

To

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 023

20th October, 2016

Dear Sirs,

Sub: Submission of Annual Report for the year 2015-16

X X X

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) LODR Regulations, 2015, we are submitting herewith the copy of printed Annual Report for the year 2015-16.

Please take the same on your record.

Yours faithfully
for Easun Reyrolle Limited



Sudhir Anand
Head – Legal & Company Secretary

41st ANNUAL REPORT 2015 -2016



EASUN REYROLLE LIMITED



Easun Reyrolle Limited

41st Annual Report, 2015-2016

Chairman : Mr Hari Eswaran

Managing Director and
Chief Financial Officer : Mr Raj H Eswaran

Directors : Dr W S Jones
Mr Rakesh Garg
Ms Sweta Mandora Prajapati

Head Legal &
Company Secretary : Mr Sudhir Anand

Auditors : M/s Brahmayya & Co.
Chartered Accountants
No.48, Masilamani Road
Balaji Nagar, Royapettah
Chennai – 600 014
: R Subramanian & Co.
Chartered Accountants
No.6, Krishnaswamy Iyer Avenue
Luz, Mylapore, Chennai – 600 004

Registered Office : “Temple Tower”, 6th Floor
No.672, Anna Salai, Nandanam,
Chennai – 600 035

Corporate Office &
Development Centre : No.98, Sipcot Industrial Complex
Hosur – 635 126, Tamilnadu

Factories : 1. Plot No.98,
Sipcot Industrial Complex,
Hosur – 635 126, Krishnagiri Dt., Tamilnadu
2. No.17/3, Arakere Village
Bannerghatta Road, Bangalore – 560 076
3. Plot No.147/148, Harohalli Industrial Area,
2nd Phase, Madamaranahalli Village,
Harohalli Hobli, Kanakpura Taluk,
Ramnagara Dt. Karnataka

Registrar and Transfer Agents : Integrated Enterprises (India) Ltd.
2nd Floor, “Kences Towers”
No.1, Ramakrishna Street, North Usman Road
T Nagar, Chennai – 600 017

Easun Reyrolle Limited
41st Annual Report – 2015-16

INDEX

Sl.No.	Particulars	Page No.
1	Notice to Shareholders	3
2	Financial Highlights for 10 years	12
3	Directors' Report to the Shareholders	13
4	Corporate Governance Report	24
5	Independent Auditors' Certificate on Corporate Governance	36
6	Information pursuant to the Section 134 of Companies Act, 2013	37
7	Independent Auditors' Report on Standalone Financial Statements	56
8	Standalone Balance Sheet	65
9	Standalone Profit and Loss Account	66
10	Standalone Cash Flow Statement	67
11	Notes to the Standalone Financial Statements	72
12	Independent Auditors' Report on Consolidated Financial Statements	91
13	Consolidated Balance Sheet	98
14	Consolidated Profit & Loss Account	99
15	Consolidated Cash Flow Statement	100
16	Notes to the Consolidated Financial Statements	104

Notice to Shareholders

Notice is hereby given that the Forty First Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Friday 30th September, 2016 at 10.00 a.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, 2016, the Balance Sheet as at 31st March, 2016 and the reports of Board of Directors and Auditors thereon
2. To appoint a Director in place of Mr Hari Eswaran who retires by rotation and is eligible for re-appointment.
3. 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.

RESOLVED that M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No.000511S), and M/s. R Subramanian & Co., Chartered Accountants (Firm Registration No.004137S), be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold such office until the conclusion of the next Annual General Meeting and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration as may be agreed upon between the Auditors and the Board of Directors.

Special Business

4. Re-appointment of Mr Raj H Eswaran(DIN No. 00195354) as Managing Director of the Company for a further period of 3(Three) years w.e.f. 1st April, 2017 to 31st March, 2020.

To consider and, if thought fit, to pass the following Resolution as a SPECIAL RESOLUTION:

RESOLVED THAT pursuant to the provisions under Sections 196, 197, 198, 200, 201, 203, Schedule V as applicable and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as "the Act") including any statutory amendment, modifications, or re-enactment thereof and subject to the approval of the Central Government if required, in this regard, and further subject to such other requisite approvals, as may be required, the consent of shareholders be and is hereby accorded for the re-appointment of Mr Raj H Eswaran(DIN No. 00195354) as Managing Director of the Company for a further period of 3(Three) years w.e.f. 1st April, 2017 to 31st March, 2020 on the terms and conditions including

remuneration payable to him for a period of 3(Three) years w.e.f. 1st April 2017 to 31st March 2020 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

- i) Salary: Rs. 4.25 lacs 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 197, 198 and Schedule V of Companies Act, 2013.
 - 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 where in any financial year during the currency of his tenure, the Company has no profit or inadequate profits, Managing Director shall be paid the minimum remuneration as may be determined by the Nomination and Remuneration Committee which shall also have the authority to decide on the quantum, composition and periodicity of payment. However that such minimum remuneration shall not exceed the limit prescribed under Section II, Part II of Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of the appointee including relating to remuneration, as it may at its discretion, deem fit, from time to time, provided that the remuneration is within the limit laid down in the then subsisting provisions of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

- 5. Appointment of Ms. Sweta Mandora Prajapati (DIN 06903165) as an Independent Director.

To consider and, if thought fit, to pass the following Resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT Ms. Sweta Mandora Prajapati (DIN 06903165) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 22nd January, 2016 and who holds office up to the date of this

Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) but who is eligible for appointment and has consented to act as an Independent Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, appointment of Ms. Sweta Mandora Prajapati (DIN 06903165) who meets the criteria for independence, as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term of Three years commencing with effect from 30th September, 2016 be and is hereby approved.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board
for Easun Reyrolle Limited

Sudhir Anand
Head – Legal & Company Secretary

Place : Chennai

Date : 17th August, 2016

Notes:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning item of Special Business is annexed hereto.
2. 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. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.
3. 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.com
4. Members holding shares in demat form may inform the change in address or other particulars to their Depository Participants.
5. 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.
6. Electronic copy of the Notice of the 41st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 41st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that the Notice of the 41st Annual General Meeting and the Annual Report for 2015-16 will also be available on the Company’s website www.easunreyrolle.com for their download.
7. 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.
8. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September, 2016 to 30th September, 2016 (both days inclusive).
9. 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.

10. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed there under, and as per Regulation 44 of the SEBI (LODR) Regulations 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice:
- a) The facility for voting, through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
 - b) The “cut-off date” for determining the eligibility for voting either through electronic voting system or ballot is fixed as 23rd September, 2016.
 - c) The e-voting period commences from 26th September, 2016 at 9.00 a.m. and ends on 29th September, 2016 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period shareholders’ of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e., 23rd September, 2016 shall be entitled to avail the facility of remote e-voting.

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
- i) Open the e-mail and also open PDF file namely “ERL- e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
 - iii) Click on Shareholder – Login.
 - iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
 - viii) Select “EVEN” (E-Voting Event Number) of Easun Reyrolle Limited. Now you are ready for e-voting as Cast Vote page opens.
 - ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - x) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - xi) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority

letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to erl.scrutinizer@gmail.com, with a copy marked to evoting@nsdl.co.in.

- xiii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.com.

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

- i) Initial password is provided in the enclosed attendance slip: EVEN (E-Voting Event Number), user ID and password.
- ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions: / Details

- i) Mr. Anil Kumar Jain, PCS No.3283, Partner, A.K. Jain & Associates, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- ii) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- iii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.easunreyrolle.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 41st Annual General Meeting of the Company, (i.e.) on or before 2nd October, 2016 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

By order of the Board
For Easun Reyrolle Limited

Sudhir Anand
Head – Legal & Company Secretary

Place : Chennai

Date : 17th August, 2016

Corporate Identification number: L31900TN1974PLC006695

Registered Office:

“Temple Tower” VI Floor

672, Anna Salai, Nandanam Chennai – 600 035

Ph: +91 – 44 – 24346425, Fax: +91 – 44 – 24346435

Email: sec@easunreyrolle.com

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

The following Explanatory Statement sets out material facts relating to the Special Business mentioned in the accompanying Notice of the 41st Annual General Meeting of the Company to be held on 30th September, 2016 at 10.00 a.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008.

Item No. 4

The members at the 37th Annual General meeting held on 26th September 2012 had approved the appointment of Mr Raj H Eswaran (DIN: 00195354) as the Managing Director with effect from 1st April, 2012 for a period of five years and payment of remuneration for three years upto 31st March, 2015.

The members at the 40th Annual General Meeting held on 28th September, 2015 had approved his appointment and payment of remuneration for the remaining duration of his appointment upto 31st March, 2017. His term of appointment will expire by efflux of time on 31st March, 2017 and it is proposed to re-appoint him for a further period of 3 (Three) years with effect from 1st April, 2017 upto 31st March, 2020 and approve his remuneration for the period from 1st April, 2017 to 31st March, 2020. The proposed resolution is to approve his re-appointment as aforesaid on payment of minimum remuneration as prescribed under Section 196 and 197 read with Schedule V of the Companies Act, 2013.

As a Promoter and Managing Director, Mr. Raj H Eswaran's leadership is essential for the development of the Company which is looking forward to a growth phase. In view of this, it is proposed to seek the approval of Members for the payment of remuneration including commission as set out in the resolution.

I. GENERAL INFORMATION:

- (1) Nature of industry: Electrical Transmission and Distribution products such as Relays, Control Panels, Switchgears, Ring Main Units (RMU's).
- (2) Date or expected date of commencement of commercial production: - N.A
- (3) Financial Performance based on given indicators:

During the year ended 31st March, 2016 the Company achieved total Income of Rs.4173.03 lacs, and loss of Rs.4487.38 lacs. The detailed financial performance of the Company is discussed in the enclosed Annual Report for the year ended 31st March, 2016.

- (4) Foreign investments or Collaborators, if any:

The Company has the following subsidiaries

1. ERL International Pte. Ltd., Singapore
2. ERLPhase Power Technologies Ltd. Winnipeg, Canada,
3. ERL Marketing International FZE, Sharjah, UAE
4. ERL Switchcraft Pte. Limited, Singapore
5. Switchcraft Europe GmbH, Germany
6. Switchcraft Limited, Hong Kong
7. ERL Pacific Pty Ltd., Australia

II. INFORMATION ABOUT APPOINTEE AND OTHER INFORMATION:

- (1) Background Details:

Mr. Raj H Eswaran (holding DIN No. 00195354) age 47 years, is the promoter of the Company. He is a qualified Electrical Engineer and holds Post Graduate Degree

in Business Administration from London Business School. Mr. Raj H Eswaran has been the Managing Director of Easun Reyrolle Ltd., since 1st April, 2012 and as its Chief Financial Officer since 3rd June, 2016. He has been non-Executive Director of Easun Reyrolle Ltd since 26th June, 2000. Mr Raj H Eswaran served as President of Executive Council at Indian Electrical & Electronics Manufacturers' Association and served as its Vice President of Executive Council since September 2012. He has wide and varied managerial experience both in India and abroad.

(2) Other Directorships

Sl.No.	Names of the Companies/bodies corporate/ / firms association of individuals	Nature of interest or concern / Change in interest or concern
1.	Sowraj Investments (P) Limited	Director
2.	Eswaran and Sons Engineers (P) Limited	Director
3.	Easun-MR Tap Changers (P) Limited	Director
4.	Easun Products of India (P) Limited	Director
5.	IEEMA	Director
6.	Easun Holdings Pvt. Ltd.	Additional Director
7.	ERL Switchcraft PTE Ltd., Singapore	Director
8.	ERL Phase Power Technologies Ltd., Canada	Director
9.	ERL International PTE Ltd., Singapore	Director
10.	ERL Marketing International FZE, Sharjah	Director
11.	Switchcraft Europe GmbH., Germany	Director
12.	Switchcraft Limited., Hong Kong	Director
13.	ERL (Thailand) Co. Limited	Director
14.	ERL Pacific Pty. Ltd., Australia	Director

(3) Past Remuneration: Rs.4.25 lakhs per month (From April 2012 onwards)

(4) Recognition or awards: Nil.

(5) Job profile and suitability: Mr. Raj H Eswaran shall be responsible for the day to day operations and managing the affairs of the Company under the superintendence, guidance and control of the Board. He is functioning as Managing Director of the Company since 2012. He is an MBA graduate and has over 23 years of vast experience in the field of Finance, Capital Market and Business Administration.

(6) Remuneration proposed: As mentioned in resolution – item no. 4 of notice

(7) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Keeping in view the type of the industry, size of the Company, the responsibilities and profile of Mr. Raj H Eswaran, the proposed remuneration is competitive with the remuneration paid by other companies in similar line of business to such managerial personnel.

- (8) Pecuniary relationship with the Company, or relationship with the managerial personnel: Mr. Raj H Eswaran is a promoter of the Company and holds 2,90,100 equity shares of Rs.2 each (0.94% equity shares in the paid-up capital of the Company) as on 31st March, 2016.

Mr. Hari Eswaran, Director, may be deemed to be interested in the Resolution pertaining to the re-appointment of, and remuneration payable to Mr. Raj H Eswaran as they are related to each other.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company is, in any way, concerned or interested in the Resolution.

III OTHER INFORMATION:

(1) Reasons of loss or inadequate profits: Losses for last three years is mainly attributable due to poor market conditions and competition and delay in commissioning of certain turnkey projects. (2) Steps taken /to be taken for improvement: The Company has taken vigorous steps to overcome this situation. The Company is in advanced discussions debt funders and the bankers forum. There is no dearth of orders in this Industry as many state governments in India are enhancing the power infrastructure. Of course there is ample opportunity overseas for supply of Relays, Control Panels and Ring Main Units. (3) Expected increase in productivity and profits: The likelihood of Company receiving funding will certainly boost the prospects for the financial year 2016-17 and the management is optimistic of achieving improvement in its performance.

IV DISCLOSURES:

The details required to be furnished under the Disclosures, is already provided wherever applicable under Explanatory Statement and Corporate Governance Report. Mr. Raj H Eswaran and Hari Eswaran are interested in the Resolutions as set out in the Notice which pertains to his re-appointment and remuneration payable to him. Copy of the Draft letter of re-appointment would be available for inspection without any fee by the members at the Registered Office.

Item No. 5

Ms. Sweta Mandora Prajapati (DIN 06903165) was appointed as a Woman Director and Additional Independent Director of the Company with effect from 22nd January, 2016 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Ms. Sweta Mandora Prajapati holds office upto the date of this Annual General Meeting but is eligible for the appointment as an Independent Director. Ms. Sweta Mandora Prajapati is a qualified Chartered Accountant with rich experience in finance and accounts and presently serving in a leading Pharma Company in a senior capacity handling finance and accounts portfolio.

Ms. Sweta Prajapati has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. The Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for the appointment of Ms. Sweta Prajapati as an Independent Director, not liable to retire by rotation. The Company has received a Notice in writing along with requisite deposit under Section 160 of the Act, proposing her candidature for the office of Director.

A statement containing her profile is given in the Corporate Governance section.

Except Ms. Sweta Prajapati, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

Financial highlights for 10 years

Sl.	Particulars	Year ended 31 st March									
		[Rupees in lacs]									
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
1	Sales & Other Income	9,967	12,658	26,557	31,397	34,522	30,255	32,244	17,232	20,762	13,521
2	Operating Expenditure	9,263	12,128	23,898	26,921	31,277	28,581	25,262	15,863	16,606	10,393
3	Earning/Profit before interest, depreciation and tax (EBIDTA)	704	530	2,659	4,476	3,244	1,674	6,982	1,369	4,156	3,128
4	Less: Interest	2,799	2,645	3,023	2,342	2,208	909	604	489	408	194
5	Less: Depreciation	1,942	2,051	2,623	2,302	1,464	1,081	766	514	385	277
6	Profit before tax	(4,037)	(4,166)	(2,987)	(168)	(427)	(316)	5,612	366	3,363	2,657
7	Exceptional Items	(802)	(601)	-	-	-	-	-	-	-	-
8	Less: Current tax	-	(430)	84	42	162	222	1,101	96	805	830
9	Less: Deferred tax	-	-	-	147	136	183	-	18	6	22
10	Less: Fringe benefit tax	-	-	-	-	-	-	-	24	24	38
11	Profit after tax	(4,839)	(4,336)	(3,070)	(357)	(725)	(722)	4,511	228	2,528	1,767
12	(Less) / Add : Share of minority interest	-	(288)	(40)	-	(24)	-	(15)	43	-	-
13	Net profit after share in minority interest	(4,839)	(4,049)	(3,110)	(357)	(701)	(722)	4,496	271	2,528	1,767
14	Add: Balance brought forward	(10,881)	(5,255)	(2,145)	(1,787)	(939)	173	649	1,114	202	100
15	Profit available for appropriation	(15,720)	(10,881)	(5,255)	(2,144)	(1,639)	(549)	5,145	1,385	2,730	1,867
16	Less: Proposed dividend on equity shares	-	-	-	-	42	249	831	415	510	333
17	Less: Interim dividend on equity shares	-	-	-	-	-	-	-	-	102	67
18	Less: Tax on dividends	-	-	-	-	7	41	141	71	104	65
19	Less: Transfer to General Reserve	-	-	-	-	100	100	4,000	250	1,500	1,200
20	Surplus carried to balance sheet	(15,720)	(10,881)	(5,255)	(2,144)	(1,788)	(939)	173	649	515	202

Note : From the financial year 2007-08 the Company expanded its operations through overseas subsidiaries. Accordingly, from the financial year 2007-08 the financial highlights shown are after consolidating the accounts of all subsidiary companies.

Directors' Report



To the Members

Your Directors are pleased to present the 41st Annual Report, with the statement of the audited accounts for the financial year ended 31st March, 2016.

1. Financial Performance

The standalone and consolidated audited financial results for the year ended 31st March, 2016 are as follows:

[Rupees in lacs]

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Sales and Other Income	4,173	6,937	9,967	12,658
Earnings before interest, Depreciation and Tax (EBIDTA)	(223)	(226)	704	530
Depreciation	731	734	1,942	2,051
Interest	2,732	2,599	2,799	2,645
Profit / (Loss) before tax & Exceptional Items	(3,686)	(3,559)	(4,037)	(4,166)
Exceptional Items	801	(601)	(802)	(601)
Profit / (Loss) before Tax	(4,487)	(4,160)	(4,839)	(4,766)
Provision for Taxation	-	430	-	430
Net Profit / (Loss)	(4,487)	(3,730)	(4,839)	(4,336)
Minority Interest	-	-	-	288
Net Profit / (Loss) after taxes, minority interest	(4,487)	(3,730)	(4,839)	(4,049)

Performance review amidst challenging times

The complex nature of the legacy issues of the power sector is daunting the economy in more ways than one. Recasting the mammoth Rs.4.3 trillion of debt is huge task for the Government. Different states have been suffering from a combination of problems, including low tariffs, high technical losses and high percentage of subsidized consumers and so on. All this combined factors have impacted fresh investments in the T&D sector.

Most of the State Electricity Boards and the Discoms are struggling with insurmountable financial losses aggregating close to US\$ 60 billion. They are in a position whereby they are unable to purchase power or pay Gencos and equipment suppliers. Such bottlenecks have deeply impacted T&D sector. With the launch of the Ujwal Discom Assurance Yojana (UDAY) scheme, the Government is trying to address this issue.

Your Company has been facing losses for last three years which is mainly attributable due to macro economic factors as stated hereinabove apart from a combination of factors namely, delay in commissioning of projects by some State Electricity Boards due to which reason the working capital cycle got affected. These factors have adversely affected the profitability of the Company. In spite of the adversities, the Company is still an accredited contractor to major State Electricity Boards and will no sooner or later win over their confidence.

With the ongoing dialogue with the bankers and investors, the imbroglio will end soon and the Company will come out of the impasse to win orders from domestic and overseas customers. The Company is leaving no stone unturned to reduce its losses in the immediate

financial year and in the subsequent year thereafter, should turnaround. A detailed note on funding is given elsewhere in this Report.

Future beholds promises

There is plenty of optimism in the current financial year with internal and external factors which would contribute towards the turnaround. The key drivers of the growth from an internal perspective would be expanded product lines in Relays, in Primary & Secondary Switchgear and Automation. From a macro economic perspective, the thrust given by the present Government in debottlenecking stalled projects, increased investments in renewable energy would fuel growth.

As far as external factors are concerned, the Company's inherent strength viz., its overseas operations especially Middle East and African markets looks promising. In this direction, the Company has entered into a Partnership with Saudi Transformer Company, the largest transformer manufacturer in the Middle East to assemble ERL range of secondary Switchgears locally. In addition to this, ERLPhase Products has been approved by SEC, Saudi Arabia during July, 2016. With this, ERLPhase products are approved in majority of Middle East Markets.

2. Dividend

Your Directors do not recommend payment of dividend for the year under review on equity shares in view of the loss incurred.

3. Management Discussions and Analysis:

a. Industry Overview and Developments

The year 2015-16 continued to be quite difficult like the preceding three to four years due to low investments, slow execution of projects and poor cash flow. The opportunity was primarily driven by Central and State Utilities, while Power Generation, Industries and Infrastructure sectors continue to be affected. Owing to the economic slowdown in the past years, the ratio of bad loans or NPAs at the Indian banks has increased exponentially forcing the RBI to tighten the liquidity and funding norms of banks limiting their exposure to industry and infrastructure projects. Thus, the overall investment climate, in power generation, industry and infrastructure sectors remains cautious and suppressed. Consequently, market witnessed a phase of consolidation and asset sale by struggling private developers in order to avoid Non Performing assets (NPAs) with Banks & Financial Institutions.

Most of the State T&D network infrastructure is in poor condition leading to congestion of power flow in the States due to under investment in the T&D network over the last decade. Only few States are investing in the State T&D network to unblock T&D network congestion to improve power flow. Many State electricity boards / Discoms, continue to struggle with huge financial losses significantly affecting the entire value chain of the Power and T&D Sectors.

All these market uncertainties impacted the sales plan and cash flow of your Company.

However, on the positive side, the present govt. has undertaken significant measures to energise the power sector. One of the significant initiatives of Central Government has been the launch of UDAY Scheme & amendments in National Tariff Policy (NTP) which will aid in improving operational efficiency, reducing the cost of power purchase and enforcing fiscal discipline on various state Discoms.

Thus the year 2016-17 is expected to improve the market conditions based on the implementation of the reforms process.

b. Opportunities and Threats

India is the world's second fast growing major economy @ 7.56% and is keen to achieve a growth rate upto 9%. In the next two decades, current size of economy of USD five trillion is expected to grow four to five times as per various studies and estimates. Being the second most populous country in the world, the hunger for power is definitely going to be more in coming five years for India. All the factors indicate potential for high growth of power demand consequently high market demand for T&D products & solutions. Power generation and T&D sectors are the key pillars to achieve this accelerated GDP growth. India's per capita electricity consumption is at a very low level of 1048 kwh. Ministry of Power (MoP) is keen to double the consumption level over the next 5 to 6 years. This would require strong investment growth in the Power and T&D domains.

