Association of the Company and who by virtue of section 260 of the companies Act, 1956, holds office upto the date of this Annual General Meeting, but being eligible, offers himself for re-appointment and in respect of whom the Company has received Notice in writing under Section 257 of the Companies Act, 1956 from certain members proposing his candidature for the office of Director.

Registered Office.
6th Floor, New Harileela House,
Mint Road, Fort,
Mumbai-400 001.

Date: 31st October, 1998

By order of the Board,
For Ushdev International Limited.

Sd/-

VIJAY GUPTA

Chairman & Managing Director

USHDEV INTERNATIONAL LIMITED**NOTES**

1. The Company had fixed the date for Annual General Meeting on 28th September, 1998. But due to non-preparation of Audited Annual Accounts of subsidiary Company, Ushdev International (Cayman) Limited, the Company has obtained extension for holding Annual General Meeting for a period of three months vide letter dated 27th August, 1998 issued by Register of Companies, Maharashtra.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The Proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. The Explanatory statement, Pursuant to Section 173 of the Companies Act, 1956 for Item No. 6 is annexed and forms part of this Notice.
5. The Register of Members and share transfer Register of the Company were closed from 14th September, 1998 to 28th September, 1998 both the days inclusive.
6. The dividend recommended by the Board, if sanctioned at the Meeting, shall be paid to those members who are eligible and whose names appear on the register of Members of the Company as on 28th September, 1998 and will be payable on and from 24th December, 1998.
7. The members are requested to :
 - a) To notify immediately any change in their address at the Registered Office of the Company.
 - b) Quote ledger folio numbers in all your correspondence.
 - c) Get the multiple folios consolidated and also get the shares transferred in joint names if they are held in single name to avoid inconvenience in future.
 - d) Bring your copies of the Annual Report and the Attendance Slip with you at the Annual General Meeting.
 - e) Write atleast 10 days prior to the date of Meeting, any information which they desire on the accounts, to enable the management to keep the information ready.
8. Pursuant to Section 205 (A) of the Companies Act, 1956, all unclaimed Dividend for the Financial Year ended 31st March, 1996, will be transferred to the General Revenue Account of the Central Government on 22nd November, 1999.

All Members who have either not received or they have not encashed their Dividend Warrants for the Financial year 1995-96 are requested to write to the Company at the aforesaid address mentioning the relevant folio Nos. for issuance of Duplicate Dividend Warrant (s).

USHDEV INTERNATIONAL LIMITED**ANNEXURE
TO THE
NOTICE****Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.****ITEM NO. 6**

Mr. Hiralal M. Chopra was appointed as an Additional Director under Article 135 of the Articles of Association of the Company on 29th November, 1997 pursuant to Section 260 of the Companies Act, 1956. His term as Additional Director expires at the forthcoming Annual General Meeting. The Company has received notice from member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to appoint him as Director, liable to retire by rotation. The Directors recommend his appointment in the best interests of the Company.

None of the Directors except Mr. Hiralal M. Chopra may be considered to be interested in the passing of this resolution.

Registered Office,
6th Floor, New Harileela House,
Mint Road, Fort,
Mumbai-400 001.

By order of the Board,
For Ushdev International Limited.

Sd/-

VIJAY GUPTA

Chairman & Managing Director

Date : 31st October, 1998

USHDEV INTERNATIONAL LIMITED**DIRECTORS
REPORT**

To
The Members,

Your Directors have pleasure in presenting herewith the Fourth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 1998.

1. FINANCIAL RESULTS**(Rs. in Thousands)**

	Year Ended 31/03/1998	Year Ended 31/03/1997
Gross Revenue	114,965	71,321
Gross Profit (before interest depreciation, tax and writing off of preliminary expenses.)	59,599	62,124
Interest	20,623	825
Depreciation	14,643	6,872
Provision for taxation	2,950	7,100
Preliminary expenses and share issue expenses written off.	212	212
Net Profit	21,171	40,015
Transfer to		
(i) General reserve	2,225	5,500
(ii) Capital Redemption Reserve	1,000	-----
Proposed dividend (Net)	14,410	10,062
Corporate Distribution Tax	1,441	1,006
Balance in Profit & loss account,	56,682	54,588

2. DIVIDEND

Your Directors are pleased to recommend dividend @24% to the Equity shareholders and pro-rata dividend @17.5% and 19% to the Preference Shareholders subject to the approval of the Shareholders at the Annual General Meeting. The sum of Rs. 96,28,000/- (net) is proposed

USHDEV INTERNATIONAL LIMITED**DIRECTORS
REPORT**

to be paid by way of dividend among equity shareholders and Rs. 47,82,000/- (Gross) will be distributed among the Preference Shareholders. In addition to the net figure of dividend payable this year the company will pay a 10% tax on dividends. However, the dividend will not be taxable in the hands of the shareholders.

During the year under review, the Company has allotted 20,000 Equity Shares of Rs.10/- each at a premium of Rs. 40/- each to ITC Agrotech Finance & Investment Limited, as they have opted for conversion of 1,00,000-19% Optionally Convertible Redeemable Preference Shares of Rs. 10/- each into Equity Shares.

