

ANNUAL REPORT

2009 - 2010

REIL Electricals India Limited

Empty

Board of Directors:

Mr BS Sahney
Mrs Brijween Kaur Sahney
Mrs Jasmine Pillai

Chairman Managing Director
Director
Director

Company Secretary:

P S Sastry

Auditors:

Venugopal & Chenoy
Chartered Accountants
Hyderabad

Bankers:

Canara Bank, Basheerbagh, Hyderabad

Factory:

Thondamanatham Village,
Villianure commune
Pondicherry 605 502

Registered Office:

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

Registrar & Share transfer agent:

Aarthi Consultants Pvt Ltd.,
1-2-285, Domalguda,
Hyderabad 500 029
Phone: 040-27634445

NOTICE

To The Members
Reil Electricals India Limited.

NOTICE is hereby given that the Thirty sixth 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 2nd August, 2010 at 11 am to transact the following business.

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
- (2) To declare a dividend on equity capital.
- (3) To appoint a Director in place of Ms Jasmine Pillai, who retires by rotation and being eligible offers herself for re-appointment.
- (4) To appoint Auditors. In this connection, to consider and if thought fit, to pass the following resolution with or without modifications(s).

“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 at a remuneration to be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

- (5) To pass 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 approval of shareholders and such other approvals as applicable, Sri BS Sahney, is reappointed as the Managing Director of the Company for a further period of 3 years with effect from 29th July 2010 at 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 authorized to vary or increase the remuneration including salary, commission, perquisites, etc. within such prescribed limits.”

- (i) Salary Rs. 26,40,000 per annum (Rupees twentysix lacs forty thousand per annum)
- (ii) Furnished accommodation/House rent allowance

- (iii) Perquisites including medical reimbursement, leave travel allowances, 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 5% of the net profit of the Company computed as per act.
- (vi) Mr. BS Sahney will be entitled to an annual increase of Rs. 120,000 (Rupees one lakh twenty thousand only) effective from 01.04.2011.

Resolved further that in the event of any statutory amendment or modifications or relaxations in the provisions relating to the payment of remuneration to the managerial personnel or to Schedule XIII to the Companies Act 1965, the Board of Directors be and is hereby authorized 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 as per schedule XIII of the Act as amended from time to time.

Place : Hyderabad
Date: 16th June 2010

By order of the Board
PS Sastry
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from Wednesday, the 21st July 2010 to Monday the 2nd August 2010 (both days inclusive).
2. Explanatory statement in respect of special resolution is enclosed to this notice.
3. 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.
4. 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.
5. All relevant documents, agreements in regard to special resolutions will be available and kept open for inspection during business hours on business days at the registered office of the company.

Explanatory statement pursuant to 173(2) of the Companies Act
Special business: Resolution No.5:

Sri BS Sahney is the promoter director of the Company and is the Managing Director since inception. During the year 2007 Mr BS Sahney has been reappointed for a period of 3 years up to 28th July 2010. Board of directors at their meeting on 16th June 2010 have reappointed him as Managing Director subject to the approval of shareholders for a further period of 3 years from 29.7.2010 to 28.7.2013 at the remuneration as proposed in the resolution. Mr BS Sahney is the promoter Managing Director of the Company and has considerable experience of more than 40 years in the business and industry.

Your Company is in auto electrical industry and has been in production since 1978. Company has made operating profits for the last more than 5 years and net profit for the last more than 4 years continuously. Export earnings were Rs 73 cr and earned net foreign exchange of Rs 57 cr in the last 4 years.

Remuneration for last year was Rs.33.01 lakhs and this is considered very low in the industry for Managing Director level. Due to inadequacy of profits, remuneration commensurate with his experience could not be paid. Revised remuneration proposed only partly compensates for the efforts and contribution of Mr BS Sahney.

Hence it is proposed to pay remuneration as shown in the resolution. Provision has also been made to pay remuneration in line with the Companies Act as and when changes are incorporated in the Act/rules.

Your Directors recommend the above resolution to the shareholders.

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

Place: Hyderabad
Date: 16th June 2010

By order of the Board
PS Sastry
Company Secretary

DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report for the financial year ended March 2010.

1. Operating & financial Performance :

The company's turnover during the year was Rs 2051.15 lakhs compared to Rs. 3567.30 lakhs during the previous year. This decrease is on account of slow down in Indian and world economy during past 18 months.

