



FIRST 50 CRORES SALES IN THE INDUSTRY 2004-2005



47th
ANNUAL REPORT

HIND RECTIFIERS LIMITED

Hirect

REGISTERED OFFICE	:	Lake Road, Bhandup (W), Mumbai - 400 078. (India)
WORKS	i)	Lake Road, Bhandup (W), Mumbai - 400 078. (India)
	ii)	Plot No. 110/111 M.I.D.C., Satpur, Nashik - 422 007. (India)
REGIONS		
Eastern Regional Office	:	Chatterjee International Centre, 15th Floor, Flat No. 10, 33-A, J. N. Road, Kolkata - 700 071.
Western Regional Office	:	Marketing Division Lake Road, Bhandup (W), Mumbai - 400 078.
Northern Regional Office	:	62, Dayanand Road, Daryaganj, New Delhi - 110 002.
Southern Regional Office	:	'Anna Mansion', 1st Floor, No. 7/1 Avenue Road, Nungambakam, Chennai - 600 034.

LIAISON OFFICES

Bangalore	:	"Srivenkatadri" No. 166, I Block, II Stage, Nagarabhavi, Bangalore - 560 072.
Secunderabad	:	H No. 5-8-105/5, Bhagat Singh Nagar, Yapral Village, J. J. Nagar, Colony Post, Secunderabad - 500 087.

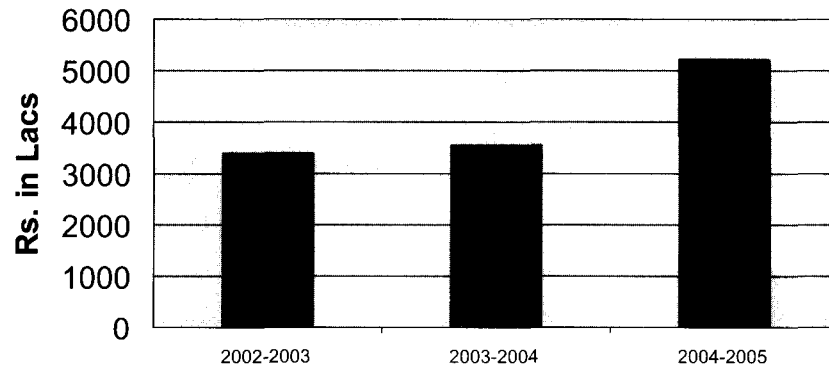
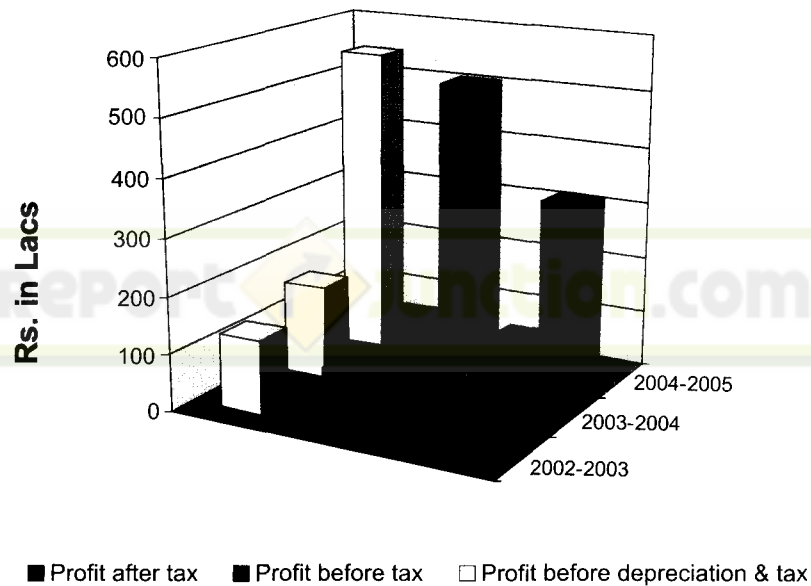
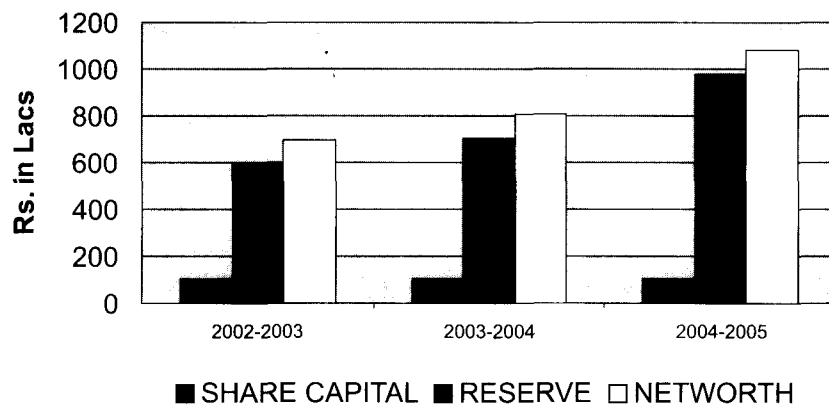
CONTENTS

