



Remy Electricals India Limited



ANNUAL REPORT
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REGISTERED OFFICE

207, Ashoka Bhoopal Chambers
146/A, S.P. Road
Secunderabad - 500 003

FACTORY

Thondamanatham Village
Villianure Commune
Pondicherry - 605 502

BOARD OF DIRECTORS

Chairman Managing Director
Mr. B S Sahney

DIRECTORS

Mrs. Brijween Kaur Sahney
Mr. Michelle Patishall
Mrs. Jasmine Pillai
Mr. Mike Alma
Mr. David Muir

COMPANY SECRETARY

P S Sastry

BANKERS

Canara Bank

AUDITORS

Venugopal & Chenoy
Chartered Accountants
Hyderabad.

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NOTICE

To The Members
Remy Electricals India Limited

NOTICE is hereby given that the Thirty second Annual General Meeting of the Company will be held at Company's Registered Office at 207, Ashoka Bhoopal Chambers, Secunderabad 500 003, Andhra Pradesh, on Saturday, the 30th September, 2006 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 31st March 2006 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 pursuant to Section 205 and other applicable provisions, if any, of the Companies Act, approval is hereby accorded for payment of a dividend of Rs 15 per share on preference capital of the company due and payable for the year ended March 2001.

- 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 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."

- 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 Special Resolution.

"RESOLVED THAT Mr B S Sahney and associates along with Remy Inc., and associates 'Persons



acting in concert”(Acquirers) be and is hereby authorized to make an offer to purchase the Equity Shares of the Company in accordance with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.”

“RESOLVED FURTHER THAT in the event of the offer of Mr B S Sahney and associates along with Remy Inc., and associates ‘Persons acting in concert”(Acquirers) being accepted, and subject to such other approvals and consents as may be required, the Equity Shares of the Company be delisted from all the Stock Exchanges on which the Equity Shares are currently listed in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all necessary actions and make all necessary filings to facilitate such offer by “Acquirers” and the consequent de-listing of shares from Hyderabad Stock Exchange and Bombay Stock Exchange by the Company”.

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:-

“RESOLVED THAT approval of the shareholders be and is hereby accorded that pursuant to the provisions of Section 163 of the Companies Act, 1956, the Register and Index of Members of the Company and copies of all the Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 together with copies of all certificates and documents required to be annexed or attached thereto under Section 161 or any one or more of them be kept at the office of M/s Aarthi Consultants Pvt Ltd., the Registrars and Share Transfer Agents of the Company, having their office at 1-2-285, Domalguda, Hyderabad 500 029.

- 8) To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:-

“RESOLVED that pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended as follows:

- a) Article 2 (XXIII) of the Articles of Association of the Company be and is hereby added by the following New Article.

2 (XXIII) In these Articles unless the context otherwise requires:

- (i) “**Beneficial Owner**” means the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996
- (ii) “**Depositories Act**” means the Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof for the time being in force.
- (iii) “**Depository**” means the Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
- (iv) “**Security**” means such security as may be specified by Securities and Exchange Board of India from time to time.

- b) Article 62A of the Articles of Association of the Company be and is hereby inserted after Article 62

Dematerialisation of Shares

- (i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities, re-materialize its shares,



debentures and other Securities held in the depositories and/or to issue its fresh shares, Debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and rules framed there under if any.

- (ii) All Securities held by a depository shall be dematerialised and be in fungible form. The provisions relating to progressive numbering shall not apply to the shares of the Company, which have been dematerialised.
- c) Article 62 B of the Articles of Association of the Company be and is hereby inserted after Article 62 A:
 - (i) Notwithstanding anything to the contrary contained in the Act or these Articles, Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 - (ii) Nothing contained in the Act or these Articles shall apply to transfer of securities affected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.
 - (iii) In the case of transfer of securities where the company has not issued any certificate and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
 - (iv) The Register and index of beneficial owners maintained by a depository under Depositories Act, 1996, shall be deemed to be the register and index of Members and Security holders for the purpose of these Articles".
- d) Article 62 C of the Articles of Association of the Company be and is hereby inserted after Article 62 B:
 - (i) Save as otherwise provided in Article 62 B in these Articles, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- e) Article 62 D of the Articles of Association of the Company be and is hereby inserted after Article 62 C
 - (i) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and be subject to all the liabilities in respect of his securities, which are held by a depository.

By order of the Board

Place: Hyderabad
Date: 9- August 2006

P S Sastry
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from 18th September 2006 to 30th September 2006 (both days inclusive).
2. 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 so appointed need not be a member of the Company.
3. The Proxy form duly executed and properly stamped should be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of



**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT
(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956)**

ITEM NO 6:

Equity shares of the Company are held in the following manner:

1	B S SAHNEY & associates	1912900	50.67%
2	REMY INDIA HOLDINGS INC & associates.	1793650	47.51%

(who shall be called "**Acquirers**") have collectively shown the intention to purchase all the balance equity shares of the Company. The Acquirers are ready to give an offer as per the provisions of SEBI (Delisting of Securities), Guidelines, 2003.