Gross profit was Rs. 250.65 lakhs as against Rs. 693.66 lakhs during the previous year. Net profit after tax was Rs. 193.86 lakhs as against Rs. 279.01 lakhs in the previous year.

2. Equity Dividend:

In view of the availability of profits, your Directors recommend for payment of dividend on equity shares at Rs 3/ per share (30%) for the year. The same will be paid to the equity shareholders after approval by shareholders at the forthcoming annual general meeting.

3. Prospects :

The recession and slow down in world economy have affected the performance of company during the year ended. Your Directors see signs of revival in certain markets which should help improve the revenues of your company.

4. Directors :

(i) Sri B S Sahney, Chairman Managing Director is reappointed for a further period of 3 years with effect from 29.7.2010. A resolution for shareholders approval is proposed at the ensuing annual general meeting.

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

5. Delisting of Shares from Stock Exchange :

The promoters of the Company have informed the Company that as per SEBI guidelines, they propose to buy shares from the remaining shareholders, which account for only 1.8% of the total share capital. Company has informed Stock Exchanges of this proposal through a letter dated 16th June 2010.

6. Corporate Governance:

A report on Corporate Governance is enclosed to this report.

7. Director's 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, 2010, and of the Profit and Loss Account for the year ended March 31, 2010.
- (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:

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:

Director place on record their appreciation for the contribution of employees at all levels. Details of employees drawing salary more than the amount specified in Section 217 (2A) of the Companies Act are shown as annexure to this report.

11. Acknowledgements:

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

Place: Hyderabad
Date: 16-06-2010

On behalf of the Board
B S Sahney
Chairman

(A) Annexure to Director's Report

(i) Conservation of Energy:

Though the Company's production facilities are not energy intensive, measures have been adopted 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.

(iii) Foreign Exchange Inflow & Outflow: Rs. Lacs

(A)	Inflow:	
	(i) Export earnings (FOB)	312.41
(B)	Outflow:	
	(i) Out go by way of imports	179.69
	(ii) Travelling	7.87

**(B) 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 comprised of 3 Directors of whom one is Working Director and 2 non-working directors.

(b) The names of the Directors are:
Mr BS Sahney, Chairman Managing Director
Ms Brijween Sahney
Ms Jasmine Pillai

(c) During the year the Board of Directors met 4 times:

Sl. No	Date of meeting	Main Agenda
1	1.6.2009	Audited financial statements for the year ended 31.03.2009
2	31.7.2009	Un-audited quarterly results for 1st quarter 2009-10
3	9.11.2009	Un-audited quarterly results for 2nd quarter 2009-10
4	27.1.2010	Un-audited quarterly results for 3rd quarter 2009-10

(d) Committee of Directors: The Audit Committee of Directors comprised of 2 Directors viz., Ms Jasmine Pillai, Ms BK Sahney. 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 focusing 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: The Company's shares are listed on Hyderabad and Mumbai stock exchanges. The shares are traded Infrequently. Company Secretary is the Compliance Officer and there have been no Complaints from shareholders during the year.

IV. Address of the Share Transfer Agent:

**AARTHI CONSULTANTS PVT LTD.
1-2-285, DOMALGUDA,
HYDERABAD 500 029: Phone : 040 – 27634445**

V. Details of remuneration paid to the Directors during the financial year April 2009 to March 2010. Remuneration Committee consisted of two Directors; Ms BK Sahney and Jasmine Pillai. The committee carries out the functions as mentioned in the listing agreements. Working Directors remuneration details are shown in note No. 18 – managerial remuneration which are reproduced below. None of the other directors were paid any remuneration or sitting fees.

	March 2010 Rs/lacs	March 31,2009 Rs /Lacs
Salary & Other benefits	25.20	21.75
Contributions to PF & other funds	3.02	2.61
Reimbursements	0.79	0.95
Commission	4.00	7.33
Total	33.01	32.64

VI. General Body Meetings: The Last three general body meeting details are:

Date	AGM/EGM	Time	Purpose
19.07.2007	AGM	11 a.m.	Annual accounts and reappointment of Directors and Auditors.
29.09.2008	AGM	3 P.m.	Annual accounts and reappointment of Directors and Auditors.
07.08.2009	AGM	11 a.m.	Annual accounts and reappointment of of Directors and Auditors.