

# 39<sup>th</sup> ANNUAL REPORT 2013-2014



EASUN REYROLLE LIMITED







# Easun Reyrolle Limited

## 39<sup>th</sup> Annual Report, 2013-2014

Chairman : Hari Eswaran

Managing Director : Raj H Eswaran

Directors : W S Jones  
Rakesh Garg  
J D N Sharma  
M Raman

Chief Financial Officer : P Chandrasekaran

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

Registered Office : “Temple Tower”, 6th Floor  
672, Anna Salai, Nandanam  
Chennai – 600 035

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

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

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

**Easun Reyrolle Limited**  
**39<sup>th</sup> Annual Report – 2013-14**

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## Easun Reyrolle Limited

CIN No. L31900TN1974PLC006695

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

Phone: +91-44-24346425, Fax: +91-44-24346435, email: sec@easunreyrolle.com, www.easunreyrolle.com

### Notice to Shareholders

**Notice** is hereby given that the Thirty Ninth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Monday, 29<sup>th</sup> September, 2014 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 31<sup>st</sup> March, 2014, the Balance Sheet as at 31<sup>st</sup> March, 2014 and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr Hari Eswaran (DIN No.00196760) 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:

"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 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. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, **Dr William Stanley Jones (holding DIN No.00196064)**, Director of the Company who retires by rotation at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years from 29<sup>th</sup> September, 2014.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013,

Mr Rakesh Garg (holding DIN No.00240379), Director of the Company who retires by rotation at the Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years from 29<sup>th</sup> September, 2014.

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr M Raman (holding DIN No.01226770), Director of the Company who retires by rotation at the Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold office for 5 consecutive years from 29<sup>th</sup> September, 2014.

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

RESOLVED that in conformity with the provisions of Article 93 of Articles of Association of the Company and pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to Non-Executive Directors (including Independent Directors, other than the Managing Director \ Whole-time Directors) of the Company and distributed amongst such Directors in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year, for a period of five years commencing from financial year ended 31<sup>st</sup> March, 2015 to 31<sup>st</sup> March, 2019.

RESOLVED FURTHER that the above remuneration shall be in addition to fee payable to the director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.”

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

RESOLVED THAT the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any Committee which the Board may constitute for this purpose), be and is hereby authorised, in accordance with Section 180(1)(c) of Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Articles of Association of the company, to borrow any sum or sums of money from time to time at their discretion, for the purpose of the business of the company, from any one or more Banks, Financial Institutions and other persons, firms, bodies corporate,

notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed upto a sum of Rs.300 Crores (Rupees Three hundred Crores) over and above the aggregate of the paid up capital of the company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as they may, in their absolute discretion, think fit.

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

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

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 13<sup>th</sup> August, 2014, the consent of the Company be and is hereby accorded for entering into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum as mentioned herein below:”

| Sl. No. | Names of the Related Party                                     | Names of Directors interested | Nature of relationship | Nature, material terms, monetary value and particulars of the contract or arrangement                         | Amount (Rs. In Lacs) Per Annum |
|---------|--|-------------------------------|------------------------|---|--------------------------------|
| 01.     | Easun MR Tap Changers Private Ltd<br>(Associate Company)       | Hari Eswaran<br>Raj H Eswaran | Director               | Availing Services   | 100                            |
|         |  |                               |                        | Rendering Services  | 100                            |
|         |  |                               |                        | Sales   | 300                            |
|         |  |                               |                        | Purchases   | 800                            |
|         |  |                               | Director               | To take, avail inter corporate deposit / short term loans, advances or other loans and borrowings             | 1,000                          |
|         |  |                               |                        | <b>Total</b>  | <b>2,300</b>                   |
| 02      | Easun Products of India Private Limited<br>(Associate Company) | Hari Eswaran<br>Raj H Eswaran | Director               | Availing Services   | 140                            |
|         |  |                               |                        | Rendering Services  | 90                             |
|         |  |                               |                        | Sales   | 5,000                          |
|         |  |                               |                        | Purchases   | 7,000                          |
|         |  |                               | Director               | To take, avail inter corporate deposit / short term loans, advances or other loans and borrowings             | 6,000                          |
|         |  |                               |                        | <b>Total</b>  | <b>18,230</b>                  |
| 03.     | Sowraj Investments Private Limited<br>(Associate Company)      | Hari Eswaran<br>Raj H Eswaran | Director               | Availing Services   | 75                             |
|         |  |                               |                        | Rendering Services  | 75                             |
|         |  |                               |                        | Purchases   | 325                            |
|         |  |                               | Director               | To take, avail inter corporate deposit / short term loans, advances or other loans and borrowings (per annum) | 7,000                          |
|         |  |                               |                        | <b>Total</b>  | <b>7,475</b>                   |

| Sl. No. | Names of the Related Party   | Names of Directors interested                            | Nature of relationship                       | Nature, material terms, monetary value and particulars of the contract or arrangement                         | Amount (Rs. In Lacs) Per Annum |
|---------|--|--|--|---|--------------------------------|
| 04.     | Eswaran and Sons Engineers Pvt. Limited<br>(Associate Company)                         | Hari Eswaran<br><br>Raj H Eswaran                        | Director<br><br>Director                     | Availing Services   | 80                             |
|         |  |  |  | Rendering Services  | 90                             |
|         |  |  |  | Sales   | 100                            |
|         |  |  |  | Purchases   | 600                            |
|         |  |  |  | To take, avail inter corporate deposit / short term loans, advances or other loans and borrowings (per annum) | 2,000                          |
|         |  |  |  | <b>Total</b>  | <b>2,870</b>                   |
| 05.     | ERLPhase Power Technologies Limited<br>(Subsidiary Company)                            | Raj H Eswaran  | Director                                     | Availing Services   | -                              |
|         |  |  |  | Rendering Services  | -                              |
|         |  |  |  | Sales   | -                              |
|         |  |  |  | Purchases   | 1,500                          |
|         |  |  |  | <b>Total</b>  | <b>1,500</b>                   |
| 06.     | ERL Marketing International FZE, Sharjah<br>(Subsidiary Company)                       | Raj H Eswaran  | Director                                     | Availing Services   | 100                            |
|         |  |  |  | Rendering Services  | 300                            |
|         |  |  |  | Sales   | 4,000                          |
|         |  |  |  | Purchases   | -                              |
|         |  |  |  | <b>Total</b>  | <b>4,400</b>                   |
| 07.     | Switchcraft Europe GmbH, Germany<br>(Subsidiary Company)                               | Hari Eswaran<br>Raj H Eswaran<br>JDN Sharma<br>W S Jones | Director<br>Director<br>Director<br>Director | Availing Services   | -                              |
|         |  |  |  | Rendering Services  | -                              |
|         |  |  |  | Sales   | 6,000                          |
|         |  |  |  | Purchases   | 500                            |
|         |  |  |  | <b>Total</b>  | <b>6,500</b>                   |
| 08.     | Electrical Distribution Solutions Pty Limited (EDS), Australia<br>(Subsidiary Company) | Raj H Eswaran  | Director                                     | Availing Services   | 100                            |
|         |  |  |  | Rendering Services  | 100                            |
|         |  |  |  | Sales   | 2,000                          |
|         |  |  |  | Purchases   | 500                            |
|         |  |  |  | <b>Total</b>  | <b>2,700</b>                   |

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

By order of the Board  
For Easun Reyrolle Limited

Place : Chennai

Date : 13<sup>th</sup> August, 2014

P Chandrasekaran  
Chief Financial Officer

#### Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) 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, 2<sup>nd</sup> 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](mailto: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 39<sup>th</sup> 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 39<sup>th</sup> 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 39<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company’s website [www.easunreyrolle.com](http://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 22<sup>nd</sup> September, 2014 to 29<sup>th</sup> September, 2014 (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 thereunder, 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:

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 “Easun Reyrolle- 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](mailto:erl.scrutinizer@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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:

- i) The e-voting period commences on Tuesday, 23rd September, 2014 (9.00 a.m. IST) and ends on Thursday, 25th September, 2014 (6.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 22nd August, 2014.
- iii) Mr T Jurisman Fernando, Advocate, (MS No.182/2001) M/s. J K Associates has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iv) 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.
- v) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.easunreyrolle.com](http://www.easunreyrolle.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within two days of the passing of the resolutions at the 39th Annual General Meeting of the Company on 29th September, 2014 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

Place: Chennai  
Date: 13<sup>th</sup> August, 2014

P Chandrasekaran  
Chief Financial Officer

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](mailto:sec@easunreyrolle.com)

## **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice of the 39<sup>th</sup> Annual General Meeting of the Company to be held on 29<sup>th</sup> September, 2014 at 10.00 a.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008.

### **Item No. 4 to 6**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Dr William Stanley Jones, Mr Rakesh Garg and Mr M Raman Independent Directors were appointed / re-appointed by the Members of the Company in their 37<sup>th</sup> AGM held on 26<sup>th</sup> September, 2012 and 38<sup>th</sup> AGM held on 26<sup>th</sup> September, 2013 respectively.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Dr William Stanley Jones, Mr Rakesh Garg and Mr M Raman being eligible, offer themselves for re-appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is proposed to appoint Dr William Stanley Jones, Mr Rakesh Garg and Mr M Raman as Independent Directors on the Board of the Company for a term upto five consecutive years, commencing from 29<sup>th</sup> September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report.

Notices have been received from the Members proposing candidature of the above Directors for the office of Independent Director of the Company. Based on the experience / expertise declared by the Independent Directors, Board is of the opinion that Dr William Stanley Jones, Mr Rakesh Garg and Mr M Raman have the requisite qualification to act as Independent Directors of the Company.

The Board commends the Ordinary Resolutions as set out at item no. 4 to 6 for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions.

### **Item No.7 – Payment of Commission to the Non-Executive Directors of the Company (other than Managing Director and/or Whole Time Directors)**

In view of Sections 149, 197 and any other relevant provisions of the Companies Act, 2013, it is proposed that payment of remuneration by way of commission to be paid to the Non-Executive Directors of the Company (including Independent Directors other than Managing Director /



Whole-time Director), a sum not exceeding one percent per annum of the net profits of the Company for the period of five years from the financial year ended 31st March, 2015 to 31st March, 2019. This remuneration will be distributed amongst all the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the companies Act, 2013.

This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Directors of the Company other than Managing Director and Whole-time Directors, for a period of five years commencing from financial year ended 31st March, 2015 upto 31st March, 2019 as set out in the Resolution at Item No. 7 of the Notice.

Directors other than the Managing Director of the Company may be deemed to be concerned or interested in the resolution set out at Item No. 7 of the Notice to the extent of the remuneration that may be received by them.

#### **Item No.8 - Increase in borrowing limits:**

The members of the Company at their 32nd Annual General Meeting held on 28th September, 2007 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.150 Crores (Rupees one hundred and fifty crores).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No.8 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs.300 Crores (Rupees three hundred crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

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.8.

## Item No.9 – Related Party Transactions

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188 of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement, the Company must obtain prior approval of the Board of Directors and prior approval of the shareholders by way of a Special Resolution.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company may enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013).

The particulars of the transactions pursuant to the provisions of Section 188 are shown in the Agenda No.9 of the notice. The Board of Directors recommends the resolution set forth in item No.9 for approval of the Members.

The members are further informed that no member/s of the Company being a related party or having any interest in the resolution as set out at item No.9 shall be entitled to vote on this special resolution.

Except Mr Hari Eswaran, Mr Raj H Eswaran, Mr JDN Sharma and Dr W S Jones, Directors and their relatives (to the extent of their shareholding interest in the Company), no other director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

## Financial highlights for 10 years

[Rupees in lacs]

| Sl. No. | Particulars   | Year ended 31 <sup>st</sup> March |         |         |        |        |        |        |        |        |       |
|---------|---|-----------------------------------|---------|---------|--------|--------|--------|--------|--------|--------|-------|
|         |   | 2014                              | 2013    | 2012    | 2011   | 2010   | 2009   | 2008   | 2007   | 2006   | 2005  |
| 1       | Sales & Other Income  | 26,557                            | 31,397  | 34,522  | 30,255 | 32,244 | 17,232 | 20,762 | 13,521 | 10,817 | 5,233 |
| 2       | Operating Expenditure   | 23,898                            | 26,921  | 31,277  | 28,581 | 25,262 | 15,863 | 16,606 | 10,393 | 8,356  | 4,445 |
| 3       | Earning/Profit before interest, depreciation and tax (EBIDTA) | 2,659                             | 4,476   | 3,244   | 1,674  | 6,982  | 1,369  | 4,156  | 3,128  | 2,461  | 788   |
| 4       | Less: Interest  | 3,023                             | 2,342   | 2,208   | 909    | 604    | 489    | 408    | 194    | 136    | 100   |
| 5       | Less: Depreciation  | 2,623                             | 2,302   | 1,464   | 1081   | 766    | 514    | 385    | 277    | 254    | 150   |
| 6       | Profit before tax   | (2,987)                           | (168)   | (427)   | (316)  | 5,612  | 366    | 3,363  | 2,657  | 2,071  | 538   |
| 7       | Less: Current tax   | 84                                | 42      | 162     | 222    | 1,101  | 96     | 805    | 830    | 715    | 200   |
| 8       | Less: Deferred tax  | -                                 | 147     | 136     | 183    | -      | 18     | 6      | 22     | 21     | (19)  |
| 9       | Less: Fringe benefit tax                                      | -                                 | -       | -       | -      | -      | 24     | 24     | 38     | 27     | -     |
| 10      | Profit after tax  | (3,070)                           | (357)   | (725)   | (722)  | 4,511  | 228    | 2,528  | 1,767  | 1,308  | 357   |
| 11      | (Less) / Add : Share of minority interest                     | (40)                              | -       | 24      |        | (15)   | 43     | -      | -      | -      | -     |
| 12      | Net profit after share in minority interest                   | (3,110)                           | (357)   | (701)   | (722)  | 4,496  | 271    | 2,528  | 1,767  | 1,308  | 357   |
| 13      | Add: Balance brought forward                                  | (2,145)                           | (1,787) | (939)   | 173    | 649    | 1,114  | 202    | 100    | 77     | 86    |
| 14      | Profit available for appropriation                            | (5,255)                           | (2,144) | (1,639) | (549)  | 5,145  | 1,385  | 2,730  | 1,867  | 1,385  | 443   |
| 15      | Less: Proposed dividend on equity shares                      | -                                 | -       | 42      | 249    | 831    | 415    | 510    | 333    | 200    | 102   |
| 16      | Less: Interim dividend on equity shares                       | -                                 | -       | -       | -      | -      | -      | 102    | 67     | 50     | -     |
| 17      | Less: Tax on dividends  | -                                 | -       | 7       | 41     | 141    | 71     | 104    | 65     | 35     | 14    |
| 18      | Less: Transfer to General Reserve                             | -                                 | -       | 100     | 100    | 4,000  | 250    | 1,500  | 1,200  | 1,000  | 250   |
| 19      | Surplus carried to balance sheet                              | (5,255)                           | (2,144) | (1,788) | (939)  | 173    | 649    | 515    | 202    | 100    | 77    |

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

The Directors of your Company present the 39th Annual Report, with the statement of the audited accounts for the financial year ended 31<sup>st</sup> March, 2014.

### 1. Financial Performance

The standalone and consolidated audited financial results for the year ended 31<sup>st</sup> March, 2014 are as follows:

[Rupees in lacs]

| Particulars   | Standalone |         | Consolidated |         |
|---|------------|---------|--------------|---------|
|   | 2013-14    | 2012-13 | 2013-14      | 2012-13 |
| Sales and Other Income  | 18,434     | 24,467  | 26,557       | 31,397  |
| Earnings before interest, Depreciation, Tax, Amortization and Exceptional Items (EBIDTAE) | 710        | 3,076   | 2,988        | 4,476   |
| Depreciation  | 802        | 717     | 2,623        | 2,302   |
| Interest  | 2,749      | 2,159   | 3,023        | 2,342   |
| Profit / (Loss) before tax & Exceptional Items  | (2,841)    | 200     | (2,658)      | (168)   |
| Exceptional Items   | (369)      | -       | (369)        | -       |
| Profit / (Loss) before Tax  | (3,210)    | 200     | (3,026)      | (168)   |
| Provision for Taxation  | -          | 187     | 84           | 189     |
| Net Profit / (Loss)   | (3,210)    | 12      | (3,110)      | (357)   |

### 2. Dividend

The Company's cash generation is inadequate to support a reasonable dividend at this juncture, therefore the Directors with regret have to recommend that we do not pay any dividend for the financial year 2013-14.

### 3. Operations Review:

The performance of your Company on a standalone basis and of the various operating subsidiaries is as follows:

| Particulars | Easun Reyrolle Limited, India (Rs. In lacs) |        | ERLPhase Power Technologies Ltd., Canada ('000 USD) |       | ERL Marketing Int. FZE Sharjah ('000 USD) |       | Switchcraft Europe GmbH, Germany ('000 Euro) |       | Electrical Distribution Solutions Pty Limited ('000 USD) |       |
|-------------|---|--------|---|-------|---|-------|--|-------|--|-------|
|             | 13-14                                       | 12-13  | 13-14   | 12-13 | 13-14                                     | 12-13 | 13-14  | 12-13 | 13-14  | 12-13 |
| Sales       | 18,218                                      | 22,045 | 8,252   | 7,508 | 1,725                                     | 1,115 | 651  | 349   | 313  | -     |
| EBIDTA      | 341   | 3,076  | 2,034   | 1,323 | 6   | (340) | 955  | 759   | (87)   | -     |
| PBT         | (3,210)                                     | 200    | (281)   | (736) | (30)                                      | (372) | 257  | 53    | (95)   | -     |
| PAT         | (3,210)                                     | 12     | (281)   | (736) | (30)                                      | (372) | 257  | 51    | (95)   | -     |

*Note: Effective from 1st April, 2012, considering the reduced business opportunity, the Company suspended operations of Switchcraft Limited, Hong Kong.*



#### 4. Management Discussions and Analysis:

The operating and financial review is intended to convey the management's perspective on the financial condition and on the operating performance of the Company as at the end of the Financial Year 2013-14.

This Financial year was yet another challenging year for the Indian economy. The Company's growth was affected by many factors like volatility in commodity prices, exchange cost, higher interest cost, etc., The uncertain macro-economic environment also affected the company, especially in the power sector. Even though the order growth was reasonable, revenues declined and the profitability was also impacted due to high project cost and delay in payments.

Due to the poor financial position of most of the electrical utilities in India, there is an impact in the performance of the electrical industries, which has resulted in higher receivables, cost over runs and higher finance cost.

Considering the performance of subsidiary companies, all the four subsidiaries have shown positive and satisfactory turnover. It is important to note that most of the subsidiaries PBT is showing an improved figure in comparison with the previous years.

In July, 2013, your company has invested 82% equity and ownership in Electrical Distribution Solutions Pty Limited (EDS) Australia. EDS, is a Private Limited Company registered under the Australian Corporations Act, 2001. The Company is a distributor of electrical equipment for Australian utilities and is operating in Brisbane, Queensland, Australia for over 5 years. EDS has developed a wide range of products and having well established manufacturing facility at Brisbane. This strategic acquisition would help ERL India and its other overseas subsidiaries to establish and hold presence in prospering Australian power transmission and distribution market.

During the year, your company started supplying of Ring Main Units from Global Manufacturing facility Plant to the Australian Utility, M/s Energex Limited. The Company is taking all efforts to complete the execution of US\$ 84 Million order in 7 years. The Company has also made inroads in a number of export markets in conjunction with ERL Switchcraft Europe GmbH, its German Subsidiary.

On May, 2014 your company has successfully completed the fund raising exercise (fully subscribed) and raised paid up capital by way of allotting 99,87,127 Equity Shares of Rs.2 each at a price of Rs.59 aggregating to Rs.5892 Lacs to existing Shareholders on Rights Basis in the Ratio of 12:25. The Company has realised Rs.2912 Lacs from Public & Financial Institutions and Rs. 2980 Lacs by way of adjusting the Promoter's loan.

To improve margins in coming years, your company is taking all efforts to increase its efficiency by way of cost reduction, selection of orders with good margins and Exports Orders, etc.,

#### 5. Subsidiary Companies and Consolidated Financial Statements:

There has been no material change in the nature of the business of the subsidiaries.

In accordance with the Statement of Accounting Standard on Consolidated Financial Statements (AS21) issued by the Institute of Chartered Accountants of India, Financial Statements of Company's subsidiaries have been considered in the accompanying Consolidated Financial Statements of the Company. As per guidance given in the circular issued by Ministry of Corporate Affairs, the Board of Directors has consented for sending annual financial accounts

of the Company without attaching the Balance Sheets of the subsidiary companies. Shareholders who wish to have a copy of the full report and accounts of the subsidiary companies will be provided on receipt of a written request from them. The above documents will also be available for inspection by any shareholder at the registered office of the Company as well as registered office of the subsidiary company, on any working day during the business hours.

## **6. Human Resource Development**

The Company's industrial relations remained peaceful at all factories and establishments during the financial year. The Company is continuously improving employees skill sets through training and personality development programs.

Employee strength as on 31<sup>st</sup> March, 2014 was 367 as compared to 385 in the previous year.

## **7. Fixed Deposit**

The Company did not invite or accept any fixed deposit pursuant to provisions of Section 58A of the Companies Act, 1956. During the year no amount either on interest or principal, remained outstanding as on the date of the Balance Sheet.

## **8. Corporate Governance Report**

Your Company has been practicing the principle of good Corporate Governance over the years and ensures to comply with the provisions of Clause 49 of the Listing Agreements with Stock Exchanges. A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under the Listing Agreements are given in a separate section in this Annual Report (Annexure – A).

