

36TH
ANNUAL REPORT
2010-2011



EASUN REYROLLE LIMITED



Easun Reyrolle Limited

36th Annual Report, 2010-2011

Chairman : Hari Eswaran

Directors : W S Jones
Raj H Eswaran
Rakesh Garg

Chief Executive : J D N Sharma

Secretary and VP (Corporate Finance) : K N Nagesha Rao

Auditors : Brahmayya & Co.
Chartered Accountants
48, Masilamani Road, Balaji Nagar,
Royapettah,
Chennai – 600 014

: R Subramanian & Co.
Chartered Accountants
36, Krishnaswamy Iyer Avenue,
Luz, **Chennai – 600 004**

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

Corporate Office & : 389, “Rasu Kumaki”, Hulimavu,
Development Centre Bannergatta Road,
Bangalore 560 076, Karnataka

Factories : 1. Plot No.98,
Sipcot Industrial Complex,
Hosur – 635 126,
Krishnagiri Dt., Tamilnadu

2. 17/3, Arakere Village,
Bannergatta Road,
Bangalore – 560 076

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

Easun Reyrolle Limited
36th Annual Report – 2010-11

INDEX

Sl.No.	Particulars	Page No.
1.	Notice to Shareholders	3
2.	Financial highlights for 10 years	5
3.	Directors' Report to the Shareholders	6
4.	Corporate Governance Report	12
5.	Auditors' Report on Corporate Governance	21
6.	Information pursuant to the Section 217(1)(e) of Companies Act, 1956	22
7.	Auditors' Report Standalone	24
8.	Standalone Balance Sheet	29
9.	Standalone Profit & Loss Account	30
10.	Standalone Schedules	31
11.	Standalone Cash Flow Statement	51
12.	Auditors' Report on Consolidated Financial Statements	53
13.	Consolidated Balance Sheet	54
14.	Consolidated Profit & Loss Account	55
15.	Consolidated Schedules	56
16.	Consolidated Cash Flow Statement	66
17.	Financial Information Relating to Subsidiary Companies	67

Easun Reyrolle Limited

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

Notice to Shareholders

Notice is hereby given that the Thirty sixth Annual General Meeting of the Members of Easun Reyrolle Limited will be held on Monday, the 29th day of August, 2011 at 3.00 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai 600 008, to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011, the Balance Sheet as at 31st March, 2011 and the reports of Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr Hari Eswaran who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Rakesh Garg who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Brahmayya & Co and M/s R Subramanian & Co the retiring Auditors are eligible for re-appointment.

By Order of the Board
for Easun Reyrolle Limited

Place: Chennai
Date: 25th July, 2011

K. N. Nagesha Rao
Secretary and VP (Corporate Finance)

Notes:

1. Any Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a member. A Proxy so appointed shall not have any right to speak at the Meeting. The Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the Meeting.
2. Members holding shares in physical form are requested to communicate change in their addresses, if any, to our Registrar and Share Transfer Agents, Integrated Enterprises (India) Limited, 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Telephone No.044-28140801-803, E-mail - corperv@iepindia.com.
3. Members holding shares in demat form may inform the change in address or other particulars to their Depository Participants.
4. Members are also requested to immediately notify their email IDs to their respective DPs or the RTA or to the Company, as the case may be, to enable the Company to send all notices and documents through electronic mode in view of the Government's recent green initiative regarding the service of various documents by electronic mode instead of in physical mode.
5. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days during the business hours up to the date of the Meeting.
6. The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd August, 2011 to 29th August, 2011 (both days inclusive).
7. The dividend, if any, declared at the Meeting will be payable on and after 29th August, 2011 to those Members whose names appear on the Register of Members of the Company on 23rd August, 2011.
8. Members/Proxies are requested to bring the Attendance Slip with them duly filled in and hand over the same at the entrance of the Meeting Hall. Members are requested to bring their copy of Annual Report to the Meeting.
9. With respect to payment of dividend, the Company provides the facility of Electronic Clearing Service (ECS) to all Shareholders, holding shares in electronic form and residing in the following places: Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jai pur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram
10. The Company has also made arrangements for payment of dividend by way of Dividend Warrants to shareholders who hold shares in physical form through all Branches of HDFC Bank situated in the length and breadth of the Country.

