



USHDEV INTERNATIONAL LIMITED

18th  
Annual Report  
2011-12

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# Corporate Information



USHDEV INTERNATIONAL LTD.

## Board of Directors

Suman Gupta	Non-Executive Chairperson
Prateek Gupta	Managing Director
Narayan Hegde	Non-Executive Independent Director
Vinay Kamat	Non-Executive Independent Director
Suresh Lakhiani	Non-Executive Independent Director
Vijay Kumar Gupta	Non-Executive Independent Director

## Bankers

Canara Bank  
Central Bank of India  
Dena Bank Limited  
Federal Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
Oriental Bank of Commerce  
State Bank of Bikaner & Jaipur  
State Bank of India  
State Bank of Mysore  
State Bank of Travancore  
The Shamrao Vithal Co-operative Bank Limited  
UCO Bank Limited

## Auditors

### M. P. Chitale & Co.

Chartered Accountants  
Hamam House, Ambalal Doshi Marg,  
Fort, Mumbai - 400 001.

## Solicitors

Desai & Diwanji  
Lentin Chambers, Dalal Street,  
Fort, Mumbai - 400 001.  
Tel : +91 22 2265 1682 / 3984 1000  
Fax : +91 22 2265 8245  
E-mail : dhiraj.mhetre@desaidiwanji.com

## Demat Registrars

Sharex Dynamic (India) Private Limited  
Unit-1, Luthra Industrial Premises,  
Andheri Kurla Road, Andheri (East),  
Mumbai - 400 072  
Tel : +91-22-2851 5606 / 5644  
Fax : +91-22-2851 2885  
E-mail : sharexindia@vsnl.com

## Registered Office

6th Floor, New Harileela House,  
Mint Road, Fort,  
Mumbai- 400 001.  
Tel : +91 22 2267 2450 / 60  
E-mail : ushdev@vsnl.net  
Website : www.ushdev.com

## Corporate Office

Apeejay House, 6th Floor,  
130, Mumbai Samachar Marg,  
Fort, Mumbai - 400 023.  
Tel : +91 22 6194 8888  
Fax : +91 22 2282 1416  
E-mail : ushdev@vsnl.net  
Website : www.ushdev.com

# Directors' Report

To  
The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2012.

## 1. Financial Results

Your Company operates in two different business sectors-trading in steel and metals (ferrous and non ferrous) and generation of power. The Company's revenue, expenditure and results of operations are presented through consolidated financial statements and the details given below:

Particulars	(Rs. in lakhs)	
	Financial Year Ended 31/03/2012	Financial Year Ended 31/03/2011
Gross Revenue	5,86,078.96	3,28,928.72
Gross Profit (before interest, depreciation, tax and writing off of preliminary expenses)	23,842.13	14,682.98
Interest	14,273.39	8,518.42
Depreciation	923.81	761.91
Provision for taxation	1,666.37	1,078.93
Net Profit / (Loss)	6,978.56	4,323.72
Deferred Tax Liability/(Assets)	(255.48)	(50.64)
Profit after Tax	7,234.04	4,374.36
Balance in Profit & Loss A/c , c/f from last year	8,250.66	5,010.42
Amount available for appropriation	15,484.70	9,384.78
<b>Appropriations</b>		
Proposed dividend on Equity Shares	617.94	617.94
Transfer to General Reserves	624.58	413.54
Tax on Dividend	100.25	102.63
Balance carried to Balance Sheet	14,141.94	8,250.66

## 2. Dividend

The Board recommended dividend of 21% (i.e. Rs. 2.10/- per equity share) for the Financial Year ended 31st March, 2012 (previous year 21% i.e. Rs. 2.10/- per share) amounting to Rs. 6,17,94,180/-. The dividend on the equity shares is subject to the approval of the shareholders at the Annual General Meeting. The total dividend payout works out to Rs. 6,17,94,180/- (2010-11: 21%) for the standalone Company.