## **9. Directors**

Mr Hari Eswaran, Director retire by rotation and being eligible for re-appointment, have offered himself for re-appointment.

In terms of Sections 149, 150, 152, and other applicable and related provisions of the Companies Act, 2013 read with Rules made thereunder, retirement by rotation shall not apply to Independent Directors. In order to comply with the statutory requirements, your company being recommended for appointment of Dr William Stanley Jones, Mr Rakesh Garg and Mr M Raman as Independent Directors for a term upto five consecutive years effective from 29<sup>th</sup> September, 2014 to September, 2019 on a non-rotational basis.

Details of the proposals of appointment or re-appointment as applicable are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 in the Notice to the 39<sup>th</sup> Annual General Meeting. Necessary resolutions are being placed before the shareholders for approval.

## **10. Directors' Responsibility Statement**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state and confirm:

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

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) that the Directors have prepared the Annual Accounts on a going concern basis.

#### **11. 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 Audit Committee and the Board of Directors recommended their re-appointment for the year 2014-15. The necessary resolution is being placed before the shareholders for approval.

#### **12. Cost Auditor**

The Company has appointed Mr Rajesh Sai Iyer, Chennai as Cost Auditor for conducting Audit of Company's cost records for the financial year 2013-14. The due date for filing the Cost Audit Report for the financial year ended 31<sup>st</sup> March 2014 is 30<sup>th</sup> September 2014.

#### **13. Particulars of Employees**

Information required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are annexed to this Report, and they form part of this Report. However, as provided in Section 219 (1) (b) (iv) of the Companies Act, 1956, the Annual Report and Accounts are being sent to the Members of the Company, excluding statement containing particulars of employees under Section 217(2A) of the Act. Any Member interested in obtaining such particulars, may write to the Company at the Registered Office.

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

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is attached as Annexure - B and forms part of this Report.

#### **15. Concluding Remarks**

The Directors convey their appreciation to all employees of the Company for their sincere and dedicated services during the year. 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

Place: Chennai  
Date: 13th August, 2014

Hari Eswaran  
Chairman

**Annexure to the Directors' Report for the year ended 31<sup>st</sup> March, 2014****Annexure – A  
Corporate Governance Disclosure**

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the following report.

**1. Company's philosophy on code of governance**

The philosophy of the Company on Corporate Governance is to attain highest level of transparency, responsibility, accountability and equity in all facets of its operations.

The Company believes that all its actions must serve the underlying goal of enhancing shareholders' value over a sustained period of time.

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 :**

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 |                      |              |
|--------|------------------|------------------------------|------------------------|-----------------------------|---|----------------------|--------------|
|        |                  |                              | Board Meetings         | Last Annual General Meeting | Directorship  | Committee Membership | Chairmanship |
| 1      | Mr Hari Eswaran  | Promoter Director (Chairman) | 7 of 8                 | Attended                    | 1   | -                    | 1            |
| 2      | Dr W S Jones     | Independent Director         | 5 of 8                 | Not Attended                | 1   | -                    | -            |
| 3      | Mr Raj H Eswaran | Promoter Director (MD)       | 8 of 8                 | Attended                    | 2   | 1                    | -            |
| 4      | Mr Rakesh Garg   | Independent Director         | 5 of 8                 | Not Attended                | 3   | -                    | -            |
| 5      | Mr JDN Sharma    | Director                     | 6 of 8                 | Not Attended                | 3   | -                    | -            |
| 6      | Mr Raman M       | Independent Director         | 7 of 8                 | Not Attended                | 3   | -                    | -            |

**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.

Number of Board Meetings held during the financial year 2013-14 : **8 (Eight)**

Dates of Board Meeting held during the Financial Year 2013-14 is as below:

| Board Meeting Number | Date of Board Meeting | Board Meeting Number | Date of Board Meeting |
|----------------------|-----------------------|----------------------|-----------------------|
| 1                    | 17-04-2013            | 5                    | 18-09-2013            |
| 2                    | 27-06-2013            | 6                    | 08-11-2013            |
| 3                    | 19-07-2013            | 7                    | 14-02-2014            |
| 4                    | 09-08-2013            | 8                    | 05-03-2014            |



- (a) **Mr Hari Eswaran, Director retire by rotation and is eligible for re-appointment. The brief background of Mr Hari Eswaran, Director is furnished below:**

Mr Hari Eswaran, 77 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. Easun Reyrolle Projects Limited - Director
8. ERLPhase Power Technologies Limited, Canada – Chairman
9. ERL International Pte. Limited, Singapore – Chairman
10. ERL Marketing International FZE, Sharjah – Chairman
11. Switchcraft Europe GmbH, Germany – Chairman
12. Switchcraft Limited, Hongkong – Chairman
13. ERL Switchcraft Pte. Limited, Singapore – Chairman
14. 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<sup>st</sup> March, 2014.

- (b) **Brief Background of Independent Directors being re-appointed (Item no.4 to 6 of Notice):**

**a) Dr W S Jones**

Dr W S Jones, 72 years, is an Electronic Engineering Graduate and holds a Doctorate Degree. He is a Fellow of the Royal Academy of Engineers and the Institution of Engineers and Technicians, UK. He has been conferred with the title "Order of British Empire". He retired as Joint Managing Director of VA TECHs Transmission and Distribution operation worldwide. He served NEI Control Systems as Managing Director. In addition, he was appointed Managing Director of Reyrolle Limited. Dr W S Jones also served as worldwide Managing Director of Rolls-Royce Transmission and Distribution Limited. He served on the Boards of many corporate, social and community bodies. He has been Director on the Board of Easun Reyrolle Limited for the last 20 years.

Dr W S Jones is a Director on the Board of the following Companies.

1. CPRE Buckinghamshire
2. Switchcraft Europe GmbH, Germany
3. Switchcraft Limited, Hong Kong
4. ERL Marketing International FZE., Sharjah

Dr W S Jones was holding 2,958 Equity Shares of Rs.2 each in Easun Reyrolle Limited as on 31<sup>st</sup> March, 2014.

**b) Mr Rakesh Garg**

Mr Rakesh Garg aged 51 years, Commerce Graduate from Punjab University, is a qualified Chartered Accountant and a Company Secretary. During the period from 1984 to 1992 he worked with various public limited companies in the senior level. During 1992, Mr Garg set up an independent consultancy firm and has 21 years experience in the field of Audit and Taxation, Mergers and Acquisitions, feasibility and profitability studies, setting up standard costing system for manufacturing companies, secretarial advice, financial planning, etc., Mr Garg is a consultant to the major listed companies in the field of logistics.

Mr Garg is a Director on the Board of the following Companies:

01. Ishwar Goods Pvt. Ltd.
02. Karan Woo-sin Ltd.
03. Nehas Infotech Pvt. Ltd.
04. Nehas Trading Pvt. Ltd.
05. Kartiken Logistics Ltd.
06. Three GID Technologies Pvt. Ltd.
07. Adveta Services & Trading Pvt. Ltd.
08. Leben Multitrade Pvt. Ltd.
09. Kartiken Fertilizers Limited

Mr Rakesh Garg is holding 2,958 equity shares of Rs.2 each in Easun Reyrolle Limited as on 31<sup>st</sup> March, 2014.

**c) Mr M Raman**

Mr M Raman, aged 63 years holds M.Sc. degree in Chemistry from University of Delhi. Mr Raman has last served the Government of India as the Secretary in the Ministry of Chemicals and Petrochemicals and retired during 2011. He has in-depth practical experience of more than two decades in policy formulation, monitoring and implementation at the Government vis-à-vis industrial development and infrastructure sector. Mr Raman is Director on the Board of the following Companies:

1. National Fertilizers Limited, Noida (U.P)
2. National Commodity & Derivatives Exchange Limited, Mumbai
3. Cochin Shipyard Ltd, Cochin

Mr Raman is not holding any equity shares of the Company.

**3. Audit Committee:**

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

The Terms of reference specified by the Board to the Audit Committee are in conformity with Clause 49 of the Listing Agreement.

During the year 2013-14, 5 (Five) Audit Committee Meetings were held.

The attendance of Members during the year was as below:

| Sl. No. | Names and Position of the Member | No. of Meetings |          |
|---------|----------------------------------|-----------------|----------|
|         |                                  | Held            | Attended |
| 01.     | Dr W S Jones, Member             | 5               | 5        |
| 02.     | Mr Raj H Eswaran, Member         | 5               | 5        |
| 03.     | Mr Rakesh Garg, Member           | 5               | 5        |
| 04.     | Mr JDN Sharma, Member            | 5               | 5        |
| 05.     | Mr M Raman, Member               | 5               | 4        |

#### 4. Subsidiary Companies :

The Company has 7 subsidiaries, a list of which is given in the note to accounts.

The Audit Committee also reviews the financial statements of all the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed and reviewed at the Company's Board Meetings.

#### 5. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' 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.

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 P Chandrasekaran, Chief Financial Officer is the Compliance Officer of the Company.

During the year 2013-14 the Company received 18 complaints and all the complaints were resolved to the satisfaction of the Shareholders.

#### 6. Remuneration Committee

- (i) The Company has a Remuneration Committee of Directors
- (ii) The broad terms of reference of the Remuneration Committee are as under:
  - to approve the annual remuneration plan of the Company;
  - to approve the remuneration and annual performance bonus payable to the Senior Executives of the Company for each financial year.
- (iii) The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

| Name             | Category  | Number of Meetings held during the year 2013-14 |          |
|------------------|---|---|----------|
|                  |   | Held  | Attended |
| Dr W S Jones     | Independent, Non-Executive – Chairman of Remuneration Committee | 1   | 1        |
| Mr Rakesh Garg   | Independent, Non-Executive                                      | 1   | 1        |
| Mr M Raman       | Independent, Non-Executive *                                    | 1   | -        |
| Mr Raj H Eswaran | Promoter – Executive Director                                   | 1   | 1        |

\* Mr M Raman has been appointed as Member of Remuneration Committee on 9th August, 2013.

(iv) Remuneration Policy :

The Company's remuneration policy is driven by the success and performance of the individual and the Company. Through its compensation programme, 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.

Directors in their Meeting held on 27<sup>th</sup> June, 2013 approved an increase in Sitting fee from Rs.3,000 to Rs.5,000. Accordingly, during the year 2013-14, the Company paid Sitting Fees of Rs.3,000 per meeting for one Meeting held on 17<sup>th</sup> April, 2014 and Rs.5,000 per meeting for rest of the meetings to its Directors and Members for attending meetings of Board and Committee.

(v) Details of Remuneration paid to Executive / Non-Executive Directors for the year ended 31<sup>st</sup> March, 2014:

(a) Non-Executive Directors:

| Name                      | Commission<br>(Rs. Lacs) | Sitting Fee<br>(Rs. Lacs) |
|---------------------------|--------------------------|---------------------------|
| Mr Hari Eswaran, Chairman | -                        | 0.43                      |
| Dr. W S Jones             | -                        | 0.51                      |
| Mr Rakesh Garg            | -                        | 0.51                      |
| Mr J D N Sharma           | -                        | 0.51                      |
| Mr M Raman                | -                        | 0.55                      |

(b) Executive Director:

| Name                                | Salary<br>(Rs. Lacs) | Commission<br>(Rs. Lacs) | Sitting Fee<br>(Rs. Lacs) |
|-------------------------------------|----------------------|--------------------------|---------------------------|
| Mr Raj H Eswaran, Managing Director | 48                   | nil                      | nil                       |

## 7. 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 |
|---------------|--|------------|---------|----------------------------|
| 2011          | Hotel Ambassador<br>Pallava<br>53, Montieth Road.<br>Chennai – 600 008 | 29.08.2011 | 03 p.m. | Nil                        |
| 2012          |  | 26.09.2012 | 03 p.m. | Nil                        |
| 2013          |  | 26.09.2013 | 03 p.m. | Nil                        |

## 8. Postal Ballot

No resolution was passed through Postal Ballot during 2013 - 14.

## 9. Disclosures

- 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.28 of Notes on Accounts of the accompanying Annual Report.
- During the last three years, there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority on any matter related to the capital market.



- (c) The Company confirms that during the financial year 2013-14, it complied with mandatory reporting requirement of Corporate Governance. The Company did not adopt any of the non-mandatory reporting requirements mentioned in Clause 49 of the Listing Agreement.

#### 10. Means of Communication :

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

#### 11. General Shareholder information :

##### (a) Annual General Meeting for 2014

- a) Date : 29<sup>th</sup> September, 2014
- b) Time : 10.00 a.m.
- c) Venue : Hotel Ambassador Pallava at 53 Montieth Road, Chennai-600 035

##### (b) Financial calendar:

|  |                               |
|--|-------------------------------|
| Results for the quarter ended 30 <sup>th</sup> June, 2014      | Second week of August, 2014   |
| Results for the quarter ended 30 <sup>th</sup> September, 2014 | Second week of November, 2014 |
| Results for the quarter ended 31 <sup>st</sup> December, 2014  | Second week of February, 2015 |
| Results for the quarter ended 31 <sup>st</sup> March, 2015     | Last week of May 2015         |

##### (c) Book Closure date:

The Register of Members and the Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September, 2014 to 29<sup>th</sup> September, 2014 (both days inclusive).

##### (d) Listing on Stock Exchanges:

1. National Stock Exchange of India Limited, Mumbai,
2. Bombay Stock Exchange Limited, Mumbai

Up to date listing fee has been paid to both the Stock Exchanges.

Considering the underlying GDR equity shares having been converted into common stock, brought to India, effective from 25<sup>th</sup> November, 2013 your Company has voluntarily delisted its GDR securities from Singapore Stock Exchange Limited, Singapore.

##### (e) Stock Code :

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

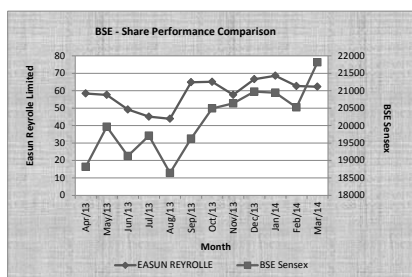
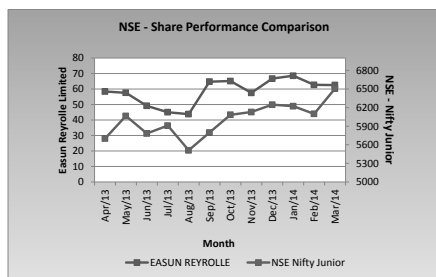
**(f) Market Price Data :**

Highlights of Market Price of the Company's Shares traded on National Stock Exchange and Bombay Stock Exchange during 2013-14 are as follows:

| Period          | NSE        |           | BSE        |           |
|-----------------|------------|-----------|------------|-----------|
|                 | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April, 2013     | 62.00      | 50.00     | 62.50      | 54.00     |
| May, 2013       | 64.50      | 50.10     | 63.00      | 51.00     |
| June, 2013      | 54.00      | 45.20     | 53.55      | 46.00     |
| July, 2013      | 49.85      | 40.00     | 48.95      | 40.70     |
| August, 2013    | 55.75      | 36.75     | 55.50      | 34.00     |
| September, 2013 | 75.00      | 51.20     | 75.05      | 53.00     |
| October, 2013   | 72.00      | 58.50     | 72.00      | 59.00     |
| November, 2013  | 65.00      | 48.00     | 64.55      | 51.90     |
| December, 2013  | 73.80      | 57.50     | 71.00      | 58.25     |
| January, 2014   | 80.95      | 58.25     | 80.90      | 61.00     |
| February, 2014  | 67.95      | 53.90     | 68.00      | 56.25     |
| March, 2014     | 70.95      | 59.30     | 69.75      | 59.75     |

**(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 44 28140801 to 28140803,  
Email: [corpserv@integratedindia.in](mailto:corpserv@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 Share Transfer Committee. The approved share transfers are returned within 15 days from the date of lodgment, if documents are complete in all respects.

#### j) Dematerialization of Shares and Liquidity

96.26% of the paid up capital has been dematerialized as at 31<sup>st</sup> March 2014. 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 of India Ltd., Mumbai and Bombay Stock Exchange Limited, Mumbai during 2013-14 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 | 19,242        | 58.49                 |
| 02.     | Bombay Stock Exchange Limited            | 9,875         | 58.52                 |

#### k) Outstanding GDRs/ADRs/Warrants, etc:

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

- Outstanding GDRs/ADRs/Warrants: There are no outstanding GDRs/ADRs/ Warrants as on 31<sup>st</sup> March, 2014.
- Securities held in abeyance: Issue and allotment of 850 Equity Shares of Rs.2 each (including 675 Shares on Bonus) which are subject to matter of suits filed in a court, is held in abeyance pursuant to Section 206A of the Companies act, 1956.

#### l) Plant Location :

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

#### m) Address for Correspondence :

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

**n) Transfer of unclaimed dividend to Investor Education and Protection Fund of the Central Government:**

During the year 2013-14, 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 |
|---|----------------------|----------------------|-------------|------------------|
| Final Dividend for the Financial Year 2005-06 | 44,225               | 533                  | 2,65,350.00 | 23.11.2013       |
| Interim Dividend for the year 2006-07         | 64,170               | 805                  | 1,28,340.00 | 06.01.2014       |

The Company will be transferring the following Unpaid Dividend to the Investor Education and Protection Fund as detailed below:

| Dividend for the year                         | Declared on                      | Transferring to IEPF during |
|---|----------------------------------|-----------------------------|
| Final Dividend for the Financial Year 2006-07 | 28 <sup>th</sup> September, 2007 | October, 2014               |
| Interim Dividend for the year 2007-08         | 17 <sup>th</sup> April, 2008     | May, 2015                   |

**o) Shareholding pattern as at 31st March, 2014:**

| Sl. No. | Category                                       | No. of Shares held | Percentage of Shareholding |
|---------|--|--------------------|----------------------------|
| 01.     | <b>Promoters' Holding</b>                      |                    |                            |
|         | Indian Promoters- Mr Hari Eswaran & Associates | 60,58,636          | 29.12%                     |
| 02.     | <b>Non-promoters' Holding</b>                  |                    |                            |
|         | a) Bank  | -                  | -                          |
|         | b) <u>Others</u>                               |                    |                            |
|         | - Mutual Fund                                  | 33,69,442          | 16.19%                     |
|         | - Private Corporate Bodies                     | 10,02,818          | 4.82%                      |
|         | - Foreign Institutional Investors              | 5,000              | 0.02%                      |
|         | - NRIs/OCBs                                    | 3,43,287           | 1.65%                      |
|         | - Depository Participants                      | -                  | -                          |
|         | c) Indian Public                               | 1,00,27,831        | 48.19%                     |
|         | <b>Total</b>                                   | <b>2,08,07,014</b> | <b>100.00%</b>             |

**p) Distribution of Shares as on 31st March, 2014:**

| Sl. No.      | Distribution of Shareholding | No. of Shareholder | % to total     | No. of Shares      | % to total     |
|--------------|------------------------------|--------------------|----------------|--------------------|----------------|
| 1            | Upto 500 Shares              | 11,189             | 80.77%         | 16,08,156          | 7.73%          |
| 2            | 501 to 1000 Shares           | 1,309              | 9.45%          | 10,76,303          | 5.17%          |
| 3            | 1001 to 2000 Shares          | 692                | 5.00%          | 10,61,217          | 5.10%          |
| 4            | 2001 to 3000 Shares          | 241                | 1.74%          | 6,21,818           | 2.99%          |
| 5            | 3001 to 4000 Shares          | 102                | 0.74%          | 3,66,595           | 1.76%          |
| 6            | 4001 to 5000 Shares          | 61                 | 0.44%          | 2,87,345           | 1.38%          |
| 7            | 5001 to 10,000 Shares        | 133                | 0.96%          | 9,51,791           | 4.57%          |
| 8            | More than 10,000 Shares      | 126                | 0.91%          | 1,48,33,789        | 71.29%         |
| <b>Total</b> |                              | <b>13,853</b>      | <b>100.00%</b> | <b>2,08,07,014</b> | <b>100.00%</b> |

**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. This Code of Conduct is available on the Company's web site.

I confirm that, in respect of the financial year ended 31<sup>st</sup> March, 2014, 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 : 13<sup>th</sup> August, 2014

Hari Eswaran  
Chairman

## Independent Auditors' Report on Corporate Governance to The Members of Easun Reyrolle Limited

1. We have examined the compliance of conditions of Corporate Governance of Easun Reyrolle Ltd, for the year ended on 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions is the responsibility of the management. Our examination has been limited to a review of the procedures and the implementations thereof adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing agreement.
4. We state that no investor's grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.
5. 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.

