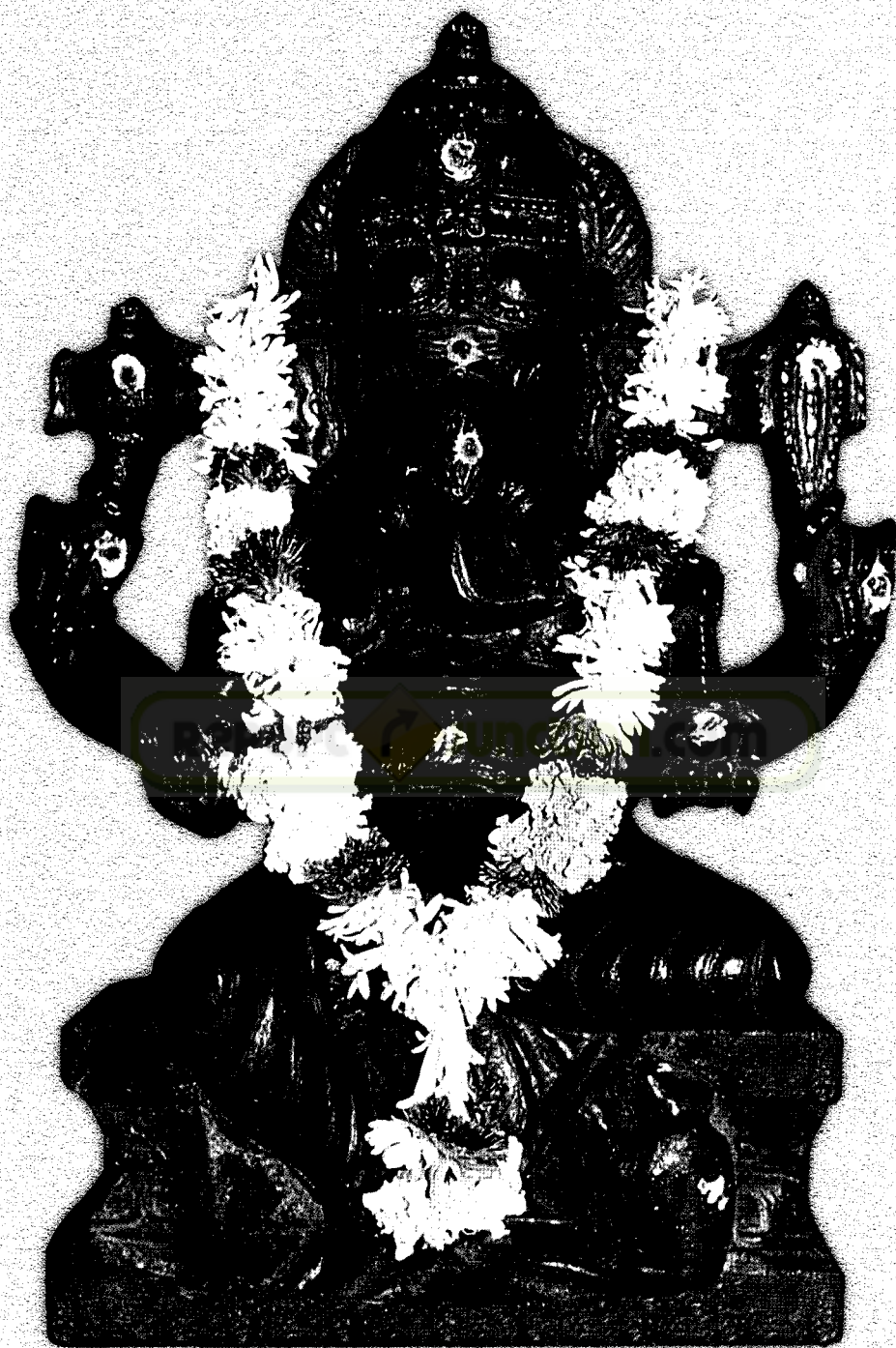


Easun Reyrolle Limited



28

Annual Report 2002-2003



Idol of Lord Ganesha in the factory premises



Easun Reyrolle Limited

28th Annual Report, 2002-2003

Chairman : Hari Eswaran

Directors : Y S Das
W S Jones
S Ramani
Raj H Eswaran

Chief Executive : J D N Sharma

Secretary and
General Manager - Finance : K N Nagesha Rao

Auditors : Brahmayya & 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
672, 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
Bannerghatta Road
Bangalore 560 076