By order of the Board

Place: Chennai
Date: 25th July, 2011

K. N. Nagesha Rao
Secretary and VP (Corporate Finance)

Financial Highlights for 10 years

[Rupees in lacs]

Sl. No.	Particulars	Year ended 31 st March									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
1.	Sales & Other Income	30,255	26,289	17,232	20,762	13,521	10,817	5,233	4,194	3,855	3,610
2.	Operating Expenditure	28,581	25,262	15,863	16,606	10,393	8,356	4,445	3,636	3,405	3,434
3.	Earning/Profit before interest, depreciation and tax (EBIDTA)	1,674	1,027	1,369	4,156	3,128	2,461	788	558	450	176
4.	Less: Interest	909	604	489	408	194	136	100	86	151	184
5.	Less: Depreciation	1,081	766	514	385	277	254	150	70	68	70
6.	Profit/(Loss) before tax	(316)	(343)	366	3,363	2,657	2,071	538	402	231	(78)
7.	Exceptional Items	-	5,955	-	-	-	-	-	-	-	-
8.	Less: Current tax	222	1,101	96	805	830	715	200	133	20	-
9.	Less: Deferred tax	183	-	18	6	22	21	(19)	(5)	18	(26)
10.	Less: Fringe benefit tax	-	-	24	24	38	27	-	-	-	-
11.	Profit/(Loss) after tax	(722)	4,511	228	2,528	1,767	1,308	357	274	193	(52)
12.	(Less)/Add : Share of minority interest	-	15	43	-	-	-	-	-	-	-
13.	Net Profit/(Loss) after share in minority interest	(722)	4,496	271	2,528	1,767	1,308	357	274	193	(52)
14.	Add: Balance brought forward	173	649	1,114	202	100	77	86	59	37	89
15.	Profit/(Loss) available for appropriation	(549)	5,145	1,385	2,730	1,867	1,385	443	333	230	37
16.	Less: Proposed dividend on equity shares	249	831	415	510	333	200	102	86	63	-
17.	Less: Interim dividend on equity Shares	-	-	-	102	67	50	-	11	-	-
18.	Less: Tax on dividends	41	141	71	104	65	35	14	-	8	-
19.	Less: Transfer to General Reserve	100	4,000	250	1,500	1,200	1,000	250	150	100	-
20.	Surplus carried to balance sheet	(939)	173	649	515	202	100	77	86	59	37

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

Directors' Report



To the Members

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the period from 1st April 2010 to 31st March 2011.

1. Financial Results

Highlight of Financial Results for the year are as under:

[Rupees in lacs]

Particulars	2010 - 11		2009 - 10	
	Standalone	Consolidated	Standalone	Consolidated
Sales	26,833	29,761	21,585	25,717
Other Income	150	494	388	572
Total Income	26,983	30,255	21,973	26,289
Total Expenditure	24,556	28,581	20,217	25,262
Profit/(Loss) before depreciation, interest and Exceptional Items	2,427	1,674	1,756	1,027
Depreciation	468	1,082	455	766
Interest	812	909	581	604
Profit/(Loss) before Exceptional Items	1,147	(317)	720	(343)
Exceptional Items	-	-	-	-
(i) Surplus on FCCB Buyback	-	-	6,113	6,113
(ii) Net Foreign Exchange Fluctuation	-	-	(158)	(158)
Profit/(Loss) before Tax	1,147	(317)	6,674	5,612
Provision for Taxation	312	405	1,084	1,101
Adjustment for Minority Interest	-	-	-	(15)
Net Profit/(Loss)	835	(722)	5,590	4,496

2. Dividend

Directors are pleased to recommend a dividend of Rs.1.20 per equity share of the face value of Rs.2 for the year ended 31st March, 2011 (Previous year Rs.4 per share, including Rs.3 per share as one-time special dividend on account of exceptional items). This dividend, subject to the approval at the AGM on August 29th 2011 will be paid to the shareholders whose names appear on the Register of Members as on 23rd August 2011. The dividend will absorb Rs.291 lacs including dividend tax.

3. Performance:

During the year under review, the Company has achieved revenue on consolidated basis at Rs.303 Crores compared to previous year's revenue of Rs.263 Crores. The pre-tax loss (without considering the exceptional items) was reduced from Rs.3.43 crores during 2009-10 to Rs.3.17 crores during 2010-11.

4. Management Discussions and Analysis

(i) Industry Environment and outlook for the future:

During the year 2010 - 11 electrical equipment industry has experienced sustained growth momentum with a growth rate of approximately 14%. The overall outlook for the industry future continues to be healthy.