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Per our Report of even date annexed

For BRAHMAYYA & CO.  
Chartered Accountants  
ICAI regd. No. 000511S

N Sri Krishna  
Partner  
Membership No: 26575

Place : Chennai  
Date : 13<sup>th</sup> August 2014

For R SUBRAMANIAN & CO.  
Chartered Accountants  
ICAI regd. No. 004137S

R Subramanian  
Partner  
Membership No: 8460



# Annexure to the Directors' Report for the year ended 31<sup>st</sup> March, 2014

## Annexure – B

### Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rule, 1988

|  |   |
|--|---|
| <b>A. Conservation of Energy</b>   |   |
| <ul style="list-style-type: none"> <li>(i) Energy Conversion</li> <li>(ii) Additional Investments and proposals if any, being implemented for reduction of consumption of energy</li> <li>(iii) Impact of the measures at (a) and consumption and consequent impact of the cost of production of goods.</li> <li>(iv) Total energy conservation</li> </ul> | <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> <p>Disclosure requirement is not applicable to the Company.</p>                                |
| <b>B. Technology Absorption</b>  |   |
| (i) Research and Development   |   |
| (1) Specific areas in which R&D is carried out by the Company  | <ul style="list-style-type: none"> <li>(a) Protective Relays</li> <li>(b) Field Remote Terminal Unit</li> <li>(c) Substation Automation and Control Products</li> </ul>   |
| (2) Benefits derived as a result of the above efforts  | <ul style="list-style-type: none"> <li>(a) Indigenous IP, hence no royalty payable.</li> <li>(b) Improved brand name as a technology Company.</li> <li>(c) New product lines for the existing business, hence entry into new market segments.</li> <li>(d) Adaptation of products and creation of variants to meet International and domestic markets.</li> </ul> |
| (3) Future plan of action  | <ul style="list-style-type: none"> <li>(a) To add additional variants of the Sub-Transmission and Distribution segment Protection Relays.</li> <li>(b) To develop SCADA compatible products such as Field Remote Terminal Device &amp; its Variants.</li> </ul>   |
| (4) Expenditure on R&D <ul style="list-style-type: none"> <li>(a) Capital</li> <li>(b) Recurring</li> <li>(c) Total</li> <li>(d) Total R&amp;D expenditure as a percentage of total turnover</li> </ul>  | Nil<br>Rs.181.40 lacs<br>Rs.181.40 lacs<br>0.91%  |

|   |   |
|---|---|
| (ii) Technology absorption, adaptation and innovation   |   |
| (1) Efforts, in brief, made towards technology absorption, adaptation and innovation.   | <p>(a) Use of Multi-core processor designs 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>  |
| (2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution, etc.,   | <p>(a) Use of Multi-core processor designs 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>Development of MV Breaker technology at the German Company's subsidiary helped Company to bag prestigious order from Australia for the supply Ring Main Units. The order is valued at around US\$ 84 million to be executed over 7 years.</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>Programmable Logic Control Technology 2007 and 2008</p> <p>Technology has been absorbed</p> <p>Software design is absorbed</p>   |
| <b>C. Foreign Exchange Earning and Outgo</b>  |   |
| <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 services</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. 3,866.32 lacs</p> <p>Rs. 3,454.37 lacs</p>   |

On Behalf of the Board of Directors

Place : Chennai

Date : 13<sup>th</sup> August, 2014

Hari Eswaran  
Chairman

# Independent Auditors' 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<sup>st</sup> March 2014, 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. The responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 audit opinion.

## Basis for Qualified Opinion

Consequent to superannuation of existing company secretary who retired from service on 01<sup>st</sup> December 2013, the company has not appointed any other full time company secretary in the vacancy caused accordingly the provisions of section 383A of the companies Act 1956 have not been complied with.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the effect of matters stated 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:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014
2. in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
3. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

- a) Attention is invited to Note no.32 , Sale of fixed assets during the previous financial year 2012-13 amounting to Rs 1800 Lacs with profit on sale of such asset recognized amounting to Rs. 1747.12 Lacs is subject to no objection from its charge holders and still is pending conveyance. Our opinion is not qualified in respect of this matter.
- b) (1) Attention is invited to Note no.31(b), 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 the 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. Our opinion is not qualified in respect of this matter.  
  
(2) Attention is invited to Note No.35, The liquidated damages recovered by the customers Turnkey ongoing projects from running bills amounting to Rs.1012.27 Lacs, is under negotiations with customers seeking waiver of the same. Pending the outcome of the same the Liquidated damages so levied has not been provided for. Our opinion is not qualified in respect of this matter
- c) Attention is invited to Note No.47, the value of inventory pertaining to the "Metering Business" amounting to Rs.215.41 Lacs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment alternative markets for utilizing the inventories, the realizable value has not been ascertained, consequently the impact on the financial statements is not quantifiable. Our opinion is not qualified in respect of this matter.
- d) Attention is invited to Note No. 48, 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.134.82 Lacs (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 the no adjustment in the financial statements has been made. Our opinion is not qualified in respect of this matter
- e) Attention is invited to Note No.50, The balances due from and due by the company towards debtors and creditors including debit balances in creditor accounts, in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent reconciliations if any and the resultant impact on the financial statements including the operating results is not ascertainable. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, , and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have 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, 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 Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
  - e) On the basis of written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Per our Report of even date annexed

For BRAHMAYYA & CO.  
Chartered Accountants  
ICAI regd. No. 000511S

N Sri Krishna  
Partner  
Membership No: 26575

Place : Chennai  
Date : 30<sup>th</sup> May 2014

For R SUBRAMANIAN & CO.  
Chartered Accountants  
ICAI regd. No. 004137S

R Subramanian  
Partner  
Membership No: 8460

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Easun Reyrolle Limited on the financial statements for the year ended 31st March 2014]

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.  
  
(b) These Fixed Assets have been physically verified by the Management on a regular programme, which however, in our opinion needs to be strengthened further having regard to the size of the Company and nature of Assets. No significant discrepancies were noticed on such verification.  
  
(c) As per information and explanations given to us, Fixed Assets disposed during the year were not substantial.
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. (a) During the year the company granted interest free advances to wholly owned overseas subsidiary outstanding at year end amounting to Rs.1937.57 Lacs other than this the Company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The terms of advance given are not prima facie prejudicial to the interests of the company. 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.  
  
(b) During the year the company has taken interest free unsecured loan of Rs 3027.08 lacs from companies, firms or other parties listed in the register required to be maintained under section 301 of the Companies Act, 1956. The terms and conditions of the loan borrowed are not, prima facie, prejudicial to the interests of the company. Interest free unsecured loan outstanding at year end is Rs 7156.85 lacs. The loan is repayable after September 2014 or convertible into Equity if any, allotted prior to due date of repayment.
4. In our opinion and according to the information and explanations given to us, the internal control system are commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets, sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.



5. (a) Based on the audit procedures applied by us, to the best of our knowledge and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal under Sections 58A and 58AA of the Companies Act, 1956.
7. The Company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.
9. a) According to the information and explanations given to us, the Company is generally regular in depositing the undisputed statutory dues in respect of Customs Duty, Professional Tax and Investor Education and Protection Fund. However, there have been instances of delay in deposit of the undisputed statutory dues of Provident Fund, Excise Duty, Employee State Insurance, Dividend Distribution Tax and Income Tax including Tax Deducted at Source, Sales Tax (VAT, CST) and Service Tax with appropriate authorities, during the year.
- b. According to the information and explanations given to us, except for the undisputed statutory dues representing Fringe Benefit Tax of Rs.9.21 lacs, Service Tax of Rs.79.93 lacs, VAT of Rs 1.88 Lacs, Income Tax of Rs 59.15 Lacs (requested the department to adjust with refund of 144.64 Lacs 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.
- c. According to the information and explanations given to us and 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    | Assessment Year to which the matter pertains | Forum where the matter is pending | Amount in Rs. |
|------------------------|--|-----------------------------------|---------------|
| Income Tax Act         | 2003-04                                      | Tribunal ( Appeals)               | * 47,85,258   |
| Income Tax Act         | 2004-05                                      | Tribunal ( Appeals)               | * 26,12,561   |
| Income Tax Act         | 2006-07                                      | CIT(Appeals)                      | # 55,41,946   |
| Income Tax Act         | 2008-09                                      | CIT(Appeals)                      | * 3,06,33,157 |
| Income Tax Act         | 2009-10                                      | CIT(Appeals)                      | @ 5,24,99,080 |
| Income Tax Act         | 2010-11                                      | CIT(Appeals)                      | @ 1,78,18,290 |
| Sales Tax, Karnataka   | 2007-08                                      | VAT (Appeals)                     | ** 63,64,825  |
| Sales Tax, Karnataka   | 2008-09                                      | VAT (Appeals)                     | # 41,78,406   |
| Sales Tax, Karnataka   | 2009-10                                      |                                   | *** 20,61,853 |
| Sales Tax, West Bengal | 2009-10                                      | VAT (Appeals)                     | @ 6,18,060    |
| Sales Tax, Tamil Nadu  | 2006-07                                      |                                   | & 37,98,251   |
| Sales Tax, Tamil Nadu  | 2007-08                                      |                                   | @ 8,37,769    |
| Sales Tax, Tamil Nadu  | 2008-09                                      |                                   | @ 29,62,552   |
| Customs Duty           | 2011-12                                      | CESTAT                            | # 66,37,675   |

# paid

\* adjusted against refund

\*\* Rs 32 Lacs Paid and Balance covered under Bank Guarantee

\*\*\* Rs 3 Lacs Paid and Balance not paid

@ unpaid

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

10. The Company does not have any accumulated losses at the end of the financial year and has incurred cash losses in the current financial year. However the Company has not incurred cash loss in the immediately preceding financial year.
11. Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks, financial institutions and debenture holders except
  - (b) For a delay of upto 75 days in repayment of term loan installment to a bank during the year, and
  - (c) For a delay of upto 90 days in repayment of term loan installment to a bank during the year.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of clause 4 (xiii) of the Order relating to Chit Funds, Nidhi, Mutual Benefit Fund or a Society are not applicable to the Company.
14. In our opinion, according to the information and explanations given by the management, the Company is not dealing or trading in shares, securities, debentures and other

investments. Proper records of the transactions and contracts have been maintained and timely entries have been made. The said investments have been held by the company in its own name.

15. According to the information and explanations given to us, the Company has not given any guarantee for any loan taken by others from any Bank or Financial Institution.
16. According to the information and explanations given to us and the based on the examination of records, the term loan availed during the year has been used for the purpose for which such loan has been availed.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term usages of funds, prima facie, we report that no funds raised on short term basis have been used for long term investment.
18. According to information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the Company has not issued debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
20. The Company has not made public issue of securities during the year and therefore the question of disclosing the end-use of money raised by way of public issue does not arise.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of material fraud on or by the company, noticed or reported during the year.

Per our Report of even date annexed

For BRAHMAYYA & CO.  
Chartered Accountants  
ICAI regd. No. 000511S

N Sri Krishna  
Partner  
Membership No: 26575

Place : Chennai  
Date : 30<sup>th</sup> May 2014

For R SUBRAMANIAN & CO.  
Chartered Accountants  
ICAI regd. No. 004137S

R Subramanian  
Partner  
Membership No: 8460

## Balance Sheet as at 31st March 2014

|                                    |          | Rs Lacs                              |                                      |
|------------------------------------|----------|--------------------------------------|--------------------------------------|
| Particulars                        | Note No. | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>I. EQUITY AND LIABILITIES</b>   |          |                                      |                                      |
| (1) Shareholders' funds            |          |                                      |                                      |
| (a) Share capital                  | 2        | 416.14                               | 416.14                               |
| (b) Reserves and surplus           | 3        | 18,246.37                            | 21,463.71                            |
|                                    |          | <b>18,662.51</b>                     | <b>21,879.85</b>                     |
| (2) Non-current liabilities        |          |                                      |                                      |
| (a) Long-term borrowings           | 4        | 10,166.51                            | 9,255.45                             |
| (b) Deferred tax liabilities (Net) | 5        | 429.77                               | 429.77                               |
| (c) Long-term provisions           | 6        | 124.42                               | 132.03                               |
|                                    |          | <b>10,720.70</b>                     | <b>9,817.25</b>                      |
| (3) Current liabilities            |          |                                      |                                      |
| (a) Short-term borrowings          | 7        | 11,089.19                            | 9,125.08                             |
| (b) Trade payables                 | 8        | 17,571.61                            | 15,522.85                            |
| (c) Other current liabilities      | 9        | 7,236.71                             | 5,861.65                             |
| (d) Short-term provisions          | 10       | 157.34                               | 178.96                               |
|                                    |          | <b>36,054.85</b>                     | <b>30,688.54</b>                     |
| <b>Total</b>                       |          | <b>65,438.06</b>                     | <b>62,385.64</b>                     |
| <b>II. ASSETS</b>                  |          |                                      |                                      |
| (1) Non-current assets             |          |                                      |                                      |
| (a) Fixed assets                   | 11       |                                      |                                      |
| (i) Tangible assets                |          | 8,993.26                             | 9,451.20                             |
| (ii) Intangible assets             |          | 537.35                               | 557.36                               |
|                                    |          | <b>9,530.61</b>                      | <b>10,008.56</b>                     |
| (b) Non-current investments        | 12       | 15,502.10                            | 15,502.10                            |
| (c) Long-term loans and advances   | 13       | 3,279.92                             | 1,825.01                             |
| (d) Other Non current assets       | 14       | 425.88                               | 279.56                               |
|                                    |          | <b>28,738.51</b>                     | <b>27,615.23</b>                     |
| (2) Current assets                 |          |                                      |                                      |
| (a) Inventories                    | 15       | 4,420.72                             | 5,707.70                             |
| (b) Trade receivables              | 16       | 27,560.96                            | 24,557.95                            |
| (c) Cash and Bank Balances         | 17       | 1,847.53                             | 1,800.31                             |
| (d) Short-term loans and advances  | 18       | 2,809.08                             | 2,424.80                             |
| (e) Other current assets           | 19       | 61.26                                | 279.65                               |
|                                    |          | <b>36,699.55</b>                     | <b>34,770.41</b>                     |
| <b>Total</b>                       |          | <b>65,438.06</b>                     | <b>62,385.64</b>                     |

### Significant Accounting Policies

1

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

Per our Report of even date annexed

For and on behalf of Board of Directors

For BRAHMAYYA & CO.

For R SUBRAMANIAN & CO.

Raj H Eswaran

Rakesh Garg

Chartered Accountants

Chartered Accountants

Managing Director

Director

Firm Regn No : 000511S

Firm Regn No : 004137S

N Sri Krishna

R Subramanian

P Chandrasekaran

Partner

Partner

Chief Financial Officer

Membership No: 26575

Membership No: 8460

Place : Chennai

Date : 30<sup>th</sup> May 2014

## Statement of Profit and Loss for the year ended 31st March 2014

|   |          | Rs Lacs                                   |   |
|---|----------|---|---|
| Particulars   | Note No. | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
| 1 Revenue from operations   | 20       | 18,217.72                                 | 22,044.55                                 |
| 2 Other income  | 21       | 216.07                                    | 2,422.22                                  |
| <b>3 Total Revenue (1+2)</b>  |          | <b>18,433.79</b>                          | <b>24,466.77</b>                          |
| <b>4 Expenses</b>   |          |   |   |
| (1) Cost of Materials Consumed  | 22       | 12,565.02                                 | 16,755.36                                 |
| (2) Change in Inventory   | 23       | 465.92                                    | (131.81)                                  |
| (3) Employee benefits expense   | 24       | 2,347.88                                  | 2,283.92                                  |
| (4) Finance costs   | 25       | 2,749.26                                  | 2,159.20                                  |
| (5) Depreciation and amortization expense                                 |          | 801.81                                    | 717.32                                    |
| (6) Other expenses  | 26       | 2,345.26                                  | 2,483.21                                  |
| <b>Total expenses</b>   |          | <b>21,275.15</b>                          | <b>24,267.20</b>                          |
| <b>5 Profit before exceptional and extraordinary items and tax (3-4)</b>  |          | <b>(2,841.36)</b>                         | <b>199.57</b>                             |
| <b>6 Exceptional items</b>  |          | <b>(369.04)</b>                           | <b>-</b>                                  |
| <b>7 Profit before extraordinary items and tax (5-6)</b>                  |          | <b>(3,210.40)</b>                         | <b>199.57</b>                             |
| <b>8 Extraordinary Items</b>  |          | <b>-</b>                                  | <b>-</b>                                  |
| <b>9 Profit before tax (7- 8)</b>   |          | <b>(3,210.40)</b>                         | <b>199.57</b>                             |
| <b>10 Tax expense:</b>  |          |   |   |
| (1) Current tax   |          | -   | 39.93                                     |
| (2) Deferred tax  |          | -   | 147.35                                    |
| (3) MAT Credit Availment  |          | -   | -   |
| <b>11 Profit after tax for the year from continuing operations (9-10)</b> |          | <b>(3,210.40)</b>                         | <b>12.29</b>                              |
| <b>12 Earnings per equity share (in Rs)</b>                               |          |   |   |
| 1. Basic (Face Value Rs.2 each fully paid up)                             |          | (15.43)                                   | 0.06                                      |
| 2. Diluted (Face Value Rs.2 each fully paid up)                           |          | (15.43)                                   | 0.06                                      |

### Significant Accounting Policies

1

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

Per our Report of even date annexed

For and on behalf of Board of Directors

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

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

Raj H Eswaran  
Managing Director  
Rakesh Garg  
Director

N Sri Krishna  
Partner  
Membership No: 26575  
Place : Chennai  
Date : 30<sup>th</sup> May 2014

R Subramanian  
Partner  
Membership No: 8460

P Chandrasekaran  
Chief Financial Officer

## Cash flow statement for the year ended 31st March, 2014

### Pursuant to Clause 32 of the Listing Agreement

Rs Lacs

| Particulars  | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--|---|---|
| <b>A Cash flow from operating activities:</b>          |   |   |
| Net profit before tax and extraordinary items          | (3,210.40)                                | 199.56                                    |
| Adjusted for:  |   |   |
| Depreciation   | 801.81                                    | 717.32                                    |
| (Profit)/Loss on Sale of Assets                        | (1.39)                                    | (1,749.35)                                |
| Interest Expense                                       | 2,749.26                                  | 2,159.20                                  |
| Interest Income  | (195.80)                                  | (219.35)                                  |
| Unrealized Forex fluctuations in Drs and Crs           | (123.41)                                  | 85.66                                     |
| <b>Operating profit before Working Capital changes</b> | <b>20.07</b>                              | <b>1,193.04</b>                           |
| Trade and other receivables                            | (2,744.76)                                | (2,590.25)                                |
| Inventories  | 1,286.98                                  | (731.81)                                  |
| Short term Loans and Advances                          | (81.78)                                   | 1,100.19                                  |
| Trade Payables and other Current Liabilities           | 3,252.79                                  | 4,523.88                                  |
| <b>Cash generated from operations</b>                  | <b>1,733.29</b>                           | <b>3,495.05</b>                           |
| Direct Taxes   | (84.11)                                   | (85.69)                                   |
| <b>Net cash from operating activities</b>              | <b>1,649.19</b>                           | <b>3,409.37</b>                           |
| <b>B. Cash flow from Investing activities:</b>         |   |   |
| Purchase of Fixed Assets                               | (325.60)                                  | (6,580.50)                                |
| (Increase) / Decrease in capital work in progress      | -   | 2,783.90                                  |
| Interest received                                      | 195.80                                    | 219.35                                    |
| Long term Loans and Advances                           | (1,601.23)                                | (884.00)                                  |
| Margin Money Accounts and Deposits                     | 8.19                                      | 1,060.54                                  |
| Sale of Fixed Assets                                   | 3.14                                      | 1,802.23                                  |
| <b>Net cash from Investing activities</b>              | <b>(1,719.70)</b>                         | <b>(1,598.48)</b>                         |
| <b>C. Cash flow from financing activities:</b>         |   |   |
| FCCB redemption  | -   | (1,040.75)                                |
| Increase / (Decrease) in Term Loans                    | 911.07                                    | 729.92                                    |
| Increase / (Decrease) in Short term borrowings         | 1,964.11                                  | 637.48                                    |
| Dividend paid  | -   | (41.61)                                   |
| Interest paid  | (2,749.26)                                | (2,159.20)                                |
| <b>Net Cash from financing activities</b>              | <b>125.92</b>                             | <b>(1,874.16)</b>                         |
| Increase / (Decrease) in cash and cash equivalent      | 55.41                                     | (63.27)                                   |
| Cash and cash equivalent at the beginning of the year  | 79.87                                     | 169.39                                    |
| Cash and cash equivalent at the close of the year      | 84.90                                     | 79.87                                     |



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.

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Per our Report of even date annexed

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

N Sri Krishna  
Partner  
Membership No: 26575

Place : Chennai  
Date : 30<sup>th</sup> May 2014

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

R Subramanian  
Partner  
Membership No: 8460

For and on behalf of Board of Directors

Raj H Eswaran  
Managing Director

Rakesh Garg  
Director

P Chandrasekaran  
Chief Financial Officer

## 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 2006 and the relevant provisions of the Companies Act, 1956 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 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.

### 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 capitalized at gross value and interest thereon is charged to revenue.

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

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

### D. Depreciation

Depreciation on fixed assets is provided under the straight line method in accordance with Schedule XIV of the Companies Act, 1956 at the rates specified therein, with the exception to the following:

- a) Technical Know how is depreciated at the rate applicable under the provisions of Income Tax Act, 1961.
- b) Non compete fees is depreciated @20% under the Straight Line Method.
- c) Vehicles Purchased are written off over the period of three years.
- d) Computer and accessories purchased are written off over a period of three years.
- e) Electrical Installations installed on or after 1st April 2005 are written off @12.5%.
- f) Intangible Assets –Product development is depreciated @20% under Straight Line Method.
- g) Fixed Furniture in leasehold Property is depreciated over the lease period.
- h) SAP implementation cost is depreciated @ 16.21% under the 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 recognized in full in the profit and loss account. The retirement benefit obligation recognized 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 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.

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 recognised 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 2006.

#### **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 share holders 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.