The Central Government of India has initiated several reforms to unclog the power sector bottlenecks and facilitate investments in the power and T&D sectors. New initiatives like Ujwal Discom Assurance Yojana (UDAY) scheme for Discoms, ramp up in Solar power generation, Integrated Power Distribution Scheme (IPDS), Deen Dayal Upadhaya Gram Jyoti Yojna (DDUGJY), Power for All (PFA) , Power System Development Fund(PSDF) for strengthening of transmission and sub-transmission network are moves in the right direction and expected to deliver opportunities for equipment manufacturers.

Further, significant attempts are being made by the Govt. of India to improve the efficiency of power consumption through National Mission on Energy Efficiency (PAT, DELP and SLNP scheme) and modernize the distribution grid through the Smart Cities Mission, the National Mission on Electric Mobility and the National Smart Grid Mission (NSGM). The concept of Smart Cities and the first list of chosen 20 smart cities will see augmentation of the energy infrastructure and automation of Grid in these 20 cities. Further 40 cities are expected to be selected in Phase II of the Smart city program. Smart city ecosystem will demand the latest grid efficiency, protection & automation as well as introduction of new technologies to deal with the challenges of alternative energy grid integration to ensure the efficient, sustainable and reliable dispatch ability of clean power.

Power Grid and various state Discoms are also planning to introduce new technologies such as Wide Area monitoring systems (WAMS), Energy Storage and Renewable control and asset management solutions in the national network. Given our robust & advanced product line, eventually this will benefit ERL in the form of upcoming future business opportunities.

Developers of Power Plants have been facing numerous constraints like coal/gas allocation, environmental clearance, land acquisition, financing and funds tie-ups etc, for the last 4 years. This has resulted in only very few new projects coming up and the demand for T&D products considerably reduced.

The declined growth of the core industries has remained a drag on industrial production. Eight core industries consisting 38% in Index of Industrial production have decelerated further after registering only 3.59%, the lowest in the last five years, due to a decline in crude oil, natural gas production and steel.

c. Segment-wise or Product-wise performance

Given the dynamic market shifts in current power sector eg. capacity addition in alternative power/energy sources, power deficit vs power availability, energy-efficient programmes like NEEAPP & NEEFP, implementation of discom beneficial/revival initiatives like NSGM, UDAY, DDUGJY, PFA, DEEP e-bidding etc., ERL is totally dedicated towards developing customer-oriented power solutions providing substantial growth and extending the foothold it has in the power sector. ERL'S R&D team are strongly focused at improving the performance and efficiency of the existing products as well as aimed at developing new products using state-of-the-art technologies meeting the challenges in day-to-day's activities.

d. Outlook

ERL has significant presence in the field of Power Protection & Automation in India and abroad with a wide range of products and solutions. Industrial power demand is also expected to pick up with signs of revival visible in the economic growth rate and index of industrial production. As per business point of view, sustained & productive improvement will be seen in this financial year.

To maintain and enhance its presence in the T&D segment, ERL has taken some concrete steps for improving the performance parameters of existing products.

e. Risks and Concerns

ERL has in place a Board approved Risk Management Policy, which provides over all frame work for Risk Management in the company.

Some of the key risks the company faces:

- Increasing competition
- Delayed delivery of products leading to LDs, penalties and customer dis-satisfaction
- Rising debtors may lead to working capital pressure

Company has competitive manufacturing facilities. We are always upgrading our technologies and product mix in accordance with market requirements, which will help us to reduce our burdens at large extent.

f. Internal Control Systems and their adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has in place adequate internal financial controls with reference to financial statements and other matters.

g. Discussion on financial performance with respect to operational performance

On a standalone basis, the Company achieved revenue from operations of Rs.3,503.61 Lacs and EBIT of Rs.(954.21 Lacs) as against Rs.6,241.42 Lacs and Rs.(959.17 Lacs) respectively in the previous year. Net loss for the year is Rs.4,487.38 Lacs as compared to net loss of Rs.3,729.33 Lacs in the previous year. The increase in loss during the year compared to previous year is primarily due to slow collection from the projects and the Government sector undertakings, the working capital cycle got affected due to the lack of working capital, the existing orders got backlog and delayed in executions. Hence the company turnover not achieved the expected breakeven to absorb the admin and other overheads.

On consolidated basis, the Group achieved revenue from operations of Rs.9,288.37 lacs and EBIT of Rs.1239.91 lakhs as against Rs.11,793.10 lakhs and Rs.1,520.41 lakhs respectively in the previous year. Net loss for the year is Rs.4,839.22 lakhs as compared to loss of Rs.4,048.66 Lacs in the previous year.

h. Material developments in Human Resources / Industrial Relations front, including number of people employed

There is no increase in number of people except replacement of any resignation/ retirements. During the year no strikes or lock-outs and the industrial relations is cordial. Due to cost reduction, we have reduced the manpower cost during the current year.

4. Human Resource Development

During the year, employee relations at all the Units remained cordial. This has helped your Company to build robust and motivated workforce inspite of adversities. The Company is continuously striving to improve employees skill sets through adequate training and development programs.

5. Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2016 and 17th August, 2016 (date of the Report)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (31st March, 2016) and the date of the Report (17th August, 2016).

6. Internal Control Systems and their Adequacy

The Company has an Internal Control Framework which is commensurate with the size, scale and complexity of its operations. This framework ensures adequate safeguards and processes to address the evolving business requirements. Key controls have been identified along with risks and mitigation processes covering major areas. The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

The Company is in the process of implementing the new financial controls in terms of Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 and is in the process of engaging an external agency to undertake this exercise.

7. Subsidiary Companies and Consolidated Financial Statements

The Company has 7 subsidiaries, which includes six step-down subsidiaries as on 31st March, 2016. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”). There has been no material change in the nature of the business of the subsidiaries.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company’s Subsidiaries, (in Form AOC-1) is attached to the financial statements as **Annexure - D**.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

8. Deposits from public

The Company did not invite or accept any fixed deposit pursuant to provisions of Section 76 of the Companies Act, 2013. During the year no amount either on interest or principal, remained outstanding as on the date of the Balance Sheet.

9. Corporate Governance Report

As has been the ethos of the Company, it strives to maintain high standards of Corporate Governance practices. Pursuant to regulation 34 (3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Reports on Management Discussion and Analysis and on Corporate Governance have been included elsewhere in this Report as separate sections. A certificate from Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also been included in the Annual Report.

10. Auditors

M/s. Brahmayya & Co., Chartered Accountants and M/s R Subramanian & Co., Chartered Accountants, Joint Statutory Auditors of the Company, retire at the forth coming Annual General Meeting and are eligible for re-appointment.

The Company has received confirmation from M/s. Brahmayya & Co., and M/s R Subramanian & Co regarding their consent and eligibility under Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for appointment as the joint auditors of the Company.

The Audit Committee and the Board of Directors have recommended the re-appointment of M/s. Brahmayya & Co. and M/s R Subramanian & Co, Chartered Accountants as joint auditors for the year 2016-17. The necessary resolution is being placed before the shareholders for approval.

11. Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. S. Viswanathan, Company Secretary in Practice,

Bangalore to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2016. The Secretarial Audit Report (in Form MR-3) is attached as Annexure - C to this Report.

12. Management reply to the Statutory Auditor's & Secretarial Auditor's Report

The explanations and comments by the Board on qualifications made by Statutory Auditors is attached as Annexure - G to this Report.

13. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March, 2016 is attached as Annexure-F to this Report.

14. Directors and Key Managerial Personnel

In compliance with Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company appointed Ms. Sweta Mandora Prajapati as Additional Director and Woman Director of the Company in the capacity of 'Non-Executive Independent Director' effective from 22nd January, 2016. In accordance with Section 161 of the Companies Act, 2013, she will hold office of Director up to date of ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing her candidature for office of Director.

The resolution seeking approval of the Members for the appointment of Ms. Sweta Mandora Prajapati for a term of 3 years, have been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

The brief resume and other details relating to the Directors who are proposed to be appointed / re-appointed, as required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of the Corporate Governance Report.

The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr Hari Eswaran, Director retires by rotation and being eligible and has offered himself for re-appointment. A brief background of Mr Hari Eswaran, Director is given in the Corporate Governance Report.

During the year under review,

- (1) Mr P Chandrasekaran, CFO has resigned the company and in his place, Mr Raj H Eswaran, Managing Director has been appointed as CFO w.e.f. 3rd June, 2016.
- (2) Mr. Praveen Hegde, Company Secretary has resigned and in his place Mr. Sudhir Anand has joined as Head – Legal & Company Secretary cum Compliance Officer.

Declaration by Independent Directors

All the Independent Directors of your Company have made declaration to the Company that they meet all the criteria of independence laid down under section 149(6) of Companies Act, 2013 and regulation 16(1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Familiarisation Programme for Independent Directors

Your Company has during the year under review has taken steps to apprise the Independent Directors on macro-economic environment, market scenario, regulatory updates, business operations, operations, financial statements, update on statutory and legal compliances for Board members, etc.

15. Policy on Directors' appointment and remuneration and other details

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the Directors' Report.

A statement containing the details of the Remuneration of Key Management Personnel as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the Corporate Governance report, which forms part of the Directors' Report.

16. Number of Meetings of the Board

Four meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

17. Board evaluation

The Board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) LODR Regulations, 2015 under Regulation No.17(10).

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In addition, the Chairman was also evaluated on the key aspects of his role. In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive and non-executive directors.

18. Directors' Responsibility Statement

As required under Section 134(5) of the Companies Act, 2013, the Directors of the Company hereby state and confirm that:

- (i) in the preparation of Annual Accounts for the year, applicable Accounting Standards have been followed along with proper explanations relating to material departures;

- (ii) the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for the year under review;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the Annual Accounts on a going concern basis.
- (v) That proper internal financial control was followed by the Company and that such internal financial control are adequate and were operating effectively.
- (vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. Audit committee

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

20. Particulars of Loans, Guarantees and Investments

The particulars of Loans, Guarantees and Investments have been disclosed in the financial statements.

21. Particulars of Employees

There are no employees whose remuneration exceeds the limits specified under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules.

22. Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of SEBI LODR Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism / Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The policies have been uploaded on the Company's website, under the web link: http://easunreyrolle.com/investors_codeconduct.php

23. Related Party Transactions

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has a Related Party Transactions Policy on dealing with Related Party Transactions. The policy may be accessed under the Corporate Governance section of the website <http://www.easunreyrolle.com>. All related party transactions during the year under review were on arm's length basis and in the ordinary course of business. There were no material related party transactions made by the Company which could be

considered material in accordance with Related Party Transactions Policy of the Company. The details of related party transactions are set out in the notes to the financial statements as well as Form AOC-2 is attached as Annexure – E to this Report.

24. Risk management

The Board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

25. Environment, Health and Safety

The Company follows all the laws on Environment, Health, Safety (EHS) in all its operations. Occupational injury frequency rate remained almost NIL during the year under review. No severe accident was recorded for your Company employees.

26. Corporate social responsibility

Your Company is not under the purview of the Section 135 of the Companies Act, 2013 as Company having less Net worth or Turnover or Net profit as specified in the Section.

27. Policy on Prevention of Sexual Harassment

The Company has in place a Policy for prevention of sexual harassment at workplace. This inter alia provides a mechanism for the resolution, settlement or prosecution of acts or instances of Sexual Harassment at work and ensures that all employees are treated with respect and dignity. During the year under review, there were no complaints received by the Company.

28. Disclosure requirements

As per Clause 49 of the listing agreement and SEBI (LODR) Regulations, corporate governance report with auditors' certificate and as per Regulation 15(2) of SEBI LODR, Regulations 2015, is attached which forms part of this report.

Policy on dealing with related party transactions is available on the website of the Company (URL: www.easunreynolle.com/investors).

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and Regulations 22 of SEBI LODR, Regulations 2015 with stock exchanges (URL: www.easunreynolle.com/investors).

29. Particulars of Research and Development, Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings/Outgo:

Information required under Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, is attached as Annexure B and forms part of this Report.

30. Cautionary Statement

Statements in this report, particularly those which relate to Management Discussion & Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

31. Change in nature of Business of the Company

There is no change in nature of Business during the year compared to earlier year.

32. Concluding Remarks

The Directors wish to sincerely express their appreciation to all employees of the Company for their dedicated services during the year amidst tough times. The Directors take this opportunity to express their gratitude to all Shareholders, Bankers, Vendors and other Stakeholders who have reposed trust and extended their constant support.

For and on behalf of Board of Directors

Hari Eswaran
Chairman
(DIN No. 00196760)

Place: Chennai
Date: 17th August, 2016

Annexure – A to the Directors’ Report for the year ended 31st March, 2016

Corporate Governance Disclosure

In compliance with Regulation 34 (3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter also referred to as “Listing Regulations”], Company’s compliance on Corporate Governance provisions 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.

The Company’s “Code of Conduct” for all Board Members and Senior Management of the Company is posted on the web site of the Company.

2. Board of Directors :

(a) Composition and Category of 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		Member of Directorship / Committee Membership/ Chairmanship			No. of Shares held by each Director
			Board Meetings	Last Annual General Meeting	Directorship	Committee Membership	Chairmanship	
1	Mr Hari Eswaran	Promoter Director (Chairman)	4 of 4	Attended	1	-	1	79,755
2	Dr W S Jones	Independent Director	4 of 4	Not Attended	1	-	-	2,958
3	Mr Raj H Eswaran	Promoter Director(MD)	4 of 4	Attended	-	-	-	2,90,100
4	Mr Rakesh Garg	Independent Director	4 of 4	Attended	3	-	-	2,958
5	Ms Sweta Mandora Prajapati *	Independent Director	1 of 4	Not Attended	-	-	-	Nil

Note: 1. Mr Raj H Eswaran is the son of Mr Hari Eswaran

2. Except Mr Raj H Eswaran, Managing Director, all the Directors on the Board are non-executive Directors

* Appointed as an Independent Director w.e.f. 22nd January, 2016 and provided necessary familiarization programme through various reports / internal policies.

The details of familiarisation programme done for the financial year 2015-16 have been hosted in the website of the Company under the web link <http://easunreynolle.com/investor.php>

(b) Number of Board Meetings and Dates of Board Meeting held during the Financial Year 2015 - 16 is as below:

Four Board meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

Board Meeting Number	Date of Board Meeting
1	29.05.2015
2	14.08.2015
3	14.11.2015
4	13.02.2016

(c) Brief Background of Director being re-appointed and appointment of New Director:

(i) Mr Hari Eswaran,

Mr Hari Eswaran, Director retire by rotation and is eligible for reappointment. The brief background of Mr Hari Eswaran, Director is furnished below:

Mr Hari Eswaran, 79 years, is one of the founder Directors of Easun Reyrolle Limited. Presently, he is non-executive Chairman on the Company's Board. 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 India

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

1. Easun Engineering Company Limited – Chairman
2. Eswaran and Sons Engineers (P) Limited – Chairman
3. Easun-MR Tap Changers Pvt. Limited – Chairman
4. Easun Products of India Pvt. Limited – Director
5. Easun Holdings Pvt. Ltd., - Director
6. Sowraj Investments (P) Limited – Director
7. ERL International Pte. Limited, Singapore – Chairman
8. ERL Marketing International FZE, Sharjah – Chairman
9. Switchcraft Europe GmbH, Germany – Chairman
10. Switchcraft Limited, Hongkong – Chairman
11. ERL Switchcraft Pte. Limited, Singapore – Chairman
12. ERL (Thailand) Company Limited – Director

Mr. Hari Eswaran is holding 79,755 Equity Shares of Rs.2 each in Easun Reyrolle Limited as on 31.03.2016.

(ii) Ms Sweta Mandora Prajapati

Ms Sweta Mandora Prajapati is Commerce Graduate and Qualified Chartered Accountant from Institute of Chartered Accountants of India.

Ms Sweta Mandora is a talented and well accomplished Chartered Accountant with career spanning more than 13 years of experience in some of the leading Pharma Companies. During her career span she has successfully managed the finance function of some of the offshore subsidiaries of the Pharma Companies with combined turnover of more than US\$ 150 mn. She has demonstrated capabilities of planning, execution and leading from the front and developing strategies.

Ms Sweta Mandora Parajapati is a Director on the Board of the following Companies.

1. Nehas Trading Private Limited – Director
2. Nehas Infotech Private Limited – Director
3. Value Rising Homes LLP – Designated Partner

Ms Sweta Mandora Prajapati is not holding any Equity Shares of the Company.

3. Audit Committee:

(a) Composition and Name of Committee Members

The Audit Committee of the Company comprised of three Members namely, Dr W S Jones, Mr Raj H Eswaran, and Mr Rakesh Garg. Dr W S Jones is the Chairman of the Audit Committee.

(b) Terms of Reference

The Company has constituted a qualified and independent Audit Committee which acts as a link between the management, external and internal auditors and the Board of Directors of the Company. The Committee is responsible for overseeing the Company's financial reporting process by providing direction to audit function and monitoring the scope and quality of internal and statutory audits. The Terms of reference specified by the Board to the Audit Committee are in conformity with the Regulation 18 of SEBI (LODR) Regulations, 2015.

(c) Meetings

During the year 2015-16, 4 (Four) Audit Committee Meetings were held.

The attendance of Members during the year is as below:

Sl. No.	Names and Position of the Member	No. of Meetings	
		Attended	Held
01.	Dr W S Jones, Member	4	4
02.	Mr Raj H Eswaran, Member	4	4
03.	Mr Rakesh Garg, Member	4	4

4. Nomination and Remuneration Committee

(a) The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2015-16	
		Attended	Held
Dr W S Jones	Independent, Non-Executive	2	2
Mr Rakesh Garg	Independent, Non-Executive	2	2
Mr Hari Eswaran	Promoter – Non-Executive Director	2	2

(b) Terms of reference of the Nomination and Remuneration Committee are as under:

- i. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management and to evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.
- ii. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.
- iii. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- iv. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/ Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.
- v. To promote and develop a high performance workforce in line with the Company strategy and to determine the remuneration based on the Company's size and financial position and practices in the industry.

(c) Performance evaluation criteria for Directors

The Nomination and Remuneration Committee of the Board has laid down the criteria for performance evaluation of all the Directors of the Company. The Company's remuneration policy is driven by the success and performance of the individual and the Company. Through its compensation policy, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a compensation mix of fixed pay, benefits available pay. Individual performance pay is determined by business performance and the performance of the individuals measured through the annual appraisal process.

5. Remuneration of Directors

(a) Criteria for making payments to Non-Executive Directors

The Non-Executive Directors of the Company are paid remuneration by way of sitting fees and profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board.

Due to insufficient profits during the year, the Board has decided to pay only sitting fees for attending the Committee and Board Meetings to Non-Executive Directors.

- (b) Details of Remuneration paid to Executive / Non-Executive Director for the year ended 31st March, 2016:

(a) Non-Executive Directors:

Name	Commission (Rs. in Lacs)	Sitting Fee (Rs. in Lacs)
Mr Hari Eswaran, Chairman	-	0.40
Dr W S Jones	-	0.50
Mr Rakesh Garg	-	0.50
Ms Sweta Mandora Prajapati	-	0.05

(b) Executive Director:

Name	Salary (Rs. in Lacs)	Commission (Rs. in Lacs)	Sitting Fee (Rs. in Lacs)
Mr. Raj H Eswaran, Managing Director	51	Nil	Nil

- (iv) Details of Remuneration of KMP'S Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Managerial Remuneration Disclosure as per Companies Act, 2013				
Sl.No	Name of the KMP	KMP Nature	Remuneration per annum (CTC) Rs. in Lacs	Ratio of Remuneration of each KMP to median remuneration of employees
1.	Raj H Eswaran	Managing Director	51.00	1:14.40
2.	P Chandrasekaran*	Chief Financial Officer	25.79	1:7.28
3.	Praveen Hegde#	Company Secretary	4.14	1:1.17
4.	Sudhir Anand @	Company Secretary	2.93	1:0.83

* Mr P Chandrasekaran, CFO has been relieved from the services w.e.f. 04.12.2015

Mr Praveen Hegde, Company Secretary has been relieved from the services w.e.f. 30.12.2015

@ Mr Sudhir Anand, Company Secretary joined as Company Secretary w.e.f. 13.02.2016

6. Stakeholders' Grievance Committee

(a) Composition and Name of Committee Members

The Stakeholders' Grievance Committee comprises of Mr Hari Eswaran and Mr Raj H Eswaran. Mr Hari Eswaran (a non-executive Director) is the Chairman of the Committee.

Name	Category	Number of Meetings during the year 2015-16	
		Attended	Held
Mr Hari Eswaran	Promoter – Non-Executive Director	2	2
Mr Raj H Eswaran	Executive Director	2	2

The Committee looks into redressing of shareholders' / Investors' complaints in the matter of share transfer, non-receipt of dividend, annual report etc. The Committee oversees the performance of the Registrar and Transfer Agents.

The Board of Directors has delegated the power to approve transfer and transmission of shares, in favour of Mr Hari Eswaran, Chairman.

Mr Sudhir Anand, Head – Legal and Company Secretary is the Compliance Officer of the Company.

During the year 2015-16 the Company received 4 complaints and all the complaints were resolved to the satisfaction of the Shareholders.

7. General Body Meeting

a. General Body Meeting

The details of the Annual General Meetings held during the last three years are as below:

Calendar year	Location	Date	Time	No. of special resolutions passed
2013	Hotel Ambassador Pallava 53, Montieth Road, Chennai – 600 008	26.09.2013	03 p.m.	Nil
2014		29.09.2014	10 a.m.	3
2015		28.09.2015	10 a.m.	Nil

b. Postal Ballot

No resolution was passed through Postal Ballot during the year 2015-16.

8. Means of Communication:

- The Company has been publishing quarterly, half-yearly and yearly financial results in newspapers, namely, The Financial Express, and Makkal Kural (in Tamil). Quarterly and half-yearly financial results are not sent individually to the shareholders.
- The Company is posting in its website, www.easunreynolle.com the quarterly financial results as well as presentations made to institutional investors / analysts.

9. General Shareholder information :

(a) Annual General Meeting for 2016

- Date : 30th September, 2016
- Time : 10 a.m.
- Venue : Hotel Ambassador Pallava, 53, Montieth Road, Chennai 600 008

(b) Financial calendar:

Results for the quarter ended 30th June, 2016	Second week of August, 2016
Results for the quarter ended 30th September, 2016	Second week of November, 2016
Results for the quarter ended 31st December, 2016	Second week of February, 2017
Results for the quarter ended 31st March, 2017	Last week of May, 2017

(c) Book Closure date:

The Register of Members and the Share Transfer Books of the Company will remain closed from 24th September, 2016 to 30th September, 2016 (both days inclusive).

(d) Listing on Stock Exchanges:

The Company's shares have been listed on National Stock Exchange of India Limited, Mumbai, Bombay Stock Exchange Limited, Mumbai. Up to date listing fee has been paid to both the Stock Exchanges.

