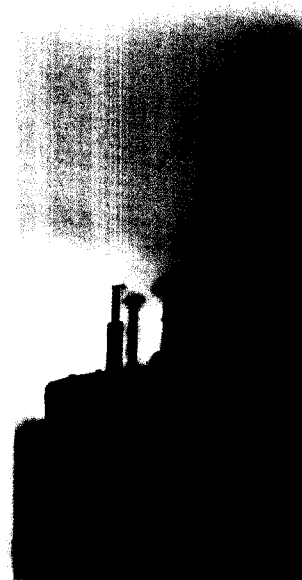
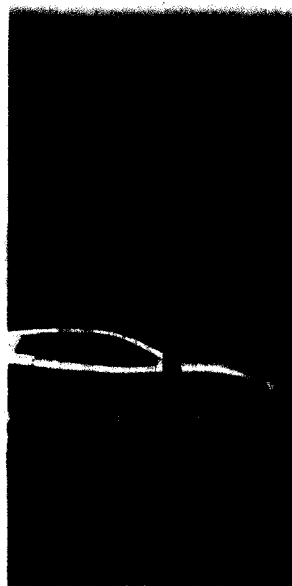
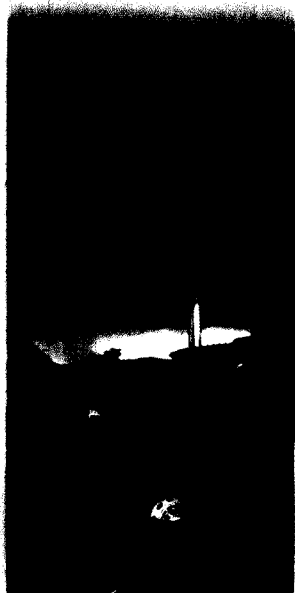




Delco Remy Electricals India Limited

Annual Report
2003 - 2004

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REGISTERED OFFICE

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

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.

BOARD OF DIRECTORS

(5.7.2004)

Chairman Managing Director

Mr. B S Sahney

DIRECTORS

Mr. K O Cho
Mr. Mike Alma
Mrs Michelle Patishall
Mrs. Jasmine Pillai
Mrs. Brijween Kaur Sahney
Mr. A K Bhaumik

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 Limited

NOTICE is hereby given that the Thirtieth 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 Saturday, the 4th September, 2004 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 or the year ended on the 31st March 2004, 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. 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."

3) 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."

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."

Place: Hyderabad
 Date: 05.07.2004

By order of the Board
 PS Sastry
 Company Secretary

NOTES:

- 1) The share transfer books of the Company will be closed from 23rd August 2004 to 4th September 2004 (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.



DIRECTORS' REPORT

Your Directors are pleased to present the Thirtieth Annual Report for the year ended March , 2004.

1. OPERATING PERFORMANCE:

Your Directors are pleased to inform you that during the year Company continued to make good progress in its operations. Export sales have increased during the year to Rs 25.2 crores against Rs 16.9 crores during the previous year. In the domestic market, company's is consolidating its position.

2. FINANCIAL PERFORMANCE:

During the year, company earned a profit of Rs 101.43 lacs after charging Rs 244.34 lakhs towards interest and Rs 124.25 lakhs towards depreciation and write off of miscellaneous expenditure of Rs 202.25 lakhs. In view of the insufficiency of profits, no dividend is declared on cumulative preference share capital and equity capital.

3. PROSPECTS:

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

4. DIRECTORS:

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

Mr. Mike Alma, Director of the Company, retires at the ensuing 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:

- (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, 2004, and of the Profit and Loss Account for the year ended March 31, 2004;
- (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.16 and 17 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. ACKNOWLEDGMENTS:

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

Place: Hyderabad

Date : 05.7.2004

B S Sahney

Chairman

ANEXURE 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:

		Rs. lacs
(A)	(i) Export earnings (FOB)	2215.45
(B)	(i) Out go by way of imports	582.27
	(ii) Travelling	1.54
	(iii) Commissions/discounts	23.42
	(iv) Interest	12.37



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:**
 - (a) The Board comprises of 7 Directors of whom 2 are Working Directors and 5 non working directors, including a nominee Director. The Chairman of the Board is a Working Director.
 - (b) 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 and his nomination was withdrawn as a nominee Director with effect from 18.12.03
 - (c) Ms Michelle Patishall, Director has been appointed in place of Mr John Cowden with effect from 4th June 04.
 - (d) During the year the Board of Directors met 4 times on 30th June 03, 2nd July 03, 27th October 03 and 20th January 04.
 - (e) **Committee of Directors:** The Audit Committee of Directors comprised of 4 Directors viz., Mr SV Ramakrishna (till 18.12.03), Mr John Cowden, Mr AK Bhaumik and Ms Jasmine Pillai. The committee carries out functions mentioned in the Listing Agreement and Section 292A of the Companies Act, 1956 including :
 - a) Disclosure of financial information to ensure that the financial statements are correct and adequate and credible.
 - b) Reviewing with the Management the periodical and annual financial statements before submission to the Board focussing primarily on:
 - i) Changes in accounting policies and practice
 - ii) Compliances of requirements of Stock Exchanges and legal requirements concerning financial statements.
 - iii) The going-concern assumption.
 - c) Reviewing with the management and auditors the internal control systems.
 - d) Reviewing the internal audit programmes/system and discussing internal audit reports.
 - e) 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 2003 TO MARCH 2004.** 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
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
29.9.2003	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.





AUDITORS' CERTIFICATE

TO THE MEMBERS OF
DELCO REMY ELECTRICALS INDIA LIMITED

We have reviewed the implementation of Corporate Governance by Delco Remy Electricals India Limited during the year ended March 31, 2004, with the relevant records and documents maintained by the Company, furnished to us for our review and report on Corporate Governance, as approved by the Board of Directors.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the respective stock exchanges have been complied within in all material respect by the Company and that there are no complaints from shareholders during the said year.

Hyderabad
July 05, 2004

for **Venugopal & Chenoy**
Chartered Accountants

P V Sri Hari
Partner