

EASUN REYROLLE

The Spectrum of Expertise

Easun Reyrolle Limited
32nd Annual Report 2006 - 2007





Easun Reyrolle Limited

32nd Annual Report, 2006-2007

Chairman	:	Hari Eswaran
Directors	:	Alexander John Ramsay (upto 03-07-2007) W S Jones Martin Bell (upto 03-07-2007) Raj H Eswaran S Ramani
Chief Executive	:	J D N Sharma
Secretary and VP (Corporate Finance)	:	K N Nagesha Rao
Auditors	:	Brahmayya & Co. Chartered Accountants 48, Masilamani Road, Balaji Nagar, Royapettah, Chennai 600014
	:	R Subramanian & Co. Chartered Accountants 36, Krishnaswamy Iyer Avenue Luz, Chennai 600004
Registered Office	:	"Temple Tower", 6th Floor 672, Anna Salai, Nandanam Chennai 600035, Tamil Nadu
Factories	:	1. Plot No.98 Sipcot Industrial Complex Hosur 635126 Krishnagiri District, Tamil Nadu 2. 17/3, Arakere Village Bannerghatta Road, Bangalore 560076 3. Technology Development Centre 389, "Rasu Kumaki", Hulimavu, Bannerghatta Road Bangalore 560076 Karnataka
Bankers	:	State Bank of India
Registrars and Transfer Agents	:	Integrated Enterprises (India) Limited 2 nd Floor, "Kences Towers" No.1, Ramakrishna Street North Usman Road, T Nagar Chennai 600017



Easun Reyrolle Limited

32nd Annual Report, 2006-2007

Board of Directors



Hari Eswaran



Alexander
John Ramsay



Dr W S Jones



Martin Bell



Raj H Eswaran

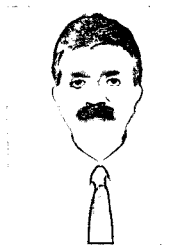


Dr S Ramani

Executive Management Team



JDN Sharma



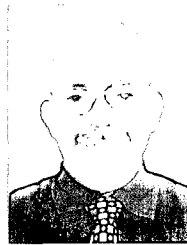
George Punnoose



K N Nagesha Rao



G Premnath



S Ravichander



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 Thirtysecond Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Friday, the 28th day of September, 2007 at 4.00 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, 2007 and the Balance Sheet as at 31st March, 2007 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. S Ramani 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. Raising long term funds:

To consider and, if thought fit, to pass with or without modifications, the following resolution as **Special Resolution**:

RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized to create, issue, offer and allot (including with provisions for reservation on firm and / or competitive basis, of such part of issue and for such categories of persons including employees of the company as may be permitted), in the course of one or more public or private offerings in domestic and / or one or more international market(s), with or without a Green Shoe Option, Equity Shares and/or Equity Shares through depository receipts and/or convertible bonds and/or other securities



convertible into Equity Shares at the option of the Company and / or the holder(s) of such securities and / or securities linked to Equity Shares and / or any instruments or securities representing either Equity Share and/or convertible securities linked to Equity Shares including the issue and allotment of Equity Shares pursuant to a Green Shoe Option, if any, (all of which are hereinafter collectively referred to as 'Securities') to eligible investors, institutions / banks and/or incorporated bodies and/or individuals and/or trustees and/or stabilizing agents or otherwise, (whether residents or non-residents, and whether or not such investors are members of the Company), through prospectus and/or letter of offer and/or circular and/or information memorandum and/or on public and/or private/preferential placement basis, such issue and allotment to be made at such time/times, in one or more tranches, for cash at such price or prices, in such manner and where necessary in consultation with Book Running Lead Managers and/or other Advisors (if any), or otherwise, on such terms and conditions as the Board, may, in its absolute discretion decide at the time of issue of Securities; provided that the total amount raised through the issuance of such Securities does not exceed US\$60 million or its equivalent in one or more currencies, including premium, if any.

RESOLVED FURTHER that without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, including but not limited to terms and conditions relating to payment of interest, dividend, premium on redemption at the option of the Company and/or holders of any Securities, or variation of the price or period of conversion of Securities into Equity Shares or issue of Equity Shares during the period of the Securities or terms pertaining to voting rights or option(s) for early redemption of Securities.

RESOLVED FURTHER that the Company and/or any agency or body or person authorised by the Board, may issue depository receipts representing the underlying Ordinary Shares in the capital of the Company or such other Securities in negotiable, registered or bearer form with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations (including listing on one of more Stock Exchange(s) in or outside India).

RESOLVED FURTHER that the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted, including issue and allotment of Equity Shares upon conversion or as may be necessary in accordance with the terms of the offer(s), all such shares ranking pari passu inter-se and with the then existing Equity Shares of the Company in all respects.

RESOLVED FURTHER that for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for appointment of agencies for managing, underwriting, marketing, listing, trading of Securities issued, such as depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee and to issue any offer document(s), including but not limited to prospectus, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.



RESOLVED FURTHER that the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee or any one or more Directors of the Company.