(e) Stock Code :

National Stock Exchange Limited	EASUNREYRL
Bombay Stock Exchange Limited	532751
ISIN Number of the Company	INE268C01029
Corporate Identification Number	L31900TN1974PLC006695

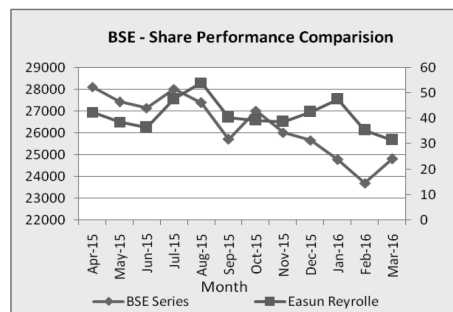
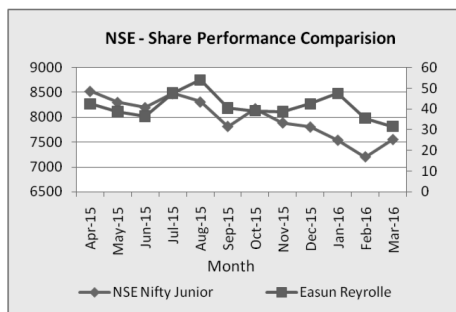
(f) Market Price Data :

Highlights of Market Price of the Company's Shares traded on National Stock Exchange and Bombay Stock Exchange during 2015-16 are as follows:

Period	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2015	47.70	37.60	47.50	34.00
May, 2015	41.95	35.70	41.50	35.10
June, 2015	40.70	34.15	43.00	34.30
July, 2015	63.40	35.80	63.00	35.25
August, 2015	68.20	40.70	68.00	41.05
September, 2015	45.55	37.10	45.40	38.75
October, 2015	44.00	36.15	43.55	36.20
November, 2015	42.75	37.00	48.20	37.05
December, 2015	49.80	38.00	50.00	37.40
January, 2016	58.90	40.60	58.75	40.45
February, 2016	44.00	29.30	44.00	29.25
March, 2016	34.90	28.20	33.95	29.50

(g) Share performance in comparison with NSE/BSE index:

Share Performance of the Company in comparison to National Stock Exchange and Bombay Stock Exchange Index:



(h) 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: +91 044 28140801 to 28140803,
Email: corpserve@integratedindia.in

(i) Share Transfer System:

All requests for transfer of shares are processed by the Registrars and Share Transfer Agents and are approved by the Stakeholder Relationship Committee. The approved share transfers are returned within 15 days from the date of lodgment, if documents are complete in all respects.

(j) Shareholding Pattern as at 31st March, 2016:

Sl. No.	Category	No. of Shares held	Percentage of Shareholding
01.	A. Promoters' Holding		
	Indian Promoters- Mr Hari Eswaran & Associates	1,11,10,532	36.08
02.	Non-Promoters' Holding		
	a) Bank	-	-
	b) Others		
	- Mutual Fund	37,05,967	12.03
	- Private Corporate Bodies	14,08,186	4.57
	- Foreign Institutional Investors	15,04,989	4.89
	- NRIs/OCBs	4,15,362	1.35
	- Depository Participants	-	-
	c) Indian Public	1,26,49,105	41.08
	Total	3,07,94,141	100.00

(k) Distribution of Shares as on 31st March, 2016:

Sl. No.	Distribution of Shareholding	No. of Shareholders	% to total	No. of Shares	% to total
1	Upto 500 Shares	11,159	76.97%	16,24,743	5.28%
2	501 to 1000 Shares	1,512	10.43%	12,43,285	4.04%
3	1001 to 2000 Shares	861	5.94%	13,30,910	4.32%
4	2001 to 3000 Shares	342	2.36%	8,87,551	2.88%
5	3001 to 4000 Shares	149	1.03%	5,36,360	1.74%
6	4001 to 5000 Shares	106	0.73%	4,96,760	1.61%
7	5001 to 10,000 Shares	185	1.28%	13,80,684	4.48%
8	More than 10,000 Shares	183	1.26%	2,32,93,848	75.65%
	Total	14,497	100.00%	3,07,94,141	100.00%

(l) Dematerialization of Shares and Liquidity:

97.67% of the paid up capital has been dematerialized as at 31st March 2016. The highest trading activity is witnessed on National Stock Exchange, Mumbai.

The average daily turnover of the Company's equity shares on National Stock Exchange, Mumbai and Bombay Stock Exchange Limited, Mumbai during 2015-16 is given below:

Sl. No.	Name of the Stock Exchange	No. of Shares	Value per Share (Rs.)
01.	The National Stock Exchange of India Ltd	35,074	41.28
02.	Bombay Stock Exchange Limited	16,719	41.27

(m) Outstanding GDRs/ADRs/Warrants, etc:

Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion date and likely impact on equity:

- i) Outstanding GDRs/ADRs/Warrants: There are no outstanding GDRs/ADRs/ Warrants as on 31.03.2016.
- ii) Securities held in abeyance: Issue and allotment of 1,498 Equity Shares of Rs.2 each (including 675 Shares on Bonus and 648 Shares on 2014 Rights Issue) which are subject to matter of suits filed in a court, is held in abeyance pursuant to Section 126 of the Companies Act, 2013.

(n) Plant Location :

1. Hosur Plant: - Unit I Plot No.98, Sipcot Industrial Complex, Hosur-635126 Krishnagiri District, Tamilnadu	3. Global Manufacturing Facility: Plot No.147/148 Harohalli Industrial Area 2nd Phase, Madamaranahalli Village Harohalli Hobli, Kanakpura Taluk, Ramnagara Dt
2. Bangalore Plant: - Unit II 17/3, Arakere Village, Bannerghatta Road Bangalore -560076, Karnataka	

(o) Address for Correspondence :

i	For transfer / dematerialization of shares and other queries relating to Company's shares	Integrated Enterprises (India) Limited, 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Email: corpserve@integratedindia.in
ii	Any query on payment of dividend or Annual Report	Easun Reyrolle Ltd. No.98, Sipcot Industrial Complex Hosur - 635 126 Email: sec@easunreyyolle.com

(p) Transfer of unclaimed dividend to Investor Education and Protection Fund of the Central Government:

During the year 2015-16, the Company transferred the following Dividend to IEPF:

Dividend for the year	No. of Equity Shares	No. of Share holders	Amount Rs.	Date of Transfer
Interim Dividend for the Financial Year 2007-08	2,71,579	955	1,35,911.00	11.06.2015
Final Dividend for the Financial year 2007-08	2,34,099	770	5,85,332.00	24.11.2015

The Company will be transferring the following Unpaid Dividend to the Investor Education and Protection Fund in 2016-17 is as below:

Dividend for the year	Declared on	Transferring to IEPF during
Final Dividend for the year 2008-09	11th September, 2009	October, 2016

10. Other Disclosures

a. Related Party Transactions:

None of the transactions with any of the related parties was in conflict with the interest of the Company. Details of the related party transactions are disclosed in Note No.27 of Notes on Accounts of the accompanying Annual Report.

b. Strictures and penalties

Sl. No.	Financial Year	Amount (Rs.)	Reason
1	2013-14	-	-
2	2014-15	6,371	Delay in Submission of Annual Reports
3	2015-16	2,84,000	Delay in Appointment of Women Director

c. Whistle Blower policy

Your Company has established a Vigil Mechanism / Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s) / Employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director / Employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

The Whistle Blower Policy has been disclosed on the Company's website under the web link http://easunreynolle.com/investors_codeconduct.php and circulated to all the Directors / employees.

d. The Company confirms that during the financial year 2015-16, it complied with mandatory reporting requirement (except the delay in submission of Audited Consolidated Financial Results for the year 2015-16) of Corporate Governance.

Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have any pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Meeting of Independent Directors

During the year, meeting of Independent Directors was held to review the performance of the Board as a whole on parameters of effectiveness and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Independent Directors presented their views on matters relating to Board processes and the overall affairs of the Company to the full Board.

Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your Company has received confirmations from all concerned regarding their adherence to the said Code.

Pursuant to Regulation 46, Managing Director of the Company confirmed compliance with the Code by all members of the Board and the Senior Management. The Policy on Code of Conduct is hosted on the Company's website under the web link http://easunreyrolle.com/investors_codeconduct.php

Code of Conduct for prohibition of insider trading

Your Company has adopted a Code of Conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 1992. All Directors, Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992.

Declaration regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct.

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. The Code of Conduct is available on the Company's web site.

I confirm that, in respect of the financial year ended 31st March, 2016, the Company has received from the Members of the Board and Senior Management Personnel of the Company, a declaration of compliance with the Code of Conduct.

On behalf of the Board of Directors

Place : Chennai
Date : 17th August, 2016

Hari Eswaran
Chairman
(DIN No. 00196760)

**Certificate from Managing Director and Chief Financial Officer
forming part of the Directors' Report
for the year ended 31st March, 2016**

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control systems for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
- D. We have indicated to the auditors and the Audit committee:
1. That there are no significant changes in internal control over financial reporting during the year;
 2. That there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. That there are no instances of significant fraud of which they have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

Raj H Eswaran
Managing Director and CFO
(DIN No. 00195354)

Place : Chennai

Date : 17th August, 2016

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members, Easun Reyrolle Limited.

We have examined the compliance of conditions of Corporate Governance by Easun Reyrolle Limited for the year ended 31st March, 2016 as stipulated in clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period from 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period from 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the Regulations of Corporate Governance as stipulated in the above mentioned Listing Agreement or Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000511S

For R.SUBRAMANIAN & CO.,
Chartered Accountants
Firm Regn. No. 004137S

N. Srikrishna
Partner
Membership No. 26575

K. Jayashankar
Partner
Membership No. 14156

Place : Chennai
Date : 17th August, 2016

Annexure – B to the Directors' Report for the year ended 31st March, 2016

Information pursuant to Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

A. Conservation of Energy	
(i) Energy Conversion	<p>By rationalizing operations, the Company could save energy resulting in reduction in power consumption. The Company is continuously identifying areas where energy can be saved and appropriate measures are being taken to optimize conservation of energy.</p>
(ii) Additional Investments and proposals if any, being implemented for reduction of consumption of energy	
(iii) Impact of the measures at (a) and consumption and consequent impact of the cost of production of goods.	
(iv) Total energy conservation	Disclosure requirement is not applicable to the Company.
B. Technology Absorption	
(i) Research and Development	
(1) Specific areas in which R&D is carried out by the Company	<p>(a) Commercially released Four variants in Feeder Protection Relay 2000 namely:</p> <ol style="list-style-type: none"> 1)F-PRO215 – Non-Dir. Multifunction 2)F-PRO216 - Non-Dir. Multifunction with SEF / REF 3)F-PRO235 – Dir. Multifunction 4)F-PRO295 – Voltage Multifunction <p>(b) Feeder Protection Relay(F-PRO2000) Expansion Design Started</p> <p>(c) Low Cost Platform - Line Protection Relay(L-PRO3000) Design Started</p>
(2) Benefits derived as a result of the above efforts	<p>(a) Indigenous IP, hence no royalty payable.</p> <p>(b) Improved brand name as a technology Company.</p> <p>(c) New product lines for the existing business, hence entry into new market segments.</p> <p>(d) Adaptation of products and creation of variants to meet International and domestic markets.</p>

<p>(3) Future plan of action</p>	<p>(a) To add additional variants of the Sub-Transmission and Distribution segment Protection Relays.</p> <p>(b) To develop SCADA compatible products such as Remote Terminal Unit</p>
<p>(4) Expenditure on R&D</p> <p>(a) Capital</p> <p>(b) Recurring</p> <p>(c) Total</p> <p>(d) Total R&D expenditure as a percentage of total turnover</p>	<p>-</p> <p>Rs.54.89 lacs</p> <p>Rs.54.89 lacs</p> <p>1.32%</p>
<p>(ii) Technology absorption, adaptation and innovation</p>	
<p>(1) Efforts, in brief, made towards technology absorption, adaptation and innovation.</p>	<p>(a) Use of Multi-core processor designs with SOM architecture and re-use of software across products, reduce the product development Cycle.</p> <p>(b) Integration of product development across global development teams by Joint development work and use of configuration and other tools.</p>
<p>(2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution, etc.,</p>	<p>(a) Use of Multi-core processor designs with SOM architecture cut down the product cost by 30% to 40%.</p> <p>(b) The absorption / Re-use of Algorithms, Software has reduced the Product development cycle.</p> <p>The development of Substation Automation Products has resulted in reduction of Import cost and provide product upgrades to Customers.</p>

<p>(3) In case of imported technology, (imported during the last five years reckoned from the beginning of the financial year, following information may be furnished)</p> <p>(a) Technology imported</p> <p>(b) Year of Import</p> <p>(c) Has technology been fully absorbed</p> <p>(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</p>	<p>NIL</p>
C. Foreign Exchange Earning and Outgo	
<p>(i) (a) Efforts made in Technology absorption</p> <p>(b) Initiatives taken to increase exports</p> <p>(c) Development of new export markets for products and service</p> <p>(d) Export plans</p>	<p>Participating in Tenders and product demonstrations in Overseas Market.</p>
<p>(ii) (a) Total foreign exchange used</p> <p>(b) Total foreign exchange earned</p>	<p>Rs.131.87 lacs</p> <p>Rs.1028.40 lacs</p>

On Behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No. 00196760)

Place : Chennai
Date : 17th August, 2016

Annexure – C to the Directors’ Report for the year ended 31st March, 2016

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March 2016

[Pursuant To Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Easun Reyrolle Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Easun Reyrolle Limited (L31900TN1974PLC006695) having its Registered Office at “Temple Tower”, 6th Floor, 672, Anna Salai, Nandanam, Chennai – 600 035, Tamilnadu (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made hereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under other applicable Acts, Laws, Rules, Regulations, Guidelines applicable to the Company and categorized under the following major heads/groups:

- a. The Factories Act, 1948
- b. Industries (Development & Regulation) Act, 1951.
- c. Acts prescribed under prevention and control of pollution.
- d. Environment (Protection) Act, 1986.
- e. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation, etc;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE);
- (iii) Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements) Regulations, 2015 (with effect from 1st December, 2015)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted under Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with proper balance of Executive Directors, Non-Executive Directors and Independent Directors (*With effect from 22nd January, 2016 on appointment of Woman Director on the Board of Directors*). The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

However, the Company and its Key Managerial Personnel have been served, under Section 149 (non appointment of Woman Director on the Board of Directors of the Company) of the Companies Act, 2013 (a) Notice by the Ministry of Corporate Affairs in June, 2015 and (b) Summons by the Additional Chief Metropolitan Magistrate Court (Economic Offences), Chennai in February, 2016 to answer to a charge punishable under Section 149 of the Companies Act, 2016. (c) The National Stock Exchange of India Ltd. and BSE Ltd. have also served notice in October, 2015 on the Company levying a fine of Rs.142,000/- each for non appointment of Women Director on the Board of Directors by 30th September, 2015 and as on 1st October, 2015, respectively.

Adequate notice is given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

S. Viswanathan
Practicing Company Secretary
ACS No: 5284
CP No: 5284

Place: Bangalore

Date: 17th August, 2016

Encl: Annexure A

Annexure A

To

The Members
Easun Reyrolle Limited

My report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S. Viswanathan
Practicing Company Secretary
ACS No: 5284
CP No: 5284

Place: Bangalore

Date: 17th August, 2016

ANNEXURE – D to the Directors’ Report for the year ended 31st March, 2016
Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies
(Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of
subsidiaries /associate companies /joint ventures**

Part “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

[Rupees in lacs]

Sl. No.	Name of the subsidiary	ERL International Pte Ltd. Singapore	ERLPhase Power Technologies Ltd., Canada	ERL Marketing International FZE, Sharjah	ERL Switchcraft Pte Ltd. Singapore	Switchcraft Europe GmbH, Germany	Switchcraft Ltd., Hongkong	ERL Pacific Pty Ltd., Australia
1	The date since when subsidiary was acquired	14.12.2007	15.06.2007	15.09.2008	13.09.2011	03.02.2009	03.02.2009	29.07.2013
2	Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016	01.04.2015 to 31.03.2016
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD	USD	USD	USD	USD	USD	USD
4	RATE	66.33	66.33	66.33	66.33	66.33	66.33	66.33
5	Share Capital	21,226.53	4,643.30	690.59	0.07	5,116.44	17.12	0.07
6	Reserves & Surplus	3,380.86	(3,408.61)	(534.68)	(1,014.16)	(5,271.64)	(1,357.98)	(214.45)
7	Total Assets	28,107.40	5,806.62	761.73	10,452.50	4,214.10	3.38	121.08
8	Total Liabilities	3,500.01	4,571.93	605.82	11,466.59	4,369.30	1,344.23	335.46
9	Investments	-	-	41.46	5,133.55	-	-	-
10	Turnover	-	5,084.13	1,268.02	-	24.35	-	42.53
11	Profit before taxation	-	6.73	86.62	-	(379.15)	-	(67.25)
12	Provision for taxation	-	-	-	-	-	-	-
13	Profit after taxation	-	6.73	86.62	-	(379.15)	-	(67.25)
14	Proposed Dividend	-	-	-	-	-	-	-
15	Extent of shareholding (in %)	100%	100%	100%	80%	100%	100%	82%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations
- Names of subsidiaries which have been liquidated or sold during the year.

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures			
1. Latest audited Balance Sheet Date			
2. Date on which the Associate or Joint Venture was associated or acquired			
3. Shares of Associate/Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates/Joint Venture			
Extend of Holding%			
4. Description of how there is significant influence			
5. Reason why the associate/joint venture is not consolidated			
6. Net worth attributable to shareholding as per latest audited Balance Sheet			
7. Profit/Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

- Names of associates or joint ventures which are yet to commence operations.
- Names of associates or joint ventures which have been liquidated or sold during the year

For and on behalf of Board of Directors

Raj H Eswaran
MD & CFO
DIN 00195354

Rakesh Garg
Director
DIN 00240379

Sudhir Anand
Head - Legal & Company Secretary

Place : Chennai
Date : 18th August 2016

ANNEXURE – E to the Directors’ Report for the year ended 31st March, 2016

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with Related Parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm’s length basis.

There is no contracts or arrangements or transactions not at arm’s length basis

2. Details of contracts or arrangements or transactions at Arm’s length basis

Sl. No	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangement / transaction	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
a)	ERLPhase Power Technologies Ltd., (Subsidiary)	Sales / purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2015-16	Transaction in ordinary course of business Purchase of Goods – Rs.481.26 Lacs	13.08.2014	Nil
b)	ERL Marketing International FZE., (Subsidiary)	Sales / purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2015-16	Purchase of Goods - Nil Sales of Goods - Rs.298.87 Lacs	13.08.2014	Nil
c)	Switchcraft Europe GmbH, (Subsidiary)	Sales / purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2015-16	Transaction in ordinary course of business Purchase of Goods - Nil Sale of Goods – Rs.16.85 Lacs	13.08.2014	Nil

On Behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No.00196760)

Place : Chennai
Date : 28th May, 2016

ANNEXURE – F TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2016

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended 31st March, 2016
[Pursuant to section 92(3) of the Companies Act, 2013
And
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L31900TN1974PLC006695
ii) Registration Date	29th August, 1974
iii) Name of the Company	Easun Reyrolle Limited
iv) Category / Sub-Category of the Company	Company limited by shares
v) Address of the registered office and contact details	Address of the registered office: “Temple Tower”, 6 th Floor, No. 672 (Old No.476), Anna Salai, Nandanam, Chennai – 600 035 Phone : +91- 4344 – 401600 Fax: +91-4344-276397 Email: sec@easunreyrolle.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Ltd., 2 nd Floor, “Kences Towers”, No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017 Phone No : +91 44 28140801 to 28140803 E-mail ID : corpserv@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Relays and Control Panels	2710	84%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	ERL International Pte. Ltd., 10, Jalan Besar, #10-12, SIM LIM Tower, Singapore 208 787	Foreign Company (WOS)	Subsidiary	100%	2(87)
2.	ERL Phase Power Technologies Ltd. 74 Scurfield Blvd. Winnipeg, MB R3Y 1G4	Foreign Company	Deemed Subsidiary	100%	2(87)
3.	ERL Marketing International FZE, No.39G-01, Hamriyah Free Zone, Sharjah, UAE	Foreign Company	Deemed Subsidiary	100%	2(87)
4.	ERL Switchcraft Pte. Limited, 10, Jalan Besar, #10-12, SIM LIM Tower, Singapore 208 787	Foreign Company	Deemed Subsidiary	80%	2(87)
5.	Switchcraft Europe GmbH, Thyssenstraße 93, D-46535 Dinslaken	Foreign Company	Deemed Subsidiary	100%	2(87)
6.	Switchcraft Limited Units B & C, Eton Building, 288 Des Voeux Road Central, Hong Kong	Foreign Company	Deemed Subsidiary	100%	2(87)
7.	ERL Pacific Pty Ltd., Unit 2, 158 South Pine Road, Enoggera, Qld, 4051. Box 39, Ferny Hills, Queensland, 4055, Australia	Foreign Company	Deemed Subsidiary	82%	2(87)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters (1) Indian									
a) Individual/HUF	614471		614471	2.00	614471		614471	2.00	-
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp	10421061		10421061	33.84	10421061		10421061	33.84	-
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	11035532		11035532	35.84	11035532		11035532	35.84	-
(2) Foreign									
a) NRIs - Individuals	75,000		75,000	0.24	75,000		75,000	0.24	-
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-	75,000		75,000	0.24	75,000		75,000	0.24	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	11110532		11110532	36.08	11110532		11110532	36.08	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3785738		3785738	12.29	3705967		3705967	12.03	0.26
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	1504989		1504989	4.89	1504989		1504989	4.89	-
h) Foreign Venture Capital Funds									
i) Others (NRI)	452102		452102	1.47	415362		415362	1.35	0.12
Sub-total (B)(1):-	5742829		5742829	18.65	5626318		5626318	18.27	0.38
2. Non Institutions									
a) Bodies Corp.	1745802	2,130	1747932	5.67	1406056	2130	1408186	4.57	1.10
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs.1 lac	8130622	638500	8769122	28.48	8397161	608310	9005471	29.24	0.76
ii) Individual share holders holding nominal share capital in excess of Rs.1 lac	3317316	106410	3423726	11.12	3537224	106410	3643634	11.84	0.71
c) Others									
Sub-total (B)(2):-	13193740	747040	13940780	45.28	13340441	716850	14057291	45.65	2.57
Total Public Share holding (B) = (B)(1) + (B)(2)	18936569	747040	19683609	63.92	18966759	716850	19683609	63.92	2.95
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	30047101	747040	30794141	100.00	30077291	716850	30794141	100.00	2.95

