

ANNUAL REPORT 2007 - 2008



Remy Electricals India Limited

BOARD OF DIRECTORS

Chairman Managing Director

Mr. B S Sahney

Directors

Mrs. Brijween Kaur Sahney

Mrs Michelle Patishall (till 28.8.08)

Mrs. Jasmine Pillai

Mr. David Muir(till 28.8.08)

Bankers

Canara Bank

Auditors

Venugopal & Chenoy

Chartered Accountants, Hyderabad.

Factory:

Thondamanatham Village,

Villianure Commune, Pondicherry – 605 502

Company Secretary

P. S. Sastry

Registered Office

207 Ashoka Bhoopal Chambers,

146/A, S.P.Road, Secunderabad 500 003.

NOTICE

To The Members

Remy Electricals India Limited

NOTICE is hereby given that the Thirty fourth 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 Monday, the 29th September, 2008 at 3 p.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 2008 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 preference shareholders be paid dividend at the rate of 15% for the years 2001, 2002, 2003 and 2004."

- 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 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

- 5) To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

RESOLVED THAT subject to the approval of the Registrar of Companies under section 21 of the Companies Act 1956, the name of the Company be changed from its present name "Remy Electricals India Limited" to "**REIL Electricals India Limited**" and accordingly the name "Remy

Electricals India Limited" wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by "REIL Electricals India Limited"

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to do all such acts, deeds and thing as may be required to give effect to the above resolution"

- 6) To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003, Listing Agreements entered into by the Company with Stock Exchanges, the Companies Act, 1956, Securities Contract (Regulation) Act, 1956, and other applicable provisions, rules, regulations, guidelines and other guidelines issued by SEBI from time to time and all other applicable laws, rules, regulations and guidelines and subject to such approval(s), permission(s) and sanction(s), as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), Mr Bhupinder Singh Sahney and associates 'Persons acting in concert'(Acquirers) be and are 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 Bhupinder Singh Sahney 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 Bombay Stock Exchange and Hyderabad Stock Exchange 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 ratify and appoint consultants, merchant bankers and other necessary intermediaries, to make application to the Stock exchanges, to represent the company before the Statutory authorities, take all the necessary steps in this regard and to do all such acts, deeds, and things and to execute all such deeds, documents, writings as it may, in its absolute direction, deem necessary, proper, desirable or expedient and for this purpose to authorize any of its, Directors or the Company Secretary of the Company or any other person, who the Board considers suitable to do the various acts, deeds and things required to be done in this behalf".

- 7) To consider and if thought fit, to pass with or without modification(s), the following resolution as 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 change in remuneration of Sri BS Sahney, as the Managing Director of the Company effective from 1st September 2008 till 28th July 2010.

- (I) Salary Rs. 24,00,000 per annum (Rupees twenty four lakhs per annum)
- (ii) Furnished accommodation/house rent
- (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 up to 5% of the net profit of the Company computed as per act.

Mr BS Sahney will be entitled to an annual increase of Rs 120,000 (Rupees one lakh twenty thousand only) effective from 1.4.2009.

"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."

"FURTHER RESOLVED THAT in the event of inadequacy of profits the remuneration payable will be restricted to as per schedule XIII of the Act, as amended from time to time.

- 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, and consequent renumbering of revised articles"

- (1) Deletion of sentence "Provided that neither the Company nor any member of the Sahney Group shall be considered an Affiliate of RIH and neither RIH nor any of its Affiliates shall be considered an Affiliate of the Company or any member of the Sahney Group" in Article 2(II)
- (2) Deletion of sub-clauses No (IV), (X), (XIV), (XVI), (XVII), (XVIII), (XIX), (XXII) of Article 2
- (3) Deletion of sentence "However, no issue which results in a different shareholding pattern than is existing at the time of the issue shall be made by the Directors or the shareholders of the Company unless approved by the applicable number of shareholders or directors as set out in Article 74 or Article 116 respectively" appearing in clause 5.
- (4) Deletion of the words "and Article 74 hereof" appearing in line 4 of Article 7.
- (5) Deletion of words "including RIH or Sahney Group, their affiliates or permitted transferees" appearing in line 5 of Article 8
- (6) Deletion of Article 74
- (7) The existing clause 92 shall be replaced with the following:
"The Board of Directors shall consist of not less than three (3) and not more than twelve (12) Directors subject to the provisions of Article 93."
- (8) Deletion of Article 94, 95, 96.

