37TH ANNUAL REPORT 2011-2012

ERL

EASUN REYROLLE LIMITED

Easun Reyrolle Limited

37th Annual Report, 2011-2012

Chairman	:	Hari Eswaran
Managing Director	:	Raj H Eswaran
Directors	:	W S Jones Rakesh Garg 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 3. Plot No.147/148 Harohalli Industrial Area, 2nd Phase Madamaranahalli Village Harohalli Hobli, Kanakapura Taluk, Ramanagara Dt. Karnataka.
Registrar and Transfer Agents	:	Integrated Enterprises (India) Ltd. 2nd Floor, "Kences Towers" No.1, Ramakrishna Street, North Usman Road, Chennai – 600 017

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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 Thirtyseventh Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Wednesday, 26th September, 2012 at 3.00 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai 600008, to transact the following business :

Ordinary Business

1. To consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March 2012, the Balance Sheet as at 31st March 2012 and the reports of Board of Directors and Auditors thereon
2. To declare Dividend
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 a Director in place of Mr Hari Eswaran 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 J D N Sharma 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. J D N Sharma as Director of the Company.
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a *Ordinary Resolution*:

   RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time, and such other consents and approvals as may be required, consent of the Company be and is hereby accorded for the appointment of Mr. Raj H Eswaran as Managing Director of the Company, with substantial powers of management to be exercised by him, subject to the superintendence, control and direction of the Board of Directors of the Company for a period of 5 (five) years with effect from 1st April 2012, and for payment of remuneration to him, on the terms and conditions set out below, with liberty to the Board of Directors to alter and vary the terms and conditions, not exceeding

the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof.

RESOLVED FURTHER that for the services agreed to be rendered by Mr. Raj H Eswaran, he shall be remunerated in the manner following subject to overall ceiling of 5% of net profit of the Company in terms of Section 198, 309 and Schedule XIII to the Act, computed in the manner laid down in Section 349 and 350 of the Act.

(i) **Salary:** Rs.4,25,000 per month.

(ii) **Commission on profit, perquisites and other terms of contract:**

(a) Commission at 1% (*one percent*) of net profit of the Company in addition to salary. The amount of commission payable based on the net profits of the Company in a particular year shall be subject to the overall ceiling laid down in Section 198 and Section 309 of the Companies Act, 1956.

(b) The Company would provide to the Managing Director a car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

(c) The Managing Director shall not be paid any sitting fee for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.

RESOLVED FURTHER that in the event of the Company incurring loss or inadequacy of profits if any during the tenure of service of the financial year, the payment of salary, commission and perquisites to Mr Raj H Eswaran, Managing Director shall be regulated by payment of minimum remuneration prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER that the scope and quantum of remuneration specified hereinabove, may be enhanced, enlarged or varied by the Board of Directors, in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956 and / or the rules and regulations made thereunder and /or such guidelines as may be announced by Government of India, from time to time.

RESOLVED FURTHER that as Managing Director of the Company, Mr Raj H Eswaran shall, subject to the supervision, control and directions of the Board of Directors of the Company, exercise substantial powers of management and manage the business and affairs of the Company.

RESOLVED FURTHER that subject to the provisions of the Act, and Article 102 of the Articles of Association of the Company, Mr. Raj H Eswaran, Managing Director shall not while he continues to hold office

of the Managing Director be subject to retirement by rotation of Directors and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors on in fixing the number of Directors to retire.

RESOLVED FURTHER that for purpose of giving effect to the foregoing resolution, the Board of Directors of the Company 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 or doubt that may arise in the said regard.

By Order of the Board

for **Easun Reyrolle Limited**

Place: Chennai
Date: 14th August 2012

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, E-mail -corpserv@integratedindia.in

3. Members holding shares in demat form may inform the change in address or other particulars to their Depository Participants.