Notice to the Members	3
Director's Report	8
Secretarial Compliance Certificate	15
Auditors' Report	17
Balance Sheet.....	20
Profit & Loss Account	21
Cash Flow	22
Schedules	23

BOARD OF DIRECTORS	:	S. K. Nevatia, Chairman & Managing Director Uma S. Nevatia, Executive Vice Chairperson J. H. Shah H. L. Gidwani D. R. Mehta Niraj Ramkrishna Bajaj Bharat Swaroop Pawan Kumar Golyan
MANAGEMENT TEAM	:	S. K. Nevatia - Chairman & Managing Director Uma S. Nevatia - Executive Vice Chairperson Vinod Maria - President Saurabh Nevatia - Chief Executive (Nashik) P. D. Telang - Vice President (Manufacturing) U. V. Ramchandran - Vice President (Marketing) A. K. Nemani - Vice President (Finance)
BANKERS	:	The Bank of Rajasthan Limited Union Bank of India
AUDITORS	:	M/s. Khandwala & Shah Chartered Accountants
LEGAL ADVISORS	:	M/s. Kanga & Co.
REGISTRAR AND TRANSFER AGENT	:	M/s. ADROIT CORPORATE SERVICES LIMITED, 19, Jafarbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059.

47th ANNUAL GENERAL MEETING

Date	:	Friday, July 29, 2005
Time	:	3.30 p.m.
Venue	:	Kamalnayan Bajaj Hall & Art Gallery, Ground Floor, Bajaj Bhavan, Nariman Point, Mumbai - 400 021.

Hirect**SALES****EARNINGS****NETWORTH**

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 47th Annual General Meeting of the member of HIND RECTIFIERS LIMITED will be held on Friday the 29th day of July, 2005 at 3.30 p.m. at Kamalnayan Bajaj Hall & Art Gallery, Bajaj Bhavan, Ground Floor, Nariman Point, Mumbai – 400 021 to transact, with or without modification (s) the following businesses :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To sanction the declaration and payment of Dividend on Equity Shares for the year ended March 31, 2005.
3. To appoint a Director in place of Shri H.L. Gidwani, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Pawan Kumar Golyan, who retires from office by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the board to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provision of Sections 269, 309, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the consent of the members of the Company be and is hereby granted to the reappointment of Shri S.K.Nevatia as Chairman & Managing Director of the Company for a period of 5 years with effect from 1st April, 2005 upon terms and conditions as detailed in the explanatory statement with liberty to the Board of Directors to alter or to vary the same so as not to exceed the limits set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board of Directors of the Company and Shri S. K .Nevatia".
7. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provision of Sections 269, 309, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, the consent of the members of the Company be and is hereby granted to the appointment of Mrs. Uma S. Nevatia as an Executive Vice Chairperson of the Company for a period of 5 years with effect from 1st April, 2005 upon terms and conditions as detailed in the explanatory statement with liberty to the Board of Directors to alter or to vary the same so as not to exceed the limits set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board of Directors of the Company and Mrs. Uma S. Nevatia".
8. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED

1. That upon the recommendation made by the Board of Directors of the Company, it is desirable to capitalise a sum of Rs.25,000/- (Rupees Twenty Five Thousand only) from the amount standing to the credit of Share Premium Account, a sum of Rs.2,100/- (Two Thousand One Hundred only) from the amount standing to the credit of Capital Reserve Account and Rs.49,92,210/- (Rupees Forty Nine Lacs Ninety Two Thousand Two Hundred & Ten only) from the amount standing to the credit from the General Reserve Account as on 31st March, 2005, and that accordingly subject to the compliance of the relevant guidelines issued by Securities and Exchange Board of India (SEBI), a sum of Rs.50,19,310/- (Rupees Fifty Lacs Nineteen Thousand Three Hundred & Ten Only) be transferred to share capital and be set free for distribution as a Capital Bonus and that accordingly it is hereby declared that such Capital Bonus of Rs.50,19,310/- (Rupees Fifty Lacs Nineteen Thousand Three Hundred & Ten Only) be applied on behalf of the members who, on a date to be fixed hereafter by the Board, shall be registered holders of the existing 10,03,862 fully paid Equity Shares of Rs.10/- each of the

