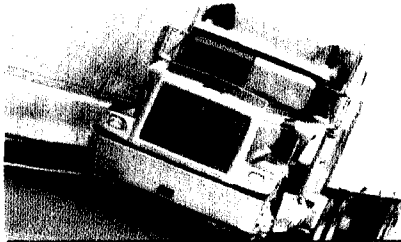


**Remy**

# Remy Electricals India Limited



## ANNUAL REPORT 2004-2005



### **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**

(2.07.2005)

**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

### **BANKER**

Canara Bank

### **AUDITORS**

Venugopal & Chenoy  
Chartered Accountants  
Hyderabad.



## NOTICE

To The Members  
**Remy Electricals India Limited**

NOTICE is hereby given that the Thirty first 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 Friday, the 30th September, 2005 at 11.00 A.M to transact the following business.

### **ORDINARY BUSINESS:**

1) To Consider and if thought 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 2005 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 Ms 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 Ms Michelle Patishall, 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 pursuant to the provisions of section 293(1)(a) and other applicable provisions if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company and subject to such permissions and approvals as may be required from lenders to the Company, the members of the Company hereby authorise the Board of Directors to deal, negotiate, sell, lease or otherwise dispose of the land and buildings of the Company situated at Plot No.B 32 to 37, Sector 81, Phase-II, Noida, Uttar Pradesh, as it may in its absolute discretion deem necessary or desirable in the best interests of the Company.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things including execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur expenses in relation thereto."

Place: Hyderabad  
Date : 22nd August 2005

By order of the Board  
P S Sastry  
Company Secretary

## **NOTES:**

1.The share transfer books of the Company will remain closed from 19th September 2005 to 30th September 2005 (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.

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

**Item No.6 :** The manufacturing unit at Noida was set up in the year 1998-99 to cater to the upcoming Daewoo car unit at Noida. It is a public knowledge that Daewoo unit was incurring huge losses and finally closed down. This has affected the functioning of our unit and incurred losses and continued to incurr losses till now. Management has obtained orders for components from collaborators and could manage on these lines for some time. Due to the low volumes and resultant losses it is not economically viable to run this unit any longer and after due deliberations, it has been decided by the Management to close down this unit and consolidating all production at Pondichery. These measures will improve the profitability of your company in the long run. Hence the Board of Directors recommend this resolution for approval.

None of the Directors are concerned or interested in the resolution.



## DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report for the financial year ended March, 2005.

### **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 to Rs. 2950 lakhs against Rs. 2520 lakhs during the previous year. In the domestic market Company is consolidating its strengths and is set to increase the business in Original Equipment market.

### **2. FINANCIAL PERFORMANCE:**

During the year, company earned a profit of Rs 478.74 lakhs after charging Rs 168.9 lakhs towards interest and Rs 109.31 lakhs towards depreciation. Miscellaneous expenditure and VRS expenses of Rs 532.04 lakhs has been written off during the year. In view of the insufficiency of profits, no dividend is declared on cumulative preference share capital and equity capital. During the year company could sell the property at Patancheru, Hyderabad, as per the procedure laid down by IFCI. This money was utilized to pay back part of the loan thus reducing overall borrowings of your company.

### **3. PROSPECTS:**

Company expects increased sales in domestic market with the likely addition of new OEMs. In the exports market, with increasing pressure for improved quality, reduced pricing & increasing metal prices, sales & profitability are likely to get affected.

### **4. RESTRUCTURING OF OPERATIONS :**

Shareholders are aware that Noida unit was set up in 1998. specifically to meet the then upcoming Daewoo car requirements unit in Noida. As the unit was about to commence supplies of starters, Daewoo went into problems and Daewoo factory was closed. As a result, the Noida unit has been continuously making losses. To optimize the costs, the Board of Directors at their meeting held on 22nd August 2005 decided to restructure the operations of the Company by consolidating all manufacturing at Pondichery. Also the Board has decided to sell off the property at Noida after obtaining necessary clearances

### **5. DIRECTORS:**

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

Ms Michelle Patishall was appointed as a Director of the Company under section 262 of the Companies Act 1956 on 4th June 2004 in the vacancy caused by the resignation of Mr. John Cowden. Ms Michelle Patishall retires at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

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



## **6. DEMATERIALISATION:**

There are about 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 and guidelines are to be received. 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.

## **7. CORPORATE GOVERNANCE:**

A report appears as annexure regarding implementation of Corporate Governance.

## **8. 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, 2005, and of the Profit and Loss Account for the year ended March 31, 2005.
- (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.

## **9. PUBLIC DEPOSITS:**

Your Company has not accepted any deposits from Public.

## **10. 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.

## **11. 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.

## **12. ACKNOWLEDGMENTS:**

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

On behalf of the Board

Place: Hyderabad  
Date: 22nd August 2005

**B S Sahney**  
Chairman



## **ANNEXURE TO DIRECTORS' REPORT**

### **(i) CONSERVATION OF ENERGY**

Company's production facilities are not energy intensive and have 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 :**

	<b>Rs. lakhs</b>
(A) (i) Export earnings (FOB)	2659.59
(B) (i) Out go by way of imports	517.69
(ii) Travelling	9.73
(iii) Commissions/discounts	32.29

## **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. The Chairman of the Board is a Working Director.
  - (b) The names of the Directors are: Mr BS Sahney, Chairman Managing Director  
Mr Mike Alma, Mr K O Cho, Ms Michelle Patishall, Ms Brijween Kaur Sahney, Ms Jasmine Pillai, Mr AK Bhaumik
  - (c) During the year the Board of Directors met 5 times on 4th June 2004, 5th July 2004, 24th July 2004, 30th October 2004 and 25th January 2005.
  - (d) Committee of Directors: The Audit Committee of Directors comprised of 3 Directors viz., Ms Michelle Patishall, Ms Jasmine Pillai and Mr. AK Bhaumik. 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.



### III. SHAREHOLDERS GRIEVANCES & SHARE TRANSFER COMMITTEE:

The Company's shares are listed on Hyderabad and Mumbai stock exchanges. The shares are traded very infrequently. 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 2004 TO MARCH 2005. 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
26.8.2002	AGM	11 a.m.	Annual accounts and reappointment of Directors.
29.9.2003	AGM	11 a.m.	Annual accounts and reappointment of Directors.
04.09.2004	AGM	11 a.m.	Annual accounts and reappointment of Directors.

### VI. Disclosures in terms of related party transactions are shown in note No. 19 to the accounts.