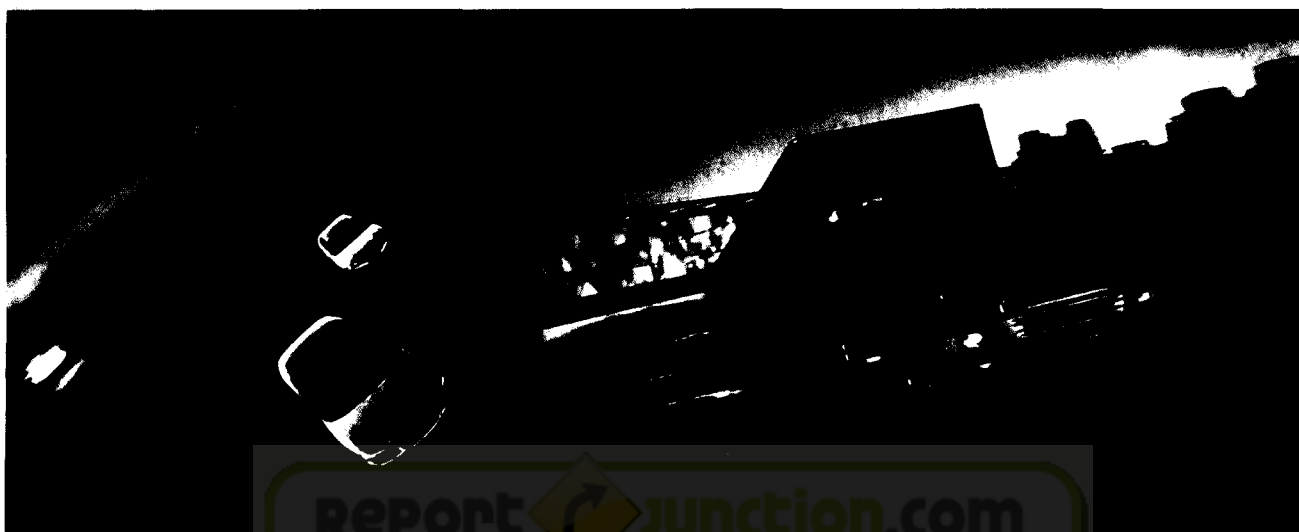




Delco Remy Electricals India Ltd.



A n n u a l R e p o r t 2 0 0 2 - 2 0 0 3



REGISTERED OFFICE

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

BOARD OF DIRECTORS

(30.06.2003)

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. S V Ramakrishna - nominee of IFCI

Mr. A K Bhaumik

MANUFACTURING FACILITIES

1. Thondamanatham Village
Villianure Commune
Pondicherry - 605 502

COMPANY SECRETARY

P S Sastry

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

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 Ninth 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 29th September, 2003 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 2003, 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 Mrs. Brijween Kaur Sahney, 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 Mr John Cowden, 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 Mr. K O Cho, 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."

5) 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:

6) 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, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, Mr AK Bhaumik, be re-appointed as Director for a period of 3 years, effective from 1st June 2003 at the following remuneration.

- (a) Basic Salary Rs 666,000 per annum with an increment of Rs 3,500/ per month from 1.6.2004 and Rs 3,500/ per month from 1.6.2005
- (b) House Rent allowance at 40% of basic - Rs 266,400/
- (c) Special allowance of Rs 180,000 per annum
- (d) Perquisites: Mr Bhaumik is entitled to Medical reimbursement, Leave travel fare, entertainment reimbursement, driver's salary reimbursement, and house maintenance expenses not exceeding Rs 337,000 per annum.
- (e) Other than the above Mr AK Bhaumik is entitled to company's contribution to Provident fund and Superannuation as per rules of the Company.
- (f) Apart from the above, Mr AK Bhaumik is entitled to Performance bonus of a maximum of Rs 100,000 per annum, as per the decision of the Chairman Managing Director.

The remuneration above will be subject to the ceiling prescribed as per Schedule XIII of the Companies Act 1956 in the event of inadequacy of profits during any year.

Date: 30.06.2003
Place: Hyderabad

By order of the Board
P S Sastry
Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 22nd September 2003 to 29th September 2003 (both days inclusive).
2. 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.6: Mr. A K Bhaumik, was appointed as Director in June 1998. Mr AK Bhaumik is a full time working Director of the Company and his contribution to the turnaround and progress of the Company is substantial. It is therefore proposed to reappoint him as Director for a further term of 3 years, with the remuneration as shown in the proposed resolution. Your Directors therefore, recommend the resolution to the shareholders for approval.

None of the Directors excepting Mr AK Bhaumik is concerned or interested in the resolution.



DIRECTORS' REPORT

Your Directors are pleased to present this the Twenty Ninth Annual Report for the year ended March , 2003.

1. OPERATING PERFORMANCE:

Your Directors are pleased to inform you that during the year Company turned around its operations. This was possible due to two major reasons. The first is the restructuring of operations carried out by the Company during the year 2001 and second the continued support extended by Delco Remy, your foreign collaborator, in increasing its off take from India. During the year, exports have increased to Rs 16.9 cr compared to Rs 14.6 cr during the previous year. In the domestic market, your company's position is improving.

2. FINANCIAL PERFORMANCE:

During the year, company earned a profit of Rs 79 lacs after charging Rs 307 lakhs towards interest and Rs 126 lakhs towards depreciation. Out of the current year profit an amount of Rs 76.47 lakhs has been written off being part of miscellaneous expenses and employees VRS expenses. In view of the insufficiency of profits, no dividend is declared on cumulative preference share capital and equity share capital.

