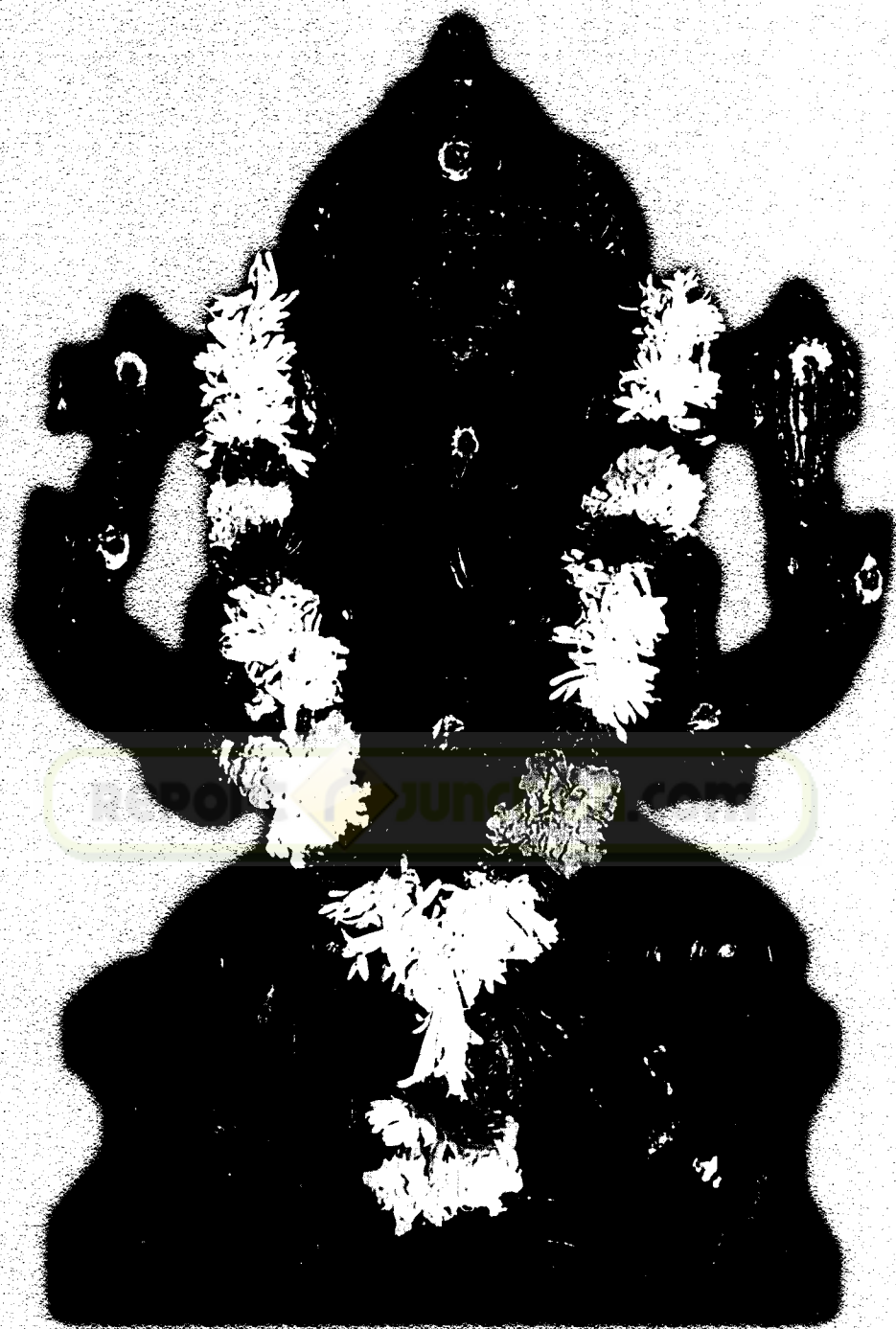


# Easun Reyrolle Limited



# 29

## Annual Report 2003-2004



*Idol of Lord Ganesha in the factory premises*



# Easun Reyrolle Limited

## 29th Annual Report, 2003-2004

Chairman	:	Hari Eswaran
Directors	:	Y S Das (Upto 26.07.2004) W S Jones S Ramani Raj H Eswaran Martin Bell (From 23.07.2004) Alexander John Ramsay (From 23.07.2004)
Chief Executive	:	J D N Sharma
Secretary and Chief Financial Officer	:	K N Nagesha Rao
Auditors	:	1. Brahmayya & Co. Chartered Accountants 156, Thambu Chetty Street Chennai 600 001  2. 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
Registrar and Transfer Agents	:	Integrated Enterprises (India) Limited, 2 <sup>nd</sup> floor, “Kences Towers”, No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Telephone : (044) 28140801 to 28140803 email: <a href="mailto:sureshbabu@iepindia.com">sureshbabu@iepindia.com</a>



## Easun Reyrolle Limited

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

### Notice to Shareholders

Notice is hereby given that the Twentyninth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Monday, the 20<sup>th</sup> day of September, 2004 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, 2004 and the Balance Sheet as at 31st March, 2004 and the Auditors' Report thereon
2. To declare Dividend
3. To appoint a Director in place of Mr Raj H 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 Mr Martin Bell, who was appointed as 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 Mr Martin Bell as a Director of the Company.
7. To appoint a Director in place of Mr Alexander John Ramsay 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 Alexander John Ramsay as a Director of the Company.

By Order of the Board  
for Easun Reyrolle Limited

Place : Bangalore  
Date : 16<sup>th</sup> August, 2004

K N Nagesha Rao  
Secretary and Chief Financial Officer



## 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 16<sup>th</sup> September, 2004 to 20<sup>th</sup> September, 2004 (both days inclusive).
5. The dividend, if any, declared at the Meeting will be payable on and after 20<sup>th</sup> September, 2004 to those Members whose names appear on the Register of Members of the Company on 16<sup>th</sup> September, 2004.