## 2. Share Capital

Rs Lacs

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b><u>Authorised Share Capital:</u></b>                            |                                      |                                      |
| 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                               |
| <b><u>Issued Share Capital:</u></b>                                |                                      |                                      |
| 2,08,07,864 (2,08,07,864) Equity Shares of Rs.2 each               | 416.16                               | 416.16                               |
| <b><u>Subscribed and Paid up Capital:</u></b>                      |                                      |                                      |
| 2,08,07,014 (2,08,07,014) Equity Shares of Rs.2 each fully paid up | 416.14                               | 416.14                               |
| <b>Total</b>   | <b>416.14</b>                        | <b>416.14</b>                        |

### 2.1 Reconciliation of number of shares

| Particulars                              | As at 31 March 2014 |        | As at 31 March 2013 |        |
|--|---------------------|--------|---------------------|--------|
|  | No. of Shares held  | Amount | No. of Shares held  | Amount |
| Balance at the beginning of the year     | 20,807,014          | 416.14 | 20,807,014          | 416.14 |
| Add: shares issued during the year       | -                   | -      | -                   | -      |
| Less: Shares bought back during the year | -                   | -      | -                   | -      |
| Balance at the end of the year           | 20,807,014          | 416.14 | 20,807,014          | 416.14 |

### 2.2 Rights, preferences and restrictions attached to shares

**Equity Shares:** The company has one class of equity shares having a par value of Rs 2 par share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

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

| Particulars                     | As at 31 March 2014 |              | As at 31 March 2013 |              |
|---------------------------------|---------------------|--------------|---------------------|--------------|
|                                 | No. of Shares held  | % of Holding | No. of Shares held  | % of Holding |
| Easun Products of India Pvt Ltd | 2,267,557           | 10.90%       | 2,267,557           | 10.90%       |
| IDFC Premier Equity Fund        | 1,839,527           | 8.84%        | -                   | 0.00%        |
| Easun Engineering Company Ltd   | 1,632,500           | 7.85%        | 1,632,500           | 7.85%        |
| Sowraj Investments Pvt Ltd      | 1,458,060           | 7.01%        | 1,458,060           | 7.01%        |
| Sundaram Mutual Fund A/C        |                     |              |                     |              |
| Sundaram Smile Fund             | 1,230,942           | 5.92%        | 1,102,257           | 5.30%        |
| Power Ventures Holdings         |                     |              |                     |              |
| ( India) Pvt. Ltd.,             | 131,988             | 0.63%        | 1,628,088           | 7.82%        |

### 3. Reserves and Surplus

Rs Lacs

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Capital Reserve</b>   |                                      |                                      |
| Opening Balance  | 714.34                               | 45.54                                |
| Add: Amount transferred on forfeiture of Share warrant               | -                                    | 668.80                               |
| Less: Deductions   | -                                    | -                                    |
| Closing Balance  | 714.34                               | 714.34                               |
| <b>Government Subsidy</b>  | 40.42                                | 40.42                                |
| <b>Securities Premium Account</b>                                    |                                      |                                      |
| Opening Balance  | 9,843.72                             | 10,884.47                            |
| Add: Amount transferred on allotment of ESOPs                        | -                                    | -                                    |
| Less: Premium on redemption of FCCB                                  | -                                    | 1,040.75                             |
| Closing Balance  | 9,843.72                             | 9,843.72                             |
| <b>Foreign Currency Monetary Item Translation Difference Account</b> |                                      |                                      |
| Opening Balance  | (721.00)                             | (721.00)                             |
| Add: Exchange Loss capitalized during the year                       | (375.99)                             | -                                    |
| Less: Amortization during the year                                   | 369.04                               | -                                    |
| Closing Balance  | (727.95)                             | (721.00)                             |
| <b>General Reserve</b>   |                                      |                                      |
| 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                             |
| <b>Surplus in Statement of Profit and Loss</b>                       |                                      |                                      |
| Opening Balance  | 2,039.84                             | 2,027.56                             |
| Add: Profit for the year   | (3,210.40)                           | 12.28                                |
| Less: Proposed dividend  | -                                    | -                                    |
| Less: Tax on Proposed dividend                                       | -                                    | -                                    |
| Less: Transfer to General Reserve                                    | -                                    | -                                    |
|  | (1,170.55)                           | 2,039.84                             |
| <b>Total</b>   | <b>18,246.37</b>                     | <b>21,463.71</b>                     |

### 4. Long Term Borrowings

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Secured Loans</b>                                   |                                      |                                      |
| <b>Foreign Currency Term loans From Banks</b>          |                                      |                                      |
| Standard Chartered Bank - ECB (Refer 4.1(i))           | 1,497.50                             | 2,739.13                             |
| DBS Bank - ECB (Refer 4.1(i))                          | 1,354.72                             | 2,033.66                             |
| External Commercial Borrowings (Refer 4.1(i))          | 2,852.22                             | 4,772.79                             |
| <b>Rupee Term Loans From Bank</b>                      |                                      |                                      |
| Axis Bank (Refer 4.1(i))                               | 157.44                               | 302.27                               |
| <b>Hire Purchase Loan</b>                              |                                      |                                      |
| Long Term Maturities of vehicle loans (Refer 4.1 (ii)) | -                                    | 2.84                                 |
| <b>Total (A)</b>                                       | <b>3,009.66</b>                      | <b>5,077.90</b>                      |
| <b>Unsecured Loans</b>                                 |                                      |                                      |
| Sales Tax Deferral Scheme (Refer 9.1)                  | -                                    | 47.79                                |
| Intercompany Deposits (Refer 4.3)                      | 7,156.85                             | 4,129.76                             |
| <b>Total (B)</b>                                       | <b>7,156.85</b>                      | <b>4,177.55</b>                      |
| <b>Total (A+B)</b>                                     | <b>10,166.51</b>                     | <b>9,255.45</b>                      |



#### 4.1 Security Clause

##### i) Term Loans

Rs Lacs

| 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  |

ii) **Hire Purchase Loans:** Loans taken under hire purchase arrangements are secured against hypothecation of specific assets.

#### 4.2 The details of Long Term Borrowings are as follows

| Particulars  | Repayment<br>Start Date | O/s Amt as on<br>31st March<br>2014 | Current<br>Maturities | Interest<br>Rate | Instalment<br>Amount |
|--|-------------------------|-------------------------------------|-----------------------|------------------|----------------------|
| <b>Rupee Term Loans</b>  |                         |                                     |                       |                  |                      |
| Axis Bank Ltd-<br>(Repayable in 8 Quarterly instalments)                     | Feb-12                  | 315.76                              | 158.32                | 13.25%           | 39.58                |
| Standard Chartered Bank Ltd<br>(Repayable in 8 monthly Instalments)          | Sep-13                  | 160.00                              | 160.00                | 15.00%           | 20.00                |
| <b>External Commercial Borrowings<br/>(Fully Un-Hedged)</b>                  |                         |                                     |                       |                  |                      |
| Standard Chartered Bank Ltd<br>(Repayable in 5 Half yearly<br>Instalments) * |                         |                                     |                       |                  |                      |
| (USD - 6.25 million) # @   | Aug-12                  | 3,743.75                            | 2,246.25              | 4.35%            | 748.75               |
| <b>External Commercial Borrowings<br/>(Fully Hedged)</b>                     |                         |                                     |                       |                  |                      |
| DBS Bank Ltd (Repayable in 5 Half<br>yearly Instalments)                     |                         |                                     |                       |                  |                      |
| (USD - 5.25 million) # @   | Aug-12                  | 2,370.77                            | 1,016.04              | 11.60%           | 338.68               |
| <b>Total</b>   |                         | <b>6,590.28</b>                     | <b>3,580.61</b>       |                  | <b>1,147.01</b>      |

\* Amount varies as per the exchange rate on the date of repayment # O/s as on 31.03.2014

@ Delay in repayment of instalment which has been paid after 31<sup>st</sup> March 2014.

4.3 Unsecured Term Loan from Sowraj Investments Pvt. Limited and Easun Products of India Pvt. Limited do not carry any interest. The amount is payable on demand after 30<sup>th</sup> September 2014. The parties have given their intention of subscribing to Equity share capital of the Company if any offered within 30<sup>th</sup> September 2014.

#### 5. Deferred Tax Liabilities

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Deferred Tax Liabilities</b>                            |                                      |                                      |
| - On account of Timing differences related to Fixed Assets | 517.37                               | 517.37                               |
| <b>Deferred Tax Assets</b>                                 |                                      |                                      |
| - Disallowances under Income Tax Act 1961                  | 87.60                                | 87.60                                |
| <b>Total</b>   | <b>429.77</b>                        | <b>429.77</b>                        |

## 6. Long-term provisions

Rs Lacs

| Particulars                            | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Provision for employee benefits</b> |                                      |                                      |
| - Leave Encashment                     | 59.55                                | 67.40                                |
| - Gratuity                             | 64.87                                | 64.63                                |
| <b>Total</b>                           | <b>124.42</b>                        | <b>132.03</b>                        |

## 7. Short-term borrowings

| Particulars                       | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| <b>Secured</b>                    |                                      |                                      |
| <b>From Banks</b>                 |                                      |                                      |
| - Cash Credits facilities availed | 10,729.82                            | 8,735.16                             |
| - Buyers credit                   | 359.37                               | 389.92                               |
| <b>Total</b>                      | <b>11,089.19</b>                     | <b>9,125.08</b>                      |

### 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 and State Bank of India.

#### b. Collatral Security

| Bank                    | Properties  |   |
|-------------------------|---|---|
|                         | Hosur Factory: Land, Building and Plant & Machinery | Industrial Land amd 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 paripassu basis among Axis Bank, DBS Bank, Standard Chartered Bank and Canara Bank.

# by way of primary security

## 8. Trade Payables

| Particulars                                     | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| Micro, Small and Medium Enterprises (Refer 8.1) | 162.07                               | 302.87                               |
| Other Enterprises                               | 17,409.54                            | 15,219.98                            |
| <b>Total</b>                                    | <b>17,571.61</b>                     | <b>15,522.85</b>                     |

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 31<sup>st</sup> March 2014 are furnished below

| Particulars   | Rs Lacs                              |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| Principal Amount Due to Suppliers   | 162.07                               | 302.87                               |
| Interest Accrued and due to the suppliers under MSMED Act, on the above amount            | 29.22                                | 2.98                                 |
| Payment made to suppliers (other than interest) beyond the appointed date                 | 270.35                               | 805.93                               |
| Interest paid to suppliers under MSMED Act (Section 16)                                   | -                                    | -                                    |
| Interest due and payable to suppliers under MSMED Act, for payments already made          | 24.59                                | 12.25                                |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act | 53.81                                | 15.23                                |

## 9. Other Current Liabilities

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Secured</b>   |                                      |                                      |
| Current Maturities of Long Term Debt:                         |                                      |                                      |
| (a) Foreign Currency Term loans from Banks                    |                                      |                                      |
| Standard Chartered - ECB (Refer 4.1(i))                       | 2,246.25                             | 1,370.33                             |
| DBS Bank - ECB (Refer 4.1(ii))                                | 1,016.04                             | 677.36                               |
| (b) Rupee Term Loans from Banks                               |                                      |                                      |
| Axis Bank (Refer 4.1(i))                                      | 158.32                               | 172.73                               |
| Standard Chartered Bank                                       | 160.00                               | -                                    |
| (c) Current Maturities of Hire Purchase Loans (Refer 4.1(ii)) | 2.84                                 | 2.87                                 |
| <b>Total -A</b>   | <b>3,583.45</b>                      | <b>2,223.29</b>                      |
| <b>B. Unsecured</b>   |                                      |                                      |
| Sales Tax Deferral Scheme (Refer 9.1)                         | 72.45                                | 26.75                                |
| Interest Accrued and not due on borrowings                    | 42.35                                | 43.01                                |
| Interest Accrued and due on borrowings                        | 219.13                               | 6.20                                 |
| <b>Other Payables</b>   |                                      |                                      |
| Employee Related  | 162.26                               | 169.36                               |
| Expenses, Service & Contract Payables                         | 323.80                               | 71.27                                |
| Advances from Customers                                       | 2,153.45                             | 2,533.05                             |
| Unpaid Dividend Payable                                       | 29.60                                | 37.41                                |
| <b>Statutory Dues Payable</b>                                 |                                      |                                      |
| TDS Payables  | 291.94                               | 174.87                               |
| PF, ESI & PT  | 28.97                                | 17.00                                |
| VAT Payables ( Net )  | 31.60                                | 94.92                                |
| Service Tax Payables  | 99.05                                | 177.10                               |
| Excise Duty Payables  | 198.66                               | 280.67                               |
| Dividend Distribution Tax                                     | -                                    | 6.75                                 |
| <b>Total -B</b>   | <b>3,653.26</b>                      | <b>3,638.36</b>                      |
| <b>Total (A+B)</b>  | <b>7,236.71</b>                      | <b>5,861.65</b>                      |

9.1 The company has been sanctioned to avail interest free sales tax deferral scheme for an aggregate amount of Rs.72.45 lakhs by the department of Sales tax, Government of Tamilnadu. The underlying deferred sales tax payable by the company from the financial year commencing from 2013-14. The Company has provided interest @24% p.a. on the instalment which is due on February 2014 and not paid till March 31, 2014.

#### 10. Short-term provisions

| Particulars                            | Rs Lacs                              |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Provision for Employee Benefits</b> |                                      |                                      |
| Leave Encashment                       | 8.60                                 | 8.17                                 |
| <b>Other Provisions</b>                |                                      |                                      |
| Warranty Claim Reserve (refer 10.1)    | 148.74                               | 170.79                               |
| <b>Total</b>                           | <b>157.34</b>                        | <b>178.96</b>                        |

#### 10.1 Warranty Claim Reserve

|                              | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|------------------------------|--------------------------------------|--------------------------------------|
| At the beginning of the year | 170.79                               | 188.16                               |
| Created during the year      | -                                    | -                                    |
| Utilised during the year     | 22.05                                | 17.37                                |
| At the end of the year       | <b>148.74</b>                        | <b>170.79</b>                        |

# Notes to the Financial Statements

## 11. Fixed Assets

| Particulars                            | Gross Block       |                 |                   | Depreciation       |               |              | Net Block          |                    |
|--|-------------------|-----------------|-------------------|--------------------|---------------|--------------|--------------------|--------------------|
|  | As at<br>1-Apr-13 | Additions       | Deductions        | As at<br>31-Mar-14 | For the year  | Deletion     | As at<br>31-Mar-14 | As at<br>31-Mar-13 |
| <b>(a) Tangible Assets</b>             |                   |                 |                   |                    |               |              |                    |                    |
| Land                                   | 2.31              |                 |                   | 2.31               |               |              | 2.31               | 2.31               |
| Land - Leasehold                       | 998.98            |                 |                   | 998.98             |               |              | 998.98             | 998.98             |
| Land - Hosur Residential Plots         | 4.29              |                 |                   | 4.29               |               |              | 4.29               | 4.29               |
| Buildings                              | 4,176.95          | 32.82           |                   | 4,209.77           | 138.88        |              | 3,746.45           | 3,852.51           |
| Buildings - Leasehold                  | 5.26              |                 |                   | 5.26               | 0.18          |              | 3.10               | 3.27               |
| Plant and Machinery                    | 3,298.66          | 83.68           |                   | 3,382.33           | 152.33        |              | 2,809.67           | 2,878.33           |
| Electrical installation and Fittings   | 571.87            | 16.98           |                   | 588.85             | 66.84         |              | 303.48             | 353.34             |
| Office equipments                      | 510.72            | 0.45            |                   | 511.17             | 8.14          |              | 139.43             | 147.12             |
| Furniture                              | 585.85            | 4.18            |                   | 590.03             | 34.97         |              | 318.80             | 349.59             |
| Vehicles                               | 145.68            |                 | 39.41             | 106.27             | 15.71         | 37.66        | 21.11              | 38.57              |
| Computers                              | 819.67            | 22.25           |                   | 841.92             | 169.10        |              | 251.82             | 398.67             |
| <b>Research And Development</b>        |                   |                 |                   |                    |               |              |                    |                    |
| Buildings                              | 173.23            |                 |                   | 173.23             | 5.79          |              | 123.14             | 128.93             |
| Plant and Machinery                    | 445.94            |                 |                   | 445.94             | 21.10         |              | 268.44             | 289.54             |
| Electrical installation and Fittings   | 27.01             |                 |                   | 27.01              | 2.95          |              | 0.83               | 3.78               |
| Office equipments                      | 88.64             |                 |                   | 88.64              | 0.18          |              | 1.11               | 1.29               |
| Computers                              | 1.88              |                 |                   | 1.88               | 0.38          |              | 0.31               | 0.69               |
| <b>Total</b>                           | <b>11,856.92</b>  | <b>160.36</b>   | <b>39.41</b>      | <b>11,977.87</b>   | <b>616.55</b> | <b>37.66</b> | <b>8,993.26</b>    | <b>9,451.20</b>    |
| <b>Previous Year</b>                   | <b>5,627.13</b>   | <b>6,295.10</b> | <b>65.31</b>      | <b>11,856.92</b>   | <b>554.57</b> | <b>12.43</b> | <b>9,451.20</b>    | <b>3,763.57</b>    |
| <b>(b) Intangible Assets</b>           |                   |                 |                   |                    |               |              |                    |                    |
| Technology Know-how                    | 550.44            |                 |                   | 550.44             | -             |              | 0.00               | 0.00               |
| Non-competee fees                      | 100.00            |                 |                   | 100.00             |               |              | -                  | -                  |
| Intangible Asset - Product development | 1,005.06          | 165.24          |                   | 1,170.31           | 181.40        |              | 537.13             | 553.28             |
| Computer Software                      | 11.69             |                 |                   | 11.69              | 3.86          |              | 0.22               | 4.08               |
| <b>Total</b>                           | <b>1,667.19</b>   | <b>165.24</b>   | <b>-</b>          | <b>1,832.43</b>    | <b>185.26</b> | <b>-</b>     | <b>537.35</b>      | <b>557.36</b>      |
| <b>Previous Year</b>                   | <b>1,381.79</b>   | <b>285.40</b>   | <b>-</b>          | <b>1,667.19</b>    | <b>162.75</b> | <b>-</b>     | <b>557.36</b>      | <b>434.71</b>      |
| <b>Grand Total</b>                     | <b>13,524.11</b>  | <b>325.60</b>   | <b>39.41</b>      | <b>13,810.30</b>   | <b>801.81</b> | <b>37.66</b> | <b>9,530.61</b>    | <b>10,008.56</b>   |
| <b>Previous Year</b>                   | <b>9,792.82</b>   | <b>6,580.50</b> | <b>(2,849.21)</b> | <b>13,524.11</b>   | <b>717.32</b> | <b>12.43</b> | <b>10,008.56</b>   | <b>6,982.18</b>    |

## 12. Non-current investments

Rs Lacs

| Particulars   | No. of Shares | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|---------------|--------------------------------------|--------------------------------------|
| <b>Non Trade Investments - Unquoted (At Cost)<br/>In ERL International Pte Ltd- Singapore</b>                 |               |                                      |                                      |
| Equity Shares of USD 1 each fully paid up   | 300,000       | 118.68                               | 118.68                               |
| 7.5% Non cumulative redeemable convertible<br>Preference Shares of USD 1 each fully paid up<br>(Refer Note a) | 9,700,000     | 5,146.82                             | 5,146.82                             |
| Non cumulative redeemable convertible<br>Preference Shares of USD 1 each fully paid up                        | 22,000,000    | 10,236.60                            | 10,236.60                            |
| <b>Total</b>  |               | <b>15,502.10</b>                     | <b>15,502.10</b>                     |
| Aggregate amount of : quoted investments<br>: market value  |               | -                                    | -                                    |
| Aggregate amount of unquoted investments  |               | 15,502.10                            | 15,502.10                            |

## 13. Long-term loans and advances

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Unsecured, Considered Good unless otherwise stated</b> |                                      |                                      |
| Capital Advances  | 472.89                               | 260.19                               |
| Security Deposits and Earnest Money Deposits              | 212.17                               | 206.60                               |
| Loans and advances to related parties                     | 1,937.57                             | 776.84                               |
| Prepaid Expenses  | 39.56                                | 40.53                                |
| Testing Charges to be amortized                           | 11.09                                | 18.31                                |
| Income Tax & TDS (Net of Provision for Tax)               | 606.64                               | 522.54                               |
| <b>Total</b>  | <b>3,279.92</b>                      | <b>1,825.01</b>                      |

## 14. Other non-current assets

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Deposits with Bank</b>   |                                      |                                      |
| Term Deposits maturing after 12 months from<br>the Balance Sheet date and other earmarked /<br>margin money / pledged deposits classified as<br>non-current | 388.05                               | 253.31                               |
| Interest Accrued on Bank Guarantee Margin   | 37.83                                | 26.25                                |
| <b>Total</b>  | <b>425.88</b>                        | <b>279.56</b>                        |

## 15. Inventory

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>(Lower of Cost and estimated Net Realisable Value)</b> |                                      |                                      |
| Raw Materials and Components                              | 2,484.55                             | 3,140.73                             |
| Work In Progress  | 294.24                               | 287.28                               |
| Finished Goods  | 444.71                               | 917.59                               |
| Packing Materials   | 4.91                                 | 10.19                                |
| Stock in Transit - Raw Materials & Components             | 1,174.40                             | 1,336.64                             |
| Stores and Spares   | 17.91                                | 15.27                                |
| <b>Total</b>  | <b>4,420.72</b>                      | <b>5,707.70</b>                      |