- (9) Deletion of the words "nominated by RIH or Sahney (Original Director)" appearing in line 1 of Article 99 and deletion of the sentence "No other matter shall be taken up by Board prior to the approval and appointment of such Alternate Director." Appearing in line 5 of Article 99.
- (10) Deletion of sentence "subject to proportion of representation laid down in Article 93. Whenever any Directors are appointed pursuant to Articles 96, 97 or 98, RIH and the Sahney Group would have the right to additionally appoint a proportionate number of Directors to the Board to ensure that their representation thereon is not diluted" appearing in Article 100.
- (11) Deletion of Article 101
- (12) Existing Article 102 shall be replaced by the following
"If any vacancy is created in the Board at any time due to death, disability, retirement, resignation or removal (with or without cause) of a Director or if otherwise there shall exist or occur any vacancy of the Board in a
Directorship, such vacancy shall be filled as per the provisions of the Act for filling up casual vacancy.
- (13) Replacement of clause Article 104 (1) with the following

"Each Director, other than Managing Director or Whole Time Director shall be paid out of the funds of the company, sitting fee as remuneration for his services in accordance with and subject to the provisions of the Act and within such limits as imposed by the Central Government and determined by the Board of Directors from time to time for every meeting of the Board of Directors or a Committee thereof at which he shall be present in person besides travelling, hotel and other expenses actually incurred."

- (14) Deletion of the following sentence from Article 109.
" so long as the proportional representation or the Board complies with Article 92 as in effect on the date such Article is first approved by the members."
- (15) Replace existing Article 110 with the following:
 - (1) The Board may, from time to time, subject to the provisions of the Act, appoint one of their body to be Managing Director.
 - (2) The Board, may from time to time, subject to the provisions of the Act, appoint one or more of their body to be Whole Time Directors.
 - (3) The remuneration of a Managing Director/Whole Time Directors shall, subject to the provisions of any contract between the Company and him or them, be from time to time fixed by way of fixed salary or commission and / or in any other mode and maybe in addition to the remuneration for attendance at the Board Meeting and any other remuneration which may be provided under any other Article.
 - (4) The Managing Director of the Company ("MD")/Whole Time Directors(WTD) shall be incharge of the day to day operation and management of the Company. The MD/WTD shall work under the superintendence and control of the Board and shall be responsible to carry out all matters entrusted to him by the Board in relation to the day to day operation and management of the Company and the Board may by resolution vest in such Managing Director/Whole Time Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine

- (16) Deletion of the following sentence from sub-clause (2) of Article 111.

The meeting shall be held in a location to be mutually agreed between RIH and Sahney group representative Directors.

- (17) Substituting article 112 with the following:

- (112) A Director may, and a Manager or the Secretary on requisition by the Directors shall convene a Board Meeting. Not less than seven (7) days notice shall be given to every Director whether in India or outside India. Notice of such meeting shall be sent to each Director either by cable, mail, email or telefax at usual address and communication numbers in India. A meeting of the Board may be called by giving shorter notice if agreed to in writing by majority of Directors."

- (18) Deletion sub-article (ii) of Article 113

- (19) Deleting words " until and unless a new Chairman is appointed by the Board pursuant to this Article, The Chairman shall be one of the Directors designated by the Sahney Group Representative" in first para of Article 115.

- (20) Deleting all paragraphs of Article 116 excepting para 1.

- (21) Substituting the word "email" for telex appearing in clause 117.

- (22) Deletion of clause 137

Place: Hyderabad

Date: 29th August 2008

By order of the Board

P S Sastry

Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from Monday, the 15th September 2008 to 29th September 2008 (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 special business is annexed hereto.
5. All the relevant agreements and other documents in regard to special resolutions will be available and kept open for inspection during the business hours on business day at the registered office of the company.

ANNEXURE TO THE NOTICE- EXPLANATORY STATEMENT
(Pursuant to Section 173 of The Companies Act, 1956)

Item No.5:

Company had technical and financial collaboration with Remy Inc., USA which have since expired and there has been an inter-se transfer of shares holding between foreign promoters and Indian promoters. During the month of August 2008, the Company had entered into new agreements with Remy Inc., USA which provide that our company cannot use the name "Remy". Consequent on this, it is now proposed that company apply for use the name REIL Electricals India Limited. This has been approved by the Board of Directors at their meeting on 3rd November 2007 and 28th August 2008.

