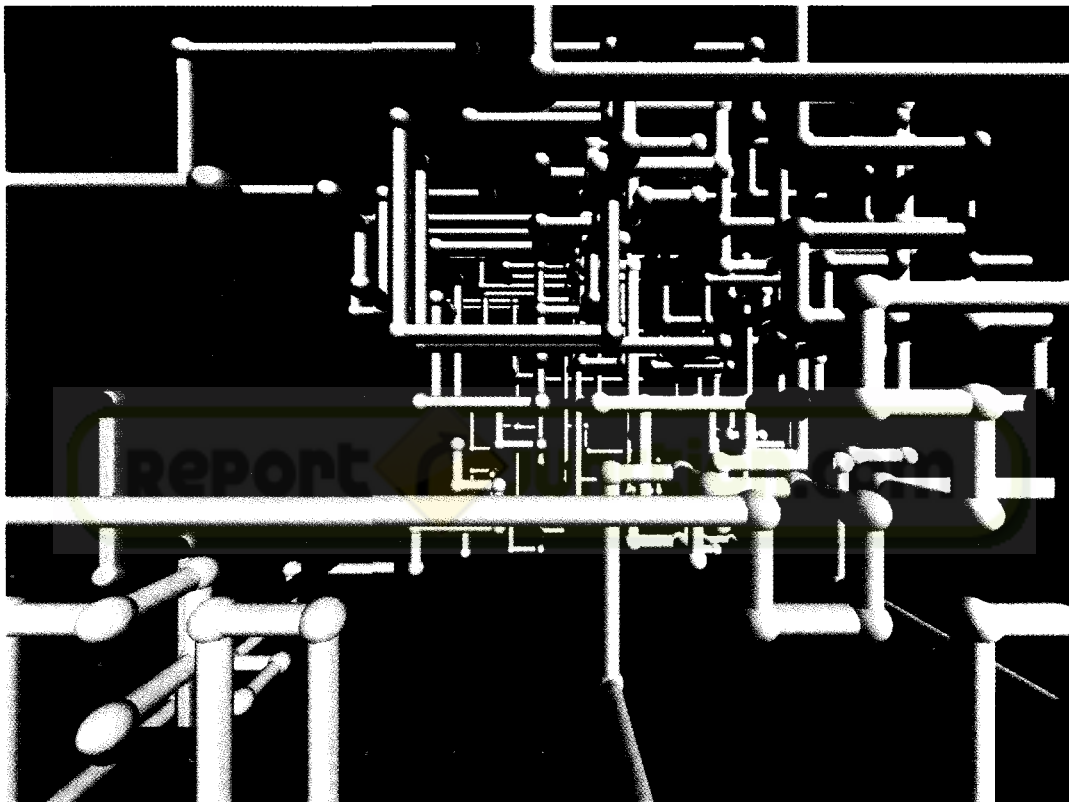




2005-2006



48th

ANNUAL REPORT

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**HIND RECTIFIERS LIMITED**

# Hirect

<b>REGISTERED OFFICE</b>	:	Lake Road, Bhandup (W), Mumbai - 400 078. (India)
<b>WORKS</b>	i)	Lake Road, Bhandup (W), Mumbai - 400 078. (India)
	ii)	Plot No. 110/111 M.I.D.C., Satpur, Nashik - 422 007. (India)
	iii)	Village Charba, Vikas Nagar, Dehradun, Uttaranchal State (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.

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**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.