Bankers : State Bank of India

Registrars and Transfer Agents : Integrated Enterprises (India) Limited,
2nd floor, "Kences Towers",
No.1, Ramakrishna Street,
North Usman Road, T Nagar,
Chennai 600 017
Telephone No: 28140801 to 28140803
email: sureshbabu@iepindia.com



Easun Reyrolle Limited

Registered Office : "Temple Tower" 6th Floor, 672 Anna Salai, Nandanam, Chennai 600 035

Notice to Shareholders

Notice is hereby given that the Twentyeighth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Monday, the 22nd day of September, 2003 at 3.00 p.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, 2003 and the Balance Sheet as at 31st March, 2003 and the Auditors' Report thereon
2. To declare Dividend
3. To appoint a Director in place of Mr Hari Eswaran who retires by rotation and is eligible for re-appointment
4. To appoint a Director in place of Dr W S Jones 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 Dr. S Ramani, who was appointed as an Additional Director by the Board. He is eligible for re-appointment. The Company has received a notice in writing from a Member signifying his intention to propose the candidature of Dr. S Ramani as a Director of the Company.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai

Date: 14th June, 2003

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 relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. Documents relating to any of the items mentioned in the Notice and the accompanying Explanatory statement are open for inspection at the Registered Office of the Company of any working day during business hours.



4. The Register of Members and the Share Transfer Books of the Company will remain closed from 16th September, 2003 to 22nd September, 2003 (both days inclusive).
5. The dividend, if any, declared at the Meeting will be payable on and after 22nd September, 2003 to those Members whose names appear on the Register of members of the Company on 16th September, 2003
6. Members are requested to advise, indicating their Folio Numbers, the change in their address, if any to our Registrar and Transfer Agents, Integrated Enterprises (India) Limited, 2nd floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017, Telephone No. 28140801 to 28140803
7. Members/Proxies should fill in the Attendance Slip for attending the meeting.

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 Monday, the 22nd day of September, 2003 at 3.00 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008

Item No.6 – Re-appointment of Dr. S Ramani as Director

Pursuant to Article 95 of the Company, Dr. S Ramani was appointed by the Board of Directors as Additional Director on 14th June, 2003. Dr. Ramani holds office upto the date of ensuing Annual General Meeting and is eligible for re-appointment. Dr S Ramani served as Director of National Institute of Industrial Engineering (NITIE), Mumbai. He is the former Vice Chancellor of Kanchi University. Dr. S Ramani has considerable technical and administrative capabilities. A brief background of Dr. S Ramani is furnished in the Corporate Governance Disclosures accompanying the Directors' Report. Your Directors are of the opinion that it would be in the best interests of the Company to re-appoint Dr. S Ramani as Director and accordingly commend the Resolution for approval of the Shareholders.

Except Dr. S Ramani, none of the 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: 14th June, 2003

K N Nagesha Rao
Secretary and General Manager-Finance



Directors' Report to Shareholders

Your Directors take pleasure in submitting Twentyeighth Annual Report along with the Company's Audited Accounts for the year ended 31st March 2003.

Financial Results

The Financial Results of your Company are as below :

[Rupees in lacs]

Particulars	For the year ended	
	31st March, 2003	31st March, 2002
Net Sales and other Income	3,855	3,610
Profit before Interest and Depreciation	450	176
Less: Interest	151	184
Profit/(Loss) before Depreciation	299	(8)
Depreciation	68	70
Profit before tax / (Loss)	231	(78)
Less: Provision for taxation	20	-
Add: Deferred Tax Asset	-	26
Less: Deferred Tax Liability	18	-
Profit / (Loss) after tax	193	(52)
Add: Profit brought from previous year	37	89
Appropriation:		
General Reserve	100	0
Dividend on Equity Shares	63	0
Tax on Dividend	8	0
Balance carried forward to Balance Sheet	59	37

Dividend

Your Directors recommend dividend payment of Rs.2 (@ 20%) per equity share (previous year – Nil) for the financial year 2002-03. If approved by the shareholders at the ensuing Annual General Meeting, this dividend would absorb Rs.70,74,492 (including payment of dividend distribution tax).