Your Directors therefore recommend this resolution for approval by shareholders.

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

Item No.6

BS Sahney & associates (who shall be called "Acquirers") hold 37,96,550 equity shares representing 98.18% of the equity capital of the Company as on date. The "acquirers" have collectively shown the intention to purchase all the balance equity shares of the Company, as per guidelines. 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 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

Mr BS Sahney is the Managing Director since inception of the Company. He was reappointed for 3 years from 29th July 2007 on the same remuneration as he was drawing previously. Mr BS 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 28th August 2008 have proposed to revise the remuneration payable to him effective 1.9.2008 till 29th July 2010.

Company is in auto electrical industry and has been in production since 1978. The company has made operating profits for the last more than 5 years and net profit for the last 3 years continuously. Company has made exports of more than Rs 56 cr in the last 3 years and earned net foreign exchange of Rs 44 cr in the last 3 years. Company has not made any investments abroad.

Mr BS Sahney is the promoter Managing Director of the Company and has considerable experience of more than 40 years in business and industry. Remuneration for the year was Rs 26.75 lakhs and this is compared very low in the auto component industry for Managing Director level. The revised remuneration proposed is only a part compensation for the efforts and contribution of Mr BS Sahney.

Your Directors, therefore, recommend the resolution to the shareholders for approval.

None of the Directors except Mr BS Sahney, Mrs BK Sahney and Ms Jasmine Pillai are concerned or interested in the resolution to the extent of their shareholding.

Item No.8

Your company had technical and financial collaboration with Remy Inc., With these agreements coming to an end and change of shareholding from Remy Inc., to Indian promoters, there is a need to revise some of the clauses in the Articles keeping in view of changes in shareholding. The resolution proposed enables such changes and hence your Board of Directors at their meeting held on 28th August 2008 have proposed these changes.

Your Directors therefore recommend this resolution to the Shareholders for approval.

None of the Directors except Mr BS Sahney, Mrs BK Sahney and Ms Jasmine Pillai are concerned or interested in the resolution to the extent of their shareholding.

By order of the Board
for REMY ELECTRICALS INDIA LIMITED

Dated: 29th August 2008
Place: Hyderabad

P S Sastry
Company Secretary



DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report for the financial year ended March 2008.

1. Operating Performance:

The company's turnover during the year grew marginally to Rs 3539.28 lakhs compared to Rs.3474.39 lakhs during the previous year.

2. Financial Performance:

The financial performance improved with 17% increase in gross profit over the previous year. After writing off obsolete current assets, bad and doubtful debts, due to closure of Noida unit, net profit after tax is Rs 223.38 lakhs against Rs 112.25 lakhs in the previous year.

3. Preference Dividend:

In view of the availability of profits during the year, your Board of Directors recommend payment of preference dividend for the years 2001, 2002, 2003 and 2004 out of the arrears of dividend payable. Necessary tax liability on proposed dividend payment has been provided.

4. Prospects:

Your company is witnessing increased input costs in line with the inflationary trends. Sales off-take during the next financial year is expected to be in the same level as current year.

5. Technical Collaboration Agreements:

Your company had financial collaboration with Remy Inc., holding 47.52% of equity capital in the Company. Foreign collaborators have expressed their desire to exit the company & have agreed to provide use of Remy trade mark for the next 3 years. As a result, the shareholding of foreign promoter/collaborator has been taken over by the Indian promoters. Company continues to have access to the Remy's products for sale & distribution in India and abroad. Your Directors are of the view that these changes will not have any impact on the operations of the Company.

6. Name Change:

In line with the changes in collaboration, it has been decided by your Directors to recommend to the shareholders for approval of change of name to "REIL Electricals India Limited"

7. Directors:

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

Mr. David Muir, Director, representing Remy Inc. has resigned with effect from 28th August 08. The Board of Directors wish to place on record the contribution of services rendered by him.

Ms. Michelle Patishall, Director, representing Remy Inc. has resigned with effect from 28th Aug. 08. The Board of Directors wish to place on record the contribution of services rendered by her.