



Delco Remy Electricals India Ltd.

Report  Junction.com

Annual Report 2001 - 2002

**REGISTERED OFFICE**

204, Gupta Estate
5-9-58, Basheerbagh
Hyderabad 500 029.
Andhra Pradesh

BOARD OF DIRECTORS

(22.7.2002)

Chairman Managing Director

Mr. B S Sahney

DIRECTORS

Mr. John Cowden

Mr. K O Cho

Mr. Mike Alma

Mrs. Brijween Kaur Sahney

Mrs. Jasmine Pillai

Mr. Dinesh Sharma – nominee of IFCI

Mr. A K Bhaumik

MANUFACTURING FACILITIES

1. Thondamanatham Village
Villianure Commune
Pondicherry – 605 502

2. B32-B37, Sector – 81
Noida, Phase – II, 201 305
Goutam Budh Nagar District,
U.P.

COMPANY SECRETARY

P S Sastry

BANKERS

Canara Bank

Punjab National Bank

AUDITORS

Venugopal & Chenoy

Chartered Accountants

Hyderabad.



NOTICE

To The Members

Delco Remy Electricals India Ltd

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the Company will be held at Company's Registered Office at 204, Gupta Estate, 5-9-58, Basheerbagh, Hyderabad 500 029, Andhra Pradesh on Monday, the 26th August, 2002 at 11.00 A.M to transact the following business.

ORDINARY BUSINESS

1) To Consider and if thought to fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended on the 31st March 2002, be and is hereby approved and adopted together with the Auditors' Report thereon."

"FURTHER RESOLVED that the Directors' Report as placed before the meeting be and is hereby approved."

2) To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that Mr. Mike Alma, Director of the Company, who retires by rotation at this meeting, being eligible for reappointment, be and is hereby re-elected as a Director of the Company whose period of office shall be liable for determination by retirement of Directors by rotation."

3) To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that Ms. Jasmine Pillai, Director of the Company, who retires by rotation at this meeting, being eligible for reappointment, be and is hereby re-elected as a Director of the Company, whose period of office shall be liable for determination by retirement of Directors by rotation."

4) To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that M/s. Venugopal & Chenoy, Chartered Accountants, Hyderabad, be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

5) To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that subject to the provisions of Section 198, 269, 310 and 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII (as amended) of the said Act, Mr B S Sahney, be reappointed as Managing Director, for a period of 5 years, effective from 29th July 2002 at the following remuneration.

- (i) Salary Rs.15,00,000 per annum.
- (ii) House rent allowance/furnished accommodation Rs. 200,000 per annum.
- (iii) Perquisites including medical reimbursement, leave travel allowance, expenditure on gas, electricity & water, house maintenance etc., Perquisites shall be valued as per Income Tax rules.
- (iv) Provident fund, and Gratuity as per rules of the company.
- (v) Commission at 2% of the net profit of the Company computed as per act.

Mr B S Sahney will be entitled to an annual increase of Rs 60,000 effective from 1.4.2003

"FURTHER RESOLVED that in the event of inadequacy of profits, the remuneration payable will be restricted as per Schedule XIII of the Act (as amended from time to time)"

Place: Hyderabad

Date : 22.7.2002

By order of the Board

P. S. Sastry

Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 20th August 2002 to 26th August 2002 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy who need not be a member, to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the meeting.
3. The relevant explanatory statement, pursuant to Section 173(2) of the Companies Act 1956, is attached.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.5: Mr. B S Sahney, Managing Director was reappointed for a period of 5 years in 1997. Mr B S Sahney is the promoter Director of the Company and his contribution to the progress of the Company is substantial and invaluable. It is therefore proposed to reappoint him as Managing Director, with the revised remuneration as shown in the proposed resolution. Your Directors therefore, recommend the resolution to the shareholders for approval.

None of the Directors excepting Mr. BS Sahney, Ms B K Sahney and Ms Jasmine Pillai is concerned or interested in the resolution.



DIRECTORS' REPORT

1. OPERATING PERFORMANCE:

The general economic recession continued for this year also resulting in lower off-take from domestic customers. As a result, the operations of Patancheru unit, which have been incurring losses for the past few years have further deteriorated resulting in further losses, which the Company could ill afford. Your company, therefore had no alternative but to close the operations of this unit effective 30th September 2001. Directors would like to emphasise that this in no way will affect your company's operations as the units at Pondichery and Noida have sufficient manufacturing capacities.

During the year, company successfully introduced a new 2.2 KW reduction gear starter in the Indian market and expects that this segment will have good growth in the years to come.

Your directors are glad to inform you that exports continue to be the main focus of your company, with exports to USA, Europe, and Australia. New markets are continuously being developed.

2. FINANCIAL PERFORMANCE:

During the year, company could achieve a cash profit of Rs 23.34 lacs. We expect that with growth in exports in the years to come, your Company would improve profitability.