6. Members are requested to advise, indicating their Folio Numbers, Client ID and DP ID, the change in their address, if any, to our Registrar and Transfer Agents, Integrated Enterprises (India) Limited, 2<sup>nd</sup> floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017, Telephone No. (044) 2814 0801.
7. Members/Proxies should fill in the Attendance Slip for attending the meeting. Members are requested to bring their copy of Annual Report to the Meeting.
8. Consequent upon the introduction of Section 109A of the Companies Act 1956, Shareholders are entitled to make nomination in respect of shares held by them. The Shareholders holding shares in physical form desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to our Registrar & Transfer Agents, Integrated Enterprises (India) Limited, 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017. Telephone No. (044) 2814 0801.

With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to all Shareholders, holding shares in electronic form residing in **Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Thiruvananthapuram** through RBI ECS Centers and by way of Dividend Warrants to shareholders who hold shares in physical form through **152 Branches of UTI Bank Limited** situated in the length and breadth of the Country.

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

Place : Bangalore  
Date : 16<sup>th</sup> August, 2004

K N Nagesha Rao  
Secretary and Chief Financial Officer



## **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 20<sup>th</sup> September, 2004 at 3 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008

### **Item No.6 - Re-appointment of Mr Martin Bell as Director**

Pursuant to Article 95 of the Articles of Association of the Company, Mr Martin Bell was appointed Additional Director by the Board of Directors on 23<sup>rd</sup> July 2004. Mr Martin Bell holds office as Director up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Mr Martin Bell is the General Manager of the Company's Collaborators, VA TECH Reyrolle ACP Limited, UK. A brief background of Mr Martin Bell is furnished in the Corporate Governance disclosure accompanying the Directors' Report. Your Directors are of the opinion that it would in the best interest of the Company to re-appoint Mr Martin Bell as Director and accordingly commend the Resolution for approval of the Shareholders.

Except Mr Martin Bell none of the other Directors of the Company is in anyway concerned or interested in the Resolution.