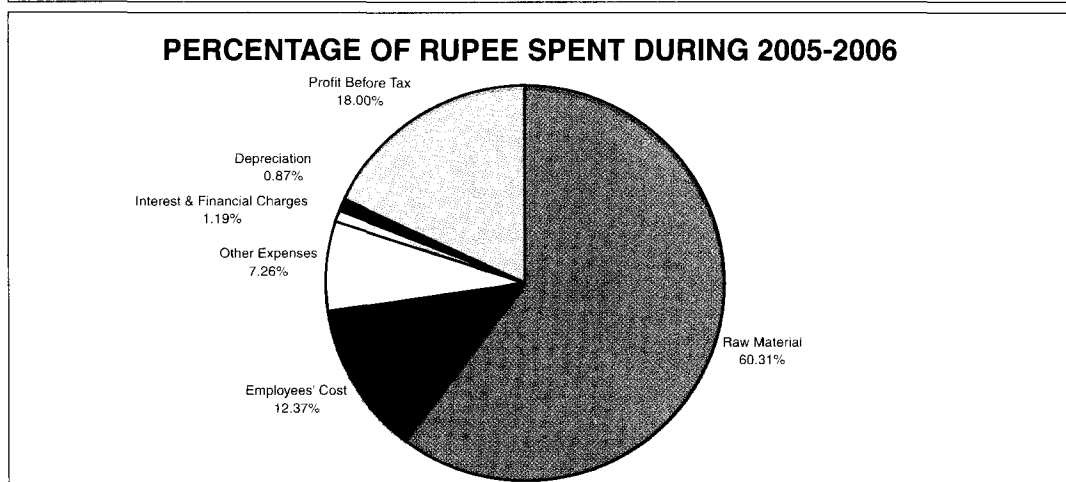
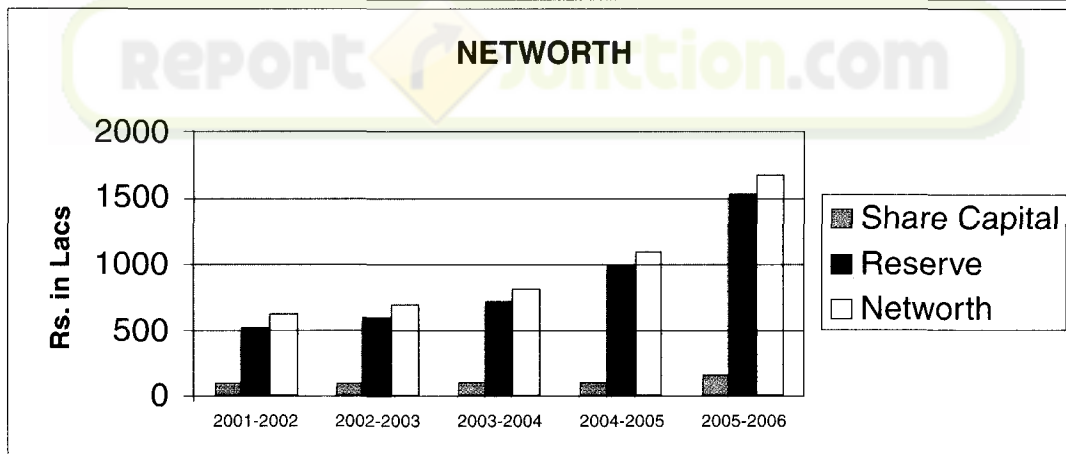
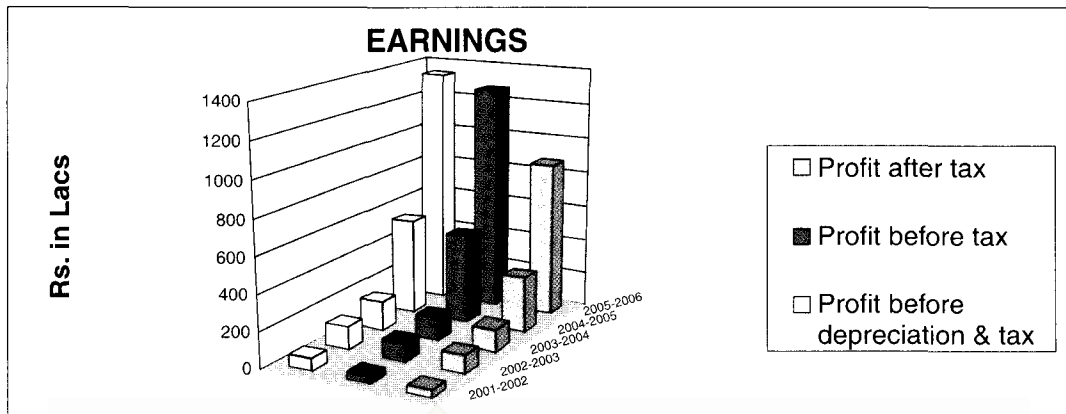
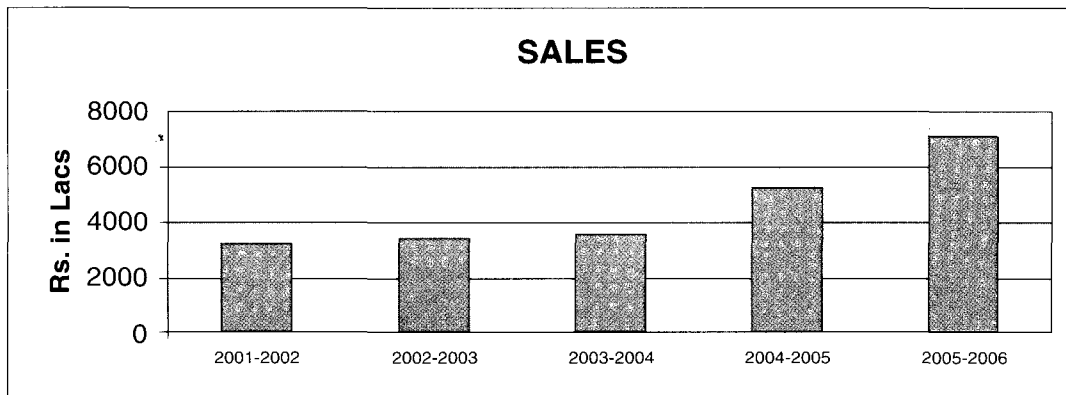
**REGISTRAR AND TRANSFER AGENT** : M/s. ADROIT CORPORATE SERVICES PRIVATE LIMITED  
 19, Jafarbhoy Industrial Estate,  
 1st Floor, Makwana Road, Marol Naka,  
 Andheri (East), Mumbai - 400 059.