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Easun Products of India Pvt Ltd.,	33,67,557	10.94	--	33,67,557	10.94	--	--
2.	Easun Engineering Company Limited	16,32,500	5.30	--	16,32,500	5.30	--	--
3.	Sowraj Investments P Ltd.,	10,10,000	3.28	--	10,10,000	3.28	--	--
4.	Sowraj Investments Pvt Ltd	43,99,954	14.29	--	43,99,954	14.29	--	--
5.	Raj Hari Eswaran	2,90,100	0.94	--	2,90,100	0.94	--	--
6.	Visalam Hari Eswaran	1,56,295	0.51	--	1,56,295	0.51	--	--
7.	Hari Eswaran	79,755	0.26	--	79,755	0.26	--	--
8.	Vinod Subramaniam	75,000	0.24	--	75,000	0.24	--	--
9.	Sowmya Hari Eswaran	24,775	0.08	--	24,775	0.08	--	--
10.	Sita Sankaran	20,004	0.06	--	20,004	0.06	--	--
11.	Saraswathi Venkataraman	12,075	0.04	--	12,075	0.04	--	--
12.	E Raman	11,455	0.04	--	11,455	0.04	--	--
13.	Eswaran And Sons Engineers Limited	11,050	0.04	--	11,050	0.04	--	--
14.	Meenakshi Subramaniam	9,505	0.02	--	9,505	0.02	--	--
15.	Anushka Raj Eswaran	5,250	0.02	--	5,250	0.02	--	--
16.	Prithvi Raj Eswaran	5,250	0.02	--	5,250	0.02	--	--
17.	E Krishnan	7	0.00	--	7	0.00	--	--
	Total	1,11,10,532	36.08	--	1,11,10,532	36.08	--	--

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholding	No. of shares	% of total shares of the company
1.	At the beginning of the year	1,11,10,532	36.08
2.	Date wise Increase / Decrease in Promoters Shareholding during the year	No Change	
3.	At the End of the year	1,11,10,532	36.08

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sundaram Mutual Fund	1,833,658	5.95	1,819,515	5.91
2	Eastspring Investments India Infrastructure Equity Open Limited	1,499,989	4.87	1,499,989	4.87
3	ICICI Prudential Infrastructure Fund	1,500,300	4.87	1,439,672	4.68
4	K. Balasubramanian	698,588	2.27	698,588	2.27
5	HDFC Trustee Company Limited	441,780	1.43	441,780	1.43
6	B. Bharathan Kanthimathinathan	200,129	0.65	200,129	0.65
7	B. Janarthanan Kanthimathinathan	193,985	0.63	193,985	0.63
8	Zen Securities Ltd	193,323	0.63	179,364	0.58
9	Jayantilal Premji Shah	160,000	0.52	170,000	0.55
10	Karvy Stock Broking Ltd	72,132	0.23	168,573	0.55

Note: The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr Hari Eswaran – Director, Chairman	79,755	0.38%	79,755	0.26%
2.	Mr Raj H Eswaran – Managing Director	2,90,100	1.39%	2,90,100	0.94%
3.	Dr William Stanley Jones - Director	2,958	0.01%	2,958	0.01%
4.	Mr Rakesh Garg – Director	2,958	0.01%	2,958	0.01%
5.	Ms Sweta Mandora Prajapati	-	-	-	-
6.	Mr Sudhir Anand	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

[Rupees in lacs]

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year.				
i) Principal Amount	17,778.48	4,176.23	-	21,954.71
ii) Interest due but not paid	82.84	-	-	82.84
iii) Interest accrued but not due	164.40	-	-	164.40
Total (i+ii+iii)	18,025.72	4,176.23	-	22,201.95
Change in Indebtedness during the financial year				
• Addition	4,093.24	-		4,093.24
• Reduction	-	-		0
Net Change	4,093.24	-	-	4,093.24
Indebtedness at the end of the financial year				
i) Principal Amount	21,871.72	4,176.23	-	26,047.95
ii) Interest due but not paid	-	-	-	0
iii) Interest accrued but not due	1,014.31	-	-	1014.31
Total (i+ii+iii)	22,886.03	4,176.23	-	27,062.26

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Key Managerial Personnel

Sl. No.	Particulars of Remuneration	Mr Raj H Eswaran, Managing Director	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51.00	51.00
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	-	-
2.	Stock option	-	-
3.	Sweat Equity	-	-

4.	Commission - as % of profits - others	-	-
5.	Others	-	-
	Total	51.00	51.00
	Ceiling as per the Act	60 Lacs as per Schedule V	-

B. Remuneration to other Directors:

Name of the Directors	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings (*)	Commission	Others	
1. Independent Directors				
Dr William Stanely Jones	50,000.00	-	-	50,000.00
Mr Rakesh Garg	50,000.00	-	-	50,000.00
Ms Swetha Mandora Prajapati	5,000.00	-	-	5,000.00
Total (1)	1,05,000.00			1,05,000.00
2. Other Non-Executive Directors				
Mr Hari Eswaran	40,000.00	-	-	40,000.00
Total (2)	40,000.00	-	-	40,000.00
Total (B) = (1)+(2)	1,45,000.00	-	-	1,45,000.00
Total Managerial Remuneration (**)	-	-	-	-
Overall Ceiling as per the Act	1% of the net Profit			

(*) excluding reimbursement of travel and other expenses incurred for the Company's business / meetings.

(**) Due to insufficient profits during the year, the Board has decided to pay only sitting fees for attending the Committee and Board Meetings to Non-Executive Directors.

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

[Rupees in lacs]

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr P Chandra sekaran, CFO*	Mr Praveen Hegde, Company Secretary#	Mr Sudhir Anand, Company Secretary @	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.88	4.14	2.69	27.71
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	3.63	-	0.10	3.73
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	0.86	-	0.14	1.00

2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profits - others	-	-	-	-
5.	Others	-	-	-	-
	Total	25.37	4.14	2.93	32.44

* Mr P Chandrasekaran, CFO has been relieved from the services w.e.f. 04.12.2015

Mr Praveen Hegde, Company Secretary has been relieved from the services w.e.f. 30.12.2015

@ Mr Sudhir Anand, Company Secretary joined as Company Secretary w.e.f. 13.02.2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Following are the compounding of offences during the year ended 31st March, 2016.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company	<p><i>Under Section 149 (non appointment of Woman Director on the Board of Directors of the Company) of the Companies Act, 2013, the Company and its Key Managerial Personnel have been served,</i></p>				
Penalty					
Punishment					
Compounding					
B. Directors	<p><i>(a) Notice by the Ministry of Corporate Affairs in June, 2015 and</i></p> <p><i>(b) Summons by the Additional Chief Metropolitan Magistrate Court (Economic Offences), Chennai in February, 2016 to answer to a charge punishable under Section 149 of the Companies Act, 2016.</i></p>				
Penalty					
Punishment					
Compounding					
C. Other officers in default	<p><i>Company has filed an application with CLB and yet to receive the order.</i></p>				
Penalty					
Punishment					
Compounding					

Annexure – G to the Directors’ Report for the year ended 31st March, 2016
Management replies on the Qualifications made by
Statutory Auditor’s

Management replies on the Qualifications made by Statutory Auditor’s;

- i. Note No. 46 to the financial statement with regard to balances due from and due by the company towards debtors and creditors including debit balances in creditor accounts and credit balances in debtors accounts, in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent reconciliations, including differences on account of netted off of balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable.

Management Reply: Since most of our customers are Government Departments, viz, State Electricity Boards, it is difficult to obtain confirmation of balance.

- ii. Note No. 31 to the financial statement in respect of projects under Turn-key basis undertaken by the company, we have relied upon the management’s estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities and on the projections of revenues expected from projects and realisability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

Management Reply: Since the Turnkey Projects were undertaken for various Government Projects, it is difficult to obtain their balance confirmation on the stage and cost of Completion of Projects.

On Behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No.00196760)

Place : Chennai
Date : 17th August 2016

Independent Auditor's Report on Standalone Financial Statements

To the Members of EASUN REYROLLE LIMITED

Report on Financial Statements

We have audited the accompanying financial statements of EASUN REYROLLE LIMITED which comprise of the Balance Sheet as at 31 March 2016, Statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act, and the rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis for Qualified Opinion

- a) Note No. 46 to the financial statement with regard to balances due from and due by the company towards debtors and creditors including debit balances in creditor accounts and credit balances in debtors accounts, in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent reconciliations, including differences on account of netted off of balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable.
- b) Note No. 31 to the financial statement in respect of projects under Turn-key basis undertaken by the company, we have relied upon the management's estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities and on the projections of revenues expected from projects and realisability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2016; and
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Attention is drawn to the following:

- a) Note No. 34 to the financial statement with regard to Liquidated Damages recovered by the customers of Turnkey projects from running bills amounting to Rs. 1224.75 lakhs, is under negotiations with customers seeking waiver of the same. Pending the outcome of the same the Liquidated Damages so levied have not been provided for.
- b) Note No. 35 to the financial statements with regard to pending approval of RBI towards extension of time limit as stipulated in the FEMA Regulations in respect of dues from the foreign customers amounting to Rs. 487.52 lakhs due for more than 1 year.
- c) Note No. 45 to the financial statement in respect of certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs.4603.99 lakhs (Net) has been shown recoverable from parties in respect of which negotiations with the customers are stated to be in progress. Pending the outcome of negotiations no adjustment in the financial statements has been made.
- d) Note No. 44 to the financial statement in respect of value of inventory pertaining to the 'Metering Business' amounting to Rs. 215.41 lakhs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment of alternative markets for utilizing the inventories, the realizable value has not been ascertained, consequently the impact on the financial statements is not quantifiable.

- e) Note No. 47 to the financial statements with regard to pending compliance under Foreign Exchange Management Rules in respect of extension of time limit for receipt of material on advance to Associate Enterprise to the extent of Rs. 624.19 lakhs.
- f) Unpaid Statutory dues amounting to Rs. 487.07 lakhs, the consequential penalties and interest thereon are not provided for and the amount is not quantifiable.

Our opinion is not qualified in respect of this matter for which there were any material foreseeable losses.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016, ("the Order") issued by the Central Government of India in terms of Sub section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - (e) on the basis of written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, there is no disqualification of directors as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
 - (g) with respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audits and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:-
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements in Note No. 29.
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) The amounts required to be transferred to the Investor Education and Protection fund by the Company have been transferred.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000511S

For R.SUBRAMANIAN & CO.,
Chartered Accountants
Firm Regn. No. 004137S

N. Srikrishna
Partner
Membership No. 26575

K. Jayashankar
Partner
Membership No. 14156

Place : Chennai
Date : 28th May, 2016

Annexure - A to the Auditors' Report

The Annexure referred to in Paragraph under the heading "Report on other legal and regulatory requirements" of our Report of even date to the members of EASUN REYROLLE LIMITED on the accounts of the company for the year ended 31st March, 2016:

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) As explained to us, these fixed assets have been physically verified by the management at regular intervals which however, in our opinion needs to be strengthened further having regard to the size of the company and nature of assets. As informed to us no material discrepancies were noticed on such verification;
(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. (a) The Stock of Finished Goods, Stores and Spare Parts and Raw Materials except stock lying with third parties for which confirmation have been sought for, have been physically verified at year end as per programme of verification drawn up by the management.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
(c) On the basis of the records examined by us and relying on the information provided to us, in our opinion, the Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the book record of inventories.
3. The company granted interest free advances to wholly owned overseas subsidiary and two step down subsidiaries. The outstanding balance at year end amounting to Rs. 2554.86 lakhs.
(a) The terms of advance given are not prima facie prejudicial to the interests of the company.
(b) In the absence of any specific terms as regards the term of advance and terms of repayment of the advances given, we are unable to comment on the same.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans and investments made.
5. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
6. We have broadly reviewed the books of accounts and records maintained by the Company relating to the manufacture of Electrical Machinery, pursuant to the Rules made by the Central Government for maintenance of Cost Records under sub-section (1) of Section 148 of Act and are of the opinion that prima facie, the records maintained by the company are to be augmented. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

7. (a) According to the information and explanations given to us, except for the undisputed statutory dues representing Fringe Benefit Tax of Rs.9.21 lakhs, Service Tax of Rs. 96.78 lakhs, Professional Tax of Rs.7.42 lakhs, Value Added Tax of Rs.26.98 lakhs, Employee's Provident Fund of Rs.102.53 lakhs, Tax Deducted at Source (TDS) of Rs. 212.68 lakhs, Income Tax of Rs.59.15 lakhs (the Company requested the Income Tax department to adjust with refund of Rs.144.64 lakhs against AY 2013-14), no other statutory dues were outstanding at year end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, on the basis of examination of records of the Company, the following dues have not been deposited with the appropriate authorities on account of dispute:

Name of the Statute	Financial year to which the matter pertains	Forum where the matter is pending	Rs. in Lakhs
The Income Tax Act, 1961	2002-03	Tribunal (Appeals)	* 47.85
The Income Tax Act, 1961	2003-04	Tribunal (Appeals)	* 26.13
The Income Tax Act, 1961	2005-06	CIT (Appeals)	# 55.42
The Income Tax Act, 1961	2007-08	CIT (Appeals)	* 306.33
The Income Tax Act, 1961	2008-09	CIT (Appeals)	@ 524.99
The Income Tax Act, 1961	2009-10	CIT (Appeals)	@ 2,274.16
The Income Tax Act, 1961	2010-11	CIT (Appeals)	@188.12
The Income Tax Act, 1961	2011-12	CIT (Appeals)	@199.18
The Karnataka Value Added Tax Act, 2003	2009-10	VAT (Appeals)	** 20.62
The West Bengal Value Added Tax Act, 2003	2009-10	VAT (Appeals)	@ 6.18
The Customs Act, 1962	2011-12	CESTAT	# 66.38
The Tamil Nadu Value Added Tax Act, 2006	2006-07	-	&37.98
The Tamil Nadu Value Added Tax Act	2007-08	-	@ 8.38
The Tamil Nadu Value Added Tax Act	2008-09	-	@ 29.63
The Tamil Nadu Value Added Tax Act	2009-10	-	@ 30.44

The Tamil Nadu Value Added Tax Act	2010-11	-	@ 144.43
The Tamil Nadu Value Added Tax Act	2011-12	-	@ 337.06

paid

* adjusted against refund

** Rs.3 lakhs Paid

@ unpaid

& Rs.5 Lakhs paid, Rs.14.21 Lakhs adjusted against refund and Balance not paid

8. Based on our audit procedures and on the basis of information and explanations given by the management, the company has not defaulted in repayment of dues to banks, financial institutions and debenture holders except for the loans which has been tabulated below.

Name of the Bank	Overdue Amount (Rs. in Lakhs)	Due Since
Standard Chartered Bank	1,628.00	August 2015
DBS Bank	1,511.55	February 2015

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly paragraph 3(ix) of the Order is not applicable.
10. During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration amounting to Rs. 51,00,000/- which is within the limits specified under section 197 of Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000511S

N. Srikrishna
Partner
Membership No. 26575

Place : Chennai
Date : 28th May, 2016

For R.SUBRAMANIAN & CO.,
Chartered Accountants
Firm Regn. No. 004137S

K. Jayashankar
Partner
Membership No. 14156

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of EASUN REYROLLE LIMITED ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those

policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on the reports issued on internal controls over financial reporting, certain material weakness have been identified as at 31 March 2016 concerning design and implementation of internal control components, which as represented by the management are in the process of being remediated. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Opinion

In our opinion, except for the effects of material weakness described in the Basis for Qualified Opinion Paragraph, in all material respects, maintained adequate internal financial control over financial reporting and were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BRAHMAYYA & CO.,
Chartered Accountants
Firm Regn. No. 000511S

For R.SUBRAMANIAN & CO.,
Chartered Accountants
Firm Regn. No. 004137S

N. Srikrishna
Partner
Membership No. 26575

K. Jayashankar
Partner
Membership No. 14156

Place : Chennai
Date : 28th May, 2016

Balance Sheet as at 31st March, 2016



Rs. in Lakhs

Particulars	Note No.	For the Year ended 31st March 2016	For the Year ended 31st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	615.88	615.88
(b) Reserves and Surplus	3	15,526.93	19,535.23
		16,142.81	20,151.11
(2) Non-current Liabilities			
(a) Long-term borrowings	4	4,176.23	5,113.73
(b) Long-term Provisions	5	49.68	130.72
		4,225.91	5,244.45
(3) Current Liabilities			
(a) Short-term borrowings	6	17,724.47	12,932.42
(b) Trade payables	7	12,692.02	19,656.73
(c) Other current liabilities	8	8,468.78	7,047.28
(d) Short-term provisions	9	163.09	137.32
		39,048.36	39,773.75
Total		59,417.08	65,169.31
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	7,658.34	8,198.53
(ii) Intangible Assets		279.53	467.96
		7,937.87	8,666.49
(b) Non-Current Investments	11	15,502.10	15,502.10
(c) Long-term loans and advances	12	3,666.36	3,642.62
(d) Other Non current assets	13	181.79	116.75
		27,288.12	27,927.96
(2) Current Assets			
(a) Inventories	14	3,712.55	3,842.49
(b) Trade receivables	15	20,405.73	28,428.41
(c) Cash and Bank Balances	16	423.57	1,505.29
(d) Short-term loans and advances	17	7,551.17	3,394.64
(e) Other current assets	18	35.94	70.52
		32,128.96	37,241.35
Total		59,417.08	65,169.31

Significant Accounting Policies

1

The Notes referred to above form an integral part of the Financial Statements

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

Place : Chennai
Date : 28th May 2016

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran
Managing Director & CFO
DIN 00195354

Rakesh Garg
Director
DIN 00240379

Sudhir Anand
Head - Legal & Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2016

Rs. in Lakhs

Particulars		Note No.	For the Year ended 31st March 2016	For the Year ended 31st March 2015
1	Revenue from operations	19	3,503.61	6,241.42
2	Other income	20	669.42	696.33
3	Total Revenue (1+2)		4,173.03	6,937.75
4	Expenses			
	(1) Cost of Materials Consumed	21	2,043.15	4,161.96
	(2) Change in Inventory	22	60.36	(98.88)
	(3) Employee benefit expense	23	1,157.97	1,675.80
	(4) Finance costs	24	2,731.72	2,599.27
	(5) Depreciation and amortization expense	10	730.91	734.42
	(6) Other expenses	25	1,134.85	1,423.62
	Total expenses		7,858.96	10,496.19
5	Profit before exceptional and extraordinary items and tax (3-4)		(3685.93)	(3558.44)
6	Exceptional items		801.45	600.72
7	Profit before extraordinary items and tax (5-6)		(4487.38)	(4159.16)
8	Extraordinary Items		0.00	0.00
9	Profit before tax (7- 8)		(4487.38)	(4159.16)
10	Tax expense:			
	(1) Current tax		0.00	0.00
	(2) Deferred tax		0.00	(429.77)
	(3) MAT Credit Availment		0.00	0.00
11	Profit after tax for the year from continuing operations (09-10)		(4487.38)	(3729.39)
12	Earnings per equity share (in Rs)			
	(1) Basic (Face Value Rs.2 each fully paid up)		(14.57)	(12.66)
	(2) Diluted (Face Value Rs.2 each fully paid up)		(14.57)	(12.66)

Significant Accounting Policies

1

The Notes referred to above form an integral part of the Financial Statements

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran
Managing Director & CFO
DIN 00195354

Rakesh Garg
Director
DIN 00240379

Sudhir Anand
Head - Legal & Company Secretary

Place : Chennai
Date : 28th May 2016

Cash flow statement for the year ended 31st March, 2016

Pursuant to Section 133 of the Companies Act, 2013

Particulars	<i>Rs. in Lakhs</i>	
	For the Year ended 31st March 2016	For the Year ended 31st March 2015
A Cash flow from operating activities:		
Net profit before tax and extraordinary items	(4,487.38)	(4,159.16)
Adjusted for:		
Depreciation	730.91	734.42
Liquidated Damages adjusted by customers	107.69	-
Interest Expense	2,731.72	2,599.27
Interest Income	(74.92)	(155.63)
Unrealised loss on foreign exchange fluctuations	456.46	(391.78)
Operating profit before Working Capital changes	(535.52)	(1,372.88)
Changes in working capital		
Trade and other receivables	7,907.98	(867.40)
Inventories	129.94	578.23
Loans and Advances	(4,156.53)	(744.37)
Trade Payables and other Current Liabilities	(5,598.48)	2,153.06
Cash generated from operations	(2,252.61)	(253.36)
Direct Taxes	(34.76)	(44.20)
Net cash from operating activities	(2,287.37)	(297.56)
B Cash flow from Investing activities:		
Purchase of Fixed Assets	(3.12)	(393.61)
Interest received	74.92	155.63
Long term Loans and Advances	(11.02)	(130.97)
Margin Money Accounts and Deposits	1,098.14	629.41
Net cash from Investing activities	1,180.96	260.46
C Cash flow from financing activities:		
Proceeds of Rights Issue of Equity Shares	-	5,861.79
Increase / (Decrease) in Term Loans	(937.50)	(5,052.79)
Increase / (Decrease) in Short term borrowings	4,792.05	1,843.24
Interest paid	(2,731.72)	(2,599.27)
Net Cash from financing activities	1,122.83	52.97
Increase / (Decrease) in cash and cash equivalent	16.42	15.87
Cash and cash equivalent at the beginning of the year	100.77	84.90
Cash and cash equivalent at the close of the year	117.19	100.77
Reconciliation of Cash and Cash Equivalents		
Cash and Bank Balances as per Balance Sheet	423.57	1,505.29
Less: Margin Money Accounts considered as Investing Activity	279.13	803.03
Less: Fixed Deposits in Bank accounts considered in Investing Activity	9.92	576.92
Less: Unpaid Dividend Accounts	17.33	24.57
Cash and Cash Equivalents as per Cash Flow Statement	117.19	100.77

1. The above Cash Flow Statement has been prepared under the “Indirect method” as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Previous year’s figures have been regrouped/rearranged wherever necessary to conform to the current year’s presentations.

As per our Report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna

Partner
Membership No: 026575

For R SUBRAMANIAN & CO.

Chartered Accountants
Firm Regn No : 004137S

K Jayashankar

Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran

Managing Director & CFO
DIN 00195354

Rakesh Garg

Director
DIN 00240379

Sudhir Anand

Head - Legal & Company Secretary

Place : Chennai

Date : 28th May 2016

1 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued under the Companies (Accounting Standards) Rules 2014 and the relevant provisions of the Companies Act, 2013 as adopted consistently by the company. Revenues are recognised and expenses are accounted on their accrual, including provisions / adjustment for committed obligations and amounts determined as payable or receivable during the year.

Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. The actual results may differ from these estimates.

B. Revenue Recognition

Sale of goods and services is recognised on dispatch to customers or when the service has been provided. Income from turnkey projects is recognised on the Gross Billing exclusive of applicable sales/service taxes and based on work certified. Interests on deposits are recognised on time proportion basis taking into account the amount of deposit and interest. Export incentives such as DEPB benefits are recognized on exports of goods.

C. Fixed Assets and Intangibles

Fixed assets are stated at cost of acquisition inclusive of freight, duties, taxes and interest on borrowed capital allocated to and utilized for fixed assets upto the date of capitalization and other direct expenditure incurred on ongoing projects. Assets acquired on hire purchase are capitalised at gross value and interest thereon is charged to revenue.

Cost incurred on self generated intangibles which are separately identifiable are amortised over the useful life of the asset.

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets are capitalised till the month in which the asset is ready for its intended use. Other borrowing costs are recognised as expenses in the period in which these are incurred.

D. Depreciation

Depreciation on tangible assets has been provided on the carrying value of assets under straight line method in accordance with Schedule II of the Companies Act, 2013 adopting the useful for assets as specified there in and reckoning the residual value at 5% of the original cost of the asset.