While the general picture is thus fairly rosy, there are a number of factors that continue to cause concern; addressed in a focused manner, can brighten the picture even further. The large gap between the budgeted capacity addition during the fifth plan and the reality till date indicates that the shortfall in the planned capacity addition will be substantial. Same is the case with respect to investments in transmission and distribution sector through RAPDRP Schemes as well as other initiatives. 2011 - 12 being the last year of the fifth-five-year-plan is expected to see the usual last minute efforts to reduce this gap resulting in increased opportunities. However, what is required is sustained level of high investment in these areas if India were to address its power needs efficiently and eliminate the scourge of power shortages in the near future.

International markets for power system equipment which your Company is addressing also show sustained growth, with the utilities in USA increasing their spend under various government initiatives and various countries in Europe particularly Eastern Europe and Russia drawing up plans for substantial increase in their investments in modernization of power sector. Green initiatives across the Western Europe are also a cause for optimism. African market, in the long term has a huge potential for growth.

Thus the overall outlook for various products, systems, solutions and projects in which your company is engaged in remains healthy. However, substantial capacity additions and fairly large gap between the plans and achievements with respect to capacity additions and other investments in this sector, particularly in India, would also mean continued pressure on margins.

(ii) Overall Company strategy:

Since its inception as a joint venture, the company had an arrangement of receiving its technology from its JV partner and addressing primarily the Indian market. Since 2003 the company started branching out into lines of business other than those of its JV and developing its own technology for these business lines.

Exit of its the then JV partner from the company in 2006 gave your company the freedom and an opportunity to grow in the global markets and at the same time the challenge of self reliance in the field of technology was posed. Your company accepted this challenge of ensuring that all its product lines offer the state-of-the-art-technology acceptable across the global markets and consequently the opportunity of being able to address the global markets for its rapid and sustained growth.

Towards this your company has invested significantly in acquiring and strengthening high technology companies in Canada and in Germany and in establishing significant R&D facilities in India. This strategy has now enabled the company to be able to offer, starting from the year 2011-12, an array of new products and technologies in the global markets, which will propel the growth of the company in the future.

In parallel, the company has put in place a strategy of backward integration to capture the value chain in the manufacturing activity through significant investments in world class manufacturing facilities – mainly in India for basic manufacturing and in other countries in local manufacturing as appropriate. This will not only allow us to offer competitive products across the global markets but will also help in improving margins.

The twin strategies of ownership of state-of-the-art-technology and the related IPs in all its core activities and capturing significant parts of the value chain will be the foundation of your company's march towards sustained and rapid growth in the future.

(iii) Operations:

During the year 2010-11, the Indian operations of the Company have grown satisfactorily both in terms of sales as well as profits. Sales have shown a growth of 24% which is ahead of the market growth and the profits from ordinary operations (without considering the exceptional items) at EBITDA

level have grown by 50% over the year 2009-10. The growth of order book is also generally satisfactory though the Company has consciously stayed away from low profitability opportunities particularly in the area of Turnkey projects. Considering the healthy order book and the expected growth of the industry in the coming year, your company expects to grow significantly during the year 2011-12.

The Company's international operations continue to gain strengths as the Company is gradually moving from investment phase into market realization phase. Thus the Company's Canadian operations at ERLPhase have shown a 20% increase in order input, its international sales and marketing operations at ERLMINT has doubled its Order intake and Switchcraft Europe GmbH in Germany has seen the first orders from the European markets. As these subsidiaries in Canada and Germany complete their new product introduction, which have been somewhat delayed, during 2011-12 the international operations are expected to show considerable growth during 2011-12 and sustained growth at higher levels thereafter.

In order to counter the pressures on the margins and to be able to cater to the expected growth in global demand through its various international operations, the Company has initiated major investments in manufacturing and backward integration with a new manufacturing base at Harohalli, near Bangalore. The first phase of the investment is likely to be completed and the commercial production of the same will be commenced during the second half of the current financial year. This coupled with growth of the business and various other actions being taken by your Company to reduce costs, would address the issues concerning the pressure on the margins and the results from the same can be expected from the year 2012-13 onwards.

