



34th Annual Report
2008-2009



EASUN REYROLLE
www.easunreyrolle.com





Easun Reyrolle Limited

34th Annual Report, 2008-2009

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| Chairman | : | Hari Eswaran |
| Directors | : | W S Jones Raj H Eswaran Rakesh Garg (from 27.06.2009) 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 – 600 014 |
| | : | 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 |
| Corporate Office & Development Centre | : | 389, “Rasu Kumaki”, Hulimavu, Bannerghatta Road, Bangalore 560 076, Karnataka |
| Factories | : | 1. Plot No.98, Sipcot Industrial Complex, Hosur – 635 126 Krishnagiri Dt., Tamilnadu 2. 17/3, Arakere Village, Bannerghatta Road, Bangalore – 560 076 |
| Bankers | : | State Bank of India |
| Registrar and Transfer Agents | : | Integrated Enterprises (India) Ltd. 2 nd Floor, “Kences Towers” No.1, Ramakrishna Street, North Usman Road, Chennai – 600 017 |

Board of Directors of Easun Reyrolle Limited and its subsidiaries



Hari Eswaran



W.S. Jones



Raj H Eswaran



Rakesh Garg



S.Ramani



JDN Sharma



Klaus Bodenstein



Detlef Lange



Dennis Cha



Brad Pierce

Executive Management of Easun Reyrolle Ltd and its Subsidiaries



JDN Sharma



George Punnoose



S. Ravichander



Arvind M Khurana



K.N.Nagesha Rao



G. Premnath



John Swindlehurst



Krish Narendra



Abhijit Dasgupta



Dennis Cha



Detlef Lange



Welf Schnell



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 Thirty-fourth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Friday, the 11th day of September, 2009 at 2.30 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 Audited Profit and Loss Account for the year ended 31st March, 2009, the Balance Sheet as at 31st March, 2009 and the reports of Board of Directors and Auditors 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 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

5. To appoint a Director in place of Mr. Rakesh Garg who was appointed as 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 Mr Rakesh Garg as a Director of the Company.
6. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 ("the Act") (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force) and subject to the provisions contained in the Articles of Association of the Company and subject to such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, issue, offer and allot at any time to or to the benefit of permanent employees of the Company, including Directors, present and future, whether whole-time or otherwise under a new scheme titled "Easun Reyrolle Employee Stock Option Plan 2009" (hereinafter referred to as the "ESOP" or "Scheme" or "Plan") such number of equity shares and/or equity linked instruments (including options), and/or any other instruments or securities (hereinafter collectively referred to as Securities") of the Company which could give rise to issue of equity shares not exceeding 10,00,000 (ten lacs only) at such



price, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law or guidelines issued by the relevant Authority or as may be prevailing at that time.

RESOLVED FURTHER THAT the Non-Executive Directors (Other than the Promoter and Promoter Group Directors) of the Company may also be granted Stock Options out of the present Scheme subject to 50,000 options per annum and 1,00,000 options in aggregate.

RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank *pari-passu* in all respects with the existing equity shares.

RESOLVED FURTHER THAT the issue of securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary in this regard.

RESOLVED FURTHER THAT a document titled “EASUN REYROLLE EMPLOYEE STOCK OPTION PLAN 2009” tabled at the meeting and initialed by the Chairman for identification be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Scheme, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make modifications, changes variations, alterations, revisions therein from time to time as may be deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

7. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special resolution:

RESOLVED THAT in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”) issued by the Securities and Exchange Board of India (“SEBI”) and pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 (“the Act”) (including any statutory modification(s) or re-enactment of the Act or the SEBI Guidelines for the time being in force) and subject to the provisions contained in the Articles of Association of the Company and subject to such other consents, permissions, sanctions and approvals as may be required from the appropriate authorities and bodies and subject to such conditions and modifications as may be prescribed or imposed while granting such consents, permissions, sanctions and approvals which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include a Compensation Committee or any Committee of the Board constituted by the Board to exercise its powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to extend the benefits of ESOP Scheme proposed in the resolution under Item No. 6 in this notice to the eligible employees/ directors of the subsidiary companies and/or to such other persons, as may from time to time be allowed under the prevailing laws, rules and regulations, and/ or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.