Intangible Assets –Product development is depreciated @ 20% under Straight Line Method.

E. Inventories

- a) Inventories other than tools are valued at lower of cost or net realisable value. Cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present locations and condition. Cost is determined on weighted average basis.
- b) Tools are written off at cost less amortization. Amortizations of tools are made based on technical evaluation.

F. Foreign Currency Transactions

Transactions in foreign exchange are initially recognised at the rates prevailing on the date of transaction. Premium or discount arising at the inception of forward contract is amortized as income or expenses over the life of the contract. Exchange difference on such contracts is recognized in the reporting period in which the exchange rate changes.

All monetary assets and liabilities are restated at the balance sheet date using year end rates. Resultant exchange difference is recognized as income or expenses in that period.

G. Employee Benefits

The company's contributions to provident fund, a defined contribution scheme is charged to profit & loss account on accrual basis.

Liability for gratuity is funded with Life Insurance Corporation of India (LIC). Gratuity expense for the year has been accounted based on actuarial valuation determined under the projected credit unit method, carried out at the end of financial year. Actuarial gains/losses are recognised in full in the profit and loss account. The retirement benefit obligation recognised in the balance sheet represents the present value of defined benefit obligations adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reduction in future combinations to the scheme.

Superannuation Liabilities have been covered by Master Policies of Life Insurance Corporation of India under irrevocable trust. Annual premium on accrual basis are charged to profit & loss account.

Liability for encashment of leave considered to be long term liability is accounted for on the basis of an actuarial valuation as per revised AS-15. Provision for outstanding leave credits considered as short term liability is as estimated by the management. Other short term employee benefits like medical, leave travel etc are accrued based on the terms of employment on time proportion basis.

H. Investments

Long term investments are stated at cost less diminution in the value of investments that is other than temporary. Current Investments are carried at lower of cost and fair value. Overseas investments are converted on the date of transaction.

I. Expenditure

Subject to Note No.30 below, Revenue expenditure is charged as an expense in the year in which it is incurred. Capital Expenditure is included in fixed assets and depreciated at applicable rate.

Expenditure incurred towards selling expenses, is accounted as expenditure in proportion to the sale income recognised.

Expenditure incurred towards opening of Bank Guarantee in relation to turnkey project activities and others, the same is prorated over the life of the bank guarantee.

J. Warranty Claims and Liquidated Damages

Future liability towards warranty claims are estimated and provided for Liquidated damages are recognised in the books of accounts on actual crystallization.

K. Taxes on Income

Current taxes is determined as the amount payable in respect of taxable income for the period. Deferred tax is recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal of in one or more subsequent periods.

MAT Credit is recognized as an asset only when and to the extent there is a convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the Minimum Alternate Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as a MAT Credit Entitlement.

L. Customs and Excise duty

Excise duty on finished goods stock lying at the factory is accounted at the point of manufacture. Customs Duty on imported material lying in bonded warehouse is accounted for at the time of bonding of materials.

M. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in accounting standard 3, issued by Companies (Accounting Standards) Rules 2014.

N. Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not provided but disclosed in the notes to financial statements.

O. Impairment of Fixed Assets

The carrying amount is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever carrying amount exceeds recoverable amount.

P. Earnings per Share

The company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 on “Earnings per Share”. Basic EPS is computed by dividing the net profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti dilutive.

Notes to the Financial Statements

2. Share Capital

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
<u>Authorised Share Capital:</u>		
7,50,00,000 (7,50,00,000) Equity Shares of Rs.2 each	1,500.00	1,500.00
50,00,000 (50,00,000) Preference Shares of Rs.10 each	500.00	500.00
<u>Issued Share Capital:</u>		
3,07,94,991 (3,07,94,991) Equity Shares of Rs.2 each	615.90	615.90
<u>Subscribed and Paid up Capital:</u>		
3,07,94,141 (3,07,94,141) Equity Shares of Rs.2 each fully paid up	615.88	615.88
Total	615.88	615.88

2.1 Reconciliation of number of shares

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	No. of Shares held	Amount	No. of Shares held	Amount
Balance at the beginning of the year	30,794,141	615.88	20,807,014	416.14
Add: shares issued during the year	-	-	9,987,127	199.74
Less: Shares bought back during the year	-	-	-	-
Balance at the end of the year	30,794,141	615.88	30,794,141	615.88

2.2 Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company

Particulars	As at 31 st March 2016		As at 31 st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sowraj Investments Pvt Ltd	5,409,954	17.57%	5,409,954	17.57%
Easun Products of India Pvt Ltd	3,367,557	10.94%	3,367,557	10.94%
Easun Engineering Company Ltd	1,632,500	5.30%	1,632,500	5.30%
Sundaram Mutual Fund A/c Sundaram Smile Fund	1,819,515	5.91%	1,230,942	4.00%

3. Reserves and Surplus

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Capital Reserve		
Opening Balance	714.34	714.34
Add: Amount transferred on forfeiture of Share warrant	-	-
Less: Deductions	-	-
Closing Balance	714.34	714.34
Government Subsidy	40.42	40.42
Securities Premium Account		
Opening Balance	15,505.77	9,843.72
Add: Premium on Rights Issue	-	5,692.66
Less: Expenses for Rights Issue	-	30.61
Closing Balance	15,505.77	15,505.77
Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(1,110.07)	(727.95)
Add: Exchange Loss capitalised during the year	322.37	982.84
Less: Amortisation during the year	801.45	600.72
Closing Balance	(630.99)	(1,110.07)
General Reserve		
Opening Balance	9,546.39	9,546.39
Add: Transfer From Statement of Profit and Loss	-	-
Less: Deductions	-	-
Closing Balance	9,546.39	9,546.39
Surplus in Statement of Profit and Loss		
Opening Balance	(5,161.62)	(1,170.57)
Add: Transitional Depreciation Adjustment	-	(261.66)
Add: Profit for the year	(4,487.38)	(3,729.39)
Less: Proposed dividend	-	-
Less: Tax on Proposed dividend	-	-
Less: Transfer to General Reserve	-	-
	(9,649.00)	(5,161.62)
Total	15,526.93	19,535.23

4. Long Term Borrowings

Particulars	As at 31 st March 2016	As at 31 st March 2015
Secured Loans		
Foreign Currency Term loans From Banks		
DBS Bank - ECB (Refer 4.1)	-	937.50
Total (A)	-	937.50
Unsecured Loans		
Inter Corporate Deposits (Refer 4.3)	4,176.23	4,176.23
Total (B)	4,176.23	4,176.23
Total (A+B)	4,176.23	5,113.73

4.1 Security Clause Term Loans

Bank	Properties at	
	Hosur Factory: Land, Building and Plant & Machinery	Industrial Land and building at Harohalli, Kanakapura Taluk, Ramanagaram District
Axis Bank	Second Charge	First Charge
DBS Bank	Second Charge	First Charge
Standard Chartered Bank	Second Charge	First Charge

4.2 The details of Long Term Borrowings are as follows

Particulars	Repayment Start Date	O/s Amt as on 31st March 2016	Current Maturities	Interest Rate	Instalment Amount
<i>External Commercial Borrowings (Fully Un-Hedged)</i>					
Standard Chartered Bank Ltd (Repayable in 3 Half yearly Instalments) * (USD - 6.25 million) # @	Aug-12	1,628.00	1,628.00	4.35%	814.00
DBS Bank Ltd (Repayable in 5 Half yearly Instalments) (USD - 5.25 million) # @	Aug-12	2,519.25	2,519.25	4.35%	839.75
Total		4,147.25	4,147.25		1,673.75

* Amount varies as per the exchange rate on the date of repayment

O/s as on 31.03.2016

Delay in repayment of instalment which has been paid after 31st March 2016.

4.3 Unsecured Term Loan from Sowraj Investments Pvt. Ltd., and Easun Products of India Pvt. Limited do not carry any interest. The Company is making necessary efforts to repay this loan against business realisation.

5. Long-term provisions

Particulars	As at 31 st March, 2016	As at 31 st March 2015
Provision for employee benefits		
- Leave Encashment	29.38	54.30
- Gratuity	20.31	76.42
Total	49.68	130.72

6. Short-term borrowings

Particulars	As at 31 st March 2016	As at 31 st March 2015
Secured From Banks		
- Cash Credits facilities availed	17,724.47	12,932.42
Total	17,724.47	12,932.42

6.1 Working Capital

a. Primary Security

Hypothecation of entire current assets including stocks, receivables and other current assets of the Company on pari-passu basis favouring Axis Bank, DBS Bank, Standard Chartered Bank, Canara Bank and State Bank of India.

b. Collateral Security

Bank	Properties	
	Hosur Factory: Land, Building and Plant & Machinery	Industrial Land and building at Harohalli, Kanakapura Taluk, Ramanagaram District
Axis Bank	Second Charge@	First Charge#
DBS Bank	Second Charge@	First Charge#
Standard Chartered Bank	Second Charge@	First Charge#
Canara Bank	Second Charge@	Second Charge@
State Bank of India	First Charge#	Second Charge@

@ on pari-passu basis among Axis Bank, DBS Bank, Standard Chartered Bank and Canara Bank.

by way of primary security

7. Trade Payables

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Micro, Small and Medium Enterprises (Refer Note 7.1)	152.29	131.93
Other Enterprises	11,534.36	18,878.37
Related Parties	1,005.37	646.43
Total	12,692.02	19,656.73

7.1 Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars as at 31st March 2016 are furnished below.

Particulars	As at 31 st March 2016	As at 31 st March 2015
Principal Amount Due to Suppliers	152.29	131.93
Interest Accrued and due to the suppliers under MSMED Act, on the above amount	38.50	41.66
Payment made to suppliers (other than interest) beyond the appointed date	22.14	70.13
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	1.45	6.44
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	39.95	48.10

8. Other Current Liabilities

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
A. Secured		
Current Maturities of Long Term Debt:		
(a) Foreign Currency Term loans from Banks		
Standard Chartered - ECB (Refer 4.1)	1,628.00	2,343.75
DBS Bank - ECB (Refer 4.1)	2,519.25	1,406.25
(b) Rupee Term Loans from Banks		
Axis Bank (Refer 4.1)	-	158.56
Total A	4,147.25	3,908.56
B. Unsecured		
Sales Tax Deferral Scheme (Refer 8.1)	-	69.45
Interest Accrued and not due on borrowings	-	82.84
Interest Accrued and due on borrowings	1,014.31	164.40
Other Payables		
Employee Related	525.85	317.50
Expenses, Service & Contract Payables	193.34	-
Advances from Customers	2,083.64	1,855.64
Unpaid Dividend Payable	17.33	24.57
Statutory Dues Payables	487.07	624.32
Total B	4,321.53	3,138.72
Total (A+B)	8,468.78	7,047.28

8.1 The company has been sanctioned to avail interest free sales tax deferral scheme for an aggregate amount of Rs.69.45 lakhs by the Department of Sales tax, Government of Tamilnadu.

The same has been repaid in September, 2015 with interest.

9. Short-term provisions

Particulars	As at 31 st March 2016	As at 31 st March 2015
Provision for Employee Benefits		
Leave Encashment	14.79	6.96
Gratuity	22.89	-
Other Provisions		
Warranty Claim Reserve (refer 9.1)	125.41	130.36
Total	163.09	137.32

9.1 Warranty Claim Reserve

Particulars	As at 31 st March 2016	As at 31 st March 2015
At the beginning of the year	130.36	148.74
Created during the year	-	-
Utilised during the year	4.95	18.38
At the end of the year	125.41	130.36

Provision for warranties is estimated on past experience and technical estimates

Rs. in Lakhs

10. Fixed Assets

Particulars	Gross Block			Depreciation			Net Block			
	As at 1-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 1-Apr-15	For the year	Retained Earnings	Deletion	As at 31-Mar-16	As at 31-Mar-15
a) Tangible Assets										
Land	2.31	-	-	2.31	-	-	-	-	-	2.31
Land - Leasehold	998.98	-	-	998.98	-	-	-	-	-	998.98
Land - Hosur Residential Plots	4.29	-	-	4.29	-	-	-	-	-	4.29
Buildings	4,209.77	-	-	4,209.77	595.17	203.59	-	-	798.76	3,614.60
Buildings - Leasehold	5.26	-	-	5.26	2.50	0.18	-	-	2.68	2.76
Plant and Machinery	3,396.97	1.56	-	3,398.53	797.29	202.85	-	-	1,000.14	2,599.68
Electrical installation	610.87	-	-	610.87	324.66	60.94	-	-	385.60	286.21
Office equipments	511.17	-	-	511.17	438.73	8.03	-	-	446.76	72.44
Furniture	590.03	-	-	590.03	340.11	30.96	-	-	371.07	249.92
Vehicles	106.27	-	-	106.27	87.99	8.67	-	-	96.66	18.29
Computers	841.92	-	-	841.92	836.83	-	-	-	836.83	5.09
Research And Development										
Buildings	173.23	-	-	173.23	55.43	5.79	-	-	61.22	117.80
Plant and Machinery	445.94	1.56	-	447.50	220.53	21.16	-	-	241.69	225.41
Electrical installation/ Fittings	27.01	-	-	27.01	26.48	0.13	-	-	26.61	0.53
Office equipments	88.64	-	-	88.64	88.45	0.18	-	-	88.63	0.18
Computers	1.89	-	-	1.89	1.83	0.01	-	-	1.84	0.06
Total	12,014.53	3.12	-	12,017.65	3,816.01	542.49	-	-	4,358.49	8,198.54
Previous Year	11,977.88	36.67	-	12,014.55	2,984.61	569.74	261.66	-	3,816.01	8,993.27
b) Intangible Assets										
Technology Know-how	550.44	-	-	550.44	550.44	-	-	-	550.44	0.00
Non-compete fees	100.00	-	-	100.00	100.00	-	-	-	-	-
Intangible Asset - Product development	1,265.59	-	-	1,265.59	797.87	188.42	-	-	986.29	467.73
Computer Software	11.69	-	-	11.69	11.47	-	-	-	11.47	0.22
Total	1,927.72	-	-	1,927.72	1,459.78	188.42	-	-	1,648.19	467.95
Previous Year	1,832.43	95.29	-	1,927.72	1,295.09	164.69	-	-	1,459.78	537.34
Grand Total	13,942.25	3.12	-	13,945.37	5,275.79	730.91	-	-	6,006.68	8,666.49
Previous Year	13,810.31	131.96	-	13,942.27	4,279.70	734.43	261.66	-	5,275.79	9,530.61

11. Non-current investments

		<i>Rs. in Lakhs</i>	
Particulars	No. of Shares	As at 31 st March 2016	As at 31 st March 2015
Non Trade Investments - Unquoted (At Cost)			
In ERL International Pte Ltd- Singapore			
Equity Shares of USD 1 each fully paid up	300,000	118.68	118.68
7.5% Non cumulative redeemable convertible Preference Shares of USD 1 each fully paid up	9,700,000	5,146.82	5,146.82
Non cumulative redeemable convertible Preference Shares of USD 1 each fully paid up	22,000,000	10,236.60	10,236.60
Total		15,502.10	15,502.10

12. Long-term loans and advances

Particulars	As at 31 st March 2016	As at 31 st March 2015
Unsecured, Considered Good unless otherwise stated		
Capital Advances	200.72	200.72
Security Deposits and Earnest Money Deposits	184.53	199.85
Loans and advances to related parties	2,554.86	2,586.05
Prepaid expenses	40.64	-
Testing Charges to be amortized	-	5.16
Income Tax Refund Receivable (Net)	685.60	650.84
Total	3,666.36	3,642.62

13. Other non-current assets

Particulars	As at 31 st March 2016	As at 31 st March 2015
Deposits with Bank		
Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	181.79	116.75
Total	181.79	116.75

14. Inventory

Particulars	As at 31 st March 2016	As at 31 st March 2015
((Lower of Cost and estimated Net Realisable Value)		
Raw Materials and Components	2,282.08	2,430.18
Work In Progress	355.58	432.74
Finished Goods	421.89	405.09
Packing Materials	8.06	5.30
Stock in Transit - Raw Materials & Components	639.93	569.18
Stores and Spares	5.01	-
Total	3,712.55	3,842.49

15. Trade Receivables

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Unsecured, Considered Good unless otherwise stated		
Outstanding for a period exceeding six months	17,367.07	18,676.21
Other Receivables	2,019.01	8,487.97
Related Parties		
Outstanding for a period exceeding six months	866.40	785.36
Other Receivables	153.25	478.87
Total	20,405.73	28,428.41

16. Cash and Bank Balances

Particulars	As at 31 st March 2016	As at 31 st March 2015
Cash and cash equivalents		
Cash on Hand	93.21	98.60
Balances with banks in Current Accounts	23.98	2.17
Balances in Earmarked Accounts		
Unpaid Dividend Accounts	17.33	24.57
Bank Deposits		
Bank Deposits with maturity less than 3 months	-	567.00
Bank Deposits with maturity more than 3 months but less than 12 months	9.92	9.92
Margin Money Deposits		
Margin Money Deposits maturing after 12 months	181.79	116.75
Margin Money Deposits maturing within 12 months	279.13	803.03
Less: Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	181.79	116.75
Total	423.57	1,505.29

17. Short-term loans and advances

Particulars	As at 31 st March 2016	As at 31 st March 2015
Advance to suppliers	608.18	885.16
Advance to suppliers - Related Parties	624.19	795.55
Advance to Employees	13.98	51.52
Rental Advance	16.31	18.28
Prepaid Expenses	9.16	143.80
Other Receivables	5,485.09	703.69
Statutory Receivables (Input Credits)	794.25	796.64
Total	7,551.17	3,394.64

18. Other current assets
Rs. in Lakhs

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
Interest Accrued on Short term deposit	0.09	-
Interest Accrued on Bank Guarantee Margin	35.85	70.52
Total	35.94	70.52

19. Revenue from Operations

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
Sale of products (Refer 19.1)	3,456.32	6,265.30
Sale of services	179.34	253.76
Other operating revenues	9.69	10.98
	3,645.35	6,530.04
Less: Excise duty	141.74	288.62
Total	3,503.61	6,241.42

19.1 Sale of Products (net of Excise Duty except Projects) comprises of the following

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
Relays and Control Panels	2,913.19	3,392.51
Ring Main Units (RMU)	20.76	461.86
Switchgear	102.51	41.17
Projects	278.11	2,081.12
Add : Excise Duty	141.74	288.64
Total	3,456.32	6,265.30

20. Other Income

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
Interest Income	74.92	155.63
Realisation of Debts written off in earlier years	0.14	-
Foreign Exchange Gains	80.34	-
Trade Incentives	4.40	6.35
Miscellaneous Income	509.62	534.35
Total	669.42	696.33

21. Cost of Material Consumed

Particulars	Rs. in Lakhs	
	As at 31 st March 2016	As at 31 st March 2015
Opening Stock		
Raw Materials and Components	2,430.18	2,484.54
Add: Purchases	1,900.35	4,107.60
	4,330.53	6,592.14
Less: Closing Stock		
Raw Materials and Components	2,282.08	2,430.18
Total	2,043.15	4,161.96

22. Change in Work in Progress and Finished Goods

Particulars	As at	
	31 st March 2016	31 st March 2015
Opening Stock		
Finished Goods	405.09	444.71
Work in Progress	432.74	294.24
(A)	837.83	738.95
Less: Closing Stock		
Finished Goods	421.89	405.09
Work in Progress	355.58	432.74
(B)	777.47	837.83
Total (A-B)	60.36	(98.88)

23. Employee Benefits Expense

Particulars	As at	
	31 st March 2016	31 st March 2015
Salaries and Wages	1,005.20	1,441.23
Contribution to Provident and ESI funds	72.77	96.34
Staff Welfare Expenses	80.00	138.23
Total	1,157.97	1,675.80

24. Finance Costs

Particulars	As at	
	31 st March 2016	31 st March 2015
Interest		
Term Loans	217.51	171.65
Packing Credit and Others	122.83	181.95
Working Capital Loans	2,165.50	1,751.17
Other borrowing costs	225.88	494.50
Total	2,731.72	2,599.27

25. Other Expenses

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Consumption of Stores and Spares	28.43	53.78
Power & Fuel	71.69	78.79
Rent	68.14	94.48
Repairs to : Buildings	2.66	3.43
: Machinery	0.58	1.56
: Others	101.77	149.32
Insurance	29.35	30.69
Rates and taxes, excluding, taxes on income	79.85	68.09
Travel and Conveyance Expenses	110.19	183.87
Postage, Telephone and Telegram	16.49	36.02
Selling Expenses	12.52	30.77
Audit Fees : Audit	3.00	3.00
: For other services	6.00	6.00
: Out of Pocket Expenses	1.61	1.65
Professional Charges	66.52	21.46
Electricity Charges	3.44	4.35
Security Charges	48.59	54.77
Advertisement Expenses	3.16	3.26
Printing & Stationery	9.91	16.80
Bank Charges	210.17	340.71
Tools Written off	-	17.74
Service Charges	20.70	3.33
Foreign Exchange Loss / (Gain)	57.72	132.67
Liquidated Damages	107.69	-
Vehicle Hire Charges	15.65	22.23
Testing Charges	5.16	9.23
Trade Charges	22.15	25.74
Listing Fees	4.99	3.34
Water Charges	5.75	7.40
Recruitment Expenses	0.56	4.75
Other expenses	20.41	14.39
Total	1,134.85	1,423.62

26. Earnings Per Share

The earnings considered in ascertaining Earning per share comprise the profit after tax. The number of shares used in computing Basic Earning per share is the weighted average number of shares outstanding during the year as follows:

Particulars	2016	2015
Profit after tax	(4,487.38)	(3,729.39)
Number of Weighted average equity shares		
Basic	30,794,141	29,453,403
Effect of dilutive equity shares equivalent		
Share Warrants Outstanding	-	-
Foreign Currency Convertible Bond	-	-
	30,794,141	29,453,403
Face Value of Shares	2.00	2.00
Earnings per share before exceptional items		
Basic	(14.57)	(12.08)
Diluted	(14.57)	(12.08)
Earnings per share after exceptional items		
Basic	(14.57)	(12.66)
Diluted	(14.57)	(12.66)

27. Gratuity and Leave for AS 15 Disclosure

A Defined Benefit Plan:

(i) Gratuity (Funded)

In accordance with applicable laws, the company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all permanent employees. The gratuity plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the company. The company provides the gratuity benefit through annual contributions to a gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the gratuity trust. Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the trust.

(ii) Leave Encashment (Unfunded)

In accordance with applicable rules, the liability for leave encashment was actuarially valued and provided in the books of accounts, covering permanent employees.

B Defined Contribution Plan (Funded)

Provident Fund

All employees are entitled to provident fund benefits. For all categories of employees the company makes contributions to Regional Provident Fund Commissioners as per law.