In the event this offer is accepted, equity shares of the Company have to be delisted from Hyderabad Stock Exchange & Bombay Stock Exchange, being the stock exchanges in which the equity shares are currently listed.

The Securities and Exchange Board of India (SEBI) has issued the SEBI (Delisting of Securities) Guidelines, 2003("Guidelines") which incorporates the provision for voluntary delisting of securities of a Company. In accordance with the guidelines member's approval is being sought by a Special resolution for enabling delisting of securities from the said Stock Exchanges.

The present SEBI guidelines provides that an exit offer need to be made to the shareholders of the Company if its securities are to be de-listed from all Stock Exchanges and in our case the Securities are presently listed only on Hyderabad Stock Exchange & Bombay Stock Exchange. The Company's securities will be de-listed from Hyderabad Stock Exchange & Bombay Stock Exchange and therefore exit offer is required to be made.

The proposed delisting will take effect after all approvals, permissions and sanctions are received.

Board of Directors recommends this resolution for acceptance by the members.

None of the Directors of the Company is concerned or interested in the said resolution except to the extent of their shareholding in the Company.

ITEM NO. 7:

M/s Aarthi Consultants Pvt Ltd. has been appointed as Registrar and Share Transfer Agents of the Company. Register of Members, Index of Members, Annual Returns together with copies of all certificate and documents required to be annexed and attached thereto or any one or more of them be kept at the office of M/s Aarthi Consultants Pvt Ltd., 1-2-285, Domalguda, Hyderabad 500029 instead of registered office of the Company.



Section 163 of the Companies Act 1956 require to take approval of members before keeping all these registers, returns and documents etc at any place other than that of registered office.

Board of Directors recommends this resolution for acceptance by the members.

None of the Directors of the Company is concerned or interested in the said resolution except to the extent of their shareholding in the Company.

ITEM NO 8.

The Company's Equity Shares are in physical form. Pursuant to the provisions of Depositories Act 1999 and Listing Agreement, Company has decided to get its shares in demat form. This needs articles of association to be amended.

In terms of Section 31 of the Companies Act, 1956, any such amendment has to be approved by the members by passing a Special Resolution in General Meeting.

The Board recommends the above special resolution for acceptance by the members.

None of the Directors is in any way concerned or interested in the Resolution.

A copy of the Articles of Association together with all the proposed amendments are available for inspection at the Registered Office of the Company between 11:00 A.M. and 1:00 P.M. on all working days, except Sundays, Saturdays and holidays up to the date of meeting.

By order of the Board

for **REMY ELECTRICALS INDIA LIMITED**

Dated: 9th August, 2006
Place: Hyderabad

PS Sastry
Company Secretary



DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report for the financial year ended March 2006.

1. OPERATING PERFORMANCE:

During the year, the operations of the company have been restructured by closing Noida unit. Company has also disposed off the land and buildings at Noida after obtaining approval of the shareholders and money thus realised has been used to retire high cost debt. Production of components has been shifted to Pondicherry and operations have stabilised. The company's turnover during the year is less compared to the previous year due to closure of Noida unit.

2. FINANCIAL PERFORMANCE:

During the year, company earned a profit of Rs 265.63 lakhs (previous year Rs 478.74 lakhs) after charging Rs 132.61 lakhs (previous year Rs 168.90 lakhs) towards interest and Rs 100.83 lakhs (previous year Rs 109.31 lakhs) towards depreciation. After adjusting the brought forward losses of Rs 188.05 lakhs, the Board of Directors recommended payment of arrears of one-year dividend on preference capital of an amount of Rs 45.00 lakhs pertaining to the year ended 31- March 2001. The dividend will be payable to the preference shareholders after approval by the shareholders at the ensuing Annual General Meeting.

3. PROSPECTS:

In view of consolidation of operations at Pondicherry, management expects improved profitability.

4. DIRECTORS:

Ms 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. DELISTING OF SHARES FROM STOCK EXCHANGES:

The promoters of the Company have informed the Board that they propose to buy shares from the remaining about 380 shareholders, which account for only 1.8% of the total share capital as per SEBI guidelines. Company has informed stock exchange through a letter dated 31- July 2006 of this proposal. Company proposes to apply to the stock exchanges to de-list the shares from the Stock Exchange after the promoters complete the process of buying the remaining shares from the public, as there will be no public holding.

6. CORPORATE GOVERNANCE:

A report on Corporate Governance is enclosed to this report.



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 judgments 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, 2006, and of the Profit and Loss Account for the year ended March 31, 2006;
- (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, the Company's customers, suppliers and its shareholders for their continued assistance and support..

On behalf of the Board

Place: Hyderabad
Date: 9th August 2006

B S Sahney
Chairman