3. PROSPECTS:

With increased sales in both domestic and exports markets and continued support from the foreign collaborators, your Directors are confident of better performance in the coming years.

4. DIRECTORS:

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

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

Mr K O Cho, Director of the Company, retires at the ensuring Annual General Meeting and being eligible, offers himself for re-appointment.

5. DEMATERIALISATION:

There are only 350 equity shareholders, and as the shares are not at all traded, the Company did not go for dematerialisation of shares. This was brought to the notice of the Stock Exchanges. The promoters of the company have made an application to SEBI to buy back the remaining shares from the public. Upon receipt of necessary approvals, promoters would go ahead with such purchase. The company proposes to delist the shares from the stock exchanges after promoters buy the shares. Necessary intimation has been given to the stock exchanges in this regard.

6. CORPORATE GOVERNANCE :

A report appears as annexure regarding implementation of Corporate Governance.

7. DIRECTORS' RESPONSIBILITY:

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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, 2003, and of the Profit and Loss Account for the year ended March 31, 2003;



(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.

8. PUBLIC DEPOSITS:

Your Company has not accepted any deposits from Public.

9. AUDITORS:

Notes to Accounts Nos.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.

10. PARTICULARS OF EMPLOYEES:

Directors place on record their appreciation for the contribution of employees at all levels. There were no employees drawing salary more than the amount specified in Section 217 (2A) of the Companies Act.

11. ACKNOWLEDGEMENTS:

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

On behalf of the Board

Date : 30.06.2003

Place: Hyderabad

B S Sahney
Chairman

ANNEXURE TO DIRECTORS' REPORT

(i) CONSERVATION OF ENERGY

Company's production facilities are not energy intensive and has taken steps to conserve energy.

ii) RESEARCH AND DEVELOPMENT & TECHNOLOGY ABSORPTION:

Company's in-house Design & Development 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)	1483.24
(ii) Share application money	<u>51.10</u>
Total	<u>1534.34</u>
(B) (i) Out go by way of imports	145.82
(ii) Royalty	2.46
(iii) Travelling	4.69
(v) Commissions/discounts	<u>21.18</u>
Total	<u>174.15</u>



ANNEXURE TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT :

- I) **CORPORATE GOVERNANCE CODE:** Company believes in corporate governance aimed at efficient conduct of the business of the Company.
- II) **BOARD OF DIRECTORS:**
- The Board comprises of 8 Directors of whom 2 are Working Directors and 6 non working directors, including a nominee Director. The Chairman of the Board is a Working Director.
 - The names of the Directors is given in the first page of this annual report. Mr SV Ramakrishna, nominee of IFCI Ltd., was appointed as a Director on 30th June 2003 in place of Mr Dinesh Sharma.
 - Mr AK Bhaumik, Director, has been reappointed as a working Director effective 1.6.2003 and necessary approval of the shareholders is being obtained in the ensuing Annual General meeting.
 - During the year the Board of Directors met 4 times on 13.05.2002, 22.07.2002, 05.10.2002 and 06.01.2003.
 - Committee of Directors:** The Audit Committee of Directors comprises of 4 Directors viz., Mr SV Ramakrishna (earlier Mr Dinesh Sharma), Mr John Cowden, Mr. AK Bhaumik and Mrs. Jasmine Pillai. The committee carries out functions mentioned in the Listing Agreement and Section 292A of the Companies Act, 1956 including :
 - Disclosure of financial information to ensure that the financial statements are correct and adequate and credible.
 - Reviewing with the Management the periodical and annual financial statements before submission to the Board focussing primarily on:
 - Changes in accounting policies and practice
 - Compliances of requirements of Stock Exchanges and legal requirements concerning financial statements.
 - The going-concern assumption.
 - Reviewing with the management and auditors the internal control systems.
 - Reviewing the internal audit programmes / system and discussing internal audit Reports.
 - Reviewing the company's financial and management policies.
- III) **SHAREHOLDERS GRIEVANCES & SHARE TRANSFER COMMITTEE:** Though the Company's shares are listed on Hyderabad and Mumbai stock exchanges, there has been no trading activity in the shares of the Company. Company Secretary is the Compliance Officer and there have been no complaints from shareholders during the year.
- IV) **ADDRESS OF SHARE TRANSFER AGENTS :** Aarthi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad - 500 029.
- V) **DETAILS OF REMUNERATION PAID TO THE DIRECTORS DURING THE FINANCIAL YEAR APRIL 2002 TO MARCH 2003.** Working Directors remuneration details are shown in note No. 20 - managerial remuneration. None of the other directors were paid any remuneration or sitting fees. Mr BS Sahney is reappointed for a period of 5 years from 29th July 2002 and Mr AK Bhaumik is reappointed for a period of 3 years from 1.6.2003.
- VI) **GENERAL BODY MEETINGS:** The last three general body meeting details are given below:
- | Date | AGM/EGM | Time | Purpose |
|-----------|---------|---------|---|
| 26.4.2001 | EGM | 11 a.m. | Issue of equity shares on preferential basis. |
| 29.9.2001 | AGM | 11 a.m. | Annual accounts and reappointment of Directors |
| 26.8.2002 | AGM | 11 a.m. | Annual accounts and reappointment of Directors. |
- VII) Disclosures in terms of related party transactions are shown in note No. 19 to the Accounts.