5. Subsidiary Companies and Consolidated Financial Statements:

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

Consolidated Accounts in accordance with the requirements of Accounting Standards AS 21 (read with AS 23) issued by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries are annexed to this Annual Report. A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiaries in India and abroad, is attached to this Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information. Annual Accounts of the subsidiary companies will also be available for inspection by any Member of the Company/its subsidiaries at the Registered Office of the Company.

6. Human Resource Development

During the year under review, a number of HR and training initiatives were taken to supplement the Company's effort towards business sustainability and growth. On the industrial relations front, your Company has a cordial relationship with its employees and union.

The total number of employees as at 31st March 2011 was 432.

7. Employee Stock Option Scheme:

The Company introduced an Employee Stock Option Scheme for the benefit of its executives effective from 29th September 2010.

Details of the stock options granted under the Employee Stock Option Scheme, 2009 are disclosed in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and set out in Annexure A of this Report

8. Fixed Deposit

The Company has not accepted any public deposit and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

9. Corporate Governance Report

Reports on Corporate Governance in accordance with Clause 49 of the Listing Agreements with Stock Exchanges, along with Auditors Report thereon are given separately as Annexure B in this Annual Report.

10. Directors

Mr Hari Eswaran and Mr Rakesh Garg, Directors retire by rotation and being eligible have offered themselves for re-appointment. A brief background of both the directors is given in the Corporate Governance Report.

11. 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.

12. Auditors

M/s. Brahmayya & Co., Chartered Accountants and M/s R Subramanian & Co., Chartered Accountants, the joint statutory auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

13. Particulars of Research and Development, Conservation of Energy, Technology Absorption, etc:

The particulars as prescribed under section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in Annexure C to this Report.

14. Particulars of Employees

The information required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219 (1) (b) (iv) of the Companies Act, the Annual Report together with Accounts, is being sent to the Members of the Company, excluding statement of particulars of employees under Section 217(2A) of the Act. Members desiring to have a copy of the same may write to the Registered Office of the Company.

15. Acknowledgement

Your Directors thank all its valued customers, suppliers and other business associates. They appreciate continued support from Banks and look forward to their co-operation in the future.

Your Directors place on record their appreciation of the dedicated efforts put in by the employees at all levels and wish to thank the Shareholders for their unstinted support and co-operation.

For and on behalf of Board of Directors

Place: Chennai
Date: 25th July, 2011

Hari Eswaran
Chairman

“Annexure - A” to the Directors’ Report

**Information required to be disclosed under the Securities and Exchange Board of India
(Employees Stock Option Scheme and Employees Stock Purchase Scheme
Guidelines, 1999)**

Employees Stock Option Scheme – 2009

(a)	Options Granted	1,97,245 Equity Shares of Rs.2 each	
(b)	The Pricing formula	<p>The Exercise Price is decided by the Compensation Committee, which shall not be less than the par value of equity share of the Company and shall not be more than the Market price (closing price of the Shares of the Company on a day preceding the date of grant of options). The Compensation Committee fixed the Exercise Price as under:</p> <p style="text-align: right;">No. of options granted at par (Rs.2) : 39,449</p> <p style="text-align: right;">No. of options granted at market value as at 28th Sept 10 (Rs.125.75) : <u>1,57,796</u></p> <p style="text-align: right;">Total : <u>1,97,245</u></p>	
(c)	Options Vested	Nil	
(d)	Options Exercised	Nil	
(e)	Total number of shares arising as a result of exercise of option	None of the options granted has been vested so far.	
(f)	Options lapsed	Not applicable since None of the options granted has been vested so far.	
(g)	Variation of terms of Options	Nil	
(h)	Money realized by exercise of Options	None of the options granted has been vested so far.	
(i)	Total number of options in force – Vested Unvested Total	<p>Nil</p> <p>1,97,245</p> <p><u>1,97,245</u></p>	
(j)	Employee wise options granted to – (i) Senior Managerial Personnel.	Name and Designation	No. of Options Granted
		<p>1. William Stanley Jones, Director</p> <p>2. Mr. Rakesh Garg, Director</p> <p>3. J.D.N. Sharma, Chief Executive</p> <p>4. Mr. George Punnoose, President</p> <p>5. Mr. S. Ravichander, Executive Vice President</p> <p>6. Mr. K.N. Nagesha Rao, Secretary & VP (Corporate Finance)</p> <p>7. Mr. G. Premnath, Vice President</p>	<p>14,790</p> <p>14,790</p> <p>32,325</p> <p>20,200</p> <p>12,120</p> <p>12,120</p> <p>12,120</p>
(ii)	Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year.	None	
(iii)	Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) Company at the time of grant.	None	

