

# ANNUAL REPORT 2006-2007

**Remy**

Remy Electricals India Limited



## **BOARD OF DIRECTORS**

### **FACTORY**

Thondamanatham Village  
Villianure Commune  
Pondicherry - 605 502

### **Chairman Managing Director**

Mr. B S Sahney

### **COMPANY SECRETARY**

P S Sastry

### **DIRECTORS**

Mrs. Michelle Patishall

Mrs. Jasmine Pillai

Mrs. Brijween Kaur Sahney

Mr. Mike Alma

Mr. David Muir

### **REGISTERED OFFICE**

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

### **BANKERS**

Canara Bank

### **AUDITORS**

Venugopal & Chenoy  
Chartered Accountants  
Hyderabad.

## NOTICE

To The Members  
Remy Electricals India Limited

NOTICE is hereby given that the Thirty third 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 Thursday, the 19th July, 2007 at 11.00A.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 2007 be and is hereby approved and adopted together with the Auditors' Report thereon."

- 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. David Muir, 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 sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended and subject to such other approvals as applicable, approval of the members be and is hereby accorded to the reappointment of Sri BS Sahney, as the Managing Director of the Company for a further period of 3 years with effect from 29th July 2007 on the following remuneration.

**"RESOLVED FURTHER THAT** in the event of any statutory amendment or modification or relaxation in the provisions relating to the payment of remuneration to the managerial persons or to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits."

- (i) Salary Rs. 18,00,000 per annum (Rupees eighteen lacs per annum)
- (ii) Furnished accommodation value Rs. 200,000 per annum (Rupees two lacs per annum)

- (iii) Perquisites including medical reimbursement, leave travel allowance, expenditure on gas, electricity and water, house maintenance etc., shall be valued as per the 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 (Rupees sixty thousand only) effective from 1.4.2008.

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.

By order of the Board

Place: Hyderabad  
Date : 6th June 2007

**P S Sastry**  
Company Secretary

**NOTES:**

1. The share transfer books of the Company will remain closed from Monday, the 9th July 2007 to Thursday, the 19th July 2007 (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 resolution set out under item no. 6 is annexed hereto.

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

**ITEM NO. 6:**

Mr. BS Sahney is the Managing Director since inception of the Company. He was reappointed for 5 years from 29th July 2002. Mr. B S Sahney is the promoter Director of the Company and his contribution to the progress of the Company is substantial and invaluable. Board of Directors at their meeting held on 6th June 2007 have proposed to reappoint him for a 3 year period starting 29th July 2007 on the same terms and conditions, with the remuneration as shown in the resolution. Your Directors, therefore, recommend the resolution to the shareholders for approval.

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

By order of the Board

for **REMY ELECTRICALS INDIA LIMITED**

Dated: 6th June, 2007  
Place: Hyderabad

PS Sastry  
Company Secretary

## **DIRECTORS' REPORT**

Your Directors are pleased to present the Annual Report for the financial year ended March 2007.

### **1. OPERATING PERFORMANCE:**

The company's turnover during the year grew by 7.7% to Rs. 3455 lacs compared to Rs. 3206 lacs during the previous year.

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

During the year, company earned a profit of Rs. 400.25 lacs (previous year Rs. 317.95 lacs). Which after charging interest, depreciation, loss on sale of fixed assets and investment write off has resulted in a profit before tax of Rs. 131.93 lacs.

### **3. PROSPECTS:**

In view of appreciation of rupee against dollar, the net realization in export market is likely to affect profit. Also there has been considerable increase in cost of inputs which company is finding difficult to recover from customers.

### **4. DIRECTORS:**

Mr. B S Sahney, Managing Director is proposed to be reappointed for a further period of 3 years effective from 29th July 2007. Board recommends the reappointment.

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

Mr. David Muir, 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 31st July 2006 of this proposal. Guidelines for buy back are in the process of revision and the promoters are of the opinion that revised guidelines for buy back will be in the interest of all stake holders and hence they are awaiting the new guidelines.

### **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, 2007, and of the Profit and Loss Account for the year ended March 31, 2007;
- (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 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 Canara Bank, the Company's customers, suppliers and its shareholders for their continued assistance and support.

On behalf of the Board

Place: Hyderabad

Date: 6th June 2007

**B S Sahney**

Chairman

## **ANNEXURE TO DIRECTORS' REPORT**

### **(I) CONSERVATION OF ENERGY**

Company's production facilities are not energy intensive and in spite of this, the Company has taken steps to conserve usage of 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>(a) INFLOW:</b>	<b><u>Rs. in lacs</u></b>
(i) Export earnings (FOB)	1900.29
<b>(b) OUTFLOW:</b>	
(i) Out go by way of imports	463.57
(ii) Travelling	7.61
(iii) Principal & Interest on Loan	69.76

## **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. This report is as per clause 49 of the listing agreement.
- II. **BOARD OF DIRECTORS:**
  - (a) The Board comprises of 6 Directors of whom one is Working Director 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. David Muir
    - Ms. Michelle Patishall
    - Ms. Brijween Sahney
    - Ms. Jasmine Pillai
  - (c) During the year the Board of Directors met 5 times on 1st July 06, 31st July 06, 30th September 06, 31st October 06 and 31st Jan 07.
  - (d) **Committee of Directors:** The Audit Committee of Directors comprised of 2 Directors viz., Ms Michelle Patishall, 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.

## AUDITORS' CERTIFICATE

To  
The Members of  
**Remy Electricals India Limited**  
Hyderabad

We have examined the compliance of conditions of corporate governance by **Remy Electricals India Ltd.**, for the year ended 31-3-2007, as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

for **Venugopal & Chenoy**  
Chartered Accountants

Place : Hyderabad  
Date : 06-06-2007

(P V Sri Hari)  
Partner M.No.21961