Hirect

Company, in payment, in full for 5,01,931 new Equity Shares of Rs.10/- each to be issued out of the unissued Equity Shares of Rs.10/- of the company and that such 5,01,931 new Equity Shares credited as fully paid up be accordingly allotted and distributed as Bonus Shares to such members respectively as aforesaid in the proportion of One such new Equity Share for every Two Equity Shares of the said existing 10,03,862 Equity Shares held by them respectively on the said date upon the footing that the new Equity Shares so distributed shall be treated for all purposes as an increase of the nominal amount of Equity Capital of the Company held by each such Member and not as income;

2. THAT the said 5,01,931 new Equity Shares be issued and allotted as fully paid up Bonus Equity Shares and shall rank for full dividend for the financial year during which the said Bonus Equity Shares are allotted and thereafter and shall be in all respect pari passu with the existing Equity Shares and shall be subject to the Memorandum and Articals of Association of the Company;
3. THAT if as a result of implementation of this resolution, any member becomes entitled to a fraction of new Equity Shares to be allotted as Bonus Shares, the Company shall not issue any Certificate or coupon in respect of such fractional shares but the total number of such new Equity Shares representing such fractions shall be allotted by the Board to a nominee or nominees to be selected by the Board who would hold them as trustee for the equity shareholders who would have been entitled to such fractions, in case the same were issued. Such nominee/s will soon as possible sell such Equity Shares allotted to him/them at the prevailing market rate and net sale proceeds of such shares after adjusting the cost and expenses in respect thereof be distributed among such members who are entitled to such fractions in the proportion of their respective holding and allotment of fractions thereof;
4. THAT the issue and allotment of fully paid new Equity Shares as Bonus Shares, to the extent that they relate to Non-Resident Members of the Company, shall be subject to the approval of the Reserve Bank of India, under the Foreign Exchange Management Act, 1999 or any amendment thereof;
5. THAT the certificates in respect of the said Bonus Shares shall be completed and delivered within three months of the date of allotment thereof and that no letter of Allotment be issued in respect of the said Bonus Shares ; and
6. THAT for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to take all steps and give directions as may be necessary or desirable and to settle any question or difficulty whatsoever that may arise herein as they may in their absolute discretion deem fit".

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/07/2005 to 29/07/2005 (both days inclusive).
3. The dividend, on Equity Shares as recommended by the Board of Directors of the Company, when approved at the Annual General Meeting of the Company will be paid on or after July 29, 2005 :
 - I] to those members of the Company whose names stand registered on the Company's Register of Member as on July 25, 2005
 - OR**
 - II] in respect of shares held in electronic form, to those "deemed members" whose names appear on the statements of beneficial ownership furnished by the National Securities Depository Limited [NSDL] and Central Depository Services [India] Limited [CDSL], at the end of business hours on July 25, 2005.
4. Pursuant to the provision of Section 205 (A) of the Companies Act, 1956, unclaimed Dividend upto the year ended March 31, 1995 has been transferred to the credit of the General Revenue Account of the Central Government. The members who have not received the dividend for the said year may claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, "A" Wing, CBD-Belapur, Navi Mumbai- 400 614, Telephone NO. 2757 6802.

Members are hereby informed that Dividends which remain unclaimed/unencashed over a period of 7 year have to be transferred by the company to the Investors Education & Protection Fund, constituted by the Central Government under section 205 (A) & 205 (C) of the Companies Act, 1956.

Members should note that the unpaid dividend for the financial year ended March 31, 1996 and March 31, 1997 has already been transferred to the Investors Education & Protection Fund of the Central Government under the amended provision of the section 205 (B) of the companies Act, 1956 and hence no claim lies of any investors on the same.

Members should note that no claim can be made by the shareholders for the unclaimed dividends which have been transferred to the credit of The Investors Education & Protection Fund of the Central Government under the amended provisions of section 205 (B) of the Companies Act, 1956.

Members who have not yet encashed their dividend warrant (S) for the financial year ended March 31, 1998 and onward are requested to claim the amount forthwith from the company.

