

Easun Reyrolle Limited



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25

Annual Report 1999-2000



Easun Reyrolle Limited

25th Annual Report 1999-2000

Chairman : Hari Eswaran ,

Directors : Y S Das
W S Jones
Paula Bell upto 30 - 6 - 2000
Raj H Eswaran from 26 - 06 - 2000
S Ramani upto 16 - 06 - 2000
S Subrahmanyam upto 12 - 06 - 2000
R Venkataraman

Chief Executive : J D N Sharma

Secretary &
General Manager - Finance : K N Nagesha Rao

Auditors : Brahmaya & Co.
Chartered Accountants
156, Thambu Chetty Street
Chennai 600 001

R Subramanian & Co.
Chartered Accountants
36, Krishnaswamy Iyer Avenue
Luz, Chennai 600 004

Registered Office : "Temple Tower", 6th Floor
476, Anna Salai, Nandanam
Chennai 600 035

Factories : 1. Plot No.98 Sipcot Industrial Complex
Hosur 635 126
Dharmapuri District, Tamil Nadu

2. 17/3, Arakere Village
Bannargetta Road
Bangalore 560 076

Bankers : State Bank of India



Easun Reyrolle Limited

Registered Office : "Temple Tower" 6th Floor, 476 Anna Salai, Nandanam, Chennai - 600 035

Notice to Shareholders

NOTICE is hereby given that the Twentyfifth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Friday, the 11th August, 2000 at 10.00 a.m. at Hotel Ambassador Pallava, 53 Montieth Road, Chennai - 600 008 to transact the following business :

Ordinary Business

1. To consider and adopt the Directors' Report, the Audited Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as at 31st March, 2000 and the Auditors' Report thereon.
2. To declare dividend
3. To appoint a Director in place of Mr Y S Das who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr R Venkataraman who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Brahmayya & Co and M/s R Subramanian & Co the retiring Auditors are eligible for re-appointment.

Special Business:

6. To appoint a Director in place of Mr Raj H Eswaran who was appointed as Director by the Board. He is eligible for reappointment. The Company has received a Notice in writing from a Member signifying his intention to propose the candidature of Mr Raj H Eswaran as a Director of the Company

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai

KN Nagesha Rao

Date : 26th June 2000

Secretary and General Manager-Finance

Notes:

1. **Any Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member.** A Proxy so appointed shall not have any right to speak at the Meeting. The Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st August, 2000 to 11th August, 2000 (both days inclusive).
3. The dividend, if any, declared at the Meeting will be payable on and after 11th August, 2000 to those Members whose names appear on the Register of Members of the Company on 1st August, 2000
4. Members are requested to advise, indicating their Folio Numbers, the change in their address, if any.
5. SEBI in its Circular dated 29th May, 2000 has included Equity Shares of the Company for compulsory dematerialised trading effective from 29th January, 2001. The Company would make necessary arrangements to admit Equity Shares in both the Depositories before 29th January, 2001.
6. As required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) (Amendment) Rules, 1988, the unpaid/unclaimed dividend for the financial year ended 1994-95 was transferred to the General Revenue Account of the Central Government, as per details given below :

Easun Reyrolle Limited



Dividend for the year ended	No. of Equity Shares	No. of Share holders	Amount Rs.	Date of Transfer
1. Interim Dividend for the year 1994-95	24,953	450	24,953	12th August, 1998
2. Final Dividend for the year 1994-95	18,741	339	28,184	14th October, 1998

7. The Company's shares are listed at the following Stock Exchanges

Sl. No.	Name of the Stock Exchange	Address
01.	The Madras Stock Exchange Limited (Regional Stock Exchange)	Exchange Building, Post Box No. 183, 11, Second Line Beach Chennai - 600 001
02.	Vadodara Stock Exchange Limited	'Fortune Tower' 3rd Floor Dalal Street, Post Box No. 2547 Sayajigunj, Vadodara - 390 005
03.	The National Stock Exchange of India Limited	Trade World, Kamala Mill Compound Senapathi Bapat Marg, Lower Parel Mumbai - 400 013

The Company has paid Annual Listing Fees for the year 2000-2001 to the above Stock Exchanges.

Annexure to the Notice :

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice of the Annual General Meeting of the Company to be held on 11th August 2000 at Hotel Ambassador Pallava, 53 Montith Road, Chennai - 8.

Item No. 6 - Re-appointment of Mr Raj H Eswaran as Director

Pursuant to Article 95 of the Articles of Association of the Company, Mr Raj H Eswaran was appointed Additional Director by the Board of Directors on 26th June, 2000. Mr Raj H Eswaran holds office as Director up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Mr Raj H Eswaran is a qualified engineer and holds Master's degree in Business Administration from London Business School. He has considerable experience in the electrical industry both in India and abroad. He has been on the Board of several Companies.

Except Mr Raj Eswaran and Mr Hari Eswaran none of the other Directors of the Company is in any way concerned or interested in the Resolution.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai
Date : 26th June 2000

K N Nagesha Rao
Secretary and General Manager-Finance



Directors' Report to Shareholders

Your Directors have pleasure in submitting the Twentyfifth Annual Report together with the Audited Balance Sheet and Profit and Loss Accounts for the year ended 31st March 2000.

Financial Results

The Financial Results of your Company for the year under review are as below:

[Rupees in lacs]

Particulars	For the year ended	
	31st March, 2000	31st March, 1999
Sales turnover and other Income	3,451	2,953
Gross Profit	181	113
Less: Depreciation	64	61
Profit before tax	117	52
Less: Provision for Income-tax	66	5
Profit after tax	51	47
Less: Extraordinary item - Finance Charges	-	35
Add: Profit brought from the previous year	56	79
Appropriation	107	91
Dividend	39	31
Dividend-tax	8	4
Balance carried forward to Balance Sheet	60	56

Dividend

Your Directors are pleased to recommend a dividend of 12.5% on Equity Shares for the year ended 31st March, 2000.