Management Discussion and Analysis

While there have been sporadic attempts to privatise distribution (e.g., Delhi), power sector reforms have not made rapid strides during the year under review. Though unbundling of some Electricity Boards has taken place, the ownership continues to be retained by the Government. Consequently, investments in this sector are still sporadic and outlook generally sluggish. However, passage of Electricity Bill 2003 gives hope for more rapid transformation of this sector, attracting higher level of investments in future.

During the year under review, the Company earned profit after tax of Rs.193 lacs as against net loss of Rs.52 lacs for the year ended 31st March 2002.

The total income of the Company has increased by 7% during the year. Satisfactory export growth was also witnessed during the year. Introduction of new range of Relays and improved price realisation in some projects coupled with various cost control measures enabled your Company



record a reasonable level of operation. In the backdrop of the current market conditions, the Company's performance during the year is considered satisfactory.

While the Hosur unit caters to the traditional lines of business, Bangalore unit deals with newer technology products and is performing satisfactorily. Power generation from the Wind Mill operations located at Kanyakumari is generally in line with the average yield in that location.

Your Company made substantial progress in implementation of Electronic Meters and Substation Automation Projects. Energy Meters have been approved by some public and private sector utilities. The Company has also received ISI certification for its meters. The Company has made number of offers for Substation Control and Automation Solutions.

Your Company has thus positioned itself to take advantage of the opportunities which are likely to arise as a result of privatisation of distribution in particular and higher level of investments in the field of power generation, transmission and distribution in general.

Internal Control System

The Company maintains a system of internal controls with suitable monitoring procedure. A firm of Chartered Accountants, appointed to conduct Internal Audit, submits their report on a regular basis and these are reviewed at Board Meetings.

Human Resources

The Company has been maintaining cordial industrial relations with its workers.

The Company has been paying particular attention regarding optimal use of its manpower through improved processes and increased efficiencies. This has resulted in simplified structures and rationalised manpower. Your Company will continue to pursue such efforts on an ongoing basis. Your Company has total employee strength of 355 as on 31st March 2003.

Directors

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

Dr S Ramani who was appointed by Board as Additional Director retires at the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the name of Dr S Ramani for appointment as Director at the ensuing Annual General Meeting.

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 2003, 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 them consistently and made judgements and estimates that are 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 this Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) that the Directors had prepared the annual accounts on a 'going concern' basis.

Corporate Governance

Your Company has taken necessary measures to conform to norms of Corporate Governance and the listing agreements with the Stock Exchanges. It has constituted Audit Committee and Shareholders Grievance Committee. A Separate report on Corporate Governance is annexed to this report in Annexure-I

Auditors

M/s. Brahmayya & Co., Chartered Accountants and M/s.R.Subramanian & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting. They are eligible for re-appointment.

Technology Absorption, Foreign Exchange Earning and Outgo

The information relating to technology absorption, foreign exchange earnings and outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 are furnished in Annexure-II which forms part of this report.

Personnel

There is no employee coming within the provisions of 217(2A) of the Companies Act, 1956.

Appreciation

Your Directors wish to place on record the continued support received from State Bank of India and Financial Institutions. They express their appreciation of the contributions made by employees at all levels.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai
Date : 14th June, 2003

Hari Eswaran
Chairman



Annexure to Director's Report for the year ended 31st March, 2003

Annexure – I Corporate Governance Disclosure

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the following report.

1. Company's philosophy on code of governance

The philosophy of the Company on Corporate Governance is to attain highest level of transparency, responsibility, accountability and equity in all facets of its operations.

The Company believes that all its actions must serve the underlying goal of enhancing shareholders' value over a sustained period of time.

2. Board of Directors :

Board of Directors consists of five Directors. The following table gives particulars of Directors, their attendance at the Board Meetings and Annual General Meetings and particulars of Directorships, etc. held in other Companies.