## 3. Increase in Authorised Share Capital

In order to facilitate the issue of equity shares in future, the authorised share capital of the Company was increased from Rs. 30,00,00,000/- (Rupees Thirty Crores only) to Rs. 35,00,00,000/- (Rupees Thirty Five Crores only) vide special resolution passed at the Extra Ordinary General Meeting of the Company held on 7th March 2012.

#### 4. Performance During the Year

##### (i) Power Sector

The Company has its windmills in five states i.e. Tamil Nadu, Rajasthan, Karnataka, Gujarat and Maharashtra. We give the details of the Company projects as below:-

Date of Installation	Location	No of WEG's	Installed Capacity	Investments Rs. in Lakhs
27/03/1997	Tamil Nadu 1	11	2.53 MW	1,406.35
29/03/2005	Tamil Nadu 2	2	1.60 MW	807.47
29/03/2006	Rajasthan	3	2.40 MW	1,178.48
29/03/2006	Karnataka	2	1.60 MW	785.65
30/03/2007	Gujarat 1	2	1.60 MW	740.00
10/07/2007	Gujarat 2	4	3.20 MW	1,480.00
26/09/2009	Tamil Nadu 3	6	9.90 MW	6,090.00
27/11/2010	Maharashtra	4	8.00 MW	4,900.00
	Total	34	30.83 MW	17,387.94

During the year under review, the Company has initiated the process for replacing its windmill project of 2.53 MW with 11 Nos. of 230 kW WEGs in Tamil Nadu with 3 Nos. of 850 kW WEGs with marginal capacity increase to 2.55 MW.

##### (ii) Steel Sector

Your Company's emphasis on core competencies has paid off multifold. Your company has been successful in increasing its market share in the steel sector, thus in turn has been successful in increasing its presence in this sector. This has resulted in an increase in top line income of 79%.

#### 5. Directors

The Board of Directors comprised of the following directors:

- (i) Mrs. Suman Gupta- Chairperson and Non Executive Director
- (ii) Mr. Prateek Gupta- Managing Director
- (iii) Mr. Vinay Kamat- Non Executive and Independent Director
- (iv) Mr. Narayan Hegde- Non Executive and Independent Director
- (v) Mr. Suresh Lakhiani- Non Executive and Independent Director
- (vi) Mr. Vijay Kumar Gupta- Non Executive and Independent Director

Mr. Vijay Kumar Gupta was inducted as an additional director with effect from 6th February 2012 and holds office up to ensuing Annual General Meeting of the Company. The Company has received notice from the member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Vijay Kumar Gupta for the office of director.

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956, Mr. Suresh Lakhiani retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

## 6. Management Discussion and Analysis

### Forward Looking Statements:

This section contains forward-looking statements, which may be identified by their use of words, like 'plans', 'expects', 'wills', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results are Forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

#### a. Industry Structure and Development

The Industry is on a growth path in terms of capacities and global consumption with global demand and supply growing in tandem.

#### b. Opportunities and Threats

The opportunities will exist with the increase in higher value added steel consumption on a steady growth path in the country and the expectation of strengthening of the Indian economy.

As far as the power sector is concerned, the deficit between the demand and supply is so large that the Government of India requires the private sector participation and offers excellent infrastructure for completion of the same. Your Company benefits from the same and is thus able to consolidate and increase its presence in this sector due to the same.

#### c. Segment-wise or Product-wise Performance

Segment wise analysis or performance is also given herewith as per Accounting Standard 17.

#### d. Outlook

Your Company is well respected in both aforesaid sectors i.e. Steel & Power Generation. A detailed expansion is on an anvil especially in the Power Generation sector to increase power generating capacity's year on the most competitive terms.

#### e. Risk and Concerns

Ever changing scenario in international and domestic markets could be the only risk which may be faced by the Steel Industry.

The changing government policies are cause of concern for the Power Generation business, however your Company is taking adequate precautionary steps to safeguard its interest.

#### f. Internal Control Systems and their Adequacy

The Company's internal control system comprises audit and compliance by in-house Internal Audit Division supplemented by internal audit checks from the internal auditors of the Company. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of transactions in value terms. Independence of the audit and compliance is ensured by the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

#### g. Discussions on financial Performance with respect to Operational Performance

The financial performance with respect to the operational performance during the year under review was reasonably good. The Company is on expansion path & the Company has taken a proactive financing strategy to pursue this growth.

