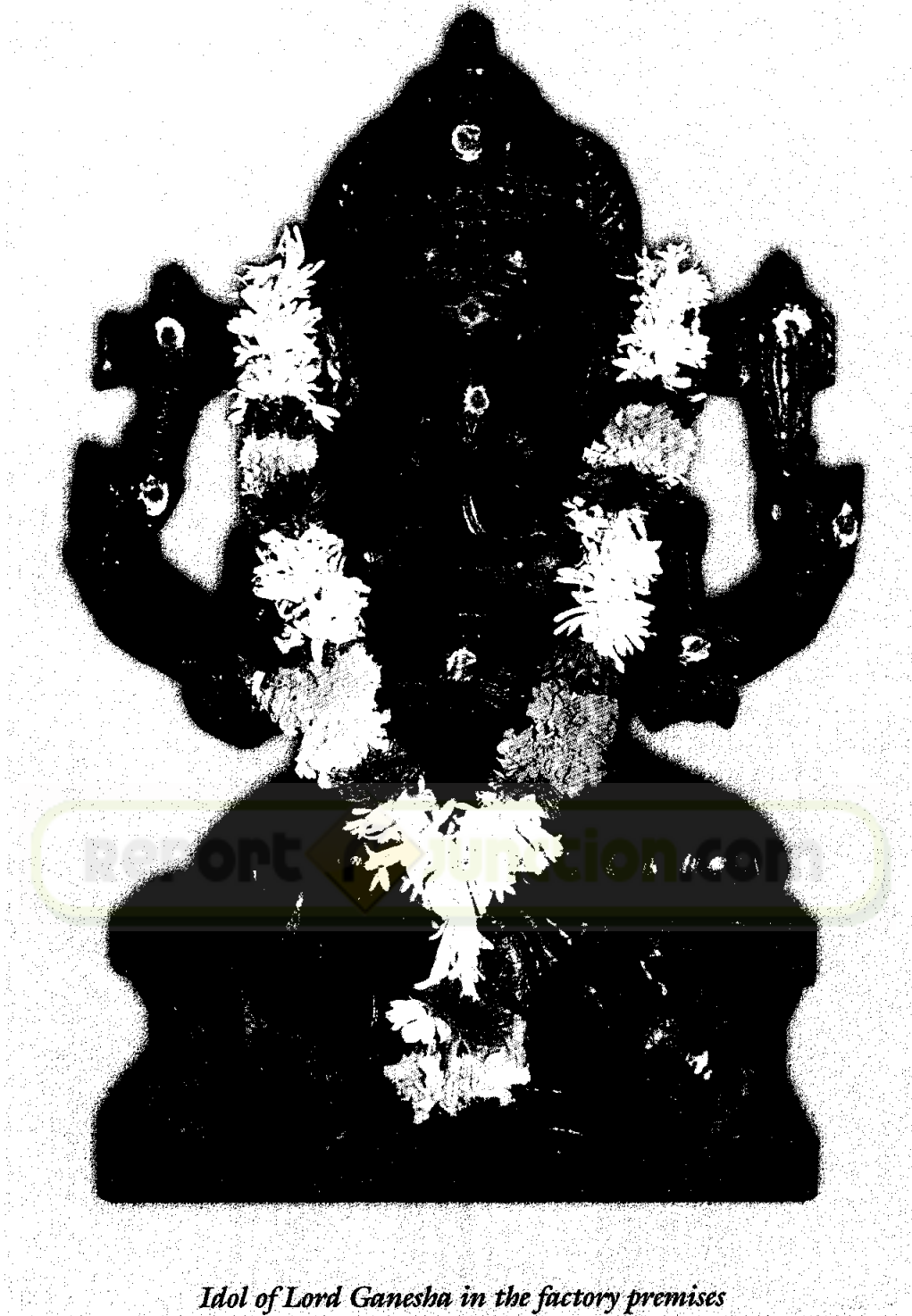


Easun Reyrolle Limited



26

Annual Report 2000-2001



Idol of Lord Ganesha in the factory premises



Easun Reyrolle Limited

26th Annual Report 2000-2001

Chairman : Hari Eswaran

Directors : Y S Das
W S Jones
Raj H Eswaran
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
Bannerhatta 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 Twentysixth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Thursday, 27th September, 2001 at 3.00 p.m. at Hotel Ambassador Pallava, 52, 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, 2001 and the Balance Sheet as at 31st March, 2001 and the Auditors' Report thereon.
2. To appoint a Director in place of Mr Hari Eswaran who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Dr W S Jones who retires by rotation and is eligible for re-appointment.
4. 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.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai

Date : 8th June, 2001

K N Nagesha Rao

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 18th September, 2001 to 27th September, 2001 (both days inclusive).
3. Members are requested to advise, indicating their Folio Numbers, the change in their address, if any.
4. Members/Proxies should fill in the Attendance Slip for attending the meeting.
5. The Company has made arrangement for demat of equity shares and admission of the securities in both Depositories, National Securities Depository Limited and Central Depository Services (India) Limited.
6. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
7. 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 :



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

8. 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	Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The Company has paid Annual Listing Fees for the year 2001-2002 to the above Stock Exchanges.