## 16. Trade Receivables

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Unsecured, Considered Good unless otherwise stated</b> |                                      |                                      |
| Outstanding for a period exceeding six months             | 11,771.00                            | 8,829.11                             |
| Other Receivables   | 15,789.96                            | 15,728.84                            |
| <b>Total</b>  | <b>27,560.96</b>                     | <b>24,557.95</b>                     |

## 17. Cash and Bank Balances

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Cash and cash equivalents</b>   |                                      |                                      |
| Cash on Hand   | 46.34                                | 24.31                                |
| Balances with banks in Current Accounts  | 38.55                                | 55.56                                |
| <b>Balances in Earmarked Accounts</b>  |                                      |                                      |
| Unpaid Dividend Accounts   | 29.63                                | 37.82                                |
| <b>Other Bank Balances*</b>  |                                      |                                      |
| <b>Bank Deposits</b>   |                                      |                                      |
| Bank Deposits with maturity less than 3 months   | 425.97                               | 425.97                               |
| Bank Deposits with maturity more than 3 months<br>but less than 12 months  | 567.00                               | 567.00                               |
| Bank Deposits with maturity more than 12 months  | 38.80                                | 38.80                                |
| <b>Margin Money Deposits</b>   |                                      |                                      |
| Margin Money Deposits maturing after 12 months   | 349.26                               | 214.51                               |
| Margin Money Deposits maturing within 12 months  | 740.03                               | 689.65                               |
| Less: Term Deposits maturing after 12 months from<br>the Balance Sheet date and other earmarked /<br>margin money / pledged deposits classified as non-current | 388.05                               | 253.31                               |
| <b>Total</b>   | <b>1,847.53</b>                      | <b>1,800.31</b>                      |

\* Under lien with DBS Bank and Standard Chartered Bank

## 18. Short-term loans and advances

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Advances recoverable in cash or in kind or for value to be received<br/>(Unsecured, Considered Good unless otherwise stated)</b> |                                      |                                      |
| (a) Advance to suppliers  | 1,509.59                             | 1,112.47                             |
| (b) Advance to Employees  | 39.90                                | 66.31                                |
| (c) Rental Advance  | 65.87                                | 73.37                                |
| (d) Prepaid Expenses  | 146.91                               | 124.88                               |
| (e) Other Receivables   | 335.67                               | 293.89                               |
| (f) Statutory Receivables (Input Credits)   | 711.14                               | 753.88                               |
| <b>Total</b>  | <b>2,809.08</b>                      | <b>2,424.80</b>                      |

## 19. Other current assets

| Particulars                                   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| (a) Interest Accrued on Short term deposit    | 30.96                                | 18.11                                |
| (b) Interest Accrued on Bank Guarantee Margin | 30.30                                | 261.54                               |
| <b>Total</b>                                  | <b>61.26</b>                         | <b>279.65</b>                        |



## 20. Revenue from Operations

Rs Lacs

| Particulars                   | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|-------------------------------|---|---|
| Sale of products (Refer 20.1) | 18,715.34                                 | 22,780.48                                 |
| Sale of services              | 450.31                                    | 562.52                                    |
| Other operating revenues      | 64.22                                     | 23.91                                     |
|                               | 19,229.87                                 | 23,366.91                                 |
| Less: Excise duty             | 1,012.15                                  | 1,322.36                                  |
| <b>Total</b>                  | <b>18,217.72</b>                          | <b>22,044.55</b>                          |

### 20.1 Sale of Products comprises of the following

| Particulars                     | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---------------------------------|---|---|
| Relays and Control Panels       | 6,562.69                                  | 10,971.08                                 |
| Substation Automation Solutions | 50.87                                     | 143.08                                    |
| Switchgear                      | 1,079.68                                  | 2,250.18                                  |
| Projects                        | 10,009.95                                 | 8,093.77                                  |
| Add : Excise Duty               | 1,012.15                                  | 1,322.36                                  |
| <b>Total</b>                    | <b>18,715.34</b>                          | <b>22,780.48</b>                          |

### 21. Other Income

| Particulars                                       | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Interest Income                                   | 195.80                                    | 219.35                                    |
| Profit on Sale of Fixed Assets                    | 1.39                                      | 1,749.35                                  |
| Realization of Debts written off in earlier years | -   | 8.44                                      |
| Foreign Exchange Gains                            | -   | 426.00                                    |
| Trade Incentives                                  | 16.49                                     | 18.94                                     |
| Miscellaneous Income                              | 2.39                                      | 0.14                                      |
| <b>Total</b>                                      | <b>216.07</b>                             | <b>2,422.22</b>                           |

### 22. Cost of Material Consumed

| Particulars                  | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|------------------------------|---|---|
| Opening Stock                |   |   |
| Raw Materials and Components | 3,140.73                                  | 3,053.61                                  |
| Add: Purchases               | 11,908.83                                 | 16,842.48                                 |
|                              | 15,049.56                                 | 19,896.09                                 |
| Less: Closing Stock          |   |   |
| Raw Materials and Components | 2,484.54                                  | 3,140.73                                  |
| <b>Total</b>                 | <b>12,565.02</b>                          | <b>16,755.36</b>                          |

### 23. Change in Work in Progress and Finished Goods

| Particulars         | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---------------------|---|---|
| Opening Stock       |   |   |
| Finished Goods      | 917.59                                    | 889.01                                    |
| Work in Progress    | 287.28                                    | 184.05                                    |
| (A)                 | 1,204.87                                  | 1,073.06                                  |
| Less: Closing Stock |   |   |
| Finished Goods      | 444.71                                    | 917.59                                    |
| Work in Progress    | 294.24                                    | 287.28                                    |
| (B)                 | 738.95                                    | 1,204.87                                  |
| <b>Total (A-B)</b>  | <b>465.92</b>                             | <b>(131.81)</b>                           |

## 24. Employee Benefits Expense

Rs Lacs

| Particulars                             | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Salaries and Wages                      | 2,009.39                                  | 1,877.53                                  |
| Contribution to provident and ESI funds | 115.51                                    | 95.86                                     |
| Gratuity                                | -   | 80.04                                     |
| Leave encashment                        | (2.42)                                    | 0.57                                      |
| Staff Welfare Expenses                  | 225.40                                    | 229.92                                    |
| <b>Total</b>                            | <b>2,347.88</b>                           | <b>2,283.92</b>                           |

## 25. Finance Costs

| Particulars              | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--------------------------|---|---|
| <b>Interest</b>          |   |   |
| Term Loans               | 612.24                                    | 757.79                                    |
| Buyers Credit and Others | 327.10                                    | 83.34                                     |
| Working Capital Loans    | 1,572.71                                  | 1,148.69                                  |
| Other borrowing costs    | 237.21                                    | 169.38                                    |
| <b>Total</b>             | <b>2,749.26</b>                           | <b>2,159.20</b>                           |

## 26. Other Expenses

| Particulars                                 | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Consumption of Stores and Spares            | 131.80                                    | 145.36                                    |
| Power & Fuel                                | 85.51                                     | 89.70                                     |
| Rent  | 131.68                                    | 117.86                                    |
| Repairs to : Buildings                      | 7.95                                      | 1.67                                      |
| : Machinery                                 | 4.50                                      | 1.40                                      |
| : Others                                    | 203.51                                    | 179.74                                    |
| Insurance                                   | 57.73                                     | 68.40                                     |
| Rates and taxes, excluding, taxes on income | 178.48                                    | 91.56                                     |
| Travel and Conveyance Expenses              | 438.11                                    | 464.78                                    |
| Postage, Telephone and Telegram             | 65.18                                     | 81.40                                     |
| Selling Expenses                            | 64.54                                     | 334.78                                    |
| Audit Fees : Statutory Audit                | 7.50                                      | 7.50                                      |
| : Tax matters                               | 0.75                                      | 0.75                                      |
| : For other services                        | 0.75                                      | 1.50                                      |
| : Out of Pocket Expenses                    | 3.41                                      | 3.77                                      |
| Professional Charges                        | 84.82                                     | 73.15                                     |
| Electricity Charges                         | 22.87                                     | 27.48                                     |
| Security Charges                            | 66.84                                     | 54.35                                     |
| Advertisement Expenses                      | 45.12                                     | 23.77                                     |
| Printing & Stationery                       | 28.10                                     | 39.28                                     |
| Bank Charges                                | 393.49                                    | 319.99                                    |
| Tools Written off                           | 8.21                                      | 15.91                                     |
| Service Charges                             | 10.47                                     | 19.78                                     |
| Foreign Exchange Loss                       | 42.91                                     | 98.06                                     |
| Other expenses                              | 261.03                                    | 221.26                                    |
| <b>Total</b>                                | <b>2,345.26</b>                           | <b>2,483.21</b>                           |

## 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 Lacs

| Particulars   | Leave Encashment |         | Gratuity |         |
|---|------------------|---------|----------|---------|
|   | 2013-14          | 2012-13 | 2013-14  | 2012-13 |
| <b>1. Assumptions</b>   |                  |         |          |         |
| Interest rate   | 9.12%            | 8.50%   | 8.00%    | 8.00%   |
| Salary Escalation   | 5.00%            | 8.50%   | 7.00%    | 7.00%   |
| <b>2. Change in benefit obligations</b>   |                  |         |          |         |
| Obligations at period beginning - Current   | 8.17             | 8.89    | -        | -       |
| Obligations at period beginning - Non-current   | 67.40            | 66.12   | 346.96   | 290.74  |
| Interest on Defined benefit obligation  | 6.89             | 6.19    | 27.76    | 23.26   |
| Service Cost  | 7.35             | 13.50   | 25.63    | 25.63   |
| Benefits settled  | -                | -       | (26.32)  | (54.68) |
| Actuarial (gain)/loss   | (21.66)          | (19.13) | (93.21)  | 62.02   |
| Obligations at period end   | 68.15            | 75.57   | 280.82   | 346.97  |
| Current Liability (within 12 months)  | 8.60             | 8.17    | -        | -       |
| Non Current Liability   | 59.55            | 67.40   | -        | -       |
| <b>3. Change in plan assets</b>   |                  |         |          |         |
| Plans assets at period beginning, at fair value   | -                | -       | 339.19   | 349.14  |
| Expected return on plan assets  | -                | -       | 28.77    | 29.14   |
| Actuarial gain/(loss)   | -                | -       | -        | -       |
| Contributions   | -                | -       | -        | 15.59   |
| Benefits settled  | -                | -       | (26.32)  | (54.68) |
| Plans assets at period end, at fair value   | -                | -       | 341.65   | 339.19  |
| Funded Status   |                  |         |          |         |
| Fair value of plan assets at the end of the year  | -                | -       | 341.65   | 339.19  |
| Present value of defined benefit obligations  | 68.15            | 75.57   | 280.82   | 346.97  |
| Liability recognized in the balance sheet   | (68.15)          | (75.57) | 60.83    | (7.78)  |
| <b>4. Table showing fair value of plan assets</b>   |                  |         |          |         |
| Fair value of plan assets at beginning of year  |                  |         | 339.19   | 349.14  |
| Actual return on plan assets  |                  |         | 28.77    | 29.14   |
| Contributions   |                  |         | -        | 15.59   |
| Benefits Paid   |                  |         | (26.32)  | (54.68) |
| Fair value of plan assets at the end of year  |                  |         | 341.65   | 339.19  |
| Funded status   |                  |         | 60.83    | (7.78)  |
| Excess of Actual over estimated return on plan assets NIL<br>(Actual rate of return=Estimated rate of return as ARD<br>falls on 31st March) |                  |         |          |         |

| Particulars   | Leave Encashment |         | Gratuity |         |
|---|------------------|---------|----------|---------|
|   | 2013-14          | 2012-13 | 2013-14  | 2012-13 |
| 5. Actuarial Gain/Loss recognized   |                  |         |          |         |
| Actuarial (gain)/ loss on obligations   |                  |         | 93.21    | 62.02   |
| Actuarial (gain)/ loss for the year - plan assets                                     |                  |         | Nil      | Nil     |
| Total (gain)/ loss for the year   |                  |         | 93.21    | 62.02   |
| Actuarial (gain)/ loss recognized in the year   |                  |         | 93.21    | 62.02   |
| 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                                    |                  |         | 280.82   | 346.97  |
| Fair value of plan assets as at the end of the year                                   |                  |         | 341.65   | 339.19  |
| Funded status   | 68.15            | 75.57   | 60.83    | (7.78)  |
| Net asset/(liability) recognized in balance sheet                                     | (68.15)          | (75.57) | 60.83    | (7.78)  |
| 7. Expenses recognised in the Profit & Loss   |                  |         |          |         |
| Account for the year ended  |                  |         |          |         |
| Interest on Defined benefit obligation  | 6.89             | 6.19    | 27.76    | 23.26   |
| Service Cost  | 7.35             | 13.50   | 25.63    | 25.63   |
| Expected return on plan assets  | -                | -       | (28.77)  | (29.14) |
| Actuarial (gain)/loss   | (21.66)          | (19.13) | (93.21)  | 62.02   |
| Expenses recognised in the Profit & Loss Account                                      | (7.42)           | 0.56    | (68.60)  | 81.77   |

## 28. Disclosure of AS 18 for the Year 2013-14

### a) Details of transactions during year 2013-14

| Sl No | Particulars  | Eswaran & Sons Engineers Ltd | Easun MR Tap Changers P Ltd | Sowraj Investments | Easun Products of India P Ltd | Key Mgt Personnel | ERL International Pte Ltd | ERLPhase Power Technologies Ltd | Switchcraft Ltd | Switchcraft GMBH | ERL Marketing Intl. FZE | ERL Thailand P. Ltd | Grand Total |
|-------|--|------------------------------|-----------------------------|--------------------|-------------------------------|-------------------|---------------------------|---------------------------------|-----------------|------------------|-------------------------|---------------------|-------------|
| 1     | Sale of Goods  |                              |                             |                    | -                             |                   |                           | -                               |                 | 0.73             | 599.43                  |                     | 600.16      |
|       |  |                              |                             |                    | (447.74)                      |                   |                           | (0.98)                          |                 | (12.04)          | (309.82)                |                     | (770.59)    |
| 2     | Purchase of Goods                                      |                              |                             |                    |                               |                   |                           | 592.19                          | -               | 26.08            |                         |                     | 618.27      |
|       |  |                              |                             |                    |                               |                   |                           | (291.79)                        | -               | (142.94)         |                         |                     | (434.73)    |
| 3     | Rendering of Services                                  |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     |             |
|       | Reimbursement of Expenses (incl. exchange fluctuation) |                              |                             |                    |                               |                   | -                         | -                               |                 |                  | -                       |                     | -           |
|       |  |                              |                             |                    |                               |                   | (19.24)                   | (4.89)                          |                 |                  | (6.83)                  |                     | (30.96)     |
|       | Un-Secured Loan  |                              |                             |                    |                               |                   | 1,152.46                  |                                 |                 |                  |                         |                     | 1,152.46    |
|       |  |                              |                             |                    |                               |                   | (141.57)                  |                                 |                 |                  |                         |                     | (141.57)    |
|       | Interest on Loan advanced                              |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     | -           |
|       |  |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     | -           |
| 4     | Availing of Services                                   |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     |             |
|       | Reimbursement of Expenses                              |                              |                             |                    |                               |                   |                           |                                 |                 | -                | 33.02                   |                     | 33.02       |
|       |  |                              |                             |                    |                               |                   |                           |                                 |                 | (22.23)          | -                       |                     | (22.23)     |
|       | Loan borrowed  |                              |                             | 1,840.00           | 3,662.50                      |                   |                           |                                 |                 |                  |                         |                     | 5,502.50    |
|       |  |                              |                             | (3,353.50)         | (4,195.00)                    |                   |                           |                                 |                 |                  |                         |                     | (7,548.50)  |
|       | Loan repayment   | -                            |                             |                    | 2,475.41                      |                   |                           |                                 |                 |                  |                         |                     | 2,475.41    |
|       |  | (1,835.00)                   |                             |                    | (2,971.00)                    |                   |                           |                                 |                 |                  |                         |                     | (4,806.00)  |
|       | Interest on Loan borrowed                              |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     | -           |
|       |  |                              |                             |                    |                               |                   |                           |                                 |                 |                  |                         |                     | -           |
| 5     | Directors remuneration                                 |                              |                             |                    |                               | 48.00             |                           |                                 |                 |                  |                         |                     | 48.00       |
|       |  |                              |                             |                    |                               | (48.00)           |                           |                                 |                 |                  |                         |                     | (48.00)     |

**b) Details of outstandings in respect of Related Parties**

Rs Lacs

| S.No. | Names of Related Parties         | Outstanding as on<br>31/03/2014 | Maximum Amount<br>due during the year | Outstanding as on<br>31/03/2013 | Maximum Amount<br>due during the year |
|-------|----------------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| 1     | Eswaran & Sons Engineers Ltd.    | NIL                             | NIL                                   | NIL                             | 1,835.00 Cr.                          |
| 2     | Easun Mr Tap Changers P Ltd      | NIL                             | NIL                                   | NIL                             | NIL                                   |
| 3     | Easun Products of India P Ltd    | 1,944.70 Cr.                    | 2,746.20 Cr.                          | 795.45 Cr.                      | 1,979.36 Cr.                          |
| 4     | Sowraj Investment P Ltd          | 5,181.24 Cr.                    | 5,193.50 Cr.                          | 3,365.76 Cr.                    | 3,365.76 Cr.                          |
| 5     | ERL Phase Power Technologies Ltd | 366.25 Cr.                      | 379.28 Cr.                            | 136.63 Cr.                      | 195.52 Cr.                            |
| 6     | ERL International Pte Ltd        | 1,755.90 Dr.                    | 1,844.02 Dr.                          | 583.30 Dr.                      | 586.85 Dr.                            |
| 7     | ERL Marketing International FZE  | 637.13 Dr.                      | 707.81 Dr.                            | 410.59 Dr.                      | 557.92 Dr.                            |
| 8     | ERL Thailand P. Ltd              | NIL                             | NIL                                   | NIL                             | 72.29 Dr.                             |
| 9     | Switchcraft Ltd                  | NIL                             | NIL                                   | NIL                             | NIL                                   |
| 10    | Switchcraft Gmbh                 | 416.45 Dr.                      | 564.19 Dr.                            | 98.40 Dr.                       | 263.91 Dr.                            |
| 11    | Directors :                      |                                 |                                       |                                 |                                       |
| 12    | Hari Eswaran                     | 24.57 Cr.                       | 24.57 Cr.                             | 21.65 Cr.                       | 21.65 Cr.                             |
| 13    | Raj H Eswaran                    | 25.26 Cr.                       | 25.26 Cr.                             | 8.07 Cr.                        | 8.07 Cr.                              |
| 14    | Dr W S Jones                     | 3.31 Cr.                        | 3.31 Cr.                              | 1.24 Cr.                        | 1.24 Cr.                              |
| 15    | Rakesh Garg                      | 6.80 Cr.                        | 6.80 Cr.                              | 6.17 Cr.                        | 6.17 Cr.                              |
| 16    | J D N Sharma                     | 6.57 Cr.                        | 6.57 Cr.                              | 5.30 Cr.                        | 5.30 Cr.                              |
| 17    | Raman M                          | 0.14 Cr.                        | 0.14 Cr.                              | NIL                             | NIL                                   |

**29. Contingent Liabilities and Commitments**

| A. | Contingent Liabilities   | 2014      | 2013      |
|----|--|-----------|-----------|
| 1  | Letters of Credit opened by Bank for purchase of raw materials and components                      | 1,321.74  | 2,728.26  |
| 2  | Counter Guarantee given to bankers in respect of Guarantees given by them                          | 15,186.60 | 17,002.08 |
|    | Counter Guarantee given to bankers in respect of Standby LC given by them                          | 377.13    | 1,253.66  |
| 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                                 | 1,766.93  | 2,735.04  |
| 5  | <b>Disputed amounts of Income Tax</b>  |           |           |
|    | <b>Assessment year</b>   |           |           |
|    | 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    | -         |
|    | 2010-11 - Unpaid   | 178.18    | 178.18    |

|           |   |        |        |
|-----------|---|--------|--------|
| 6         | Disputed amount of Sales Tax                                      |        |        |
|           | <b>Karnataka</b>  |        |        |
|           | FY 2007-08 Paid   | 63.65  | 63.65  |
|           | FY 2008-09 Paid   | 41.78  | 41.78  |
|           | FY 2009-10 (Rs.3.00 Paid, Rs.17.62 Unpaid)                        | 20.62  | -      |
|           | <b>Tamil Nadu (Unpaid)</b>  |        |        |
|           | FY 2006-07 (Rs.19.21 - Paid, Rs.18.77 Unpaid)                     | 37.98  | -      |
|           | FY 2007-08  | 8.38   | -      |
|           | FY 2008-09  | 29.63  | -      |
| 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   | 7.99   |
| 9         | Disputed amount of Provident Fund                                 | -      | 59.37  |
|           |   |        |        |
| <b>B.</b> | <b>Capital Commitment</b>   |        |        |
|           | Estimated amount of capital commitment on account of Fixed Assets | 135.63 | 470.30 |

30. The Company has incurred expenditure aggregating to Rs.165.24 Lacs during the year (Rs.153.39 Lacs) on development of products. The expenditure has been capitalized and carried in the financial statements under the head Intangible Asset Product Development as on 31st March 2014. 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 recognized 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. During the previous financial year 2012-13 the company has sold land at Jigani for Rs.1800 Lacs based on an agreement to sale and handing over of possession of buyer pending registration of sale deed. The Company has recognized a profit of Rs.1747.12 Lacs towards such sale.
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.165.24 Lacs (Rs.153.39 Lacs).