Sl. No	Name	Category	Attendance particulars		Members of Directorship / Committee membership / Chairmanship		
			Board Meetings	Last Annual General Meeting	Member of Directorship	Committee membership	Chairmanship
1	Mr. Hari Eswaran	Promoter Director (Chairman)	5 of 5	Attended	2	Nil	4
2	Dr. W S Jones	Independent Director	2 of 5	Not Attended	Nil	Nil	Nil
3	Mr. Y S Das	Independent Director	4 of 5	Not Attended	2	Nil	Nil
4	Mr. Raj H Eswaran	Promoter Director	5 of 5	Attended	5	Nil	Nil
5	Dr. S Ramani	Independent Director	Appointed on 14th June. 2003				

Note : All the Directors on the Board are non-executive Directors.

Mr. Hari Eswaran and Dr. W S Jones retire by rotation and are eligible for reappointment. Their brief resumes are furnished below.

Brief Background of Directors being appointed/re-appointed

a) Mr Hari Eswaran

Mr Hari Eswaran, 66 years, is one of the founder-Directors of Easun Reyrolle Ltd. Presently, he is non-executive Chairman on the Company's Board. He studied Electrical Engineering in Faraday House, London. He is a Fellow of the Institution of Electrical Engineering, U.K. Mr Hari Eswaran, a pioneer in the electrical engineering industry, has been associated with various industry and trade associations. He is the past Chairman of the following bodies:

1. Indian Electrical and Electronics Manufacturers Association;
2. Madras Chamber of Commerce and Industry,
3. Association of Indian Engineering Industry (Southern Region), now known as CII.
4. Employers Federation of Southern Indian



Mr Hari Eswaran is a Member of Associated Chamber of Commerce and Industry and on the Board of the following Companies:

Hackbridge-Hewittic and Easun Limited	:	Chairman and Managing Director
Easun Engineering Company Limited	:	Chairman
Easun-MR Tap changers Pvt. Limited	:	Chairman
Eswaran and Sons Engineers Limited	:	Chairman
Easun Products of India Pvt. Limited	:	Director
Easun Switchgear Pvt. Limited	:	Director

b) Dr W S Jones

Dr W S Jones, 62 years, retired Joint Managing Director of VA TECH's Transmission and Distribution operation worldwide. He served NEI Control System as Managing Director. In addition, he was appointed Managing Director of Reyrolle. He also served as worldwide Managing Director of Rolls-Royce Transmission and Distribution Limited.

Dr W S Jones is an Electronic Engineering Graduate and holds a Doctorate Degree. He is a Fellow of the Royal Academy of Engineers and the Institution of Electrical Engineers, UK. He has been conferred with the title 'Order of British Empire'.

Dr Jones served on the Board of many corporate, social and community bodies. Presently, he is Director on the Board of Easun Reyrolle Ltd.

c) Dr S Ramani

Dr S Ramani, aged 69 years holds degrees in Mechanical, Electrical, and Aeronautical Maintenance Engineering. He holds a Doctorate Degree in Industrial Engineering besides a Master Degree in Mechanical Engineering and a Post Graduate Diploma in Indian Institute of Management, Kolkata.

Dr. S Ramani served as Director of National Institute of Industrial Engineering (NITIE), Mumbai. He is the former vice-chancellor of Kanchi University. He served as Head of Department of Humanities & Social Sciences at Indian Institute of Technology, Chennai. He also served as National President of Indian Institute of Industrial Engineering. He was on the Board of several companies.

Dr. S Ramani earlier served as Director on the Board of Easun Reyrolle Limited for nearly two decades from 23rd October, 1980 to 15th June, 2000.

Currently he is on the Board of some of corporate bodies and institutions as given below:

- 1) Member of Governing Body of Tamil Nadu Institute of Industrial Engineering (TNITIE) and chairman of its empowered committee.
- 2) Member of Governing Body of Anna Institute of Management at Chennai.
- 3) Director of Penta Media Graphics Ltd, Chennai.
- 4) Executive Committee Member of the Disaster Management Institute at Bhopal (Madhya Pradesh)

3. Audit Committee :

The Board of Directors have constituted an Audit Committee consisting of Dr. S Ramani, Dr.W S Jones, Mr Y S Das and Mr Raj H Eswaran. Dr.S Ramani is the Chairman of the Audit Committee.