By Order of the Board
for **Easun Reyrolle Limited**

Place : Chennai
Date : 8th June, 2001

K N Nagesha Rao
Secretary and General Manager-Finance



Directors' Report to Shareholders

Your Directors present the Twentysixth Annual Report together with the Audited Accounts for the year ended 31st March 2001.

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, 2001	31st March, 2000
Sales turnover and other Income	3,274	3,451
Gross Profit	154	181
Less: Depreciation	66	64
Profit before tax	88	117
Less: Provision for Income-tax	20	66
Profit after tax	68	51
Add: Profit brought from the previous year	60	56
Appropriation	128	107
Transfer to General Reserve	5	-
Dividend	31	39
Dividend-tax	3	8
Balance carried forward to Balance Sheet	89	60

Dividend

Your Directors are pleased to recommend a dividend of 10% on Equity Shares for the year ended 31st March, 2001.

Operations

The electrical industry in India is passing through a very difficult period. The poor health of Electricity Boards consequent to sale of free/subsidised power to certain users without due compensation has eroded their strength to make investments required for creating new capacities. Most of the Electricity Boards/Utilities have reduced their procurement and have delayed paying their dues. On the other hand, investments from private sector in power development programmes are not forthcoming for various reasons. These factors together with the free import policy of the Government and the uncertainty of future business resulted in stagnation and negative growth rate in electrical industry during last couple of years.

In the backdrop of the above sluggish scenario, the performance of your Company during the year under review appears satisfactory. Faced with weak demand, stiff competition and erosion of margin on local sales, your Company focussed on overseas market and improved export performance at Rs.615 lacs during 2000-01 in comparison to Rs.563 lacs the pervious year. By concerted efforts, your Company could reduce incidence of overhead costs during the year under review. These initiatives have helped your Company post a respectable performance. To keep pace with the changing technology and to remain competitive, your Company introduced in the market new advanced versions of Relays for different applications. These new Relays have been well received in the market.

The performance of Wind Mill operations of your Company continues to be satisfactory.



Prospects

In order to improve margin, your Company has plans to further reduce operational costs without in any way affecting quality of products and services to customers. As part of on going R&D activity, your Company has proposals to commercialise new product developments.

Metering and Energy Management have assumed importance in the wake of power sector reforms being implemented by Electricity Boards and Utilities. The concept of Sub-station Automation is picking up while the Power Protection and Control Systems are being bundled along with Automation. To take advantage of these emerging trends, your Company is exploring possibilities of entering into Energy Metering business and providing Sub-station Automation Solutions with the help of its own R&D efforts and by accessing outside technology. Your Company will continue to explore new markets for exports.

Considering these initiatives and steps, your Directors expect to improve the performance of the Company during 2001-2002.

Directors

Your Directors Mr Hari Eswaran and Dr W S Jones retire at the ensuing Annual General Meeting. They are eligible for re-election.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied that consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care 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) that the Directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

Auditors

M/s Brahmayya & Company and M/s R Subramanian & Company, Auditors of your Company hold office till the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment.

Particulars of Employees :

As required under Section 217 (2A) of the Companies Act, 1956 the particulars of employees are set out in the Annexure 1 to this report.

Energy, Technology and Foreign Exchange :

In accordance with the provisions of the Section 217 (1) (e) of the Company Act, 1956 the necessary information have been provided in Annexure 2 which forms part of this Report.

Acknowledgement :

Your Directors place on record their appreciation of the assistance and support extended by State Bank of India and Industrial Development Bank of India. They acknowledge with gratitude the valuable support received from suppliers, shareholders as well as employees of the Company.

Place : Chennai
Date : 8th June, 2001

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



Annexure to Director's Report for the year ended 31st March, 2001

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, sensitive current neutral displacement as well as under voltage/over voltage protection Relays
b) Development of device driver software
c) Development and customisation of Solutions for Sub-station Automation |
| 2. Benefits derived as a result of the above efforts | : | a) Wider market coverage
b) Building up an intelligent protection and control solution for Sub-station Control and Automation |
| 3. Future plan of action | : | Development in the area of Energy Management and Sub-station Automation |
| 4. Expenditure on R & D | : | |
| a. Capital | : | Rs.14,46,805 |
| b. Recurring | : | Rs.14,96,446 |
| c. Total | : | Rs.29,43,251 |
| d. Total R & D expenditure as a percentage of total turnover | : | 0.90% |

ii) Technology absorption, adaptation and innovation

- | | | |
|--|---|--|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : | a) Technology absorption of numeric Over Current/Earth Fault Relay Argus platform
b) Technology absorption of Transformer Differential protection |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution etc. | : | Cost reduction, product substitution and market penetration |