- 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.1,012.27 Lacs (Rs.731.15 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.16.73 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. 388.89 lacs (Rs.160.91 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.
- 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 Expenditure incurred on account of borrowing costs amounting to Rs.NIL (Rs.206.76 Lacs) is capitalized towards new projects.
- 39 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 2013-14, the Company has written off Rs.369.04 Lacs towards loss on foreign exchange and reinstated the liability by Rs.375.99 Lacs. Total outstanding as on 31<sup>st</sup> March 2014 amounts to Rs.727.95 Lacs which is to be written off in Eight quarterly installments.

#### 40 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.131.68 Lacs (Rs.117.86 Lacs).

The future minimum lease payments for non-cancellable operating leases are Rs Lacs

| Break-up of dues                     | 2014  | 2013  |
|--------------------------------------|-------|-------|
| Within one year                      | 27.30 | 33.92 |
| Due in a period between 1 to 5 years | NIL   | NIL   |
| Due after 5 years                    | NIL   | NIL   |

#### 41 Valuation of Imports of CIF Basis

| Particulars                                     | 2014    | 2013    |
|---|---------|---------|
| Components and Spare parts including in transit | 2425.24 | 3500.09 |

#### 42. Expenditure in Foreign Currencies

| On account of:                 | 2014  | 2013  |
|--------------------------------|-------|-------|
| Travelling expenses and others | 35.25 | 43.36 |



#### 43. Earnings in Foreign Exchange on account of Export on

Rs Lacs

| Particulars     | 2014   | 2013   |
|-----------------|--------|--------|
| FOB Value Basis | 774.01 | 528.64 |

#### 44. Value of Raw Materials, Spare Parts and Components Consumed

| Particulars  | 2014             |                        | 2013             |                        |
|--------------|------------------|------------------------|------------------|------------------------|
|              | Value Rs.        | % to Total Consumption | Value Rs.        | % to Total Consumption |
| Indigenous   | 9,862.71         | 78.49                  | 13,551.46        | 80.88                  |
| Imported     | 2,702.31         | 21.51                  | 3,203.90         | 19.12                  |
| <b>Total</b> | <b>12,565.02</b> | <b>100.00</b>          | <b>16,755.36</b> | <b>100.00</b>          |

#### 45. 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                                 | 2014              | 2013              |
|---|-------------------|-------------------|
| Profit/(Loss) after tax Rs. Lacs            | (3,210.40)        | 12.29             |
| Number of Weighted average equity shares    |                   |                   |
| Basic                                       | 20,807,014        | 20,807,014        |
| Effect of dilutive equity shares equivalent |                   |                   |
| Share Warrants Outstanding                  | -                 |                   |
| Foreign Currency Convertible Bond           | -                 |                   |
|   | <b>20,807,014</b> | <b>20,807,014</b> |
| Face Value of Shares in Rupees              | 2.00              | 2.00              |
| Earnings per share before exceptional items |                   |                   |
| Basic in Rupees                             | (13.66)           | 0.06              |
| Diluted in Rupees                           | (13.66)           | 0.06              |
| Earnings per share after exceptional items  |                   |                   |
| Basic in Rupees                             | (15.43)           | 0.06              |
| Diluted in Rupees                           | (15.43)           | 0.06              |

#### 46. Derivative Instruments and Unhedged Foreign Currency Exposure

##### Forward Contract Outstanding

| Particulars | Currency | 31-Mar-14 | 31-Mar-13 | Purpose                              |
|-------------|----------|-----------|-----------|--------------------------------------|
| Buy         | USD      | 52.50     | 60.00     | Hedge of ECB Loan Payable (DBS Bank) |

## Unhedged Foreign Currency Exposure

Rs Lacs

| Particulars           | Currency | 31-Mar-14 | 31-Mar-13 |
|-----------------------|----------|-----------|-----------|
| "ECB Loan (SCB Bank)" | USD      | 62.50     | 75.00     |

| Particulars        | Currency | 31-Mar-14 | 31-Mar-13 |
|--------------------|----------|-----------|-----------|
| Payable            | AUD      | 0.29      | 0.34      |
| Payable            | EURO     | 0.00      | 0.01      |
| Payable            | GBP      | 0.28      | 0.27      |
| Payable            | USD      | 25.12     | 27.74     |
| Receivable         | AUD      | 0.24      | 0.19      |
| Receivable         | EURO     | 0.00      | 2.17      |
| Receivable         | GBP      | 0.08      | 0.21      |
| Receivable         | USD      | 17.98     | 14.70     |
| Advance Receivable | USD      | 0.00      | 2.88      |

47. 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.
48. In respect of certain turnkey contracts which have been terminated by the customers resulting an encashment of bank guarantees given by the company amounting to Rs.134.82 lacs (net) has been shown recoverable from parties in respect of which negotiation with customers stated to be in progress. Pending the outcome of negotiations the no adjustment in the financial statements has been made.
49. The liquidated damages levied by the customers amounting to Rs.1012.27 lacs, is under negotiations with customers seeking waiver of the same. Pending the outcome of the same the Liquidated damages so levied has not been provided for.
50. 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.
51. The company is engaged in power transmission and distribution segment and the same is being reported

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

Rakesh Garg  
Director

N Sri Krishna  
Partner  
Membership No: 26575  
Place : Chennai  
Date : 30<sup>th</sup> May 2014

R Subramanian  
Partner  
Membership No: 8460

P Chandrasekaran  
Chief Financial Officer

To The Board of Directors Easun Reyrolle Limited

## 1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Easun Reyrolle Limited (the Company), its subsidiaries and associates (collectively referred to as “the Group”) which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## 2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Sec 211(3C) of the Companies Act, 1956 (“the Act”)(which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditor's Responsibility

- a. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
- b. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation 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 the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
- c. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 4. Basis for Qualified Opinion

- a. Consequent to superannuation of existing company secretary who retired from service on 01<sup>st</sup> December 2013, the company has not appointed any other full time company secretary in the vacancy caused accordingly the provisions of section 383A of the companies Act 1956 have not been complied with.
- b. The consolidated financial results includes the financial statements of ERL International Pte Ltd and its subsidiaries (other than stated in paragraph 7) whose total assets of

Rs.46834.58 Lacs and net assets of Rs.23028.18 Lacs as at 31st March 2014, total revenue of Rs 8357.79 Lacs, net profit of Rs.206.50 Lacs and net cash flows of Rs.863.29 Lacs. These financial statements and other financial information have been prepared by the management and which have not been audited and our opinion is based solely on such management accounts. We are unable to comment on adjustments that may have been required to the consolidated financial results, had such consolidated accounts been audited.

## 5. Opinion

In our opinion and to the best of our information and according to the explanations given to us except for the matters specified in basis for opinion paragraph, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as given in paragraph 7 below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b. in the case of the consolidated Statement of Profit and Loss, of the LOSS of the Group for the year ended on that date; and
- c. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## 6. Emphasis of Matter

- a. Sale of fixed assets during the previous financial year 2012-13 amounting to Rs 1800 Lacs with profit on sale of such asset recognized amounting to Rs. 1747.12 Lacs is subject to no objection from its charge holders and still is pending conveyance. Our opinion is not qualified in respect of this matter
- b. (1) 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 the 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. Our opinion is not qualified in respect of this matter  
(2) The liquidated damages recovered by the customers Turnkey ongoing projects from running bills amounting to Rs.1012.27 Lacs, is under negotiations with customers seeking waiver of the same. Pending the outcome of the same the Liquidated damages so levied has not been provided for. Our opinion is not qualified in respect of this matter
- c. The value of inventory pertaining to the "Metering Business" amounting to Rs.215.41 Lacs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment alternative markets for utilizing the inventories, the realizable value has not been ascertained, consequently the impact on the financial statements is not quantifiable. Our opinion is not qualified in respect of this matter
- d. 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.134.82 Lacs (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 the no

adjustment in the financial statements has been made. Our opinion is not qualified in respect of this matter

- e. The balances due from and due by the company towards debtors and creditors including debit balances in creditor accounts, in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent reconciliations if any and the resultant impact on the financial statements including the operating results is not ascertainable. Our opinion is not qualified in respect of this matter

## 7. Other Matter

- a. The consolidated financial result includes the financial statements of ERL Marketing International. FZE, Sharjah, a subsidiary of ERL International Pte Ltd, whose total assets of Rs 888.34 Lacs and net assets of Rs. 13.25 Lacs, as at 31<sup>st</sup> March 2014, total revenue of Rs.1176.79 Lacs, net loss of Rs.17.64 Lacs and net cash flows of Rs.22.19 Lacs for the year then ended are based on the audited financial statements whose financial information have been furnished to us by the Company's management, and our opinion, so far as it related to this step down subsidiary is solely based on the report of their auditors. Our opinion is not qualified in respect of the other matter.

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

N Sri Krishna  
Partner  
Membership No: 26575  
Place : Chennai  
Date : 30<sup>th</sup> May 2014

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

R Subramanian  
Partner  
Membership No: 8460

# Consolidated Balance Sheet as at 31st March 2014

Rs Lacs

| Particulars                        | Note No. | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|------------------------------------|----------|--------------------------------------|--------------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |          |                                      |                                      |
| (1) Shareholders' funds            |          |                                      |                                      |
| (a) Share capital                  | 2        | 416.14                               | 416.14                               |
| (b) Reserves and surplus           | 3        | 16,353.29                            | 18,940.60                            |
|                                    |          | <b>16,769.43</b>                     | <b>19,356.74</b>                     |
| (2) Minority Interest              |          | -                                    | -                                    |
| (3) Non-current liabilities        |          |                                      |                                      |
| (a) Long-term borrowings           | 4        | 10,344.88                            | 9,255.45                             |
| (b) Deferred tax liabilities (Net) | 5        | 429.77                               | 429.77                               |
| (c) Other Long term liabilities    | 6        | 847.40                               | 1,175.14                             |
| (d) Long-term provisions           | 7        | 160.88                               | 132.03                               |
|                                    |          | <b>11,782.93</b>                     | <b>10,992.39</b>                     |
| (4) Current liabilities            |          |                                      |                                      |
| (a) Short-term borrowings          | 8        | 11,825.45                            | 10,552.31                            |
| (b) Trade payables                 | 9        | 18,442.16                            | 17,326.57                            |
| (c) Other current liabilities      | 10       | 8,097.51                             | 6,138.85                             |
| (d) Short-term provisions          | 11       | 574.26                               | 494.49                               |
|                                    |          | <b>38,939.38</b>                     | <b>34,512.22</b>                     |
| <b>Total</b>                       |          | <b>67,491.74</b>                     | <b>64,861.35</b>                     |
| <b>II. ASSETS</b>                  |          |                                      |                                      |
| (1) Non-current assets             |          |                                      |                                      |
| (a) Fixed assets                   | 12       |                                      |                                      |
| (i) Tangible assets                |          | 9,769.01                             | 10,688.31                            |
| (ii) Intangible assets             |          | 15,666.90                            | 15,271.55                            |
|                                    |          | <b>25,435.91</b>                     | <b>25,959.86</b>                     |
| (b) Non-current investments        |          | -                                    | -                                    |
| (c) Long-term loans and advances   | 13       | 1,342.35                             | 916.24                               |
| (d) Other Non current assets       | 14       | 425.88                               | 279.56                               |
|                                    |          | <b>27,204.14</b>                     | <b>27,155.66</b>                     |
| (2) Current assets                 |          |                                      |                                      |
| (a) Current investments            | 15       | 37.43                                | 34.25                                |
| (b) Inventories                    | 16       | 6,483.59                             | 6,927.08                             |
| (c) Trade receivables              | 17       | 27,691.44                            | 24,756.19                            |
| (d) Cash and Bank Balances         | 18       | 1,983.27                             | 1,969.54                             |
| (e) Short-term loans and advances  | 19       | 4,030.61                             | 3,738.98                             |
| (f) Other current assets           | 20       | 61.26                                | 279.65                               |
|                                    |          | <b>40,287.60</b>                     | <b>37,705.69</b>                     |
| <b>Total</b>                       |          | <b>67,491.74</b>                     | <b>64,861.35</b>                     |

## Significant Accounting Policies

1

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

Per our Report of even date annexed

For and on behalf of Board of Directors

For BRAHMAYYA & CO.

For R SUBRAMANIAN & CO.

Raj H Eswaran

Rakesh Garg

Chartered Accountants

Chartered Accountants

Managing Director

Director

Firm Regn No : 000511S

Firm Regn No : 004137S

N Sri Krishna

R Subramanian

P Chandrasekaran

Partner

Partner

Chief Financial Officer

Membership No: 26575

Membership No: 8460

Place : Chennai

Date : 30<sup>th</sup> May 2014

## Consolidated Statement of Profit and Loss for the year ended 31st March 2014

Rs Lacs

| Particulars  | Note No. | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--|----------|---|---|
| 1 Revenue from operations  | 21       | 25,647.24                                 | 28,816.77                                 |
| 2 Other income   | 22       | 910.01                                    | 2,580.17                                  |
| <b>3 Total Revenue (1+2)</b>   |          | <b>26,557.25</b>                          | <b>31,396.94</b>                          |
| <b>4 Expenses</b>  |          |   |   |
| (1) Cost of Materials Consumed   | 23       | 15,492.14                                 | 17,108.21                                 |
| (2) Change in Inventory  | 24       | (424.36)                                  | 714.82                                    |
| (3) Employee benefits expense  | 25       | 4,827.57                                  | 4,790.87                                  |
| (4) Finance costs  | 26       | 3,022.53                                  | 2,342.49                                  |
| (5) Depreciation and amortization expense                                |          | 2,623.43                                  | 2,302.07                                  |
| (6) Other expenses   | 27       | 3,633.68                                  | 4,306.81                                  |
| <b>Total expenses</b>  |          | <b>29,174.99</b>                          | <b>31,565.27</b>                          |
| <b>5 Profit before exceptional and extraordinary items and tax (3-4)</b> |          | <b>(2617.74)</b>                          | <b>(168.34)</b>                           |
| 6 Exceptional items  |          | (369.04)                                  | -   |
| <b>7 Profit before extraordinary items and tax (5-6)</b>                 |          | <b>(2986.78)</b>                          | <b>(168.34)</b>                           |
| 8 Extraordinary Items  |          | -   | -   |
| <b>9 Profit before tax (7- 8)</b>  |          | <b>(2,986.78)</b>                         | <b>(168.34)</b>                           |
| <b>10 Tax expense:</b>   |          |   |   |
| (1) Current tax  |          | 83.63                                     | 41.65                                     |
| (2) Deferred tax   |          | -   | 147.35                                    |
| (3) MAT Credit Availment   |          | -   | -   |
| <b>11 Profit after tax for the year (9-10)</b>                           |          | <b>(3070.41)</b>                          | <b>(357.34)</b>                           |
| (-) Minority Interest  |          | 39.94                                     | 27.62                                     |
| (+) Minority Interest Reserve  |          | -   | (27.62)                                   |
| (-) Share of Loss of Associates  |          | -   | -   |
| <b>12 Profit after tax for the year</b>                                  |          | <b>(3110.35)</b>                          | <b>(357.34)</b>                           |
| <b>13 Earnings per equity share (in Rs)</b>                              |          |   |   |
| (1) Basic (Face Value Rs.2 each)   |          | (14.95)                                   | (1.72)                                    |
| (2) Diluted (Face Value Rs.2 each)                                       |          | (14.95)                                   | (1.72)                                    |

### Significant Accounting Policies

1

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

Per our Report of even date annexed

For and on behalf of Board of Directors

For BRAHMAYYA & CO.

For R SUBRAMANIAN & CO.

Raj H Eswaran

Rakesh Garg

Chartered Accountants

Chartered Accountants

Managing Director

Director

Firm Regn No : 000511S

Firm Regn No : 004137S

N Sri Krishna

R Subramanian

P Chandrasekaran

Partner

Partner

Chief Financial Officer

Membership No: 26575

Membership No: 8460

Place : Chennai

Date : 30<sup>th</sup> May 2014



## Consolidated Cash flow statement for the year ended 31st March,2014 Pursuant to Clause 32 of the Listing Agreement

Rs Lacs

| Particulars  | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--|---|---|
| <b>A Cash flow from operating activities:</b>            |   |   |
| Net profit before tax and extraordinary items            | (2,986.78)                                | (168.33)                                  |
| Adjusted for:  |   |   |
| Depreciation   | 2,623.43                                  | 2,302.07                                  |
| (Profit)/Loss on Sale of Assets                          | (1.39)                                    | (1,749.35)                                |
| Interest Expense   | 3,022.53                                  | 2,342.49                                  |
| Interest Income  | (224.17)                                  | (219.51)                                  |
| Unrealised Forex fluctuations in Drs and Crs             | (123.41)                                  | (90.90)                                   |
| <b>Operating profit before Working Capital changes</b>   | <b>2,310.21</b>                           | <b>2,416.47</b>                           |
| Trade and other receivables                              | (2,677.01)                                | (2,788.48)                                |
| Inventories  | 443.50                                    | (658.18)                                  |
| Short term Loans and Advances                            | 10.85                                     | (213.97)                                  |
| Trade Payables and other Current Liabilities             | 3,041.08                                  | 6,920.32                                  |
| <b>Cash generated from operations</b>                    | <b>3,128.62</b>                           | <b>5,676.16</b>                           |
| Direct Taxes   | (84.11)                                   | (85.69)                                   |
| <b>Net cash from operating activities</b>                | <b>3,044.52</b>                           | <b>5,590.48</b>                           |
| <b>B Cash flow from Investing activities:</b>            |   |   |
| Purchase of Fixed Assets                                 | (4,966.04)                                | (11,628.15)                               |
| (Increase) / Decrease in capital work in progress        | -   | 2,783.90                                  |
| Interest received  | 224.17                                    | 219.51                                    |
| Long term Loans and Advances                             | (572.43)                                  | 24.77                                     |
| Margin Money Accounts and Deposits                       | 8.19                                      | 1,060.54                                  |
| Sale of Fixed Assets                                     | 2,867.96                                  | 1,932.38                                  |
| <b>Net cash from Investing activities</b>                | <b>(2,438.15)</b>                         | <b>(5,607.06)</b>                         |
| <b>C Cash flow from financing activities:</b>            |   |   |
| FCCB Redemption  | -   | (1,040.75)                                |
| Increase / (Decrease) in Term Loans                      | 1,089.44                                  | 729.92                                    |
| Increase / (Decrease) in Short Term Borrowings           | 1,273.14                                  | 2,064.71                                  |
| Dividend paid  | -   | (41.61)                                   |
| Interest paid  | (3,022.53)                                | (2,342.49)                                |
| <b>Net Cash from financing activities</b>                | <b>(659.95)</b>                           | <b>(630.22)</b>                           |
| Increase / (Decrease) in cash and cash equivalent        | (53.58)                                   | (646.80)                                  |
| Cash and cash equivalent at the beginning of the year    | 249.10                                    | 390.63                                    |
| <b>Cash and cash equivalent at the close of the year</b> | <b>220.64</b>                             | <b>249.10</b>                             |

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.

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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

N Sri Krishna  
Partner  
Membership No: 26575

R Subramanian  
Partner  
Membership No: 8460

For and on behalf of Board of Directors

Raj H Eswaran  
Managing Director

Rakesh Garg  
Director

P Chandrasekaran  
Chief Financial Officer

Place : Chennai  
Date : 30<sup>th</sup> May 2014

## 1 . Significant Accounting Policies:

### a) Basis of Accounting

The financial statements are prepared under the historical cost conventions in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued under the Companies (Accounting standards) Rules 2006 and the relevant provisions of the Companies Act, 1956 as adopted consistently by the Company. Revenues are recognized and expenses are accounted on their accrual, including provisions / adjustments 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 subsidiary (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-14      | -                            | Direct subsidiary                        |
| 2. ERL Phase Power Technologies Ltd          | Canada                   | 100%  | 31-Mar-14      | -                            | Subsidiary of ERL International Pte. Ltd |
| 3. ERL Marketing International FZE           | Sharjah, UAE             | 100%  | 31-Mar-14      | -                            | Subsidiary of ERL International Pte. Ltd |
| 4. ERL Switchcraft Pte Ltd                   | Singapore                | 80%   | 31-Mar-14      | -                            | Subsidiary of ERL International Pte. Ltd |
| 5. Switchcraft Limited                       | Hongkong, China          | 80%   | 31-Mar-14      | -                            | Subsidiary of ERL Switchcraft Pte. Ltd   |
| 6. Switchcraft Europe GMBH                   | Germany                  | 80%   | 31-Mar-14      | -                            | Subsidiary of ERL Switchcraft Pte. Ltd   |
| 7. Electrical Distribution Solutions Pty Ltd | Australia                | 82%   | 31-Mar-14      | -                            | 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. 31<sup>st</sup> 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 is provided under Straight Line method as per the amended Schedule XIV of the Companies Act, 1956 or based on the management's estimate of the useful lives of the assets. In the case of subsidiary companies depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives.
- 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.