Business Climate

The struggle to put the Power sector on a sound footing still continues but the progress has been rather slow. Due to the delay in this reform process the country and the industries are forced into uneconomic solutions which with Globalisation of the economy will seriously erode our competitiveness in many industries and thereby lose employment opportunities.

Operations

The continued severe competition on account of over capacity built and the general slower takeoff of growth in Power Sector were the two negative features during the year under review. Though profits were not commensurate with income because of lower margin realised in highly competitive market, your Company improved its sales and profits during the year under review in comparison with those for 1998-99.

Your Company's exports, inclusive of indirect exports, during the year amounted to Rs.563 lacs against Rs.465 lacs during the previous year, registering an increase by 21%.

The performance of Bangalore Unit and the Wind Mill Project near Kanyakumari is satisfactory.

Prospects

In order to bring in new technology and to meet the changing needs of the market, your Company has introduced a new protective Relay featuring microprocessor technology. It is heartening to note that this Overcurrent Feeder Relay has been fully designed and developed by R&D team of

Easun Reyrolle Limited



your Company. The Company has since commercialised production of these Relays. Your Company has also commenced production of Reyrolle-designed Numeric Transformer Protection Relay.

Consequent to the early stages of restructuring, the buying pattern of Electricity Boards is changing and accordingly, more Erection, Procurement and Construction (EPC) Contracts are being awarded for substations. In line with this change, your Company is positioning itself with EPC Contractors to meet the present requirement of the market. Simultaneously, your company is taking steps to broaden its market segments and customer base.

With the slow growth in the Power Sector your company is constantly exploring opportunities to achieve growth in allied products by leveraging existing strengths than to take the risk of entering into new areas of business.

In order to bridge certain product gap, your Company entered into arrangements with foreign companies to procure advanced versions of protective Relays for certain applications.

Considering the above factors, the prospects for the year 2000-01 are likely to be better compared to 1999-00. Your Directors expect that your Company would improve capacity utilisation during 2000-01.

Y2K:

The Y2K transition was smooth and your Company did not face any problem.

Directors

During the year Mr S Subrahmanyam has resigned expressing his advancing age and health as reasons. While relinquishing his office as Director during 1999-2000, Dr S Ramani has informed the potential conflict of interest as the reason, as he is also on the Board of State Bank of India with whom your Company has established banking relationship. Ms. Paula Bell has expressed her desire to resign from the board effective from 30th June, 2000. Your Board places on record its appreciation of the contribution & long association of over two decades by both Mr. Subrahmanyam and Dr Ramani. Ms Paula Bell during her relatively short association made significant contributions and your Board acknowledges the same.

Mr Raj H Eswaran was appointed as an Additional Director on 26th June, 2000. The Company has received notice proposing the candidature of Mr Raj Eswaran for reappointment as Director at the ensuing Annual General Meeting.

Auditors

Shareholders are requested to reappoint M/s Brahmayya & Co. and M/s R Subramanian & Co., as Auditors of the Company and to fix their remuneration.

General

The particulars relating to conservation of energy, technology absorption, etc. are annexed. The particulars of employees required to be furnished in terms of Section 217 (2A) of Companies Act, 1956 are also annexed to this Report.

The Directors thank the customers, Indian Overseas Bank, new bankers, State Bank of India, Industrial Development Bank of India, suppliers and shareholders for their continued support. They also thank the employees of the Company for the services and for their co-operation in maintaining cordial relationship.

By order of the Board
for Easun Reyrolle Limited
Hari Eswaran
Chairman

Place : Chennai
Date : 26th June 2000



Annexure to Director's Report for the year ended 31st March, 2000

Annexure – I

Information pursuant to the Section 217 (1) (e) of the
Companies Act, 1956 read with the companies
(Disclosure of particulars in the report of Board of Directors) Rules, 1988

A. Conservation of Energy

- | | | |
|---|---|---|
| a. Energy conservation | } | The company is continuously identifying areas where energy can be saved and appropriate measures are being taken to optimise conservation of energy |
| b. Additional Investments and proposals if any, being implemented for reduction of consumption of energy | | |
| c. Impact of the measures at (a) and consumption and consequent impact of the cost of production of goods | | |
| d. Total energy conservation | | |
- Disclosure requirement is not applicable to the Company

B. Technology Absorption

i) Research and Development

- | | |
|--|--|
| 1. Specific areas in which R & D carried out by the Company | a) Development of cost effective numerical Relays.
b) Development of device driver software |
| 2. Benefits derived as a result of the above efforts | Entry into retrofit market and wider market coverage |
| 3. Future plan of action | Develop more products for the distribution segments |
| 4. Expenditure on R & D | |
| a. Capital | NIL |
| b. Recurring | Rs. 13,40,800 |
| c. Total | Rs. 13,40,800 |
| d. Total R & D expenditure as a percentage of total turnover | 0.39 % |

ii) Technology absorption, adaptation and innovation

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | Technology absorption of Transformer Differential protection and Sensitive Earth Fault protection, Electro-mechanical trip and alarm Relays |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution etc. | Cost reduction and product improvement. This has helped in booking new orders. |
| 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year, following information may be furnished) | |
| a. Technology imported | New Electromechanical Relays and Microprocessor-based Relays. |

Easun Reyrolle Limited