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#### 48TH ANNUAL GENERAL MEETING

**Date** : Wednesday, August 30, 2006  
**Time** : 3.30 p.m.  
**Venue** : Kamalnayan Bajaj Hall & Art Gallery,  
 Ground Floor, Bajaj Bhavan,  
 Nariman Point,  
 Mumbai - 400 021.

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**HIGHLIGHTS**

		2005-06	2004-05	2003-04
<b>INCOME :</b>				
1. Sales & Other Income	Rs.	70,98,06,809	52,19,89,940	35,59,75,281
2. Profit before Interest, Depreciation and Tax	Rs.	14,23,71,062	6,23,89,249	2,37,36,305
3. Interest	Rs.	84,27,301	78,06,532	72,87,767
4. Gross Profit after Interest but before Depreciation and Tax	Rs.	13,39,43,761	5,45,82,717	1,64,48,538
5. Profit after Tax	Rs.	8,80,10,242	3,16,43,455	1,27,51,285
6. Dividend	Rs.	1,05,40,551	40,15,448	25,09,655

**EQUITY SHARE DATA :**

7. Sales & Other Income per equity Share	Rs.	471	347	355
8. Earnings per equity share	Rs.	58.45	21.01	12.70
9. Book value of equity share	Rs.	111.08	107.74	80.41
10. Networth	Rs.	16,72,60,008	10,81,57,097	8,07,18,181
11. Market Price :				
a) High	Rs.	1127	256	114
b) Low	Rs.	206	62	21
12. Dividend	(%)	70	40	25

**RATIO :**

13. Gross Profit/Sales & Other Income	(%)	18.87	10.46	4.62
14. Profit after Tax/Networth	(%)	52.62	29.26	15.80
15. Total Liabilities /Total Assets	Times	0.55	0.59	0.59

**Hirect****NOTICE TO THE MEMBERS**

**NOTICE** is hereby given that the 48<sup>th</sup> Annual General Meeting of the members of HIND RECTIFIERS LIMITED will be held on Wednesday the 30<sup>th</sup> day of August, 2006 at 3.30 p.m. at Kamalnayan Bajaj Hall & Art Gallery, Ground floor, Bajaj Bhavan, 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, 2006 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, 2006.
3. To appoint a Director in place of Shri Niraj Bajaj, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Jayant H. Shah, who retires from office by rotation, and being eligible offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the board to fix their remuneration.

**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 APPOINT 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 25/08/06 to 30/08/06 (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 August 30, 2006 :

- I] to those members of the Company whose names stand registered on the Company's Register of Member as on August 24, 2006

**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 August 24, 2006.

4. Members are hereby informed that Dividends which remain unclaimed/unencashed over a period of 7 years 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, March 31, 1997 & March 31, 1998 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.