(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standards (AS) been vested so far. 20 'Earning Per Share'.	Rs.3.94
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS.	Profit would have been lower by 1,38,723 Basic EPS would have been lower by Rs.0.01 and Diluted EPS would have been lower by Rs.0.01
(m)	Weighted average exercise price and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Weighted average exercise price – Rs.101 per option Weighted average fair value – Rs.134 per option
(n)	Fair Value (Price Earning Capacity Value)	Rs.133.79 per option

For and on behalf of Board of Directors

Place: Chennai
Date: 25th July, 2011

Hari Eswaran
Chairman

Annexure to Directors' Report for the year ended 31st March, 2011



Annexure-B 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 Director ships, 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	3	-	9
2.	Dr. W. S. Jones	Independent Director	5 of 8	Attended	5	2	-
3.	Mr. Raj H Eswaran	Promoter Director	6 of 8	Attended	12	2	-
4.	Mr. Rakesh Garg	Independent Director	7 of 8	Attended	9	-	-

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

Dates of Board Meeting held during the Financial Year 2010-11

No. of Board Meetings held during the financial year 2010-11: 8 (Eight)

Dates of Board Meetings held during the Financial Year 2010-11					
1.	15.05.2010	2.	22.06.2010	3.	27.07.2010
4.	11.10.2010	5.	29.10.2010	6.	29.11.2010
7.	31.01.2011	8.	18.03.2011		

Note: All the Directors on the Board are non-executive Directors.

Mr. Hari Eswaran and Mr. Rakesh Garg retire by rotation and are eligible for reappointment. The brief background of Mr. Hari Eswaran and Mr. Rakesh Garg are furnished below:

Brief Background of Directors being re-appointed:

a) Mr. Hari Eswaran

Mr. Hari Eswaran, 74 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 Limited | - Chairman |
| 3. Easun-MR Tap Changers Pvt. Limited | - Chairman |
| 4. ERL Phase Power Technologies Limited, Canada | - Chairman |
| 5. ERL International Pte. Limited, Singapore | - Chairman |
| 6. ERL Marketing International FZE, Sharjah | - Chairman |
| 7. Switchcraft Group LLC., USA | - Chairman |
| 8. Switchcraft Europe GmbH, Germany | - Chairman |
| 9. Switchcraft Limited, Hongkong | - Chairman |
| 10. Easun Products of India Pvt. Limited | - Director |
| 11. Sowraj Investments (P) limited | - Director |
| 12. ERL (Thailand) Company Limited | - Director |

Mr. Hari Eswaran is holding 79,755 Equity Shares of Rs.2 each in Easun Reyrolle Limited as on 31.03.2011.

b) Mr Rakesh Garg

Mr. Rakesh Garg aged 48 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 19 years experience in the field of Audit & Taxation, Mergers & Acquisitions feasibility & 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:

- | | |
|-------------------------------------|------------|
| 1. Ishwar Goods Pvt. Ltd. | - Director |
| 2. Karan Woo-sin Ltd. | - Director |
| 3. Nehas Infotech Pvt. Ltd. | - Director |
| 4. Nehas Trading Pvt. Ltd. | - Director |
| 5. Kartiken Logistics Pvt. Ltd. | - Director |
| 6. Three GID Technologies Pvt. Ltd. | - Director |

- | | |
|----------------------------------|------------|
| 7. Peninsula Terminals Pvt. Ltd. | - Director |
| 8. Sovereign Logistics Pvt. Ltd. | - Director |
| 9. Fire Star Terminal Pvt. Ltd. | - Director |

Mr. Rakesh Garg is not holding any Equity Shares of the Company

3. Audit Committee:

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

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 2010-11, 4 (Four) Audit Committee Meetings were held.

The attendance of Members during the year was as below:

Sl.No.	Name and Position of the Member	No. of Meetings	
		Held	Attended
1.	Dr. W. S. Jones, Chairman	4	4
2.	Mr. Raj H Eswaran, Member	4	4
3.	Mr. Rakesh Garg, Member	4	4

4. Subsidiary Companies:

Subsidiary:

The Company has 6 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 oversee 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. K. N. Nagesha Rao, Secretary and VP (Corporate Finance) is the Compliance Officer of the Company.