### **Item No.7 - Re-appointment of Mr Alexander John Ramsay as Director**

Pursuant to Article 95 of the Articles of Association of the Company, Mr Alexander John Ramsay was appointed Additional Director by the Board of Directors on 23<sup>rd</sup> July 2004. Mr Alexander John Ramsay holds office as Director up to the date of ensuing Annual General Meeting and is eligible for re-appointment. Mr Alexander John Ramsay is the Financial Controller of the Company's Collaborators, VA TECH Reyrolle ACP Limited, UK. A brief background of Mr Alexander John Ramsay is furnished in the Corporate Governance disclosure accompanying the Directors' Report. Your Directors are of the opinion that it would in the best interest of the Company to re-appoint Mr Alexander John Ramsay as Director and accordingly commend the Resolution for approval of the Shareholders.

Except Mr Alexander John Ramsay none of the other Directors of the Company is in anyway concerned or interest in the Resolution.

By Order of the Board  
for Easun Reyrolle Limited

Place : Bangalore  
Date : 16<sup>th</sup> August, 2004

K N Nagesha Rao  
Secretary and Chief Financial Officer



## Directors' Report to Shareholders

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2004.

### Financial Results

The brief financial results of your Company is given below :

[Rupees in lacs]

Particulars	For the year ended	
	31st March, 2004	31st March, 2003
Net Sales and other Income	4,194	3,855
<b>Profit before Interest and Depreciation</b>	<b>560</b>	<b>450</b>
Less: Interest	86	151
<b>Profit before Depreciation</b>	<b>474</b>	<b>299</b>
Depreciation	70	68
<b>Profit before tax</b>	<b>404</b>	<b>231</b>
Less: Prior period items	2	—
Less: Provision for taxation	133	20
Add: Deferred Tax Asset	5	—
Less: Deferred Tax Liability	—	18
<b>Profit after tax</b>	<b>274</b>	<b>193</b>
Add: Profit brought from previous year	59	37
<b>Appropriation:</b>		
Dividend on Equity Shares	86	63
Tax on Dividend	11	8
General Reserve	150	100
Balance carried forward to Balance Sheet	86	59

### Dividend

The Board of Directors is pleased to recommend a dividend of Rs.2.75 per Equity Share (@27.5%) for the financial year 2003-04 (previous year Rs.2 per Equity Share). If approved by the Shareholders at the Annual General Meeting, the dividend would absorb Rs.97 lacs (including dividend distribution tax to be borne by the Company).

### Management Discussion and Analysis

The country witnessed moderate economic recovery and industrial growth during 2003-04. The Electricity Act, 2003 brought clarity on many issues to encourage private sector to invest in growth of power generation. Progressive policy formulations have been announced by the government with respect to Transmission and Distribution segments of the power sector. The Accelerated Power Development Reforms Programme (APDRP), announced by the Government has gained momentum expanding the opportunities in the distribution segment. Private sector distribution companies are taking up capital investments to upgrade their system.



However, unbundling of power utilities has not taken off in full swing (the dead line for the same has been extended by one year) and the financial situation of many Electricity Boards continues to remain unhealthy. After the elections, the new Government has announced its intention to review the Electricity Act, 2003 to align with the policy direction contained in the Common Minimum Program. The new Government have accorded priority to education and rural development and announced that reforms would be implemented without affecting the common man. While investment in education and development of rural areas is essential, such investment does not always yield full results due to the lack of effective delivery systems. The proposed policy changes could slow down the already delayed and much needed reform in the Power Sector and without this infrastructure truly in place in a cost effective way the vaunted progress of India will still be a distant dream.