3. PERFORMANCE DURING THE YEAR**Infrastructure :**

The Company has successfully commissioned in March, 1997, a wind Mill project for generation of electricity having capacity of 2.53 MW, in Village Narnapuram, Tal. Dharapuram, Dist. Periyar in the State of Tamil Nadu. The year ended 31st March, 1998 was the first full year of operation and the plant has generated electricity of 58,97,096 units (net) during the year. The P.L.F. for energy Converter achieved during the year is 27.4%. It is expected that in future the P.L.F. will be higher than 27.4% as there will be better grid availability from TNEB in the year 1998-99.

The Company has made a representation to IREDA to pass on the benefits under Section 10 (23G) of the Income tax Act, 1961 by reducing the rate of interest as IREDA is eligible to claim benefit under section 10(23G) of the Income tax Act, 1961, because of the long term finance made by it to the company.

The Company had with the approval of the RBI set up in January, 1997 a 100% wholly owned subsidiary in the Cayman Islands, named Ushdev International (cayman) Limited to trade in the international market. This was the first year of operation.

Other Business

The Company continues its financing, leasing, commission and trading business.

The Company has obtained High Court order on 26/6/1998 in its favour for lease rent receivable from Rokadia Chemicals Limited. Rokadia Chemicals Limited has been directed to deposit Rs.30,00,000/- approximately which will be equivalent to lease rental

USHDEV INTERNATIONAL LIMITED**DIRECTORS
REPORT**

receivable till June, 1998, with the Court within 6 weeks from the date of the order. If it fails to pay, then Rokadia Chemicals Limited would be wound up.

The Company has also filed Criminal Complaints under section 138 of the Negotiable Instruments Act and under sections 420 and 416 of Indian Penal Code against Rokadia Chemicals Limited and its Promoter Directors and is expecting a favourable order in the next few months.

4. OUTLOOK FOR THE FUTURE

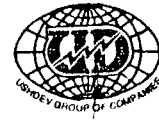
The Government of India has provided a package of Incentives for Infrastructure Industries. These include relaxation in respect of income of NRI investments, tax, tax exemption in respect of interest, dividend and capital gain received on account of investments made in and long term finance given to an enterprise carrying on the business of developing, maintaining and operating any Infrastructure facility. There are other Incentives available to assesseees for investments made in approved securities u/s. 54EA & 54EB of the Income tax Act, 1961 which will be eligible for exemption from Capital Gains. The Company has obtained approval from the Central Board of Direct Taxes, New Delhi, for its shares of Rs. 70.9 million & debentures of Rs. 401.6 million to be recognised as an approved securities under section 54EA and 54EB of the Income tax Act, 1961. The Company is the first company in India to get registration under section 54EA and 54EB of the Income tax Act, 1961, for generating power through wind Mills.

In view of the above, our Directors have decided to expand the capacity in the field of generation of power by wind Mill Route in the State of Maharashtra / Madhya Pradesh / Karnataka at an approximate project cost of Rs.700 million.

5. DIRECTORS

In accordance with the Company's Articles of Association, Mrs. Suman Gupta and Mr. Tyabji Anik retire by rotation at the forthcoming Annual General Meeting. They being eligible offer themselves for re-appointment as Directors liable to retire by rotation.

Mr. Hiralal M. Chopra was appointed as Additional Director of the Company by the Board of Directors on 29th November, 1997. He holds the office of Additional Director upto the date of the forthcoming Annual General Meeting Pursuant to Section 260 of the Companies Act, 1956 and Article 135 of the Articles of Association of the Company. Notice has been received from a member under Section 257 of the Companies Act, 1956 proposing Mr. Hiralal M. Chopra's candidature for the office of Director.

**DIRECTORS
REPORT**

During the year under review, Indian Renewable Energy Development Agency Limited (IREDA) has nominated Dr. Narayan G. Hegde as its Nominee Director on the Board.

6. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

In terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1988, your Directors wish to state that as the Company is not carrying on any manufacturing activity and does not consume power the question of conservation of energy and absorption of technology does not arise. However the figures of foreign exchange are given below:

Foreign Exchange Earning/ Outgo :	Rs. in thousand
Foreign Exchange Earned	24726
Foreign Exchange Outgo	43628

7. FIXED DEPOSITS

The Company has not accepted any deposit from the public.

8. PARTICULARS OF EMPLOYEES

Particulars of Employees are required in terms of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is given below:

Name	Age	Designation Nature of Duties	Gross Remunera- tion of Rs.	Educa- tional Qualifi- cations	Experi- ence (Years)	Date of Comen- cement of Em- ployment	Previous employ- ment & Position held
Mr. Vijay Gupta	46 Years	Managing Director	2,73,000/-	B. Com	20 Years	18-5-94	----

9. AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants retire at the forthcoming Annual General Meeting, but do not seek re-appointment. The Directors suggest that M/s Kalyaniwalla & Mistry, a reputed firm of Chartered Accountants, be appointed.