5. Members desirous of seeking any information concerning the Account of the Company are requested to address their queries in writing to the company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
6. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting.
7. The Company has listed its shares on the Stock Exchange, Mumbai.
8. Members holding shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and to the Company.

M/S ADROIT CORPORATE SERVICES LIMITED

[Unit : Hind Rectifiers Limited]

19, Jafarbhoy Industrial Estate, 1st Floor

Makwana Road, Marol Naka, Andheri [East], Mumbai – 400 059.

Tel. No. 2859 4060 / 2859 6060 • Fax : 2850 3748 • E-mail : adroits@vsnl.net

9. a) Members are informed that in order to avoid fraudulent encashment of dividend warrants they should send to the Registrar and Transfer Agent of the Company at the address given above under the signature of the Sole/ First Joint holder the information relating to Name and of the Banker along with the Pin Code Number and Bank Account Number to print on the Dividend Warrants.
- b) Members desirous of availing the facility of Electronic Credit of Dividend are requested to send ECS form to the Registrar and Transfer Agent of the Company at the address given above.
- c) Members holding shares in dematerialized form and desirous to change or correct the bank account details should sent immediately to the concerned Depository Participant. Members are also requested to give MICR Code to the Depository Participant.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
11. Members/Proxies holding their Shares in Physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
12. Members who are holding shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
13. In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in demat form, they must quote their DP ID and client ID Number.

Registered Office :

Lake Road, Bhandup (W),
Mumbai - 400 078.

For and on behalf of the Board of Directors

For **HIND RECTIFIERS LIMITED**

S. K. NEVATIA

Chairman & Managing Director

Dated : 21st June, 2005

Hirect**EXPLANATORY STATEMENT U/S.173(2) OF THE COMPANIES ACT 1956:****ITEM 6:**

The present term of Shri S. K. Nevatia as Chairman & Managing Director of the Company has expired on 31st March, 2005. The Board of Directors of the Company have reappointed Shri S. K. Nevatia as Chairman & Managing Directors of the Company for a further period of 5 years with effect from 1st April, 2005 subject to approval at the General Body meeting. Board proposes to revise his remuneration w.e.f. 01.04.2005 as under:

1. Monthly Salary : 70,000/- (Rs. Seventy Thousand only)
2. Perquisites:
 - a) Free furnished residential accommodation with electricity, water and furnishing.
 - b) Company's contribution to Provident Fund.
 - c) Medclaim Policy and/ or reimbursement of medical expenses including hospitalization, nursing home and surgical charges for self and family whether incurred in India or abroad.
 - d) Reimbursement of actual travelling expenses for proceeding on leave from Mumbai to any place and return from there in respect of self and family in accordance with the rules specified by the Company from time to time.
 - e) Reimbursement of membership fees for clubs not exceeding two clubs.
 - f) Gratuity at the rate of half month salary for each completed year of service.
 - g) Chauffeur driven Company's car.
 - h) Income Tax on perquisites as per Section 192(1A) of the Income Tax Act, 1962.

3. Commission :

Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, subject to the overall ceiling stipulated in section 198 and 309 of the Company Act.

The draft agreement entered into between the Company and the Managing Director is open for inspection at the Registered Office of the Company on any day during the business hours prior to the date of the meeting.

The Remuneration Committee has approved the above terms of appointment of Shri S.K. Nevatia.

The Board recommends the resolution to be passed by the Shareholders.

None of the Directors except Mrs. Uma S. Nevatia, Shri Pawan Kumar Golyan as relatives under Section 6(c) of the Companies Act, 1956 and Shri S. K. Nevatia himself, since it related to his appointment are concerned or interested in the said resolution.

ITEM 7:

Mrs. Uma S. Nevatia was Vice Chairperson of the Company since 24.03.2000. She devotes most of her time in handling day to day affairs of the Company. Considering her contribution to the growth of the Company, the Board of Directors of the Company has appointed Mrs. Uma S. Nevatia as an Executive Vice Chairperson of the Company for a period of 5 years w.e.f 01.04.2005 on the terms and conditions as below :

Hiret

1. Monthly Salary : 35,000 – 3,500 – 49,000.
2. Perquisites:
 - a) Company's contribution to Provident Fund.
 - b) Medclaim Policy and/or reimbursement of medical expenses including hospitalization, nursing home and surgical charges for self and family whether incurred in India or abroad.
 - c) Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place in India and back from there in respect of self and family in accordance with the rules specified by the Company from time to time.
 - d) Gratuity at the rate of half month salary for each completed year of service.
 - e) Chauffeur driven Company's car.