Defined Benefit Plans - As per Actuarial Valuations
Rs in Lakhs

Particulars	Leave Encashment		Gratuity	
	2015-16	2014-15	2015-16	2014-15
1. Assumptions				
Interest rate	7.42%	8.50%	7.82%	8.00%
Salary Escalation	5.00%	5.00%	6.00%	8.00%
2. Change in benefit obligations				
Obligations at period beginning - Current	6.96	8.60	-	-
Obligations at period beginning - Non-current	54.30	59.56	289.24	341.65
Service Cost	3.93	4.31	15.29	16.82
Interest on Defined benefit obligation	4.54	4.70	21.84	22.47
Benefits settled	-	(18.87)	(19.85)	(44.73)
Actuarial (gain)/loss	(25.57)	2.97	68.88	13.86
Obligations at period end	44.16	61.27	375.40	350.07
Current Liability (within 12 months)	14.79	6.96	22.89	-
Non Current Liability	29.37	54.31	20.31	76.42
3. Change in plan assets				
Plans assets at period beginning, at fair value	-	-	327.24	288.83
Expected return on plan assets	-	-	24.81	29.38
Actuarial gain/(loss)	-	-	-	-
Contributions	-	-	-	-
Benefits settled	(18.87)	-	(19.85)	(44.67)
Plans assets at period end, at fair value	-	-	332.20	273.54
Funded Status				
Fair value of plan assets at the end of the year	-	-	332.20	273.54
Present value of defined benefit obligations	44.16	61.27	375.40	350.07
Liability recognized in the balance sheet	44.16	(61.27)	(43.20)	(76.53)
4. Table showing fair value of plan assets				
Fair value of plan assets at beginning of year	-	-	327.24	341.65
Actual return on plan assets	-	-	24.81	29.38
Contributions	-	-	-	0.94
Benefits Paid	(18.87)	-	(19.85)	(44.73)
Fair value of plan assets at the end of year	-	-	332.20	327.24
Funded status	-	-	43.20	38.01
Excess of Actual over estimated return on plan assets				
NIL				
(Actual rate of return=Estimated rate of return as				
ARD falls on 31st March)				
5. Actuarial Gain/Loss recognized				
Actuarial (gain)/ loss on obligations	(25.57)	2.97	68.88	13.86
Actuarial (gain)/ loss for the year - plan assets	-	-	Nil	Nil
Total (gain)/ loss for the year	(25.57)	2.97	68.88	13.86
Actuarial (gain)/ loss recognized in the year	(25.57)	2.97	68.88	13.86

Rs. in Lakhs

Particulars	Leave Encashment		Gratuity	
	2015-16	2014-15	2015-16	2014-15
6. The amounts to be recognized in the balance sheet and Statement of Profit and Loss				
Present value of obligations as at the end of year	44.16	-	375.40	289.24
Fair value of plan assets as at the end of the year	-	-	332.20	327.24
Funded status	(44.16)	(61.27)	43.20	272.36
Net asset/(liability) recognized in balance sheet	(44.16)	(61.27)	(43.20)	(76.53)
7. Expenses recognised in the Profit & Loss a/c for the year ended				
Service cost	3.93	4.31	15.29	16.82
Interest cost	4.55	4.70	21.84	22.47
Expected return on plan assets	-	-	(24.81)	(29.38)
Actuarial (gain)/loss	(25.57)	2.97	68.88	13.86
Expenses recognised in the Profit & Loss Account	(17.09)	11.98	81.20	23.77

28. Disclosure of AS 18 for the Year 2015-16

a) Details of transactions during the year 2015-16

Sl No	Particulars	Sowraj Investments Pvt Ltd	Easun Products of India Pvt Ltd	Key Mgmt Personnel	ERL International Pte Ltd	ERL Pacific (EDS)	ERLPhase Power Technologies Ltd	Switchcraft GMBH	ERL Marketing Intl. FZE	Grand Total
1	Sale of Goods							16.85 (76.50)	298.87 (682.50)	315.73 (759.00)
2	Purchase of Goods						481.26 (139.90)	- (10.34)	- (6.67)	481.26 (156.91)
3	Rendering of Services Reimbursement of Expenses				- (3.09)		- (312.48)		16.37 -	16.37 (315.57)
	Un-Secured Loan				- (330.76)					- (330.76)
	Interest on Loan advanced									
4	Availing of Services Reimbursement of Expenses									
	Loan borrowed									
	Loan repayment	- (2,331.62)	- (649.00)							- (2,980.62)
	Interest on Loan borrowed									
5	Advance against Purchase					- (20.42)				- (20.42)
6	Directors remuneration			51.00 (48.00)						51.00 (48.00)

b) Details of outstandings in respect of Related Parties

S. No.	Names of Related Parties	Outstanding as on 31/03/2016	Maximum Amount due during the year	Outstanding as on 31/03/2015	Maximum Amount due during the year
1	Easun Products of India P Ltd	7.07	7.07	(1,314.34)	(1,944.70)
2	Sowraj Investment P Ltd	(12.27)	(12.27)	(2,861.88)	(5,193.50)
3	ERL Phase Power Technologies Ltd	405.40	(921.10)	(41.42)	(337.98)
4	ERL International Pte Ltd	2,086.44	2,086.44	2,109.60	2,109.60
5	ERL Marketing International FZE	65.09	(232.10)	1,247.06	1,101.40
6	Switchcraft GmbH	241.19	241.19	795.55	762.50
7	ERL Pacific (EDS)	-	-	20.42	20.42
8	Easun MR Tap Changers P Ltd	2.25	2.25	2.25	2.25
9	Directors :				
	Hari Eswaran	(34.36)	(34.36)	(28.75)	(28.75)
	Raj H Eswaran	(58.12)	(58.12)	(39.66)	(39.66)
	Dr W S Jones	(2.16)	(2.16)	(1.62)	(1.62)
	Rakesh Garg	(8.27)	(8.27)	(7.15)	(7.15)
	J D N Sharma	(5.95)	(5.95)	(5.95)	(5.95)
	Raman M	(0.05)	(0.05)	(0.05)	(0.05)

29. Contingent Liabilities and Commitments

Rs. in Lakhs

A.	Contingent Liabilities	As at 31 March 2016	As at 31 March 2015
1	Letters of Credit opened by Bank for purchase of raw materials and components	1,722.21	2,111.30
2	Counter Guarantee given to bankers in respect of Guarantees given by them	-	11,381.66
3	Bonds executed in favour of President of India for import of material at concessional rate of duty	8.95	8.95
4	Sales effected under CST - liability towards submission of C Forms	988.80	745.60
5	Disputed amounts of Income Tax		
	Assessment year		
	2003-04 - Paid	47.85	47.85
	2004-05 - Paid	26.13	26.13
	2006-07 - Paid	55.42	55.42
	2008-09 - Paid	306.33	306.33
	2009-10 - UnPaid	525.00	525.00
	2010-11 - Unpaid	2,274.16	178.18
	2011-12- Unpaid	188.12	-
	2012-13- Unpaid	199.18	-

Rs. in Lakhs

6	Disputed amount of Sales Tax		
	<u>Karnataka</u>		
	FY 2009-10 (Rs.3.00 Paid, Rs. 17.62 Unpaid)	20.62	20.62
	<u>Tamil Nadu</u> (Unpaid)		
	FY 2006-07 (Rs.19.21 - Paid, Rs.18.77 Unpaid)	37.98	37.98
	FY 2007-08	8.38	8.38
	FY 2008-09	29.63	29.63
	FY 2009-10	30.44	30.44
	FY 2010-11	144.43	144.43
	FY 2011-12	337.06	337.06
	<u>TN VAT - Enforcement</u>		
	FY 2010-11	-	11.97
	FY 2011-12	-	17.69
7	Disputed Customs Duty paid under protest	66.38	66.38
8	Disputed VAT Demand of West Bengal for FY 2009-10 - Unpaid	6.18	6.18
B.	Capital Commitment		
	Estimated amount of capital commitment on account of Fixed Assets	-	115.20

30. The Company has incurred expenditure aggregating to Rs. NIL during the year (Rs.95.29 lakhs) on development of products. The expenditure has been capitalised and carried in the financial statements under the head Intangible Asset Product Development as on 31st March 2016. Based on the process of establishing the technical and economic feasibility of the product, the management is confident that the products developed would be commercially viable and there is no uncertainty regarding the establishment of feasibility of the product. Management believes that the expenditure capitalized is in the nature of development costs and can be capitalized as per AS 26 “Intangible Assets” and its carrying value is appropriate.
31. a) In respect of company’s operations which includes execution of the turnkey projects. These turnkey projects significantly involve supply of equipment dealt with by the company in the ordinary course of operations. The activities that are additionally carried out while executing the turnkey projects are in the nature of civil construction and erection services which are significantly less when compared with the overall project value. No information is furnished in terms of segment reporting in as much the project execution essentially involves supply of Transmission and Distribution equipment manufactured by the company carrying similar risks and rewards which are not different from main products.
- b) Revenue from operations includes invoicing on customers towards execution of turnkey projects. These turnkey project invoicing is predominantly milestone associated and is independent of customer acceptance of agreement, Revenue recognised in this regard with appropriate provision for anticipated procurement / cost of manufacturing components the outcome of eventual acceptability of the claims of the company is ascertained at the closure of the respective project and is accounted accordingly.

32. Personnel expenses and other expenses are net off recovery of overheads from direct and indirect overseas subsidiaries amounting to Rs. NIL (Rs.NIL) and net off product development expenses Rs. NIL (Rs.95.29 lakhs).
33. Reconciliation of Excise and Service Tax Records / VAT Records with the Financial Records are under Progress. Adjustments if any which may arise are not ascertainable and would be carried out in the Books upon completion of Reconciliation.
34. Trade Receivables includes an amount of Rs.1,224.75 lakhs (Rs.1,191.69 lakhs) being the Liquidated Damages recovered by some customers. The Company is in the process of recovering the said amount and pending recovery, no provision is considered in the accounts towards Liquidated Damages. During this financial year Rs.0.14 Lakhs (Rs.59.50 Lakhs) recovered from Customers against written off in earlier years has been adjusted against Liquidated Damages recoverable.
35. Trade Receivables includes an amount of Rs.487.52 lakhs (Rs.626.88 Lakhs) being the outstanding from Foreign Debtors for more than One Year. The Company is in the process of getting necessary approval from Reserve Bank of India towards extension of time limit for collection. Out of which Rs. Nil (Rs.509.85 Lakhs) received subsequently.
36. The Company has made an investment of Rs.15,502.10 lakhs in its wholly owned subsidiary at Singapore and for onward investment into its wholly owned subsidiaries. Considering the long term nature of investment and future plans of the management, no provision towards any impairment of investment is considered necessary as the management is of the opinion that this investments represents appropriate carrying value.
37. The Ministry of Corporate Affairs (MCA) vide Para 46 of AS11 has relaxed the requirement of the immediate debit / credit of Foreign Exchange translation differences on long term foreign currency monetary items to the Statement of Profit & Loss till 31st March 2020. Further the MCA inserting a new para 46A in AS11 allowed Companies to defer foreign exchange translation differences on long term foreign currency monetary items for entities which had not opted for such relaxation earlier. The Company during the financial year 2012-13 has opted for the relaxation as given in Para 46A and has deferred an amount of Rs.721 lakhs being the foreign exchange difference on long term external commercial borrowing from Standard Chartered Bank. The amount would be written-off over the period of 3 years, being the loan tenure. During the financial year 2015-16, the Company has written off Rs.801.45 lakhs towards loss on foreign exchange and reinstated the liability by Rs.322.37 lakhs.
38. **Operating Lease**
The Company has entered into operating lease arrangements for its office facilities. These leases are for a period ranging from 1 to 5 years with an option to the Company for renewing at the end of the initial term. Rental expenses for operating leases included in the income statement for the year is Rs.68.14 lakhs (Rs.94.48 lakhs).

39. Valuation of Imports of CIF Basis

Rs. in Lakhs

Particulars	2016	2015
Components and Spare parts including in transit	836.95	428.67

40. Expenditure in Foreign Currencies

Rs. in Lakhs

On account of	2016	2015
Travelling expenses and others	9.84	18.91

41. Earnings in Foreign Exchange on account of Export on
Rs. in Lakhs

Particulars	2016	2015
FOB Value Basis	526.06	844.27

42. Value of Raw Materials, Spare Parts and Components Consumed
Rs. in Lakhs

Particulars	2016		2015	
	Value Rs.	% to Total Consumption	Value Rs.	% to Total Consumption
Indigenous	1,450.05	71.16	3,260.81	78.35
Imported	587.80	28.84	901.15	21.65
Total	2,037.85	100.00	4,161.96	100.00

43. Derivative Instruments and Unhedged Foreign Currency Exposure
Unhedged Foreign Currency Exposure

Particulars	Currency	31-Mar-16	31-Mar-15
"ECB Loan (Standard Chartered Bank)"	USD	24.54	75.00
"ECB Loan (DBS Bank)"	USD	37.98	40.55

Particulars	Currency	31-Mar-16	31-Mar-15
Payable	AUD	0.43	0.52
Payable	GBP	0.10	0.43
Payable	USD	30.58	22.58
Receivable	THB	0.00	23.39
Receivable	EURO	5.60	12.87
Receivable	USD	8.30	15.61

44. The value of inventory pertaining to the "Metering Business" amounting to Rs.215.41 lacs is continued to be carried at cost despite no activity in the business for considerable period and realisable value has not been ascertained consequently the impact on the financial statements is not quantifiable.

45. In respect of certain turnkey contracts which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs.4,603.99 lacs has been shown recoverable from parties in respect of which negotiation with customers are stated to be in progress. Pending the outcome of negotiations no adjustment in the financial statements has been made.

46. Confirmation of balance has not been obtained from some of the supply creditors and debtors to certain parties to whom the Company has given advances.

47. The Company has applied for the extension of time limit under FEMA rules for material advances given to the associate enterprises amounting Rs.624.19 lakhs as on 31st March 2016.
48. As a matter of prudence, the Deferred Tax Assets arising predominantly on account of Carry over of Business Loss is not recognised in the books of account in line with Accounting Standard 22 “Taxes on Income”.
49. Previous year’s figures have been re-grouped / re-classified, wherever necessary to conform to the current year’s presentation.

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

Place : Chennai
Date : 28th May 2016

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran Managing Director & CFO DIN 00195354	Rakesh Garg Director DIN 00240379
-----------------------------------------------------------------	------------------------------------------------

Sudhir Anand
Head - Legal & Company Secretary

Independent Auditor's Report on Consolidated Financial Statements

To the Members of EASUN REYROLLE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **EASUN REYROLLE LIMITED** (hereinafter referred to as 'the Holding Company') and its subsidiary (the Holding Company and its subsidiaries together referred to as 'the Group') which comprise of the Consolidated Balance Sheet as at 31st March 2016, Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

Attention is invited to

- a) Note No. 47 to the financial statement with regard to balances due from and due by the company towards debtors and creditors including debit balances in creditor accounts and credit balances in debtors accounts, in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent reconciliations, including differences on account of netted off of balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable.
- b) Note No. 32 to the financial statement in respect of projects under Turn-key basis undertaken by the company, we have relied upon the management's estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities and on the projections of revenues expected from projects and realisability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2016; and
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, your attention is drawn to the following:

- a) Note No. 35 to the financial statement with regard to Liquidated Damages recovered by the customers of Turnkey projects from running bills amounting to Rs. 1224.75 lakhs, is under negotiations with customers seeking waiver of the same. Pending the outcome of the same the Liquidated Damages so levied have not been provided for.
- b) Note No. 36 to the financial statements with regard to pending approval of RBI towards extension of time limit as stipulated in the FEMA Regulations in respect of dues from the foreign customers amounting to Rs. 487.52 lakhs due for more than 1 year.
- c) Note No. 46 to the financial statement in respect of certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs.4603.99 lakhs (Net) has been shown recoverable from parties in respect of which negotiations with the customers are stated to be in progress. Pending the outcome of negotiations no adjustment in the financial statements has been made.
- d) Note No. 45 to the financial statement in respect of value of inventory pertaining to the 'Metering Business' amounting to Rs. 215.41 lakhs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment of alternative markets for utilizing the inventories, the realizable value has not been ascertained, consequently the impact on the financial statements is not quantifiable.
- e) Note No. 48 to the financial statements with regard to pending compliance under Foreign Exchange Management Rules in respect of extension of time limit for receipt of material on advance to Associate Enterprise to the extent of Rs. 624.19 lakhs.
- f) Unpaid Statutory dues amounting to Rs. 487.07 lakhs, the consequential penalties and interest thereon are not provided for and the amount is not quantifiable.

Other Matters

We did not audit the financial statement of a subsidiary ERL International Pte Limited and its fellow subsidiaries, whose financial statements reflect total assets of **Rs.49466.81**

Lakhs and net assets of Rs.23273.46 Lakhs as at 31st March 2016, total revenue of Rs.6419.03 Lakhs. These financial Statements and other financial information have been prepared by the management and as informed by the management they are currently under audit and our opinion is solely based on such management accounts. We are unable to comment on the adjustment that may have been required to the consolidated financial results, had such consolidated accounts been audited. In our opinion and according to the information and explanations given to us by the Management, these financial statements are material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations from Holding Company, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Holding Company so far as appears from our examination of those books;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate companies, none of the directors of the Group companies and its associate companies are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A.

- (g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audits and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:-
- (h) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate companies. Refer Note No. 30 to the consolidated financial statements.
- (i) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- (j) The amounts required to be transferred to the Investor Education and Protection fund by the Company have been transferred.

As per our Report of even date annexed

For BRAHMAYYA & CO.

Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna

Partner
Membership No: 026575

Place : Chennai

Date : 18th August 2016

For R SUBRAMANIAN & CO.

Chartered Accountants
Firm Regn No : 004137S

K Jayashankar

Partner
Membership No: 014156

Annexure - A to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of **EASUN REYROLLE LIMITED** ("the Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company as there are no subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed

to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on the reports issued on internal controls over financial reporting, certain material weakness have been identified as at 31 March 2016 concerning design and implementation of internal control components, which as represented by the management are in the process of being remediated. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the effects of material weakness described in the Basis for Qualified Opinion Paragraph, in all material respects, maintained adequate internal financial control over financial reporting and were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

Place : Chennai
Date : 18th August 2016

Consolidated Balance Sheet as at 31st March, 2016

		<i>Rs. in Lakhs</i>	
Particulars	Note No.	As at 31 st March 2016	As at 31 st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2	615.88	615.88
(b) Reserves and surplus	3	11,724.75	15,306.85
		<u>12,340.63</u>	<u>15,922.73</u>
(2) Non-current liabilities			
(a) Long-term borrowings	4	3,238.29	5,234.34
(b) Other Long term Liabilities	5	954.67	866.75
(c) Long-term provisions	6	49.68	130.71
		<u>4,242.65</u>	<u>6,231.80</u>
(3) Current liabilities			
(a) Short-term borrowings	7	18,051.37	13,121.58
(b) Trade payables	8	13,193.41	21,858.12
(c) Other current liabilities	9	9,016.99	7,522.52
(d) Short-term provisions	10	650.72	582.47
		<u>40,912.48</u>	<u>43,084.69</u>
TOTAL		<u>57,495.76</u>	<u>65,239.22</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible Assets	11	10,025.55	10,580.44
(ii) Intangible Assets		10,122.68	11,432.50
		<u>20,148.23</u>	<u>22,012.94</u>
(b) Long-term Loans and Advances	12	1,231.71	1,056.57
(c) Other Non Current Assets	13	181.79	116.75
		<u>21,561.73</u>	<u>23,186.26</u>
(2) Current assets			
(a) Inventories	14	6,343.53	6,420.12
(b) Trade Receivables	15	20,706.55	28,333.34
(c) Cash and Bank Balances	16	631.87	1,869.30
(d) Short-term Loans and Advances	17	8,177.07	5,320.62
(e) Other Current Assets	18	35.94	70.52
(f) Current Investments	19	39.06	39.06
		<u>35,934.03</u>	<u>42,052.96</u>
TOTAL		<u>57,495.76</u>	<u>65,239.22</u>

Significant Accounting Policies

1

The accompanying other explanatory information are integral part of the Financial Statements

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran
Managing Director & CFO
DIN 00195354

Rakesh Garg
Director
DIN 00240379

Sudhir Anand
Head - Legal & Company Secretary

Place : Chennai
Date : 18th August 2016

Consolidated Statement of Profit and Loss for the year ended 31st March 2016

Rs. in Lakhs

Particulars	Note No.	Year ended 31 st March 2016	Year ended 31 st March 2015
1 Revenue from operations	20	9,288.37	11,793.10
2 Other Income	21	678.31	865.34
3 Total Revenue (1+2)		9,966.69	12,658.44
4 Expenses			
(1) Cost of Materials Consumed	22	2,139.86	5,616.96
(2) Change in Inventory	23	1,771.62	(494.75)
(3) Employee benefits expense	24	2,967.38	4,257.21
(4) Finance Costs	25	2,798.86	2,645.15
(5) Depreciation and amortization expense	11	1,942.42	2,051.47
(6) Other expenses	26	2,384.32	2,747.96
Total expenses		14,004.46	16,824.00
5 Profit before exceptional and extraordinary items and tax (3-4)		(4,037.77)	(4,165.56)
6 Exceptional items		801.45	600.72
7 Profit before extraordinary items and tax (5-6)		(4,839.22)	(4,766.28)
8 Extraordinary Items		-	-
9 Profit before tax (7- 8)		(4,839.22)	(4,766.28)
10 Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	(429.77)
11 Profit after tax for the year (9-10)		(4,839.22)	(4,336.51)
(-) Minority Interest		-	(287.85)
12 Profit/(loss) from discontinuing operations		-	-
13 Tax expense of discontinuing operations		-	-
14 Profit/(loss) from Discontinuing operations (after tax) (12-13)		-	-
15 Profit after tax for the year (11+14)		(4,839.22)	(4,048.66)
16 Earnings per equity share (in Rs)			
(1) Basic (Face Value Rs.2 each)		(15.71)	(13.75)
(2) Diluted (Face Value Rs.2 each)		(15.71)	(13.75)

Significant Accounting Policies

1

The accompanying other explanatory information are integral part of the Financial Statements

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

For and on behalf of Board of Directors

Raj H Eswaran
Managing Director & CFO
DIN 00195354

Rakesh Garg
Director
DIN 00240379

N Sri Krishna
Partner
Membership No: 026575

K Jayashankar
Partner
Membership No: 014156

Sudhir Anand
Head - Legal & Company Secretary

Place : Chennai
Date : 18th August 2016

Consolidated Cash flow Statement for the year ended 31st March, 2016

Rs. in Lakhs

Particulars	Year ended 31 st March 2016	Year ended 31 st March 2015
A Cash flow from operating activities:		
Net profit before tax and extraordinary items	(4,839.22)	(4,766.28)
Adjusted for:		
Depreciation	1,942.42	2,051.47
Liquidated Damages adjusted by Customers	107.69	-
Interest Expense	2,798.86	2,645.15
Interest Income	(76.99)	(320.46)
Loss on Foreign Exchange Fluctuations	4,604.77	138.27
Operating profit before Working Capital changes	4,537.53	(251.85)
Changes in Working Capital		
Trade and other receivables	4,175.72	(641.89)
Inventories	76.59	63.47
Loans and Advances	(2,856.45)	(3,775.95)
Trade Payables and other Current Liabilities	(7,183.02)	3,090.15
Cash generated from operations	(1,249.64)	(1,516.07)
Direct Taxes	(34.76)	(44.19)
Net cash from operating activities	(1,284.40)	(1,560.26)
B Cash flow from Investing activities:		
Purchase of Fixed Assets	(77.68)	(2,160.28)
(Increase) / Decrease in capital work in progress	-	-
Interest received	76.99	320.46
Long term Loans and Advances	(175.14)	517.52
Margin Money Accounts and Deposits	1,184.75	629.41
Sale of Fixed Assets	-	3,008.45
Net cash from Investing activities	1,008.92	2,315.56
C Cash flow from financing activities:		
Proceeds of Rights Issue of Equity Shares	-	5,861.79
Increase / (Decrease) in Term Loans	(1,996.05)	(5,110.54)
Increase / (Decrease) in Short term borrowings	4,929.79	1,296.13
Increase / (Decrease) in Other Long Term Liabilities	87.92	-
Interest paid	(2,798.86)	(2,645.15)
Net Cash from financing activities	222.80	(597.77)
 Increase / (Decrease) in cash and cash equivalent	 (52.68)	 157.53
Cash and cash equivalent at the beginning of the year	378.17	220.64
Cash and cash equivalent at the close of the year	325.49	378.17
 Reconciliation of Cash and Cash Equivalents		
Cash and Bank Balances as per Balance Sheet	631.87	1,869.30
Less: Margin Money Accounts considered as Investing Activity	279.13	803.03
Less: Fixed Deposits in Bank accounts considered in Investing Activity	9.92	663.53
Less: Unpaid Dividend Accounts	17.33	24.57
Cash and Cash Equivalents as per Cash Flow Statement	325.49	378.17

1. The above Cash Flow Statement has been prepared under the “Indirect method” as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Previous year’s figures have been regrouped/rearranged wherever necessary to conform to the current year’s presentations.