## 2. Share Capital

| Particulars  | Rs Lacs                              |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b><u>Authorised Share Capital:</u></b>                            |                                      |                                      |
| 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                               |
| <b><u>Issued Share Capital:</u></b>                                |                                      |                                      |
| 2,08,07,864 (2,08,07,864) Equity Shares of Rs.2 each               | 416.16                               | 416.16                               |
| <b><u>Subscribed and Paid up Capital:</u></b>                      |                                      |                                      |
| 2,08,07,014 (2,08,07,014) Equity Shares of Rs.2 each fully paid up | 416.14                               | 416.14                               |
| <b>Total</b>   | <b>416.14</b>                        | <b>416.14</b>                        |

### 2.1 Reconciliation of number of shares

| Particulars                              | As at 31 <sup>st</sup> March 2014 |        | As at 31 <sup>st</sup> March 2013 |        |
|--|-----------------------------------|--------|-----------------------------------|--------|
|  | No. of Shares held                | Amount | No. of Shares held                | Amount |
| Balance at the beginning of the year     | 20,807,014                        | 416.14 | 20,807,014                        | 416.14 |
| Add: Shares issued during the year       | -                                 | -      | -                                 | -      |
| Less: Shares bought back during the year | -                                 | -      | -                                 | -      |
| Balance at the end of the year           | 20,807,014                        | 416.14 | 20,807,014                        | 416.14 |

## 3. Reserves and Surplus

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Capital Reserve</b>   |                                      |                                      |
| Opening Balance  | 714.34                               | 45.54                                |
| Add: Amount transferred on Share warrant                             | -                                    | 668.80                               |
| Less: Deductions   | -                                    | -                                    |
| Closing Balance  | 714.34                               | 714.34                               |
| <b>Government Subsidy</b>  | <b>40.42</b>                         | <b>40.42</b>                         |
| <b>Securities Premium Account</b>                                    |                                      |                                      |
| Opening Balance  | 9,843.72                             | 10,884.47                            |
| Add: Amount transferred on allotment of ESOPs                        | -                                    | -                                    |
| Less: Premium on redemption of FCCB                                  | -                                    | 1,040.75                             |
| Closing Balance  | 9,843.72                             | 9,843.72                             |
| <b>Foreign Currency Monetary Item Translation Difference Account</b> |                                      |                                      |
| Opening Balance  | (721.00)                             | (721.00)                             |
| Add: Exchange Loss capitalised during the year                       | (375.99)                             | -                                    |
| Less: Amortisation during the year                                   | 369.04                               | -                                    |
| Closing Balance  | (727.95)                             | (721.00)                             |
| <b>General Reserve</b>   |                                      |                                      |
| 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                             |

| Particulars                                    | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Foreign Currency Translation Reserve</b>    |                                      |                                      |
| Opening Balance                                | 1,661.85                             | 836.79                               |
| Add: Reserve for the year                      | 529.98                               | 825.06                               |
| Closing Balance                                | 2,191.83                             | 1,661.85                             |
| <b>Surplus in Statement of Profit and Loss</b> |                                      |                                      |
| Opening Balance                                | (2,145.11)                           | (1,787.75)                           |
| Add: Profit for the year                       | (3,070.41)                           | (302.13)                             |
| Less: Proposed dividend                        | -                                    | -                                    |
| Less: Tax on Proposed dividend                 | -                                    | -                                    |
| Less: Transfer to General Reserve              | -                                    | -                                    |
| Less: Minority Interest                        | (39.94)                              | 27.62                                |
|  | (5,255.46)                           | (2,117.50)                           |
| Less: Minority Interest Reserve                | -                                    | 27.62                                |
|  | (5,255.46)                           | (2,145.11)                           |
| <b>Total</b>                                   | <b>16,353.30</b>                     | <b>18,940.60</b>                     |

#### 4. Long Term Borrowings

|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Secured Loans</b>                                  |                                      |                                      |
| <b>Foreign Currency Term loans From Banks</b>         |                                      |                                      |
| Standard Chartered Bank ECB                           | 1,497.50                             | 2,739.13                             |
| BDC   | 89.66                                | -                                    |
| DBS Bank - ECB (Refer 4.1(i))                         | 1,354.72                             | 2,033.66                             |
| External Commercial Borrowings (Refer 4.1 (i))        | 2,941.88                             | 4,772.79                             |
| <b>Rupee Term Loans From Banks</b>                    |                                      |                                      |
| Axis Bank (Refer 4.1(i))                              | 157.44                               | 302.27                               |
| <b>Hire Purchase Loan</b>                             |                                      |                                      |
| Long Term Maturities of vehicle loans (Refer 4.1(ii)) | 7.29                                 | 2.84                                 |
| <b>Total (A)</b>                                      | <b>3,106.61</b>                      | <b>5,077.90</b>                      |
| <b>Unsecured Loans</b>                                |                                      |                                      |
| Sales Tax Deferral Scheme (Refer 10.1)                | -                                    | 47.79                                |
| Intercompany Deposits (Refer 4.3)                     | 7,238.27                             | 4,129.76                             |
| <b>Total (B)</b>                                      | <b>7,238.27</b>                      | <b>4,177.55</b>                      |
| <b>Total (A+B)</b>                                    | <b>10,344.88</b>                     | <b>9,255.45</b>                      |

#### Notes

##### 4.1 Security Clause

##### i) Term Loans

| 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   |

##### ii) Hire Purchase Loans

Loans taken under hire purchase arrangements are secured against hypothecation of specific assets.

## 4.2 The details of Long Term Borrowings are as follows

Rs Lacs

| Particulars   | Repayment<br>Start Date | O/s Amt as<br>on 31st<br>March 2014 | Current<br>Maturitie | Interest<br>Rate | Instalment<br>Amount |
|---|-------------------------|-------------------------------------|----------------------|------------------|----------------------|
| Rupee Term Loans  |                         |                                     |                      |                  |                      |
| Axis Bank Ltd<br>(Repayable in 8 Quarterly instalments)   | Feb-12                  | 315.76                              | 158.32               | 13.25%           | 39.58                |
| Standard Chartered Bank Ltd<br>(Repayable in 8 monthly Instalments)                               | Sep-13                  | 160.00                              | 160.00               | 15.00%           | 20.00                |
| External Commercial Borrowings<br>(Fully Un-Hedged)   |                         |                                     |                      |                  |                      |
| Standard Chartered Bank<br>(Repayable in 5 Half yearly Instalments)<br>* (USD - 6.25 million) # @ | Aug-12                  | 3,743.75                            | 2,246.25             | 4.35%            | 748.75               |
| External Commercial Borrowings<br>(Fully Hedged)  |                         |                                     |                      |                  |                      |
| DBS Bank Ltd<br>(Repayable in 10 Half yearly Instalments)<br>(USD - 5.25 million) # @             | Aug-12                  | 2,370.77                            | 1,016.04             | 11.60%           | 338.68               |
| <b>Total</b>  |                         | <b>6,590.28</b>                     | <b>3,580.61</b>      |                  | <b>1,147.01</b>      |

\* Amount varies as per the exchange rate on the date of repayment # O/s as on 31.03.2014  
@ Delay in repayment of instalment which has been paid after 31st March 2014.

4.3 Unsecured Term Loan from Sowraj Investments P. Limited and Easun Products of India P. Limited do not carry any interest. The amount is payable on demand after 30<sup>th</sup> September 2014. The parties have given their intention of subscribing to Equity share capital of the Company if any offered within 30<sup>th</sup> September 2014.

## 5. Deferred Tax Liabilities

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| Deferred Tax Liabilities                                   |                                      |                                      |
| - On account of Timing differences related to Fixed Assets | 517.37                               | 517.37                               |
| Deferred Tax Assets  |                                      |                                      |
| - Disallowances under Income Tax Act 1961                  | 87.60                                | 87.60                                |
| <b>Total</b>   | <b>429.77</b>                        | <b>429.77</b>                        |

## 6. Other Long Term Liabilities

| Particulars                  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|------------------------------|--------------------------------------|--------------------------------------|
| Long-term loans and advances |                                      |                                      |
| - Loans to Others            | 847.40                               | 1,175.14                             |
| - Loans to subsidiary        | -                                    | -                                    |
| <b>Total</b>                 | <b>847.40</b>                        | <b>1,175.14</b>                      |

## 7. Long-term provisions

| Particulars                     | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Provision for employee benefits |                                      |                                      |
| - Leave Encashment              | 59.55                                | 67.40                                |
| - Gratuity                      | 64.87                                | 64.63                                |
| Other Provisions                | 36.46                                | -                                    |
| <b>Total</b>                    | <b>160.88</b>                        | <b>132.03</b>                        |



## 8. Short-term borrowings

Rs Lacs

| Particulars                       | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| <b>Secured</b>                    |                                      |                                      |
| <b>From Banks</b>                 |                                      |                                      |
| - Cash Credits facilities availed | 11,466.08                            | 10,162.39                            |
| - Buyers credit                   | 359.37                               | 389.92                               |
| <b>Total</b>                      | <b>11,825.45</b>                     | <b>10,552.31</b>                     |

### 8.1 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 paripassu basis among Axis Bank, DBS Bank, Standard Chartered Bank and Canara Bank

# by way of primary security

## 9. Trade Payables

| Particulars                         | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Micro, Small and Medium Enterprises | 162.07                               | 302.87                               |
| Other Enterprises                   | 18,280.09                            | 17,023.70                            |
| <b>Total</b>                        | <b>18,442.16</b>                     | <b>17,326.57</b>                     |

## 10. Other Current Liabilities

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Secured</b>  |                                      |                                      |
| <b>Current Maturities of Long Term Debt:</b>                         |                                      |                                      |
| <b>(a) Foreign Currency Term loans from Banks</b>                    |                                      |                                      |
| Standard Chartered - ECB (Refer 4.1(i))                              | 2,246.25                             | 1,370.33                             |
| DBS Bank - ECB (Refer 4.1(i))  | 1,016.04                             | 677.36                               |
| <b>(b) Rupee Term Loans from Banks</b>                               |                                      |                                      |
| Axis Bank (Refer 4.1(i))   | 158.32                               | 172.73                               |
| Standard Chartered Bank  | 160.00                               | -                                    |
| <b>(c) Current Maturities of Hire Purchase Loans (Refer 4.1(ii))</b> | <b>2.84</b>                          | <b>2.87</b>                          |
| <b>Total - A</b>   | <b>3,583.45</b>                      | <b>2,223.29</b>                      |
| <b>B. Unsecured</b>  |                                      |                                      |
| Sales Tax Deferral Scheme (Refer 10.1)                               | 72.45                                | 26.75                                |
| Interest Accrued and not due on borrowings                           | 42.35                                | 43.01                                |
| Interest Accrued and due on borrowings                               | 219.13                               | 6.20                                 |

| Particulars                           | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <b>Other Payables</b>                 |                                      |                                      |
| Employee Related                      | 162.26                               | 169.36                               |
| Expenses, Service & Contract Payables | 485.45                               | 348.47                               |
| Advances from Customers               | 2,337.64                             | 2,533.05                             |
| Unpaid Dividend Payable               | 29.60                                | 37.41                                |
| <b>Statutory Dues Payables</b>        |                                      |                                      |
| TDS Payables                          | 806.90                               | 174.87                               |
| PF, ESI & PT                          | 28.97                                | 17.00                                |
| VAT Payables ( Net )                  | 31.60                                | 94.92                                |
| Service Tax Payables                  | 99.05                                | 177.10                               |
| Excise Duty Payables                  | 198.66                               | 280.67                               |
| Dividend Distribution Tax             | -                                    | 6.75                                 |
| <b>Total -B</b>                       | <b>4,514.06</b>                      | <b>3,915.56</b>                      |
| <b>Total (A+B)</b>                    | <b>8,097.51</b>                      | <b>6,138.85</b>                      |

10.1 The company has been sanctioned to avail interest free sales tax deferral scheme for an aggregate amount of Rs.72.45 lakhs by the department of Sales tax, Government of Tamilnadu. The underlying deferred sales tax payable by the company from the financial year commencing from 2013-14. The Company has provided interest @24% p.a. on the instalment which is due on February 2014 and not paid till March 31, 2014.

## 11. Short Term Provisions

| Particulars                            | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Provision for Employee Benefits</b> |                                      |                                      |
| Leave Encashment                       | 8.60                                 | 8.17                                 |
| <b>Other Provisions</b>                |                                      |                                      |
| Warranty Claim Reserve (refer 10.1)    | 148.74                               | 170.79                               |
| Dividend Payable                       | -                                    | -                                    |
| Other provisions                       | 416.92                               | 315.53                               |
| <b>Total</b>                           | <b>574.26</b>                        | <b>494.49</b>                        |

### 11.1 Warranty Claim Reserve

| Particulars                  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|------------------------------|--------------------------------------|--------------------------------------|
| At the beginning of the year | 170.79                               | 188.16                               |
| Created during the year      | -                                    | -                                    |
| Utilised during the year     | 22.05                                | 17.37                                |
| At the end of the year       | 148.74                               | 170.79                               |

# Notes to the Financial Statements

## 12. Fixed Assets

Rs Lacs

| Particulars                          | Gross Block    |           |            | As at 31-Mar-14 | Depreciation For the year | Deletion | As at 31-Mar-14 | Net Block As at 31-Mar-14 | As at 31-Mar-13 |
|--------------------------------------|----------------|-----------|------------|-----------------|---------------------------|----------|-----------------|---------------------------|-----------------|
|                                      | As at 1-Apr-13 | Additions | Deductions |                 |                           |          |                 |                           |                 |
| (a) Tangible Assets                  |                |           |            |                 |                           |          |                 |                           |                 |
| Land                                 | 2.31           |           |            | 2.31            |                           |          |                 | 2.31                      | 2.31            |
| Land - Leasehold                     | 998.98         |           |            | 998.98          |                           |          | -               | 998.98                    | 998.98          |
| Land - Hosur Residential Plots       | 4.29           |           |            | 4.29            |                           |          | -               | 4.29                      | 4.29            |
| Buildings                            | 4,176.95       | 32.82     |            | 4,209.77        | 138.88                    |          | 463.31          | 3,746.45                  | 3,852.51        |
| Buildings - Leasehold                | 5.26           |           |            | 5.26            | 0.18                      |          | 2.16            | 3.10                      | 3.27            |
| Plant and Machinery                  | 3,298.66       | 83.68     |            | 3,382.33        | 152.33                    |          | 572.66          | 2,809.67                  | 2,878.33        |
| Electrical installation and Fittings | 571.87         | 16.98     |            | 588.85          | 66.84                     |          | 285.37          | 303.48                    | 353.34          |
| Office equipments                    | 510.72         | 0.45      |            | 511.17          | 8.14                      |          | 371.74          | 139.43                    | 147.12          |
| Furniture                            | 585.85         | 4.18      |            | 590.03          | 34.97                     |          | 271.23          | 318.80                    | 349.59          |
| Vehicles                             | 145.68         |           | 39.41      | 106.27          | 15.71                     | 37.66    | 85.16           | 21.11                     | 38.57           |
| Computers                            | 819.67         | 22.25     |            | 841.92          | 169.10                    |          | 590.10          | 251.82                    | 398.67          |
| Research And Development             |                |           |            |                 |                           |          |                 |                           |                 |
| Buildings                            | 173.23         |           |            | 173.23          | 5.79                      |          | 50.09           | 123.14                    | 128.93          |
| Plant and Machinery                  | 445.94         |           |            | 445.94          | 21.10                     |          | 177.50          | 268.44                    | 289.54          |
| Electrical installation and Fittings | 27.01          |           |            | 27.01           | 2.95                      |          | 26.18           | 0.83                      | 3.78            |
| Office equipments                    | 88.64          |           |            | 88.64           | 0.18                      |          | 87.53           | 1.11                      | 1.29            |
| Computers                            | 1.88           |           |            | 1.88            | 0.38                      |          | 1.58            | 0.31                      | 0.69            |
| Total - ( A )                        | 11,856.92      | 160.36    | 39.41      | 11,977.87       | 616.55                    | 37.66    | 2,984.61        | 8,993.26                  | 9,451.20        |
| Subsidiary Assets                    |                |           |            |                 |                           |          |                 |                           |                 |
| Equipments                           | 1,484.32       | 392.41    | 464.61     | 1,412.12        | 246.31                    |          | 836.74          | 575.38                    | 893.89          |
| Furniture & Fixtures                 | 106.68         | 18.29     | 49.38      | 75.59           | 4.00                      |          | 25.93           | 49.66                     | 84.75           |
| Office Equipments                    | 283.98         | 43.20     | 155.84     | 171.34          | 10.92                     | 11.31    | 35.76           | 135.58                    | 247.83          |
| Vehicles                             | 43.15          | 23.09     | 9.56       | 56.68           | 10.80                     | 1.76     | 41.55           | 15.13                     | 10.64           |
| Total (B)                            | 1,918.13       | 476.99    | 679.39     | 1,715.73        | 272.03                    | 13.07    | 939.98          | 775.75                    | 1,237.11        |
| Total (A + B)                        | 13,775.05      | 637.35    | 718.80     | 13,693.60       | 888.58                    | 50.73    | 3,924.59        | 9,769.01                  | 10,688.31       |
| Previous Year                        |                |           |            |                 |                           |          |                 |                           |                 |
| Total                                | 7,522.57       | 6,359.70  | 107.20     | 13,775.07       | 843.88                    | 15.30    | 3,086.74        | 10,688.31                 | 5,264.41        |
| (b) Intangible                       |                |           |            |                 |                           |          |                 |                           |                 |
| Technology Know-how                  | 550.44         |           |            | 550.44          | -                         |          | 550.44          | 0.00                      | 0.00            |
| Non-compete fees                     | 100.00         |           |            | 100.00          | -                         |          | 100.00          | -                         | -               |
| Intangible Asset - Product devel     | 1,005.06       | 165.24    |            | 1,170.31        | 181.40                    |          | 633.18          | 537.13                    | 553.28          |
| Computer Software                    | 11.69          |           |            | 11.69           | 3.86                      |          | 11.47           | 0.22                      | 4.08            |
| Total (A)                            | 1,667.19       | 165.24    | -          | 1,832.43        | 185.26                    | -        | 1,295.09        | 537.35                    | 557.36          |
| Subsidiary Assets                    |                |           |            |                 |                           |          |                 |                           |                 |
| Goodwill                             | 3,038.23       | 1,328.38  | 2,057.69   | 2,308.92        | -                         |          | 2,308.92        | 3,038.23                  | 3,038.23        |
| Computer Software                    | 294.01         | 36.04     | 74.68      | 255.37          | 72.04                     |          | 200.59          | 54.78                     | 165.46          |
| Intellectual property rights         | 5,484.11       | 529.28    |            | 6,013.39        | -                         |          | 6,013.39        | 5,484.11                  | 5,484.11        |
| Intangible Development costs         | 8,832.91       | 2,269.75  | 66.13      | 11,036.53       | 1,477.55                  |          | 4,284.07        | 6,752.46                  | 6,026.39        |
| Total (B)                            | 17,649.26      | 4,163.45  | 2,198.50   | 19,614.21       | 1,549.59                  | -        | 4,484.66        | 15,129.55                 | 14,714.19       |
| Total (A + B)                        | 19,316.44      | 4,328.69  | 2,198.50   | 21,446.64       | 1,734.85                  | -        | 5,779.75        | 15,666.90                 | 15,271.55       |
| Previous Year                        |                |           |            |                 |                           |          |                 |                           |                 |
| Total                                | 14,139.12      | 5,268.45  | 91.13      | 19,316.45       | 1,458.19                  | -        | 4,044.90        | 15,271.55                 | 11,552.41       |
| (c) Capital Work in Progress         |                |           |            |                 |                           |          |                 |                           |                 |
| Capital Work in progress             | -              | -         | -          | -               | -                         | -        | -               | -                         | -               |
| project related expenditure)         | -              | -         | -          | -               | -                         | -        | -               | -                         | -               |
| Total                                | -              | -         | -          | -               | -                         | -        | -               | -                         | -               |
| Previous Year                        |                |           |            |                 |                           |          |                 |                           |                 |
| Total                                | 2,783.90       | -         | 2,783.90   | -               | -                         | -        | -               | -                         | 2,783.90        |
| Grand Total                          |                |           |            |                 |                           |          |                 |                           |                 |
| Previous Year                        | 33,091.49      | 4,966.04  | 2,917.30   | 35,140.23       | 2,623.43                  | 50.73    | 9,704.33        | 25,435.91                 | 25,959.86       |
| Previous Year                        | 11,628.15      | 11,628.15 | (2,982.23) | 33,091.52       | 2,302.07                  | 15.30    | 7,131.64        | 25,959.86                 | 19,600.73       |

### 13. Long-term loans and advances

| Particulars   | Rs Lacs                              |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Unsecured, Considered Good unless otherwise stated</b> |                                      |                                      |
| Capital Advances  | 472.89                               | 260.19                               |
| Security Deposits and Earnest Money Deposits              | 212.17                               | 206.60                               |
| Prepaid Expenses  | 39.56                                | 40.53                                |
| Testing Charges to be amortised                           | 11.09                                | 18.31                                |
| Income Tax & TDS (Net of provision for tax)               | 606.64                               | 390.61                               |
| <b>Total</b>  | <b>1,342.35</b>                      | <b>916.24</b>                        |

### 14. Other non-current investments

| Particulars  | Rs Lacs                              |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Deposits with Bank</b>  |                                      |                                      |
| Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current | 388.05                               | 253.31                               |
| Interest Accrued on Short term deposit   | -                                    | -                                    |
| Interest Accrued on Bank Guarantee Margin  | 37.83                                | 26.25                                |
| <b>Total</b>   | <b>425.88</b>                        | <b>279.56</b>                        |

### 15. Current Investments

| Particulars                            | Rs Lacs                              |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Non Traded - UnQuoted (At Cost)</b> |                                      |                                      |
| Other investments                      | 37.43                                | 34.25                                |
| <b>Total</b>                           | <b>37.43</b>                         | <b>34.25</b>                         |