In view of the losses, company could not declare any dividend on cumulative preference capital and equity capital.

3. PROSPECTS:

With increased exports and increasing volumes from new products, your Directors are confident of better performance in the coming years.

4. DIRECTORS:

Mr. Mike Alma, Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mrs. Jasmine Pillai, Director of the Company, retires at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

5. DIRECTORS' RESPONSIBILITY:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that 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, 2002, and of the Profit and Loss Account for the year ended March 31, 2002;
- (iii) 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.
- (iv) the annual accounts have been prepared on a going concern basis.

6. PUBLIC DEPOSITS:

Your Company has not accepted any deposits from Public.



7. AUDITORS:

Notes to Accounts Nos. 10, 15, and 16 referred in Auditors report are self-explanatory and do not call for further comments.

M/s. Venugopal & Chenoy, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of this Annual General Meeting, and are eligible for reappointment.

8. PARTICULARS OF EMPLOYEES:

During the year compensation has been paid to the employees of Patancheru unit, as per provisions of Industrial Disputes Act, due to closure of the unit. Directors place on record their appreciation for the contribution of employees at all levels. Information required under section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of employees) rules 1975, forms part of this report. However in terms of Section 219 (b) (iv), the Annual Report is being sent to shareholders excluding the above statement. Any shareholder interested in obtaining a copy of the said statement may write to the Company.

9. ACKNOWLEDGMENT:

The Board of Directors are thankful to the IFCI Ltd., Canara Bank and Punjab National Bank, the Company's customers, suppliers and its shareholders for their continued support and assistance.

On behalf of the Board

Place: Hyderabad

Date : 22.07.2002

B S Sahney

Chairman

ANNEXURE TO DIRECTORS' REPORT

(i) CONSERVATION OF ENERGY ETC.,

Since the old manufacturing unit at Patancheru is closed, Company expects to conserve energy at its relatively new manufacturing units at Pondichery and Noida.

(ii) RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION:

Company's in-house R & D facilities have enabled continuous redesigning of the products and their components to save cost and improve quality. Based on basic designs received from collaborators, new products to suit Indian customers are being developed.

(iii) FOREIGN EXCHANGE INFLOW & OUTFLOW:

		<u>Rs. lacs</u>
(A)	(i) Export earnings (FOB)	1302.64
	(ii) Equity share capital/premium	107.10
	(iii) Share application money	<u>46.27</u>
	Total	<u>1456.01</u>
(B)	(i) Out go by way of imports	88.77
	(ii) Royalty	1.95
	(iii) Technical know-how	80.00
	(iv) Travelling	5.38
	(v) Commissions/discounts	<u>21.92</u>
	Total	<u>198.02</u>



AUDITORS' REPORT

The Members,
Delco Remmy Electricals India Limited.

1. We have audited the Balance Sheet of DELCO REMY ELECTRICALS INDIA LIMITED, as at March 31, 2002 and the Profit & Loss Account for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
4. In our opinion, proper books of account, as required by Law, have been kept by the Company, so far as appears from our examination of those books;
5. The said Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account;
6. In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards as referred to in sub section 3C of Section 211 of the Companies Act, 1956;
7. On the basis of the written representations received from the Directors as on March 31, 2002, and taken on record by Board of Directors, we report that none of the Directors is disqualified as on March 31, 2002, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
8. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to the Accounting Policies and Notes to accounts (Schedule O) annexed thereto, particularly,
 - regarding non-provision of Income-tax of Rs.39.07 lakhs made under "Block Search Assessment" pending disposal of the proceedings (Note No.10);
 - regarding balances standing to the debit/credit of parties which are subject to confirmation and reconciliation(Note No.15); and
 - regarding Sundry Debtors of Rs.55.93 lakhs which are due for more than three years(Note No.16);
 give the information required by the Companies Act, 1956 (Act I of 1956) in the manner so required and give a true and fair view:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2002; and
 - (b) in the case of the Profit & Loss Account, of the Loss for the year ended on that date;
9. We further report, pursuant to the Manufacturing and Other Companies(Auditors' Report) Order, 1988, issued by the Central Government of India, in terms of sub-section 4A of Section 227 of the Companies Act, 1956 of India ("the Act") that, on the basis of such checks as we consider appropriate and according to the information and explanations given to us:
 - (i) The Company has maintained record to show full particulars including quantitative details of its fixed assets. The fixed assets of the Company were physically verified by the management at reasonable intervals and no material discrepancies between the books/record and the physical inventory were noticed on such verification;
 - (ii) None of the fixed assets of the Company was revalued during the year;
 - (iii) The stocks of Finished Goods, Stores, Spare Parts and Raw Materials of the Company were physically verified by the management at reasonable intervals;