RESOLVED FURTHER THAT the equity shares issued upon exercise of the options shall rank *pari-passu* in all respects with the existing equity shares.

RESOLVED FURTHER THAT the issue of securities to any non-resident employee(s), non-resident Director(s) of the subsidiaries shall be subject to such approvals, permissions or consents as may be necessary in this regard.”

RESOLVED FURTHER THAT a document titled “EASUN REYROLLE EMPLOYEE STOCK OPTION PLAN 2009” tabled at the meeting and initialed by the Chairman for identification be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Scheme, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board / Compensation Committee or any committee of the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and make modifications, changes, variations, alterations, revisions therein from time to time as may be deemed fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

8. To consider and, if thought fit, to pass, with or without modification(s) the following Resolution as a Special Resolution:

RESOLVED THAT in conformity with the provisions of Article 93 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such statutory approvals as may be necessary, authority be and is hereby accorded to the payment of commission to the Non-Executive Directors of the Company (other than Managing Director and/or Whole Time Directors) to be determined by the Board of Directors for each Non-Executive Director for each of the financial year for a period of 5 (five) years commencing from the financial year ending on 31.03.2010 up to and including financial year of the Company ending on 31.03.2014 to be calculated in accordance with the provisions of Sections 198, 349 and 350 and other provisions, if any, of the Companies Act, 1956 and distributed amongst such Directors in such manner as the Board of Directors may from time to time determine within the maximum limit of 3% (three percent) of net profits of the Company, exclusive of the sitting fees being paid to the Directors for attending the Board/Committee Meetings of the Company.

By Order of the Board
for Easun Reyrolle Limited

Place : Bangalore
Date : 31st July, 2009

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. 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.
3. Members holding shares in demat form may inform the change in address or other particulars to their Depository Participants.
4. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the special business (item No.6 of the Agenda) is annexed hereto.
5. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days during the business hours up to the date of the Meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st September, 2009 to 11th September, 2009 (both days inclusive).
7. The dividend, if any, declared at the Meeting will be payable on and after 11th September, 2009 to those Members whose names appear on the Register of Members of the Company on 1st September, 2009.
8. Members/Proxies are requested to bring the Attendance Slip with them duly filled in and hand over 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, Bhubaneshwar, 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 through all Branches of HDFC Bank situated in the length and breadth of the Country.

By Order of the Board Directors

Place : Bangalore
Date : 31st July, 2009

K N Nagesha Rao
Secretary and VP (Corporate Finance)



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 September, 2009 at 2.30 p.m. at Hotel Ambassador Pallava, 53 Montieth Road, Chennai-600008.

Item No.5 – Appointment of Mr Rakesh Garg as Director

Pursuant to Article 95 of the Articles of Association of the Company, on 28th June, 2009 Board of Directors appointed Mr Rakesh Garg as additional Director and a Member on the Company's Audit Committee. . During the period from 21st April, 2009 to 26th June 2009, he was on the Board as Alternate Director of Dr S Ramani. Mr Rakesh Garg holds office as Director upto the date of ensuing Annual General Meeting and is eligible for re-appointment.

The Company has received a notice in writing from a member proposing Mr Garg's candidature under Section 257 of the Companies Act, 1956 for being appointed as Director from the date of the ensuing Annual General Meeting.

Mr Rakesh Garg is a qualified Chartered Accountant and a Company Secretary. He has worked with various public limited companies in the senior level and presently is the proprietor of Rakesh Garg and Associates, Chartered Accountants, Mumbai. He has extensive experience in the field of Audit and Taxation, Mergers and Acquisitions feasibility and profitability studies, setting up standard costing system for manufacturing companies, secretarial advice, financial planning etc. Mr Garg is a consultant to the major listed companies in the field of logistics. He is also on the Board of couple of companies. During the period from 21st April 2009 to 26th June 2009, Mr Rakesh Garg was on Company's Board as Alternate Director to Dr. S. Ramani. The background of Mr Rakesh Garg is furnished in the Corporate Governance disclosure accompanying the Directors' Report.