The draft agreement entered into between the Company and the Executive Vice Chairperson is open for inspection at the Registered Office of the Company on any day during the business hours prior to the date of the meeting.

The Remuneration Committee has approved the above terms of appointment of Mrs. Uma S. Nevatia.

The Board recommends the resolution to be passed by the Shareholders.

None of the Directors except Shri S.K. Nevatia, Shri Bharat Swaroop, Shri Pawan Kumar Golyan as relatives under Section 6(c) of the Companies Act, 1956 and Mrs. Uma S. Nevatia herself, since it related to her own appointment are concerned or interested in the said resolution.

ITEM 8:

In view of the results for the year 2004-05 and the satisfactory reserves built up in the Company's account, the Board of Directors of the Company has recommended capitalization of an amount of Rs. 25,000/- (Rupees Twenty Five Thousand Only) from the Share Premium Account, Rs. 2,100/- (Rupees Two Thousand One Hundred Only) from the Capital Reserve Account and Rs. 49,92,210/- (Rupees Forty Nine Lacs Ninety Two Thousand Two Hundred & Ten Only) from the General Reserve of the Company by issuing Bonus Shares in the proportion of ONE new Bonus Share for every TWO existing Shares held in the Company on a date to be announced by the Board of Directors of the Company. The Bonus issue as proposed meets the guidelines laid down by the Department of Company Affairs, Stock Exchange and Securities & Exchange Board of India [SEBI]. The allotment of Bonus Shares to non-resident members will be subject to the approval of Reserve Bank of India under the Foreign Exchange Management Act. The said Bonus Shares when allotted shall rank for full dividend that may be declared for the financial year during which they are allotted and shall rank pari passu in all other respects with the existing Equity Shares of the Company.

The Board recommends the resolution to be passed by the Shareholders.

The Directors of the Company may be deemed to be concerned or interested in the issue of new Equity Shares to the extent of their Shareholdings in the Company.

For and on behalf of the Board of Directors
For **HIND RECTIFIERS LIMITED**

Mumbai

Dated : 21st June, 2005

S. K. NEVATIA
Chairman & Managing Director

Hirect

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have great pleasure in presenting 47th Annual Report together with the Audited accounts for the year ended March 31, 2005.

FINANCIAL RESULTS:

	Year ended 31.03.2005 Rs. In Lacs	Year ended 31.03.2004 Rs. In Lacs
Turnover	5202.54	3535.88
Gross Profit	545.83	164.48
Less : Depreciation	40.29	29.42
Profit before tax	505.54	135.06
Less : Provision for Taxation		22.85
- Current 201.00		
- Deferred (11.90)	189.10	(15.30)
Profit after taxes	316.44	127.51
Excess/(Short) Provision for taxation of earlier year	4.25	11.24
Adjustment in respect of earlier years	(0.51)	0.02
Surplus of previous year	26.54	21.08
Profit available for appropriation	346.72	159.85
Appropriations:		
Transferred to General Reserve	265.00	105.00
Proposed Dividend	40.16	25.10
Tax on Dividend	5.63	3.21
Surplus Carried to Balance Sheet	35.93	26.54

OPERATIONS:

Company achieved a record Sales and Profits of Rs. 5202.54 lacs and Rs.316.44 lacs as against Rs. 3535.88 lacs and Rs.127.51 lacs respectively due to increased contribution by all Plants. The Company is now harvesting good benefits of continuing strategy of new products commercialization, marketing focus and fixed cost reduction.

Indian Railways continue to be the most valuable and largest customer of the company. The first single unit 180 KVA Converter imported proto type has been successfully commissioned on the Electric Locomotive of Indian Railways and is now undergoing field run.

The Company is upgrading its manufacturing facilities for further enhancing productivity and quality.

The Company has healthy pending orders and is expected to continue its good performance in the current year.

DIVIDEND:

The Directors recommended Dividend for consideration of the Shareholders at the Annual General Meeting payment of dividend at 40% (Rs.4.00 per Share) amounting to Rs. 40,15,448/- for the year ended 31st march 2005 (previous year Rs.25,09,655/-).

BONUS SHARES:

Considering the result for the year 2004-05 and healthy reserves built in the company's accounts the Board recommend issue of Bonus Shares in the ratio of one Equity Share for every two existing Equity Shares held in Company and a resolution is being proposed at the ensuing Annual General Meeting.