**h. Material Development in Human Resources / Industrial Relations Front, including Number of People Employed**

The appointments of qualified and skilled manpower including internal and external training programmes are the constant features of your Company.

**i. Material Financial and Commercial Transactions**

During the financial year under review, there are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company. The Promoters and the Directors are not dealing in the shares of the Company.

**7. Subsidiary Companies**

As on 31st March, 2012, the Company has following two wholly owned subsidiaries:

- i. UIL (Singapore) Pte Limited
- ii. UIL Hongkong Limited

In terms of Section 212(a) of the Companies Act, 1956, the Central Government, Ministry of Corporate Affairs vide its General Circular 2/2011 dated 8th February, 2011 has granted a general exemption to the Company from the requirement of attaching to its Annual Report, the Balance Sheet, Profit and Loss Account and the report of the Directors and Auditors thereon of its subsidiary. Accordingly the same is attached to the Balance Sheet of the Company. The Shareholders who wish to have a copy of Annual Accounts of Subsidiary Company may write to the Company Secretary at the registered office of the Company.

**8. Consolidation of Financial Statements**

In accordance with the said above referred circular and with the Accounting Standards AS – 21 notified by Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements covered in this report by the Company include financial information of its above referred two subsidiary companies and forms part of this Annual Report.

**9. Conservation of Energy, Technological Absorption and Foreign Exchange Earnings and Outgo**

In terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars 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. The figures of foreign exchange earnings and outflow are as follows:

**Foreign Exchange Earning and Outgo:**

	<b>Rs. in Lakhs</b>
Foreign Exchange Earnings/Outgo:	
Foreign Exchange Earned	1,53,505.08
Foreign Exchange Outgo	1,76,286.10

**i. Activities relating to Exports undertaken by the Company:**

During the year under review, the Company has undertaken following activities relating to export:

- a) Unit Approval process completed for setting up Special Economic Zone unit at Arshiya FTWZ, Panvel, Unit approval letter issued by Development Commissioner, Seepz.
- b) Non-ferrous metal added like Nickel and Ferro Nickel in our metal trading activity.
- c) Registration completed with ECGC for export payment insurance.

**ii. Initiatives taken to increase Exports:**

During the year under review, the Company tied up with LME registered members like Steinweg, Goldmatrix Resources and Noble Resources for sale and purchase of LME goods, which will result in worldwide exports.

**iii. Development of new export markets for products and services and export plans:**

During year under review, the Company has already exported around 869.168 MT Nickel to Dubai.

**10. Public Deposits**

The Company has not accepted any deposits from the public.

**11. 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, are not applicable as none of the employees were paid a remuneration of Rs. 60,00,000/- or more per year or Rs. 5,00,000/- or more per month.

**12. Directors Responsibility Statement**

Pursuant to the requirement Under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibilities Statement, it is hereby confirmed;

- i) That in the preparation of the Annual Accounts for the financial year 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) That the Directors had selected such accounting policies and applied them consistently and made judgment 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 the year under review.
- iii) That the Directors have taken proper and sufficient care 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 Directors have prepared the Annual Accounts for the financial year ended 31st March, 2012 on a going concern basis.

**13. Listing of Shares**

The Company's shares are listed on Bombay Stock Exchange Limited (BSE) and the Company has paid the listing fees for the same.

**14. Corporate Governance**

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by the law of the land. The Company complies with the revised clause 49 of the Listing Agreement.

The Board of Directors of the Company had also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally.

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Practising Company Secretary confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.

**15. Auditors**

M/s. M. P. Chitale & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible to offer themselves for re-appointment. The Company has received a certificate from





them to the effect that their re-appointment, if made would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

#### **16. Cost Audit Report and Cost Accounting Records**

Ministry of Corporate Affairs Cost Audit Branch had issued MCA order E No. 52/26/CAB - 2010 dated 2nd May, 2011. By virtue of this order Companies generating electricity and satisfying certain conditions are brought under the provisions of mandatory cost audit from the financial year beginning from 1st April, 2011. Ushdev International Limited being a Listed Company and one of its business being generation of power by windmills is required to perform cost audit for the windmill business.