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

Place : Chennai
Date : 18th August 2016

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran Managing Director & CFO DIN 00195354	Rakesh Garg Director DIN 00240379
-----------------------------------------------------------------	------------------------------------------------

Sudhir Anand
Head - Legal & Company Secretary

1 . Significant Accounting Policies:

a) Basis of Accounting

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued under the Companies (Accounting Standards) Rules 2014 and the relevant provisions of the Companies Act, 2013 as adopted consistently by the company. Revenues are recognised and expenses are accounted on their accrual, including provisions / adjustment for committed obligations and amounts determined as payable or receivable during the year.

b) Revenue recognition

Sale of goods and services is recognized on dispatch to customers or when the service has been provided. Income from turnkey projects is recognized on the Gross Billing exclusive of applicable sales/service taxes and based on work certified. Interests on deposits are recognized on time proportion basis taking into account the amount of deposit and interest. Export incentives such as DEPB benefits are recognized on exports of goods. In respect of subsidiary company, Interest income is recognized on effective interest rates.

c) Translation of Foreign Currency Statements

The Translation of foreign operations is done in accordance with Accounting Standard 11 (revised) “The Effects of Changes in Foreign Exchange Rates”. Accordingly, the financials of non-integral operations has been translated at the rates prevailing on the date of Balance Sheet. The resulting exchange difference arising on conversion are accumulated under “Foreign Currency Translation Reserve”.

d) Principles of Consolidation

(i) Consolidated Financial Statements related to Easun Reyrolle Limited, Chennai and its Subsidiary companies.

(ii) The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statements of the Company and its subsidiaries (Group) have been prepared on a line by line consolidation by adding the Book value of like items of Assets, Liabilities, Income and Expenses as per respective audited financial statements of the respective companies in accordance with Accounting Standard 21 - “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s individual financial statement.
- Intragroup balances, intragroup transactions and resulting unrealised profits have been eliminated.

(iii) - The Subsidiary Companies considered in the Consolidated Financial Statement are:

Name of the Company	Country of Incorporation	Proportion of ownership interest / voting power	Reporting date	Difference in reporting date	Remarks
1. ERL International Pte Ltd.	Singapore	100%	31-Mar-16	-	Direct subsidiary
2. ERLPhase Power Technologies Ltd	Canada	100%	31-Mar-16	-	Subsidiary of ERL International Pte. Ltd
3. ERL Marketing International FZE	Sharjah, UAE	100%	31-Mar-16	-	Subsidiary of ERL International Pte. Ltd
4. ERL Switchcraft Pte Ltd	Singapore	80%	31-Mar-16	-	Subsidiary of ERL International Pte. Ltd
5. Switchcraft Limited	Hongkong, China	80%	31-Mar-16	-	Subsidiary of ERL Switchcraft Pte. Ltd
6. Switchcraft Europe GMBH	Germany	80%	31-Mar-16	-	Subsidiary of ERL Switchcraft Pte. Ltd
7. ERL Pacific Pty Ltd	Australia	82%	31-Mar-16	-	Subsidiary of ERL International Pte. Ltd

- (iv) Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interest which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the company have been recovered.
- v) The group applies a policy of treating transactions with minority interest as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognized as goodwill.
- vi) The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March.
- vii) The loss attributable to the Minority Shareholders is restricted to their Equity and the excess loss has been provided in the books of accounts.
- e) Fixed assets, Intangibles and Depreciation
 - Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.
 - Intangible Asset relating to Deferred Development expenditure of Subsidiary will be amortised over the estimated useful life upon completion of the individual projects.

Depreciation on tangible assets has been provided on the carrying value of assets under straight line method in accordance with Schedule II of the Companies Act, 2013 adopting the useful for life assets as specified there in and reckoning the residual value at 5% of the original cost of the asset.
- f) Other Significant Accounting Policies

These are set out in the Notes to the Accounts of the Financial Statements of the Company and its Subsidiary.
- g) Inventories

In the case of subsidiary company, raw materials and supplies are stated at the lower of cost and replacement cost. Cost is primarily determined on First-in first-out basis. Finished goods are stated at lower of average cost and net realizable value.
- h) Taxation

Current taxes is determined as the amount payable in respect of taxable income for the period. Deferred tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal of in one or more subsequent periods. In the case of subsidiary companies, tax liability is recognized in accordance with the applicable local laws.
- i) Provisions

In the case of subsidiary companies, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of the money and the risks specific to the obligation. The increase in provision due to passage of time is recognized in the income statement as interest expense.

Notes to the Financial Statements

2. Share Capital

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Authorised Share Capital:		
7,50,00,000 (PY : 7,50,00,000)		
Equity Shares of Rs.2 each	1,500.00	1,500.00
50,00,000 (PY : 50,00,000)		
Preference Shares of Rs.10 each	500.00	500.00
Issued Share Capital:		
3,07,94,991 (PY : 3,07,94,991)		
Equity Shares of Rs.2 each	615.90	615.90
Subscribed and Paid up Capital:		
3,07,94,141 (PY : 3,07,94,141)		
Equity Shares of Rs.2 each fully paid up	615.88	615.88
Total	615.88	615.88

2.1 Reconciliation of number of shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	Amount	No. of Shares held	Amount
Balance at the beginning of the year	30,794,141	615.88	20,807,014	416.14
Add: shares issued during the year	-	-	9,987,127	199.74
Less: Shares bought back during the year	-	-	-	-
Balance at the end of the year	30,794,141	615.88	30,794,141	615.88

3. Reserves and Surplus

Particulars	As at 31 st March 2016	As at 31 st March 2015
Capital Reserve		
Opening Balance	(505.98)	714.34
Add: Amount transferred on forfeiture of Share warrant	-	-
Less: Deductions	1,881.20	(1,220.32)
Closing Balance	1,375.22	(505.98)
Government Subsidy	40.42	40.42
Securities Premium Account		
Opening Balance	15,505.77	9,843.72
Add: Amount transferred on allotment of ESOPs	-	-
Add: Premium on Rights Issue	-	5,692.66
Less: Expenses for Rights Issue	-	30.61
Closing Balance	15,505.77	15,505.77

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(1,110.07)	(727.95)
Add: Exchange Loss capitalised during the year	322.37	982.84
Less: Amortisation during the year	801.45	600.72
Closing Balance	(630.99)	(1,110.07)
General Reserve		
Opening Balance	9,546.39	9,546.39
Add: Transfer From Statement of Profit and Loss	-	-
Less: Deductions		
Closing Balance	9,546.39	9,546.39
Foreign Currency Translation Reserve:		
Opening Balance	2,710.97	2,191.83
Add: Reserves for the year	(1,103.16)	519.14
Closing Balance	1,607.81	2,710.97
Surplus in Statement of Profit and Loss		
Opening Balance	(10,880.65)	(5,255.46)
Add: Retained Earnings-Depreciation	-	(261.64)
Add: Profit for the year	(4,839.22)	(4,336.51)
Less: Proposed dividend	-	-
Less: Tax on Proposed dividend	-	-
Less: Transfer to General Reserve	-	-
Less: Minority Interest	-	(1,027.04)
	(15,719.87)	(10,880.65)
Total	11,724.75	15,306.85

4. Long Term Borrowings

Particulars	As at 31 st March 2016	As at 31 st March 2015
Secured Loans		
Foreign Currency Term loans From Banks		
Standard Chartered - ECB (Refer 4.1)	-	120.63
DBS Bank - ECB (Refer 4.1)	-	937.50
External Commercial Borrowings (Refer 4.1)	-	1,058.13
Total (A)	-	1,058.13
Unsecured Loans		
Inter Corporate Deposits	3,238.29	4,176.21
Total (B)	3,238.29	4,176.21
Less: Current maturities of Long Term Borrowings		-
Total (A+B)	3,238.29	5,234.34

Notes

4.1 Security Clause

Term Loans

Bank	Properties at	
	Hosur Factory: Land, Building and Plant & Machinery	Industrial Land, and building at Harohalli, Kanakapura Taluk, Ramanagaram District
Axis Bank	Second Charge	First Charge
DBS Bank	Second Charge	First Charge
Standard Chartered Bank	Second Charge	First Charge

4.2 The details of Long Term Borrowings are as follows

Rs. in Lakhs

Particulars	Repayment Start Date	O/s Amt as on 31st March 2016	Current Maturity	Interest Rate	Instalment Amount
External Commercial Borrowings					
(Fully Un-Hedged)					
Standard Chartered Bank Ltd (Repayable in 3 Half yearly Instalments) * (USD - 6.25 million) # @	Aug-12	1,628.00	1,628.00	4.35%	814.00
DBS Bank Ltd (Repayable in 5 Half yearly Instalments) (USD - 5.25 million) # @	Aug-12	2,519.25	2,519.25	4.35%	839.75
Total		4,147.25	4,147.25		1,673.75*

* Amount varies as per the exchange rate on the date of repayment

Outstanding as on 31 March 2016

@ Delay in repayment of instalment which has been paid after 31st March 2016.

5 Other Long Term Liabilities

Rs. in Lakhs

Particulars	As at 31st March 2016	As at 31st March 2015
Long Term Loans and Advances		
- Loans to Others	954.67	866.75
- Loans to Subsidiary		-
Total	954.67	866.75

6 Long-term provisions

Rs. in Lakhs

Particulars	As at 31st March 2016	As at 31st March 2015
Provision for employee benefits		
- Leave Encashment	29.37	54.30
- Gratuity	20.31	76.41
Total	49.68	130.71

7. Short-term borrowings

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Secured from Banks		
- Cash Credits facilities availed	18,051.37	13,121.58
- Buyers credit	-	-
Total	18,051.37	13,121.58
B. Unsecured		
Deposits		
- Intercompany Deposits (Refer Note 7.2)	-	-
Total (B)	-	-
Total (A+B)	18,051.37	13,121.58

7.1 Working Capital

a. Primary Security

Hypothecation of entire current assets including stocks, receivables and other current assets of the Company on pari passu basis favouring Axis Bank, DBS Bank, Standard Chartered Bank, Canara Bank and State Bank of India.

b. Collateral Security

Bank	Properties	
	Hosur Factory: Land, Building and Plant & Machinery	Industrial Land and building at Harohalli, Kanakapura Taluk, Ramanagaram District
Axis Bank	Second Charge@	First Charge#
DBS Bank	Second Charge@	First Charge#
Standard Chartered Bank	Second Charge@	First Charge#
Canara Bank	Second Charge@	Second Charge@
State Bank of India	First Charge#	Second Charge@

@ on pari passu basis among Axis Bank, DBS Bank and Standard Chartered Bank

by way of primary security

8. Trade Payables

Particulars	As at 31 st March 2016	As at 31 st March 2015
Micro, Small and Medium Enterprises (Refer Note 8.1)	152.29	131.93
Other Enterprises	12,035.75	21,726.19
Related Parties	1,005.37	1,005.37
Total	13,193.41	21,858.12

8.1 Based on, and to the extent of information received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), and relied upon by the auditors, the relevant particulars as at 31st March 2016 are furnished below

Particulars	As at 31 st March 2016	As at 31 st March 2015
Principal Amount Due to Suppliers	152.29	131.93
Interest Accrued and due to the suppliers under MSMED Act, on the above amount	38.50	41.66
Payment made to suppliers (other than interest) beyond the appointed date	22.14	70.13
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	1.45	6.44
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	39.95	48.10
	254.33	298.26

9 Other Current Liabilities

Particulars	As at 31 st March 2016	As at 31 st March 2015
Current Maturities of Long Term Borrowings		
A. Secured		
Current Maturities of Long Term Debt:		
(a) Foreign Currency Term loans from Banks		
Standard Chartered - ECB (Refer 4.1)	1,628.00	2,343.75
DBS Bank - ECB (Refer 4.1)	2,519.25	1,406.25
(b) Rupee Term Loans from Banks		
Axis Bank (Refer 4.1)	-	158.56
Total (A)	4,147.25	3,908.56
B. Unsecured		
Sales Tax Deferral Scheme (Refer 9.1)	-	69.45
Current Maturities of FCCB's	-	-
Interest Accrued and not due on borrowings	-	82.84
Interest Accrued and due on borrowings	1,014.31	164.40
Other Payables		
Employee Related	525.85	317.50
Expenses, Service & Contract Payables	193.34	-
Advances from Customers	2,083.64	1,855.63
Unpaid Dividend Payable	17.33	24.57
Statutory Dues Payables	1,035.27	1,099.57
Total (B)	4,869.74	3,613.96
Total (A+B)	9,016.99	7,522.52

9.1 The company has been sanctioned to avail interest free sales tax deferral scheme for an aggregate amount of Rs.69.45 lakhs by the Department of Sales tax, Government of Tamilnadu. The same has been repaid in September, 2015 with interest.

10 Short-term provisions

Particulars	As at 31 st March 2016	As at 31 st March 2015
Provision for Employee Benefits		
Leave Encashment	14.79	6.96
Gratuity	22.89	-
Other Provisions		
Warranty Claim Reserve (refer 10.1)	125.41	130.37
Other Provisions	487.63	445.14
Total	650.72	582.47

10.1 Warranty Claim Reserve

Particulars	As at 31 st March 2016	As at 31 st March 2015
the beginning of the year	130.36	148.74
Created during the year	-	-
Utilised during the year	4.95	18.38
At the end of the year	125.41	130.36

Provision for warranties is estimated on past experience and technical estimates

11. Fixed Assets

31st March 2016

Rs. in Lakhs

Particulars	Gross Block			Depreciation			Net Block	
	As at 1-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 1-Apr-15	For the year	Retained Earnings	Deletion
(a) Tangible Assets								
Land	2.31	-	-	2.31	-	-	-	-
Land - Leasehold	998.98	-	-	998.98	-	-	-	-
Land - Hosur Residential Plots	4.29	-	-	4.29	-	-	-	-
Buildings	4,209.77	-	-	4,209.77	595.17	203.59	-	-
Buildings - Leasehold	5.26	-	-	5.26	2.50	-	-	-
Plant and Machinery	3,396.97	1.56	-	3,398.53	797.29	215.97	798.76	-
Electrical Installation	610.88	-	-	610.88	324.66	60.94	1,013.26	-
Office equipments	511.17	-	-	511.17	438.73	8.03	286.22	-
Furniture	590.03	-	-	590.03	340.11	30.96	446.76	-
Vehicles	106.27	-	-	106.27	87.99	8.67	371.07	-
Computers	841.92	-	-	841.92	896.83	-	96.66	-
Research And Development								
Buildings	173.23	-	-	173.23	55.43	5.79	61.22	-
Plant and Machinery	445.94	1.56	-	447.50	220.53	21.16	241.69	-
Electrical Installation/ Fittings	27.01	-	-	27.01	26.48	0.13	26.61	-
Office equipments	88.64	-	-	88.64	88.45	0.18	0.19	-
Computers	1.88	-	-	1.88	1.83	0.01	1.84	-
Total	12,014.55	3.12	-	12,017.67	3,816.01	555.61	4,371.61	-
Subsidiary Assets								
Equipments	3,178.12	73.27	-	3,251.39	963.33	66.61	1,029.94	-
Furniture & Fixtures	75.59	0.91	-	76.50	52.06	4.54	34.77	-
Office equipments	172.01	-	-	172.92	50.33	5.45	116.32	-
Vehicles	56.68	-	-	56.68	-	-	55.78	-
Total	3,482.40	74.18	-	3,556.58	1,004.93	76.60	1,177.09	-
Total	15,496.95	77.30	-	15,574.25	4,821.94	632.21	5,548.70	-
Previous Year	13,693.61	1,803.34	-	15,496.95	3,924.59	730.25	4,916.50	-
(b) Intangible Assets								
Technology Know-how	550.44	-	-	550.44	-	-	550.44	-
Non-computer fees	100.00	-	-	100.00	-	-	100.00	-
Intangible Asset - Product development	1,265.59	-	-	1,265.59	797.87	175.32	973.18	-
Computer Software	11.69	-	-	11.69	11.47	-	11.47	-
Total(A)	1,927.72	-	-	1,927.72	1,469.78	175.32	1,635.09	-
Previous Year	1,832.43	95.29	-	1,927.72	1,295.09	164.69	1,459.78	-
Subsidiary Assets								
Goodwill	2,308.02	0.38	-	2,308.02	-	-	2,308.02	-
Computer Software	265.37	-	-	265.37	250.59	1.97	252.56	-
Intellectual Property rights	6,013.39	-	-	6,013.39	-	-	6,013.39	-
Intangible Development Costs	9,028.08	-	-	9,028.08	5,390.61	1,122.02	6,523.53	-
Total(B)	16,605.76	0.38	-	16,605.76	5,641.20	1,134.89	6,776.09	-
Total	18,533.48	0.38	-	18,533.48	7,100.98	1,310.21	8,411.18	-
Previous Year	21,446.64	95.29	3,008.45	18,533.48	5,779.75	1,321.23	7,100.98	-
Grand Total	34,030.43	77.68	-	34,108.11	13,017.48	1,942.42	13,959.88	-
Previous Year	35,140.25	1,898.63	3,008.45	34,030.43	9,704.34	2,051.48	12,057.48	-

12. Long-term loans and advances

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Unsecured, Considered Good unless otherwise stated		
Capital Advances	200.72	200.72
Security Deposits and Earnest Money Deposits	197.78	199.85
Loans and advances to related parties	93.01	-
Prepaid Expenses	54.60	-
Testing Charges to be amortised	-	5.16
Income Tax Refund Receivable (Net)	685.60	650.84
Total	1,231.71	1,056.57

13. Other non-current Assets

Particulars	As at 31 st March 2016	As at 31 st March 2015
Deposits with Bank		
Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	181.79	116.75
Total	181.79	116.75

14. Inventory

Particulars	As at 31 st March 2016	As at 31 st March 2015
(Lower of Cost and estimated Net Realisable Value)		
Raw Materials and Components	2,282.08	3,296.55
Work In Progress	355.58	1,991.16
Finished Goods	421.89	557.93
Packing Materials	8.06	5.30
Stock in Transit - Raw Materials & Components	3,270.91	569.18
Stores and Spares	5.01	-
Total	6,343.53	6,420.12

15. Trade Receivables

Particulars	As at 31 st March 2016	As at 31 st March 2015
Unsecured, Considered Good unless otherwise stated		
Outstanding for a period exceeding six months	17,367.07	18,676.21
Other Receivables	2,019.01	8,369.64
Related Parties		
Outstanding for a period exceeding six months	866.40	785.36
Other Receivables	454.07	502.13
Total	20,706.55	28,333.34

16. Cash and Bank Balances

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Cash and cash equivalents		
Cash on Hand	301.51	376.00
Balances with banks in Current Accounts	23.98	2.17
Balances in Earmarked Accounts		
Unpaid Dividend Accounts	17.33	24.57
Bank Deposits		
Bank Deposits with maturity less than 3 months	-	567.00
Bank Deposits with maturity more than 3 months but less than 12 months	9.92	96.53
Margin Money Deposits		
Margin Money Deposits maturing after 12 months	181.79	116.75
Margin Money Deposits maturing within 12 months	279.13	803.03
Less: Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	181.79	116.75
Total	631.87	1,869.30

17. Short-term loans and advances

Particulars	As at 31 st March 2016	As at 31 st March 2015
Advance to suppliers	608.18	1,165.01
Advance to suppliers - Related Parties	624.19	795.55
Advance to Employees	13.98	51.52
Rental Advance	16.31	18.28
Prepaid Expenses	9.16	299.87
Other Receivables	6,111.00	2,193.75
Statutory Receivables (Input Credits)	794.25	796.64
Total	8,177.07	5,320.62

18. Other current assets

Particulars	As at 31 st March 2016	As at 31 st March 2015
(a) Interest Accrued on Short term deposit	0.09	-
(b) Interest Accrued on Bank Guarantee Margin	35.85	70.52
Total	35.94	70.52

19. Current Investments

Particulars	As at 31 st March 2016	As at 31 st March 2015
Non Traded - UnQuoted (At Cost)	-	-
Other Investments	39.06	39.06
Total	39.06	39.06

20. Revenue from Operations

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Sale of products	9,241.09	11,513.14
Sale of services	179.34	253.76
Other operating revenues	9.69	314.84
	9,430.12	12,081.74
Less: Excise duty	141.74	288.64
Total	9,288.37	11,793.10

21. Other Income

Particulars	As at 31 st March 2016	As at 31 st March 2015
Interest Income	76.99	320.46
Profit on Sale of Fixed Assets	-	-
Realisation of Debts written off in earlier years	0.14	-
Foreign Exchange Gains	80.34	-
Trade Incentives	4.40	7.04
Miscellaneous Income	516.44	537.84
Total	678.31	865.34

22. Cost of Material Consumed

Particulars	As at 31 st March 2016	As at 31 st March 2015
Opening Stock		
Raw Materials and Components	3,296.55	3,232.03
Add: Purchases	1,125.39	5,681.48
	4,421.94	8,913.51
Less: Closing Stock		
Raw Materials and Components	2,282.08	3,296.55
Total	2139.86	5,616.96