### 16. Inventory

| Particulars   | Rs Lacs                              |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>(Lower of Cost and estimated Net Realisable Value)</b> |                                      |                                      |
| Raw Materials and Components                              | 3,232.03                             | 3,935.00                             |
| Work In Progress  | 1,223.43                             | 287.28                               |
| Finished Goods  | 830.91                               | 1,342.70                             |
| Packing Materials   | 4.91                                 | 10.19                                |
| Stock in Transit - Raw Materials & Components             | 1,174.40                             | 1,336.64                             |
| Stores and Spares   | 17.91                                | 15.27                                |
| <b>Total</b>  | <b>6,483.59</b>                      | <b>6,927.08</b>                      |

### 17. Trade Receivables

| Particulars   | Rs Lacs                              |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Unsecured, Considered Good unless otherwise stated</b> |                                      |                                      |
| Outstanding for a period exceeding six months             | 11,771.00                            | 8,829.11                             |
| Other Receivables   | 15,920.44                            | 15,927.08                            |
| <b>Total</b>  | <b>27,691.44</b>                     | <b>24,756.19</b>                     |

### 18. Cash and Bank Balances

| Particulars                             | Rs Lacs                              |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
| <b>Cash and cash equivalents</b>        |                                      |                                      |
| Cash on Hand                            | 182.09                               | 193.54                               |
| Balances with banks in Current Accounts | 38.55                                | 55.56                                |

| Particulars  | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|--|--------------------------------------|--------------------------------------|
| <b>Balances in Earmarked Accounts</b>  |                                      |                                      |
| Unpaid Dividend Accounts   | 29.63                                | 37.82                                |
| <b>Other Bank Balances*</b>  |                                      |                                      |
| <b>Bank Deposits</b>   |                                      |                                      |
| Bank Deposits with maturity less than 3 months   | 425.97                               | 425.97                               |
| Bank Deposits with maturity more than 3 months<br>but less than 12 months  | 567.00                               | 567.00                               |
| Bank Deposits with maturity more than 12 months  | 38.80                                | 38.80                                |
| Margin Money Deposits  | -                                    |                                      |
| Margin Money Deposits maturing after 12 months   | 349.25                               | 214.51                               |
| Margin Money Deposits maturing within 12 months  | 740.03                               | 689.65                               |
| Less: Term Deposits maturing after 12 months from<br>the Balance Sheet date and other earmarked /<br>margin money / pledged deposits classified as non-current | 388.05                               | 253.31                               |
| <b>Total</b>   | <b>1,983.27</b>                      | <b>1,969.54</b>                      |

\* Under lien with DBS Bank and Standard Chartered Bank

## 19. Short-term loans and advances

| Particulars   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| <b>Advances recoverable in cash or in kind or for value to be received<br/>(Unsecured, Considered Good unless otherwise stated)</b> |                                      |                                      |
| Advance to suppliers  | 2,323.55                             | 2,111.65                             |
| Advance to Employees  | 39.90                                | 66.32                                |
| Rental Advance  | 220.20                               | 73.37                                |
| Prepaid Expenses  | 400.15                               | 274.64                               |
| Other Receivables   | 335.67                               | 459.12                               |
| VAT and CENVAT Credit (Net)   | 711.14                               | 753.88                               |
| <b>Total</b>  | <b>4,030.61</b>                      | <b>3,738.98</b>                      |

## 20. Other current assets

| Particulars                                   | As at<br>31 <sup>st</sup> March 2014 | As at<br>31 <sup>st</sup> March 2013 |
|---|--------------------------------------|--------------------------------------|
| (a) Interest Accrued on Short term deposit    | 30.96                                | 18.11                                |
| (b) Interest Accrued on Bank Guarantee Margin | 30.30                                | 261.54                               |
| <b>Total</b>                                  | <b>61.26</b>                         | <b>279.65</b>                        |

## 21. Revenue from Operations

| Particulars                        | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|------------------------------------|---|---|
| Sale of products (Refer Note 21.1) | 24,352.63                                 | 26,962.54                                 |
| Sale of services                   | 2,242.54                                  | 562.52                                    |
| Other operating revenues           | 64.22                                     | 2,614.07                                  |
|                                    | 26,659.39                                 | 30,139.13                                 |
| Less: Excise duty                  | 1,012.15                                  | 1,322.36                                  |
| <b>Total</b>                       | <b>25,647.24</b>                          | <b>28,816.77</b>                          |

## 21.1 Sale of Products comprises of the following

Rs Lacs

| Particulars                          | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--------------------------------------|---|---|
| Relays, Recorders and Control Panels | 11,649.80                                 | 14,928.22                                 |
| Substation Automation Solutions      | 50.87                                     | 143.08                                    |
| Switchgears                          | 1,629.86                                  | 2,475.10                                  |
| Projects                             | 10,009.95                                 | 8,093.78                                  |
| Add : Excise Duty                    | 1,012.15                                  | 1,322.36                                  |
| <b>Total</b>                         | <b>24,352.63</b>                          | <b>26,962.54</b>                          |

## 22. Other Income

| Particulars                                       | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Interest Income                                   | 224.17                                    | 219.51                                    |
| Profit on Sale of Fixed Assets                    | 1.39                                      | 1,749.35                                  |
| Realisation of Debts written off in earlier years | -   | 8.44                                      |
| Foreign Exchange Gains                            | -   | 426.00                                    |
| Trade Incentives                                  | 16.49                                     | 18.94                                     |
| Miscellaneous Income                              | 667.96                                    | 157.93                                    |
| <b>Total</b>                                      | <b>910.01</b>                             | <b>2,580.17</b>                           |

## 23. Cost of Material Consumed

| Particulars                        | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|------------------------------------|---|---|
| Opening Stock                      |   |   |
| Raw Materials and Components       | 3,935.00                                  | 7,194.69                                  |
| Reinstatement of Opening Inventory | -   | -   |
| Add: Purchases                     | 14,789.17                                 | 13,848.52                                 |
|                                    | 18,724.17                                 | 21,043.21                                 |
| Less: Closing Stock                |   |   |
| Raw Materials and Components       | 3,232.03                                  | 3,935.00                                  |
| <b>Total</b>                       | <b>15,492.14</b>                          | <b>17,108.21</b>                          |

## 24. Change in Work in Progress and Finished Goods

| Particulars         | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---------------------|---|---|
| Opening Stock       |   |   |
| Finished Goods      | 1,342.70                                  | 1,839.55                                  |
| Work in Progress    | 287.28                                    | 505.25                                    |
| (A)                 | 1,629.98                                  | 2,344.80                                  |
| Less: Closing Stock |   |   |
| Finished Goods      | 830.91                                    | 1,342.70                                  |
| Work in Progress    | 1,223.43                                  | 287.28                                    |
| (B)                 | 2,054.34                                  | 1,629.98                                  |
| <b>Total (A+B)</b>  | <b>(424.36)</b>                           | <b>714.82</b>                             |

## 25. Employee Benefits Expense

Rs Lacs

| Particulars                             | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Salaries and Wages                      | 4,489.08                                  | 4,384.48                                  |
| Contribution to provident and ESI funds | 115.51                                    | 95.86                                     |
| Gratuity                                | -   | 80.04                                     |
| Leave encashment                        | (2.42)                                    | 0.57                                      |
| Staff Welfare Expenses                  | 225.40                                    | 229.92                                    |
| <b>Total</b>                            | <b>4,827.57</b>                           | <b>4,790.87</b>                           |

## 26. Finance Costs

| Particulars              | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|--------------------------|---|---|
| <b>Interest</b>          |   |   |
| Term Loans               | 885.50                                    | 781.70                                    |
| Buyers Credit and Others | 327.10                                    | 243.91                                    |
| Working Capital Loans    | 1,572.72                                  | 1,148.69                                  |
| Other borrowing costs    | 237.21                                    | 168.19                                    |
| <b>Total</b>             | <b>3,022.53</b>                           | <b>2,342.49</b>                           |

## 27. Other Expenses

| Particulars                                 | Year ended<br>31 <sup>st</sup> March 2014 | Year ended<br>31 <sup>st</sup> March 2013 |
|---|---|---|
| Consumption of Stores and Spares            | 131.80                                    | 145.36                                    |
| Power & Fuel                                | 85.51                                     | 89.70                                     |
| Rent  | 451.25                                    | 365.90                                    |
| Repairs to : Buildings                      | 7.95                                      | 48.14                                     |
| : Machinery                                 | 42.96                                     | 1.40                                      |
| : Others                                    | 280.40                                    | 331.19                                    |
| Insurance                                   | 131.15                                    | 103.83                                    |
| Rates and taxes (excluding taxes on income) | 180.44                                    | 91.77                                     |
| Travel and Conveyance Expenses              | 597.46                                    | 710.43                                    |
| Postage, Telephone and Telegram             | 99.22                                     | 114.00                                    |
| Selling Expenses                            | 281.75                                    | 334.78                                    |
| Audit Fees : Statutory Audit                | 15.00                                     | 15.00                                     |
| : Tax matters                               | 1.50                                      | 1.50                                      |
| : For other services                        | 13.04                                     | 16.26                                     |
| : Out of Pocket Expenses                    | 3.41                                      | 3.77                                      |
| Professional Charges                        | 238.56                                    | 266.85                                    |
| Electricity Charges                         | 46.49                                     | 27.48                                     |
| Security Charges                            | 66.84                                     | 54.35                                     |
| Bad Debts                                   | -   | 27.79                                     |
| Advertisement Expenses                      | 88.92                                     | 95.31                                     |
| Printing & Stationery                       | 69.50                                     | 87.30                                     |
| Bank Charges                                | 393.49                                    | 319.98                                    |
| Tools Written off                           | 8.21                                      | 15.91                                     |
| Service Charges                             | 10.47                                     | 19.78                                     |
| Foreign Exchange Loss                       | 42.91                                     | -   |
| Other expenses                              | 345.45                                    | 1,019.03                                  |
| <b>Total</b>                                | <b>3,633.68</b>                           | <b>4,306.81</b>                           |

## 28. Disclosure of AS 18 for the Year 2013-14

### a) Details of transactions during year 2013-14

Rs Lacs

| Sl No | Particulars               | Eswaran & Sons Engineers Ltd | Sowraj Investments     | Easun Products of India P Ltd | Key Mgt Personnel | Grand Total            |
|-------|---------------------------|------------------------------|------------------------|-------------------------------|-------------------|------------------------|
| 1     | Sale of Goods             |                              |                        | -<br>(447.74)                 |                   | -<br>(447.74)          |
| 2     | Purchase of Goods         |                              |                        |                               |                   | -                      |
| 3     | Rendering of Services     |                              |                        |                               |                   | -                      |
|       | Unsecured Loan            |                              |                        |                               |                   | -                      |
|       | Interest on Loan advanced |                              |                        |                               |                   | -                      |
| 4     | Availing of Services      |                              |                        |                               |                   | -                      |
|       | Reimbursement of Expenses |                              |                        | -                             |                   | -                      |
|       | Loan borrowed             |                              | 1,840.00<br>(3,353.50) | 3,662.50<br>(4,195.00)        |                   | 5,502.50<br>(7,548.50) |
|       | Loan repayment            | -<br>(1,835.00)              |                        | 2475.41<br>(2,971.00)         |                   | 2,475.41<br>(4,806.00) |
|       | Interest on Loan borrowed | -                            | -                      | -                             | -                 | -                      |
| 5     | Directors remuneration    |                              |                        |                               | 48.00<br>(48.00)  | 48.00<br>(48.00)       |

### b) Details of outstandings in respect of Related Parties

| Sl No | Names of Related Parties      | Outstanding as on | Maximum Amount      | Outstanding as on | Maximum Amount      |
|-------|-------------------------------|-------------------|---------------------|-------------------|---------------------|
|       |                               | 31/03/2014        | due during the year | 31/03/2013        | due during the year |
| 1     | Eswaran & Sons Engineers Ltd. | NIL               | NIL                 | NIL               | 1,835.00 Cr.        |
| 2     | Easun Mr Tap Changers P Ltd   | NIL               | NIL                 | NIL               | NIL                 |
| 3     | Easun Products of India P Ltd | 1,944.16 Cr.      | 2,746.20 Cr.        | 795.45 Cr.        | 1,979.36 Cr.        |
| 4     | Sowraj Investment P Ltd       | 5,193.50 Cr.      | 5,193.50 Cr.        | 3,365.76 Cr.      | 3,365.76 Cr.        |
| 5     | ERL Thailand P. Ltd           | NIL               | NIL                 | NIL               | 72.29 Dr.           |
| 6     | Directors :                   |                   |                     |                   |                     |
| 7     | Hari Eswaran                  | 24.57 Cr.         | 24.57 Cr.           | 21.65 Cr.         | 21.65 Cr.           |
| 8     | Raj H Eswaran                 | 25.26 Cr.         | 25.26 Cr.           | 8.07 Cr.          | 8.07 Cr.            |
| 9     | Dr W S Jones                  | 3.31 Cr.          | 3.31 Cr.            | 1.24 Cr.          | 1.24 Cr.            |
| 10    | Rakesh Garg                   | 6.80 Cr.          | 6.80 Cr.            | 6.17 Cr.          | 6.17 Cr.            |
| 11    | J D N Sharma                  | 6.57 Cr.          | 6.57 Cr.            | 5.30 Cr.          | 5.30 Cr.            |
| 12    | Raman M                       | 0.14 Cr.          | 0.14 Cr.            | NIL               | NIL                 |



## 29. Contingent Liabilities and Commitments

Rs Lacs

| A. Contingent Liabilities  | 2014      | 2013      |
|--|-----------|-----------|
| 1 Letters of Credit opened by Bank for purchase of raw materials and components                      | 1,321.74  | 2,728.26  |
| 2 Counter Guarantee given to bankers in respect of Guarantees given by them                          | 15,186.60 | 17,002.08 |
| Counter Guarantee given to bankers in respect of Standby LC given by them                            | 377.13    | 1,253.66  |
| 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                                 | 1,766.93  | 2,735.04  |
| 5 <b>Disputed amounts of Income Tax paid</b>   |           |           |
| <b>Assessment year</b>   |           |           |
| 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    | -         |
| 2010-11 - Unpaid   | 178.18    | 178.18    |
| 6 <b>Disputed amounts of Sales Tax</b>   |           |           |
| <b>Karnataka</b>   |           |           |
| FY 2007-08 paid  | 63.65     | 63.65     |
| FY 2008-09 paid  | 41.78     | 41.78     |
| FY 2009-10 (Rs.3.00 Paid, Rs.17.62 Unpaid)   | 20.62     | -         |
| <b>Tamil Nadu (unpaid)</b>   |           |           |
| FY 2006-07 (Rs.19.21 - Paid, Rs.18.77 Unpaid)  | 37.98     | -         |
| FY 2007-08   | 8.38      | -         |
| FY 2008-09   | 29.63     | -         |
| 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      | 7.99      |
| 9 Disputed amount of Provident Fund  | -         | 59.37     |
| B. Capital Commitment  |           |           |
| (a) Estimated amount of capital commitment on account of Fixed Assets                                | 135.63    | 470.30    |

### 30. 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                                 | 2014              | 2013              |
|---|-------------------|-------------------|
| Profit/(Loss) after tax Rs. Lacs            | (3,110.35)        | (357.33)          |
| Number of Weighted average equity shares    |                   |                   |
| Basic                                       | 20,807,014        | 20,807,014        |
| Effect of dilutive equity shares equivalent |                   |                   |
| Share Warrants Outstanding                  | -                 | -                 |
| Foreign Currency Convertible Bond           | -                 | -                 |
|   | <b>20,807,014</b> | <b>20,807,014</b> |
| Face Value of Shares in Rupees              | 2.00              | 2.00              |
| Earnings per share before exceptional items |                   |                   |
| Basic in Rupees                             | (13.17)           | (1.72)            |
| Diluted in Rupees                           | (13.17)           | (1.72)            |
| Earnings per share after exceptional items  |                   |                   |
| Basic in Rupees                             | (14.95)           | (1.72)            |
| Diluted in Rupees                           | (14.95)           | (1.72)            |

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

N Sri Krishna  
Partner  
Membership No: 26575  
Place : Chennai  
Date : 30<sup>th</sup> May 2014

R Subramanian  
Partner  
Membership No: 8460

For and on behalf of Board of Directors

Raj H Eswaran  
Managing Director

Rakesh Garg  
Director

P Chandrasekaran  
Chief Financial Officer

# Disclosure of Consolidated Financial Information relating to Subsidiary Companies as on 31.03.2014

| Statement of Consolidated Financial Position as at 31st March 2019 |  |  |   |  |                                      |   | Rs Lacs   |
|--|--|--|---|--|--------------------------------------|---|---|
| Name of the subsidiary   | ERL International Pte. Ltd., Singapore (1) | ERLPhase Power Technologies Ltd., Canada (1) | ERL Marketing International FZE., Sharjah (1) | ERL Switchcraft Pte. Ltd., Singapore (1) | Switchcraft Europe GmbH, Germany (2) | Switchcraft Limited, Hong Kong, China (3) | Electrical Distribution Solutions Pty Limited (EDS) (4) |
| Share Capital  | 19,161.60                                  | 4,191.60                                     | 623.41  | 0.06                                     | 4,618.73                             | 15.45                                     | 0.06  |
| Reserves & Surplus   | 2,403.21                                   | (3,147.89)                                   | (610.16)                                      | (129.03)                                 | (2,776.70)                           | (1,256.65)                                | (52.26)   |
| Total Assets   | 24,853.25                                  | 5,992.53                                     | 888.34  | 9,810.68                                 | 6,015.71                             | 3.05                                      | 159.37  |
| Other Liabilities  | 3,288.43                                   | 4,948.82                                     | 875.09  | 9,939.66                                 | 4,173.68                             | 1,244.25                                  | 211.57  |
| Investments (excl. investments in Subsidiary Companies)            | -  | -  | -   | -  | -                                    | -   | -   |
| Turnover   | 296.90                                     | 4,941.54                                     | 1,176.79                                      | 262.17                                   | 2,647.01                             | -   | 210.16  |
| Profit Before Tax  | 262.73                                     | (168.54)                                     | (17.64)                                       | 60.44                                    | 204.72                               | (9.94)                                    | (55.56)   |
| Provision for Taxation   | 87.33                                      | -  | -   | -  | -                                    | -   | -   |
| Profit After Taxation  | 175.39                                     | (168.54)                                     | (17.64)                                       | 60.44                                    | 204.72                               | (9.94)                                    | (55.56)   |
| Proposed Dividend  | -  | -  | -   | -  | -                                    | -   | -   |

## Notes:-

Information on subsidiaries is provided in compliance with the circular No.2/2011 dated February 8, 2011 from Ministry of Corporate Affairs, government of India. We undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our Corporate office in Hosur, India. The same will also be available on our website, [www.easunreynolle.com](http://www.easunreynolle.com)

1. Converted into Indian Rupees at the exchange rate, 1 USD = Rs 59.88 as on 31st March 2014
2. Converted into USD at the exchange rate, 1 EURO = USD 1.375 as on 31st March 2014
3. Converted into USD at the exchange rate, 1 HKD = USD 0.1289 as on 31st March 2014
4. Converted into USD at the exchange rate, 1 AUD = USD 0.9250 as on 31st March 2014



# Easun Reyrolle Limited

CIN No.L31900TN1974PLC006695

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

web: www.easunreyrolle.com

## PROXY FORM

Folio No. / Depository Account No. \_\_\_\_\_ Name: \_\_\_\_\_

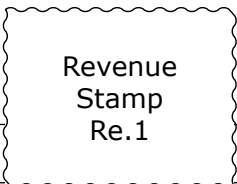
I / We being the member(s) of ....., shares of the above named company hereby appoint

|                                      |                                      |                                      |
|--------------------------------------|--------------------------------------|--------------------------------------|
| 1. Name                              | 2. Name                              | 3. Name                              |
| Address                              | Address                              | Address                              |
| e-mail id:                           | e-mail id:                           | e-mail id:                           |
| Signature<br>.....<br>Or failing him | Signature<br>.....<br>Or failing him | Signature<br>.....<br>Or failing him |

as my / our proxy to attend and vote for me / us on my / our behalf at the 39<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, 29<sup>th</sup> September, 2014 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 |
|         | <b>Ordinary Business</b>   |            |         |
| 01.     | Ordinary Resolution for adoption of Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014   |            |         |
| 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 Brahmaya & 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. |            |         |
|         | <b>Special Business</b>  |            |         |
| 04.     | Ordinary Resolution for appointment of Dr William Stanley Jones as Independent Director of the Company under the provisions of Sections 149, 150,152 of the Companies Act, 2013  |            |         |

|     |   |  |  |
|-----|---|--|--|
| 05. | Ordinary Resolution for appointment of Mr Rakesh Garg as Independent Director of the Company under the provisions of Sections 149, 150,152 of the Companies Act, 2013                   |  |  |
| 06. | Ordinary Resolution for appointment of Mr M Raman as Independent Director of the Company under the provisions of Sections 149, 150,152 of the Companies Act, 2013                       |  |  |
| 07. | <b>Special Resolution</b> under Section 197 of the Companies Act, 2013 to approve payment of commission to the Non-Executive Directors (including Independent Directors) of the Company |  |  |
| 08. | <b>Special Resolution</b> under Section 180(1)(c) of Companies Act, 2013 to approve increase in borrowing limits  |  |  |
| 09. | <b>Special Resolution</b> under Section 188 of the Companies Act, 2013 to approve related party transactions.   |  |  |

|   |  |
|---|--|
|  |  |
| 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 Resolutions, Explanatory statements and Notes, please refer to the Notice of 39<sup>th</sup> Annual General Meeting.
  4. \* It is optional to put 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.

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