### **Operating Results of the Company**

During the year under review, your Company posted an improved revenue of Rs.4,194 lacs, registering a growth of 8.8% over the previous year's revenue. The gross profit of the Company increased by 74.9% to Rs.404 lacs (Rs. 231 lacs previous year). The net profit was higher at Rs.274 lacs registering a 42% increase over net profit of Rs.193 lacs for the previous year 2003. Improved margins and reduced operational cost helped improve the profits during the year. During the year under consideration, the Company has successfully completed substantial manpower rationalisation in line with the changing technological needs. The Company commenced commercial operations of both Energy Meters and Sub-station Automation Solutions. The Company has developed a range of energy meters for domestic, industrial and sub-station applications. Keeping pace with the technological changes and the emerging trends, the Company also developed complete range of cost effective automation solutions and is continuing to develop and introduce new protection products.

With the overall improved business scenario and order book position, your Directors expect that the Company would maintain the tempo of growth in the current year.

### **Internal Control System**

P. Chadrasekar & Co have been appointed to carry out the Internal audit functions of the Company. They are invited to assist the Audit Committee in its deliberations. The Audit Committee brings to the notice of the Board any issue of significance.

### **Human Resources**

The Company continues to focus on building talent and competence, in line with the changing technological and market needs. As a result of organisational restructure and man-power rationalisation consistent with changing technology, the Company achieved a total man-power reduction of 139 employees. It had total employee strength of 242 as at 31st March 2004.

### **Directors**

Mr Y S Das who was on the Board of your Company as Director since 1987, has resigned with effect from 26th July, 2004. He made significant contributions to the betterment of the Company particularly during critical times. Your Directors place on record their appreciation of the valuable services rendered by Mr Y S Das.





Mr Raj H Eswaran and Dr W S Jones, Directors retire by rotation at the ensuing Annual General Meeting. They are eligible for re-election.

### Directors Responsibility Statement

Your Directors confirm that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March 2004, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) 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) 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 for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a 'going concern' basis.

### Corporate Governance

Your Company conforms to the norms of Corporate Governance in accordance with the provisions of the Companies Act, 1956 and the Listing Agreements with Stock Exchanges. A report on Corporate Governance along with certificate of compliance by Statutory Auditors are given in Annexure - I which forms part of this Report.

### Auditors

The Company's Auditors M/s Brahmayya & Co. and M/s R Subramanian & Co. retire at the forthcoming Annual General Meeting and eligible for re-appointment.

### General

The particulars on Conservation of Energy Technology Absorption, Foreign Exchange Earnings and out go, pursuant to Sec 217(1)(e) of the Companies Act, 1956 are given in Annexure - II, which forms part of this Report.

There are no employees of the Company covered under the provisions of Section 217(2A) of the Companies Act, 1956.

The Directors thank State Bank of India and financial institutions for their continued support. They also thank employees of the Company for the services and for their co-operation in maintaining cordial relationship.

On behalf of the Board of Directors

Place : Chennai

Date : 16<sup>th</sup> August, 2004

Hari Eswaran  
Chairman



## Annexure to Director's Report for the year ended 31st March, 2004

### 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)	4 of 4	Attended	2	Nil	4
2	Dr. W S Jones	Independent Director	2 of 4	Not Attended	Nil	Nil	Nil
3	Mr. Y S Das (upto 26.07.2004)	Independent Director	4 of 4	Attended	2	Nil	Nil
4	Mr. Raj H Eswaran	Promoter Director	4 of 4	Attended	5	Nil	Nil
5	Dr. S Ramani	Independent Director	4 of 4	Attended	1	Nil	2

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

Mr. Raj H Eswaran and Dr W S Jones retire by rotation and are eligible for reappointment. Mr Martin Bell and Mr Alexander John Ramsay were inducted as Additional Directors on the Board effective from 23rd July 2004. It is proposed to re-appoint both Mr Martin Bell and Mr Alexander John Ramsay at the ensuing Annual General Meeting. The Company has received necessary notices proposing appointment of Mr Martin Bell and Mr Alexander John Ramsay as Directors at the ensuing Annual General Meeting.

The brief background of Mr Raj H Eswaran, Dr W S Jones, Mr Martin Bell and Mr Alexander John Ramsay are furnished below.