5. Member 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 Bombay Stock Exchange Limited.
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 PRIVATE LIMITED**

[ Unit : Hind Rectifiers Limited ]

19, Jafarbhoy Industrial Estate, 1<sup>st</sup> 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 Address 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.

## ***Hirect***

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**

Dated : 14th June, 2006

**S. K. NEVATIA**  
Chairman & Managing Director





**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have great pleasure in presenting 48<sup>th</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2006.

**FINANCIAL RESULTS :**

	<b>Year ended 31.03.2006 (Rs. in Lacs)</b>	<b>Year ended 31.03.2005 (Rs. in Lacs)</b>
<b>Gross Operational Income</b>	<b>8168.86</b>	5982.32
Less : Excise Duty	<b>1089.07</b>	779.78
<b>Net Operational Income</b>	<b>7079.79</b>	5202.54
<b>Gross Profit</b>	<b>1339.44</b>	545.83
Less : Depreciation	<b>62.10</b>	40.29
<b>Profit before tax</b>	<b>1277.34</b>	505.54
Less : Provision for Taxation - Current	386.00	201.00
- Deferred	(3.26)	(11.90)
- Fringe benefit	14.50	—
<b>Profit after taxes</b>	<b>880.10</b>	316.44
Excess/(Short) Provision of taxation for earlier years	<b>(1.28)</b>	4.25
Adjustment in respect of earlier years	<b>(167.60)</b>	(0.51)
Surplus of previous year	<b>35.93</b>	26.54
<b>Profit available for appropriation</b>	<b>747.15</b>	346.72
<b>Appropriations :</b>		
Transferred to General Reserve	<b>590.00</b>	265.00
Proposed Dividend	<b>105.41</b>	40.16
Tax on Dividend	<b>14.78</b>	5.63
Surplus Carried to Balance Sheet	<b>36.96</b>	35.93

**OPERATIONS :**

Aggressive marketing, efficient manufacturing and cost control resulted in another record Net Operational Income and Profit of Rs. 7079.79 lacs and Rs.880.10 lacs respectively as against Rs.5202.54 lacs and Rs.316.44 lacs in the previous year. All the plants achieved respectable growth in production and profitability.

The Company continues to focus on its most important client i.e. Indian Railways by continuously adopting its technology and products to the changing needs of the Railways.

The Company is modernizing all its Plants in Mumbai and is setting up two new plants in Uttaranchal, where tax concessions are available from the Central Government, to meet the challenges of growing input cost and increasing competition.

The Company is expected to have healthy order booking and will therefore continue its good performance in the current year.

## **Hirect**

### **DIVIDEND :**

The Directors recommends for consideration of the Shareholders at the Annual General Meeting payment of dividend at 70% (Rs.7.00 per Share) amounting to Rs.1,05,40,551/- for the year ended 31<sup>st</sup> March, 2006 (previous year Rs.40,15,448/-).

### **DEPOSITS :**

Deposit amounting to Rs. 91,000/- due for payment on or before March 31, 2006 remained unclaimed by the depositors on that date. Letters have been sent to such depositors reminding them to claim their deposits. As at the date of this report Rs.40,000/- thereof have been claimed and paid.

### **BOARD OF DIRECTORS :**

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Shri Niraj Bajaj and Shri Jayant H Shah, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

### **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006.
3. 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.
4. The annual accounts have been prepared on a going concern basis.

### **AUDITORS :**

M/s. Khandwala & Shah, Chartered Accountants, Auditors of the Company are retiring at the ensuing Annual General Meeting. They are eligible for re-appointment and have expressed their willingness to act as Auditors, if re-appointed. The Company has received a certificate from them that they are qualified under section 224 (1B) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment and fix their remuneration.

### **AUDITORS' OBSERVATIONS :**

The observations of the auditors contained in their Report have been adequately dealt with in the Notes to the Accounts given in Schedule "R" which are self explanatory and, therefore, do not call for any further comments.

### **SECRETARIAL COMPLIANCE REPORT :**

As required under the amended provisions of the Companies Act, 1956, the Company is required to obtain Secretarial Compliance Certificate from a Practicing Company Secretary. The same is enclosed and form part of this report.