7. Increase in borrowing limits:

To consider and, if thought fit, to pass with or without modifications, the following resolution as **Ordinary Resolution**:

RESOLVED THAT the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 293(1)(d) of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the Company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs.150 crores (Rupees one hundred and fifty crores) over and above the aggregate of the then paid up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai
Date : 22nd August, 2007

K N Nagesha Rao
Secretary and VP (Corporate 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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in regard to the Special Businesses set out as above, 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 on any working day during business hours.
4. Members holding shares in physical form are requested to communicate change in their addresses, if any, to our Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited, 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Telephone No.044-28140801-803
5. Members holding shares in demat form may inform the change in address or other particulars to their Depository Participants.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September, 2007 to 28th September, 2007 (both days inclusive).
7. The dividend, if any, declared at the Meeting will be payable on and after 28th September, 2007 to those Members whose names appear on the Register of Members of the Company on 20th September, 2007.
8. Members/Proxies are requested to bring the Attendance Slip with them duly filled in and handover the same at the entrance of the Meeting Hall. Members are requested to bring their copy of Annual Report to the Meeting.
9. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to all Shareholders, holding shares in electronic form and residing in the following places: Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram.
10. The Company has also made arrangements for payment of dividend by way of Dividend Warrants to shareholders who hold shares in physical form through 750 Branches of HDFC Bank situated in the length and breadth of the Country.

By Order of the Board
for Easun Reyrolle Limited

Place : Chennai
Date : 22nd August, 2007

K N Nagesha Rao
Secretary and VP (Corporate Finance)



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

Item No. 6 – Raising long term funds:

In order to finance the Company's growth, expansion and diversification plans in India and abroad, it is proposed to raise capital at appropriate time in Indian and / or international markets in one or more tranches by issue of any one or more kinds of shares / securities as detailed in the resolution at Item No. 6 of the Notice, so however, the total amount to be raised through the issuance of such securities shall not exceed US \$ 60 million or its equivalent in one or more currencies including premium, if any. Consent of the shareholders is sought for issuing Securities as stated in the resolution. The Board, in consultation with its Lead Managers, Merchant Bankers and other Advisors, will finalize detailed terms of the issue including in relation to the pricing of the issue which will be fixed keeping in view the capital market conditions / practices and guidelines, if any, issued by the Securities and Exchange Board of India (SEBI). The proposed resolution is an enabling resolution to authorise the Board of Directors to mobilize adequate resources to meet the growing needs of the Company by way of issue of Equity Shares or GDR / ADR or Convertible Bonds, Debentures, etc.

The said Securities may, if necessary, be secured by way of mortgage / hypothecation on the Company's assets in favour of the security holders / trustees for the holders of the said Securities.

Since the Special Resolution proposed at Item No.6 may result in issue of shares / securities of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreements of the Stock Exchanges. The Board of Directors recommends passing of the Special Resolution.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of Securities that may be subscribed to by the companies/institutions of which they are Directors or Members.

Item No. 7 - Increase in Borrowing Limits

In terms of the provisions of Sections 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the Shareholders in general meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves that is to say reserves not set apart for any specific purpose.

Keeping in view the Company's business requirements and its growth plans, it is considered desirable to increase the said borrowing limits to Rs.150 Crores from the existing limit of Rs.20 Crores.

The Board of Directors accordingly recommend the resolution set out at Item No.7 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By order of the Board of Directors

Place: Chennai
Date: 22nd August, 2007

K N Nagesha Rao
Secretary and VP (Corporate Finance)



Director's Report to Shareholders

Dear Shareholders,

Your Directors submit the Annual Report of the Company together with the audited statement of accounts for the year ended 31st March 2007.

Financial Results

The financial highlights of the financial year 2006-07 are as follows:

(Rupees in lacs)

Sl. No.	Particulars	for the year ended	
		31 st March 2007	31 st March 2006
01	Total Revenue	13,521	10,817
02	Operating Expenditure	10,392	8,356
03	Profit before Interest, Depreciation and Tax	3,129	2,461
04	Interest	194	136
05	Depreciation	277	254
06	Profit before Tax	2,658	2,071
07	Provision for Taxation	891	763
08	Net profit for the year	1,767	1,308
09	Surplus brought forward from the previous year	100	77
10	Profit available for appropriation	1,867	1,385
11	Appropriation		
	a) Interim Dividend	67	50
	b) Proposed Final Dividend	333	200
	c) Tax on Dividend	65	35
	d) General Reserve	1,200	1,000
	e) Balance carried to Balance Sheet	202	100

Sub-division of Equity Shares

Pursuant to resolution passed by the Shareholders on 19th July 2007, the nominal face value of Company's Equity Shares would be changed from Rs.10 per shares to Rs.2 per share. This sub-division of Equity Shares would help increase the number of shares available for trading in the market and makes Company's Equity Shares affordable to small investors.

Dividend

In November 2006, Directors declared and paid an interim dividend of Rs.2 per Equity Share (20% on par value of Rs.10). In view of the Company's encouraging performance, your Directors are pleased to recommend for approval of Members a Final Dividend of 100% (Rs.2 on par value of Rs.2), making total dividend of 120% for the year (75% previous year).