4. Members are also requested to immediately notify their email IDs to their respective DPs or the RTA or to the Company, as the case may be, to enable the Company to send all notices and documents through electronic mode in view of the Government's recent green initiative regarding the service of various documents by electronic mode instead of in physical mode.

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 17th September 2012 to 26th September, 2012 (both days inclusive).

7. The dividend, if any, declared at the Meeting will be payable on and after 26th September, 2012 to those Members whose names appear on the Register of Members of the Company on 17th September 2012.

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, 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 all Branches of HDFC Bank situated in the length and breadth of the Country.

By order of the Board
For Easun Reyrolle Limited

K N Nagesha Rao
Secretary and VP (Corporate Finance)

Place: Chennai
Date: 14th August 2012

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 26th September, 2012 at 3.00 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008.

Item No.6 – Appointment of Mr. J D N Sharma as Director of the Company.

Mr. J D N Sharma has retired as the Chief Executive of the Company on 31st March 2012. Considering his vast experience and long association with the Company, the Board of Directors in their Meeting held on 31.03.2012 appointed Mr. J D N Sharma as Additional Director of the Company, pursuant to Article 95 of Articles of Association of the Company. Mr. J D N Sharma holds office as Additional Director up to the date of ensuing Annual General Meeting and is eligible for re-appointment.

Mr. J D N Sharma, aged 67 years, has done his Engineering from IIT Kharagpur. With a haul of rich and multi-disci plinary experience of over 45 years covering, manufacturing and technical functions, techno-commercial functions and top management functions, Mr. J D N Sharma has held key managerial positions in professional and multinational organizations. He has served Easun Reyrolle Limited for 16 years as Chief Executive till 31st March 2012. He is an active member of IEEMA Southern Region Council and Institute of Electrical Engineers. As Director he is on Board of the Company's subsidiaries, viz., ERL Phase Power Technologies Limited, Canada, ERL International Pte. Ltd., Singapore, ERL Marketing International FZE, Sharjah, Switchcraft Europe GmbH, Germany and Switchcraft Limited, Hong Kong.

The background of Mr. J D N Sharma is furnished in the Corporate Governance disclosure accompanying the Directors' Report.

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

Your Directors are of the opinion that it would be in the interest of the Company to appoint Mr. J D N Sharma as Director and accordingly commend the Resolution for approval of the Shareholders.

Except Mr. J D N Sharma none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Item No.7 – Appointment of Mr. Raj H Eswaran as Managing Director of the Company

The Board of Directors of the Company at their meeting held on 31st March 2012 has, subject to the approval of the members, appointed Mr. Raj H Eswaran as Managing Director with effect from 1st April, 2012 for a period of 5 (five) years, including payment of remuneration.

Mr. Raj H Eswaran, 43 years, is a qualified Electrical Engineer and holds Post Graduate Degree in Business Administration from London Business School. He has a wide and varied managerial experience both in India and abroad. Mr. Raj H Eswaran is on the Board of Easun Reyrolle Limited for over 12 years. He has been on the Board of several Companies, including all subsidiaries of Easun Reyrolle Limited. He is associated with many trade and industries associations; he is the Vice President of Industrial Electrical and Electronic Members Association and a Member of Indo-German Chamber of Commerce and Executive Committee. Mr. Raj H Eswaran was holding 2,80,100 equity shares of Rs.2 each in Easun Reyrolle Limited as on 31.03.2012.

Your Directors are of the opinion that it would be in the interest of the Company to appoint Mr. Raj H Eswaran as Managing Director and accordingly commend the Resolution for approval of the Shareholders.

Except Mr. Hari Eswaran Chairman and Mr. Raj H Eswaran, Managing Director none of the other Directors of the Company is in any way concerned or interested in the Resolution.

Members' approval is sought by way of ordinary resolution for appointing Mr. Raj H Eswaran as Managing Director for a period of 5 years with effect from 1st April, 2012 and payment of remuneration including commission as set out in the resolution.