Accordingly, the Company had appointed M/s. H. S. Bajaj & Co., Cost Accountants as Cost Auditor. The Cost Auditor had submitted his report before the Board of Directors of the Company. The Board of Directors has adopted and approved the report at their meeting held on 25th May, 2012.

The Company has also complied with the Cost Accounting Records (Electricity Industry) Rules, 2011.

#### **17. Acknowledgment**

Your Directors take this opportunity to place on record their warm appreciation for the valuable contribution, untiring efforts and spirit of dedication demonstrated by the employees and officers at all levels, in the sure and steady progress of the Company.

Your Directors also express their deep gratitude to its Bankers and concerned governmental authorities. They are thankful to the Shareholders and Customers for the co-operation and trust they have reposed in the Company.

For and on behalf of the Board  
For **Ushdev International Limited**

**Suman Gupta**  
Chairperson

**Prateek Gupta**  
Managing Director

Place : Mumbai

Dated : 25th May, 2012

# Corporate Governance Report

(under Clause 49 (VI) (i) of Listing Agreement) \*(For The Financial Year 31st March, 2012)

## I. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to strive for attaining the optimum level of transparency and accountability in all facets of its operations and all dealings with shareholders, employees, lenders, creditors, customers and the government. The Board of Directors by considering itself the trustee of its Shareholders aims at maximizing shareholders value and protecting interests of other stakeholders

## II. Board of Directors

### i) Composition and Category of Directors:

The Board consists of 6 Directors, out of which 4 are Independent Directors. Composition of the Board and category of Directors are as follows:

Name	Executive/ Non Executive	Promoter/ Independent	Relationship with Directors
Ms. Suman Gupta	Non-Executive Chairperson	Promoter	Mother of Mr. Prateek Gupta
Mr. Prateek Gupta	Managing Director	Promoter	Son of Ms. Suman Gupta
Mr. Narayan Hegde	Non-Executive	Independent	Not Related to any Director
Mr. Vinay Kamat	Non-Executive	Independent	Not Related to any Director
Mr. Suresh Lakhiani	Non-Executive	Independent	Not Related to any Director
*Mr. Vijay Kumar Gupta	Non-Executive	Independent	Not Related to any Director

\*Appointed w.e.f 6th February, 2012

### ii) Attendance of each Director at the Board Meeting and last Annual General Meeting:

Date of the Board Meeting	Mrs. Suman Gupta	Mr. Prateek Gupta	Mr. Naryan Hegde	Mr. Vinay Kamat	Mr. Suresh Lakhiani	Mr. Vijay Kumar Gupta (Appointed on 06/02/12)
30/05/2011	Present	Present	Present	Present	Present	-
22/07/2011	Present	Present	Absent	Present	Absent	-
11/08/2011	Present	Present	Absent	Present	Absent	-
05/09/2011	Present	Present	Absent	Present	Absent	-
14/11/2011	Present	Present	Present	Present	Absent	-
12/12/2011	Present	Present	Absent	Present	Absent	-
06/02/2012	Present	Present	Present	Present	Absent	-
<b>Total attendance out of 7 meetings</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>-</b>
<b>Attendance at the last AGM</b>	<b>Present</b>	<b>Present</b>	<b>Absent</b>	<b>Absent</b>	<b>Absent</b>	<b>-</b>

iii) a. Number of other Companies where Director (of UIL) hold memberships on the Board of Directors:

b. Number and Name of Committees in which the Directors (of UIL) hold Memberships or Chairmanships:

Name of Director	No. of Other Co.s where Director	Number & Name of Committee Memberships / Chairmanships			
		Chairman	No.	Member	No.
Ms. Suman Gupta	8	Nil	0	Nil	0
Mr. Prateek Gupta	11	Nil	0	AC – UIL SIGC – UIL	2
Mr. Narayan Hegde	4	Nil	0	AC – UIL SIGC – UIL	2