23. Change in Work in Progress and Finished Goods

Particulars	As at 31 st March 2016	As at 31 st March 2015
Opening Stock		
Finished Goods	557.93	1,760.10
Work in Progress	1,991.16	294.24
(A)	2,549.09	2,054.34
Less: Closing Stock		
Finished Goods	421.89	557.93
Work in Progress	355.58	1,991.16
(B)	777.47	2,549.09
Total (A-B)	1771.62	(494.75)

24. Employee Benefits Expense

Rs. in Lakhs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Salaries and Wages	2,814.61	4,028.64
Contribution to provident and ESI funds	72.77	90.35
Staff Welfare Expenses	80.00	138.22
Total	2,967.38	4,257.21

25. Finance Costs

Particulars	As at 31 st March 2016	As at 31 st March 2015
Interest		
Term Loans	217.50	217.52
Packing Credit and Others	122.83	181.95
Working Capital Loans	2,165.50	1,751.17
Other borrowing costs	293.03	494.51
Total	2,798.86	2,645.15

26. Other Expenses

Particulars	As at 31 st March 2016	As at 31 st March 2015
Consumption of Stores and Spares	28.43	1,378.12
Power & Fuel	71.69	78.79
Rent	68.14	94.48
Repairs to : Buildings	2.66	3.43
: Machinery	0.58	1.56
: Others	101.77	149.32
Insurance	29.35	30.69
Rates and taxes, excluding, taxes on income	79.85	68.09
Travel and Conveyance Expenses	110.19	183.87
Postage, Telephone and Telegram	16.49	36.02
Selling Expenses	12.52	30.77
Audit Fees : Audit	3.00	3.00
: For other services	6.00	6.00
: Out of Pocket Expenses	1.61	1.65
Professional Charges	66.52	21.46
Electricity Charges	3.44	4.35
Security Charges	48.59	54.77
Advertisement Expenses	3.16	3.26
Printing & Stationery	9.91	16.80
Bank Charges	210.17	340.71
Tools Written off	-	17.74
Service Charges	20.70	3.33
Foreign Exchange Loss / (Gain)	57.72	132.67
Liquidated Damages	107.69	
Vehicle Hire Charges	15.65	22.23
Testing Charges	5.16	9.23
Trade Charges	22.15	25.74
Listing Fees	4.99	3.34
Water Charges	5.75	7.40
Recruitment Expenses	0.56	4.75
Other expenses	1,269.88	14.39
Total	2,384.32	2,747.96

27 Earnings Per Share

The earnings considered in ascertaining Earning per share comprise the profit after tax. The number of shares used in computing Basic Earning per share is the weighted average number of shares outstanding during the year as follows: *Rs. in Lakhs*

Particulars	2016	2015
Profit after tax	(4,839.22)	(4,048.66)
Number of Weighted average equity shares		
Basic	30,794,141	29,453,403
Effect of dilutive equity shares equivalent		
Share Warrants Outstanding	-	-
Foreign Currency Convertible Bond	-	-
	30,794,141	29,453,403
Face Value of Shares	2.00	2.00
Earnings per share before exceptional items		
Basic	(15.71)	(14.15)
Diluted	(15.71)	(14.15)
Earnings per share after exceptional items		
Basic	(15.71)	(13.75)
Diluted	(15.71)	(13.75)

28 Gratuity and Leave Encashment for AS 15 Disclosure

A Defined Benefit Plan:

(i) Gratuity (Funded)

In accordance with applicable laws, the company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all permanent employees. The gratuity plan provides for, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the company. The company provides the gratuity benefit through annual contributions to a gratuity trust which in turn mainly contributes to Life Insurance Corporation of India (LIC) for this purpose. Under this plan the settlement obligation remains with the gratuity trust. Life Insurance Corporation of India administers the plan and determines the contribution premium required to be paid by the trust.

(ii) Leave Encashment (Unfunded)

In accordance with applicable rules, the liability for leave encashment was actuarially valued and provided in the books of accounts, covering permanent employees.

B Defined Contribution Plan (Funded)

Provident Fund

All employees are entitled to provident fund benefits. For all categories of employees the company makes contributions to Regional Provident Fund commissioners as per law.

Defined Benefit Plans - As per Actuarial Valuations
Rs. in Lakhs

Sl. no	Particulars	Leave Encashment		Gratuity	
		2015-16	2014-15	2015-16	2014-15
1	Assumptions				
	Interest rate	7.42%	8.50%	7.82%	8.00%
	Salary Escalation	5.00%	5.00%	6.00%	8.00%
2	Change in benefit obligations				
	Obligations at period beginning - Current	6.96	8.60	-	-
	Obligations at period beginning - Non-current	54.30	59.56	289.24	341.65
	Service Cost	3.93	4.31	15.29	16.82
	Interest on Defined benefit obligation	4.54	4.70	21.84	22.47
	Benefits settled	-	(18.87)	(19.85)	(44.73)
	Actuarial (gain)/loss	(25.57)	2.97	68.88	13.86
	Obligations at period end	44.16	61.27	375.40	350.07
	Current Liability (within 12 months)	14.79	6.96	22.89	-
	Non Current Liability	29.37	54.31	20.31	76.42
3	Change in plan assets				
	Plans assets at period beginning, at fair value	-	-	327.24	288.83
	Expected return on plan assets	-	-	24.81	29.38
	Actuarial gain/(loss)	-	-	-	-
	Contributions	-	-	-	-
	Benefits settled	(18.87)	-	(19.85)	(44.67)
	Plans assets at period end, at fair value	-	-	332.20	273.54
	Funded Status				
	Fair value of plan assets at the end of the year	-	-	332.20	273.54
	Present value of defined benefit obligations	44.16	61.27	375.40	350.07
	Liability recognized in the balance sheet	44.16	(61.27)	(43.20)	(76.53)
4	Table showing fair value of plan assets				
	Fair value of plan assets at beginning of year	-	-	327.24	341.65
	Actual return on plan assets	-	-	24.81	29.38

Sl. no	Particulars	Leave Encashment		Gratuity	
		2015-16	2014-15	2015-16	2014-15
5	Contributions	-	-	-	0.94
	Benefits Paid	(18.87)	-	(19.85)	(44.73)
	Fair value of plan assets at the end of year	-	-	332.20	327.24
	Funded status	-	-	43.20	38.01
	Excess of Actual over estimated return on plan assets NIL (Actual rate of return=Estimated rate of return as ARD falls on 31st March)				
	Actuarial Gain/Loss recognized				
	Actuarial (gain)/ loss on obligations	(25.57)	2.97	68.88	13.86
	Actuarial (gain)/ loss for the year - plan assets	-	-	Nil	Nil
	Total (gain)/ loss for the year	(25.57)	2.97	68.88	13.86
	Actuarial (gain)/ loss recognized in the year	(25.57)	2.97	68.88	13.86
6	The amounts to be recognized in the balance sheet and Statement of Profit and Loss				
	Present value of obligations as at the end of year	44.16	-	375.40	289.24
	Fair value of plan assets as at the end of the year	-		332.20	327.24
	Funded status	(44.16)	(61.27)	43.20	272.36
	Net asset/(liability) recognized in balance sheet	(44.16)	(61.27)	(43.20)	(76.53)
7	Expenses recognised in the Profit & Loss Account for the year ended				
	Service cost	3.93	4.31	15.29	16.82
	Interest cost	4.55	4.70	21.84	22.47
	Expected return on plan assets	-	-	(24.81)	(29.38)
	Actuarial (gain)/loss	(25.57)	2.97	68.88	13.86
	Expenses recognised in the Profit & Loss Account	(17.09)	11.98	81.20	23.77

29 Disclosure of AS 18 for the Year 2015-16

a) Details of transactions during the year 2015-16

Rs. in Lakhs

Sl No	Particulars	Eswaran & Sons Engineers Ltd	Sowraj Investments	Easun Products of India P Ltd	Key Mgt Personnel	Grand Total
1	Sale of Goods	-	-	-	-	-
		-	-	-	-	-
2	Purchase of Goods	-	-	-	-	-
		-	-	-	-	-
3	Rendering of Services Reimbursement of Expenses					
	Un-Secured Loan	-	-	-	-	-
		-	-	-	-	-
	Interest on Loan advanced	-	-	-	-	-
		-	-	-	-	-
4	Availing of Services Reimbursement of Expenses			-		-
				-		-
	Loan borrowed			-		-
				-		-
	Loan repayment		(2,331.62)	(649.00)		(2,980.62)
				-		-
	Interest on Loan borrowed		-	-	-	-
						-
5	Directors remuneration				51.00 (48.00)	51.00 (48.00)

b) Details of outstandings in respect of Related Parties (in Rupees)

Rs. in Lakhs

Sl. No	Names of Related Parties	Outstanding as on 31/03/2016	Maximum Amount due during the year	Outstanding as on 31/03/2015	Maximum Amount due during the year
1	Eswaran & Sons Engineers Pvt. Ltd.	NIL	NIL	NIL	NIL
2	Easun MR Tap Changers Pvt Ltd	2.25	2.25	2.25	2.25
3	Easun Products of India Pvt Ltd	7.07	7.07	(1,314.34)	(1,944.70)
4	Sowraj Investment Pvt Ltd	(12.27)	(12.27)	(2,861.88)	(5,193.50)
5	Directors :				
	Hari Eswaran	(34.36)	(34.36)	(28.75)	(28.75)
	Raj H Eswaran	(58.12)	(58.12)	(39.66)	(39.66)
	Dr W S Jones	(2.16)	(2.16)	(1.62)	(1.62)
	Rakesh Garg	(8.27)	(8.27)	(7.15)	(7.15)
	J D N Sharma	(5.95)	(5.95)	(5.95)	(5.95)
	Raman M	(0.05)	(0.05)	(0.05)	(0.05)

30. Contingent Liabilities and Commitments

Rs. in Lakhs

A.	Contingent Liabilities	As at 31 March 2016	As at 31 March 2015
1	Letters of Credit opened by Bank for purchase of raw materials and components	1,722.21	2,111.30
2	Counter Guarantee given to bankers in respect of Guarantees given by them	-	11,381.66
3	Bonds executed in favour of President of India for import of material at concessional rate of duty	8.95	8.95
4	Sales effected under CST - liability towards submission of C Forms	988.80	745.60
5	Disputed amounts of Income Tax		
	Assessment year		
	2003-04 - Paid	47.85	47.85
	2004-05 - Paid	26.13	26.13
	2006-07 - Paid	55.42	55.42
	2008-09 - Paid	306.33	306.33
	2009-10 - UnPaid	525.00	525.00
	2010-11 - Unpaid	2,274.16	178.18
	2011-12- Unpaid	188.12	-
	2012-13- Unpaid	199.18	-
6	Disputed amount of Sales Tax		
	<u>Karnataka</u>		
	FY 2009-10 (Rs.3.00 lacs Paid, Rs. 17.62 lacs Unpaid)	20.62	20.62
	Tamil Nadu (Unpaid)		
	FY 2006-07 (Rs.19.21 lacs - Paid, Rs.18.77 lacs Unpaid)	37.98	37.98
	FY 2007-08	8.38	8.38
	FY 2008-09	29.63	29.63
	FY 2009-10	30.44	30.44
	FY 2010-11	144.43	144.43
	FY 2011-12	337.06	337.06
	<u>TN VAT - Enforcement</u>		
	FY 2010-11	-	11.97
	FY 2011-12	-	17.69
7	Disputed Customs Duty paid under protest	66.38	66.38
8	Disputed VAT Demand of West Bengal for FY 2009-10 - Unpaid	6.18	6.18
B.	Capital Commitment		
	Estimated amount of capital commitment on account of Fixed Assets	-	115.20

- 31 The Company has incurred expenditure aggregating to Rs. NIL during the year (Rs.95.29 lacs) on development of products. The expenditure has been capitalised and carried in the financial statements under the head Intangible Asset Product Development as on 31st March 2016. Based on the process of establishing the technical and economic feasibility of the product, the management is confident that the products developed would be commercially viable and there is no uncertainty regarding the establishment of feasibility of the product. Management believes that the expenditure capitalized is in the nature of development costs and can be capitalized as per AS 26 "Intangible Assets" and its carrying value is appropriate.
- 32 a) In respect of company's operations which includes execution of the turnkey projects, these turnkey projects significantly involve supply of equipment dealt with by the company in the ordinary course of operations. The activities that are additionally carried out while executing the turnkey projects are in the nature of civil construction and erection services which are significantly less when compared with the overall project value. No information is furnished in terms of segment reporting in as much the project execution essentially involves supply of Transmission and Distribution equipment manufactured by the company carrying similar risks and rewards which are not different from main products.
- b) Revenue from operations includes invoicing on customers towards execution of turnkey projects. These turnkey project invoicing is predominantly milestone associated and is independent of customer acceptance of agreement, revenue recognised in this regard with appropriate provision for anticipated procurement / cost of manufacturing components, the outcome of eventual acceptability of the claims of the company is ascertained at the closure of the respective project and is accounted accordingly.
- 33 Personnel expenses and other expenses are net off recovery of overheads from direct and indirect overseas subsidiaries amounting to Rs. NIL (Rs.NIL) and net off product development expenses Rs. NIL lakhs (Rs.95.29 lakhs).
- 34 Reconciliation of Excise and Service Tax Records / VAT Records with the Financial Records are under Progress. Adjustments if any which may arise are not ascertainable and would be carried out in the Books upon completion of Reconciliation.
- 35 Trade Receivables includes an amount of Rs.1,224.75 lacs (Rs.1,191.69 lacs) being the Liquidated Damages recovered by some customers. The Company is in the process of recovering the said amount and pending recovery, no provision is considered in the accounts towards Liquidated Damages. During this financial year Rs.0.14 Lacs (Rs.59.50 Lacs) recovered from Customers against written off in earlier years has been adjusted against Liquidated Damages recoverable.
- 36 Trade Receivables includes an amount of Rs.487.52 lacs (Rs.626.88 lacs) being the outstanding from Foreign Debtors for more than 1 Year. The Company is in the process of getting necessary approval from Reserve Bank of India towards extension of time limit for collection. Out of which Rs. Nil (Rs.509.85 Lacs) received subsequently.
- 37 The Company has made an investment of Rs.15,502.10 lacs in its wholly owned subsidiary at Singapore and for onward investment into its wholly owned subsidiaries. Considering the long term nature of investment and future plans of the management, no provision towards any impairment of investment is considered necessary as the management is of the opinion that this investments represents appropriate carrying value.

38 The Ministry of Corporate Affairs (MCA) vide Para 46 of AS11 has relaxed the requirement of the immediate debit / credit of Foreign exchange translation differences on long term foreign currency monetary items to the Statement of Profit & Loss till 31st March 2020. Further the MCA inserting a new para 46A in AS11 allowed Companies to defer foreign exchange translation differences on long term foreign currency monetary items for entities which had not opted for such relaxation earlier. The Company during the financial year 2012-13 has opted for the relaxation as given in Para 46A and has deferred an amount of Rs.721 lacs being the foreign exchange difference on long term external commercial borrowing from Standard Chartered Bank. The amount would be written-off over the period of 3 years, being the loan tenure. During the financial year 2015-16, the Company has written off Rs.801.45 lacs towards loss on foreign exchange and reinstated the liability by Rs.322.37 lacs.

39 Operating Lease

The Company has entered into operating lease arrangements for its office facilities. These leases are for a period ranging from 1 to 5 years with an option to the Company for renewing at the end of the initial term. Rental expenses for operating leases included in the income statement for the year is Rs.68.14 lacs (Rs.94.48 lacs).

40. Valuation of Imports of CIF Basis

Rs. in Lakhs

Particulars	As at 31 March 2016	As at 31 March 2015
Components and Spare parts including in transit	836.95	428.67

41. Expenditure in Foreign Currencies

Rs. in Lakhs

On account of:	As at 31 March 2016	As at 31 March 2015
Travelling expenses and others	9.84	18.91

42. Earnings in Foreign Exchange on account of Export on

Rs. in Lakhs

Particulars	As at 31 March 2016	As at 31 March 2015
FOB Value Basis	526.06	844.27

43. Value of Raw Materials, Spare Parts and Components Consumed

Particulars	2016		2015	
	Value Rs.	% to Total Consumption	Value Rs.	% to Total Consumption
Indigenous	1,450.05	71.16	3,260.81	78.35
Imported	587.80	28.84	901.15	21.65
Total	2,037.85	100.00	4,161.96	100.00

44. Derivative Instruments and Unhedged Foreign Currency Exposure

Unhedged Foreign Currency Exposure

Particulars	Currency	31-Mar-16	31-Mar-15
"ECB Loan (Stan Chart Bank)"	USD	24.54	75.00
"ECB Loan (DBS Bank)"	USD	37.98	40.55

Particulars	Currency	31-Mar-16	31-Mar-15
Payable	AUD	0.43	0.52
Payable	GBP	0.10	0.43
Payable	USD	30.58	22.58
Receivable	THB	0.00	23.39
Receivable	EURO	5.60	12.87
Receivable	USD	8.30	15.61

- 45 The value of inventory pertaining to the "Metering Business" amounting to Rs.215.41 lacs is continued to be carried at cost despite no activity in the business for considerable period and realisable value has not been ascertained consequently the impact on the financial statements is not quantifiable.
- 46 In respect of certain turnkey contracts which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs.4,603.99 lacs has been shown recoverable from parties in respect of which negotiation with customers stated to be in progress. Pending the outcome of negotiations no adjustment in the financial statements has been made.
- 47 Confirmation of balance has not been obtained from some of the supply creditors and debtors to certain parties to whom the Company has given advances.
- 48 The Company has applied for the extension of time limit under FEMA rules for material advances given to the associate enterprises amounting Rs.624.19 lakhs as on 31st March 2016.
- 49 As a matter of prudence, the Deferred Tax Assets arising predominantly on account of Carry over of Business Loss is not recognised in the books of account in line with Accounting Standard 22 "Taxes on Income".
- 50 Previous year's figures have been re-grouped / re-classified, wherever necessary to conform to the current year's presentation.

As per our Report of even date annexed

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No : 000511S

N Sri Krishna
Partner
Membership No: 026575

Place : Chennai
Date : 18th August 2016

For R SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No : 004137S

K Jayashankar
Partner
Membership No: 014156

For and on behalf of Board of Directors

Raj H Eswaran **Rakesh Garg**
Managing Director & CFO Director
DIN 00195354 DIN 00240379

Sudhir Anand
Head - Legal & Company Secretary

Easun Reyrolle Limited

Regd. Office: "Temple Tower", VI Floor, 672, Anna Salai, Nandanam, Chennai – 600 035
Ph: +91-44-24346425 / Fax No.+91-44-24346435 / E-mail: sec@easunreyrolle.com
CIN No.L31900TN1974PLC006695

PROXY FORM

Folio No. / Depository Account No. _____ Name: _____

I / We being the member(s) of, shares of the above named company hereby appoint

1. Name	2. Name	3. Name
Address	Address	Address
e-mail id:	e-mail id:	e-mail id:
Signature Or failing him	Signature Or failing him	Signature Or failing him

as my / our proxy to attend and vote for me / us on my / our behalf at the 41st ANNUAL GENERAL MEETING of the Company to be held on 30th September, 2016 at 10.00 a.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008 and at any adjournment thereof.

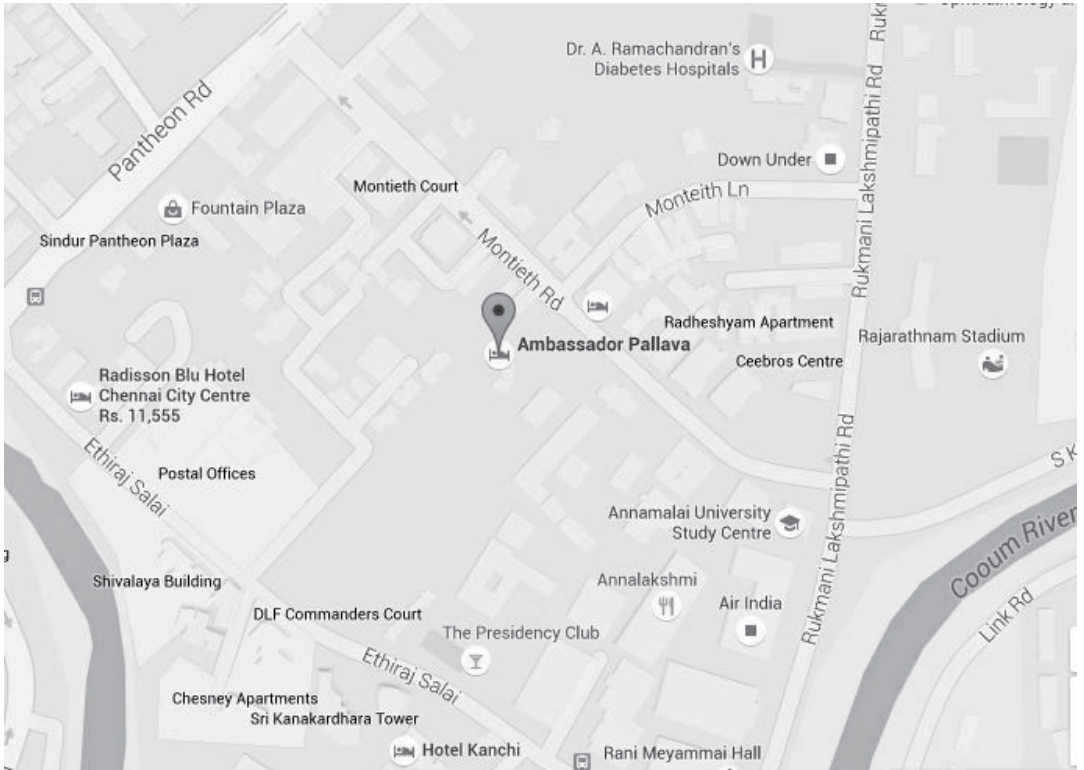
Sl. No.	Resolutions	Optional *	
		For	Against
	Ordinary Business		
01.	Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 st March, 2016		
02.	Ordinary Resolution to appoint a Director in place of Mr Hari Eswaran who retires by rotation and is eligible for re-appointment.		
03.	Ordinary Resolution for Re-appointment of M/s Brahmayya & Co, Chartered Accountants and M/s R Subramanian & Co Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.		
	Special Business		
04.	Special Resolution for Re-appointment of Mr Raj H Eswaran (DIN NO. 00195354) as Managing Director of the Company for a further period of 3(Three) years w.e.f. 1st April, 2017 to 31st March, 2020		
05.	Ordinary Resolution for Appointment of Ms. Sweta Mandora Prajapati (DIN NO. 06903165) as an Independent Director		

Revenue Stamp
Signature of Shareholder

Signature of the Proxy

- Note:
1. Proxy Forms must reach the Company's registered Office not less than 48 hours before the Meeting.
 2. A Proxy need not be a shareholder of the Company
 3. For the resolutions, explanatory statements and Notes, please refer to the Notice of 41st Annual General Meeting

Route Map



Venue of AGM:

**Hotel Ambassador Pallava,
53, Montieth Road,
Chennai 600 008**



EASUN REYROLLE LTD

Registered Office: 6th Floor, "Temple Tower",
672, Anna Salai, Nandanam, Chennai - 600 035, India.
www.easunreyrolle.com