Your Directors are of the opinion that it would be in the best interests of the Company to appoint Mr Rakesh Garg as Director and accordingly commend the Resolution for approval of the Shareholders.

Except Mr Rakesh Garg none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 6, 7: Easun Reyrolle Employee Stock Option Plan – 2009:

To motivate the employees and to enable them to participate in the long term growth and financial success of the Company and with a common objective of maximising the shareholder value, Board proposed to introduce a new Employee Stock Option Scheme (ESOP). The ESOP would enable the Company to attract and motivate employees by rewarding performance as also retain best talents and would further enable the employees to develop a sense of ownership with the Company.

It is now introduced Scheme called "EASUN REYROLLE EMPLOYEE STOCK OPTION PLAN – 2009" for the benefit of the permanent employees and directors of the Company as well as the employees and directors of the subsidiary Companies.

The salient features of the Employee stock option scheme is as under:

a) TOTAL NUMBER OF OPTIONS / SHARES TO BE ISSUED UNDER THE PLAN:

The total of 10,00,000 options for the employees of the Company and the Subsidiary Companies would be available for being granted under the plan.

b) IDENTIFICATION OF CLASSES OF EMPLOYEES ENTITLED TO PARTICIPATE IN THE PLAN:

The present and future employees (including Directors) of the Company and its Subsidiary Companies (including foreign nationals) whether working in India or outside India, but excluding the employees who belong to the promoter or promoter group, will be entitled to participate in the Plan subject to the applicable regulatory requirements and guidelines issued by SEBI in force.



c) REQUIREMENT OF VESTING AND PERIOD OF VESTING:

The Options granted shall vest so long as the employee continues to be in employment of the Company. Vesting of the options shall take place over a maximum period of 5 years with a minimum vesting period of 1 year from the date of grant of options.

d) MAXIMUM PERIOD WITHIN WHICH THE OPTIONS SHALL BE VESTED:

The maximum period within the options to be vested shall be 5 years from the date of grant.

e) EXERCISE PRICE / PRICING FORMULA:

The Exercise Price per option shall as may be decided by the Compensation Committee from time to time, so however, it would not be less than the par value of equity share of the Company and shall not be more than the Market price as defined in the Guidelines.

f) EXERCISE PERIOD AND THE PROCESS OF EXERCISE:

The employees of the Company and its Subsidiaries shall exercise their options within 6 months from the date of vesting or such other period fixed by the Compensation Committee.

The employees of the Company and its Subsidiaries can exercise the options by submitting an application in the prescribed format after which the shares would be allotted. Options not exercised within the specified period will lapse.

g) APPRAISAL PROCESS FOR DETERMINING THE ELIGIBILITY:

The Compensation Committee will evolve the criteria for the eligibility of an employee of the Company and its Subsidiaries for granting options under the plan, which *inter alia*, includes length of service, grade, performance, merit, future potential contribution, leadership qualities, qualification and conduct of the employee of the Company and its Subsidiaries.

h) MAXIMUM NUMBER OF OPTIONS TO BE ISSUED PER EMPLOYEE AND IN AGGREGATE

No employee shall, during any fiscal year of the Company and its Subsidiaries, be granted Options equal to or exceeding 1 % of the issued equity share capital of the company existing at the time of grant of option. All lapsed options are eligible for fresh grants. The options issued in terms of the plan shall not exceed 10,00,000.

As per the revised Clause 49 of the Listing Agreement, the resolution for introduction of ESOS should specify the limits for the maximum number of stock options that can be granted to Non-Executive Directors, including Independent Directors, in any financial year and in aggregate. Accordingly, it is proposed to fix the following limits for Non-executive directors:

- Up to 50,000 options per annum

- Aggregate options not to exceed 1,00,000 ie., 10% of total options granted under the scheme.

i) CONFIRMATION OF ACCOUNTING POLICIES STIPULATED IN THE GUIDELINES

The Company shall conform to the accounting policies stipulated by the SEBI under SEBI Guidelines.

j) METHOD OF VALUATION:

The Company shall use the intrinsic value method to value its options. The difference between the employee compensation cost computed under intrinsic value method and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Director's Report.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the