During the year 2010-11 the Company received 13 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 Chief Executive and President 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 during the year 2010-11	
		Held	Attended
Dr. W. S. Jones	Independent, Non-Executive	1	1
Mr. Rakesh Garg	Independent, Non-Executive	1	1
Mr. Raj H Eswaran	Non-Executive	1	1

(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.

During the year 2010-11, the Company paid Sitting Fees of Rs.3,000 per meeting to its Directors for attending meeting of Board and Committee Meetings of the Board.

(v) Details of Remuneration for the year ended March 31, 2011:

(a) Non-Executive Directors:

Name	Commission (Rs.Lacs)	Sitting Fee (Rs.Lacs)
Mr. Hari Eswaran, Chairman	17.72	0.30
Dr.W. S. Jones	5.91	-
Mr. Raj H Eswaran	5.91	0.39
Mr. Rakesh Garg	5.91	0.42
Mr. Ravi Kumar (Alternate Director to Dr. WS Jones from 11.10.2010 to 29.10.2010)	-	0.03

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 passed
2008	Hotel Ambassador Pallava, 53, Montieth Road. Chennai – 600 008	29.09.2008	03 p.m.	Nil
2009		11.09.2009	03 p.m.	3
2010		29.09.2010	03 p.m.	Nil

8. Postal Ballot:

On 19th November, 2010, the Company passed one Special Resolution of Members through Postal Ballot and obtained approval to create, issue, offer and allot up to 20,00,000 (two million) Share Warrants convertible into 20,00,000 Equity Shares of face value of Rs.2 each at Rs.133.76 in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 (SEBI (ICDR) Regulations) to Company's promoters on preferential basis.

For this purpose, the Company appointed Mr. K. Venugopalan, Practicing Company Secretary as the Scrutinizer to conduct Postal Ballot process.

Presently there are no Special Resolutions proposed to be conducted through Postal Ballot.

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.15 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.
- The Company confirms that during the financial year 2010-11, 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:

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

11. General Shareholder information:

(a) Annual General Meeting for 2011:

- Date : 29th August, 2011
- Time : 3.00 p.m.
- Venue : Hotel Ambassador Pallava at 53, Montieth Road, Chennai

(b) Financial calendar:

Results for the quarter ended 30 th June 2011	Last week of July 2011
Results for the quarter ended 30 th September 2011	Last week of October 2011
Results for the quarter ended 31 st December 2011	Last week of January 2012
Results for the quarter ended 31 st March 2012	Last week of May 2012

(c) Book closure date:

The Register of Members and the Share Transfer Books of the Company will remain closed from 23rd August, 2011 to 29th August, 2011 (both days inclusive).

(d) Dividend payment:

On or after 29th August, 2011.

(e) Listing Stock Exchanges:

National Stock Exchange of India Limited, Mumbai, Bombay Stock Exchange Limited, Mumbai and Singapore Stock Exchange Limited, Singapore.

Upto date listing fee has been paid to all the Stock Exchanges.

(f) Stock Code:

National Stock Exchange Limited	EASUNREYRL
Bombay Stock Exchange Limited	532751
Singapore Stock Exchange Limited (GDRs)	ISIN - US27785G1085
Singapore Stock Exchange Limited (FCCBs)	ISIN - XS0334497558
ISIN Number of the Company	INE268C1029
Corporate Identification Number	L31900TN1974PLC006695

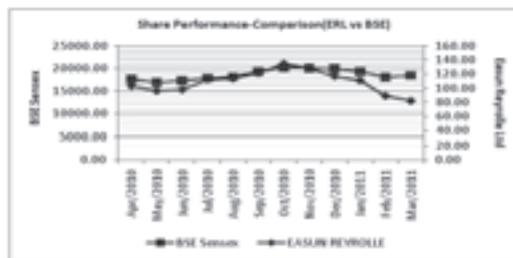
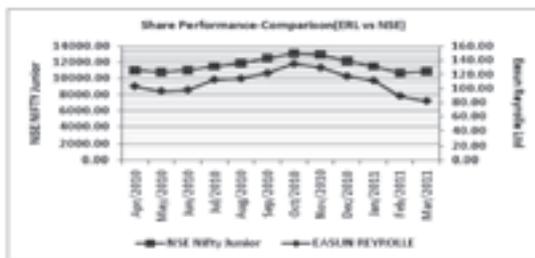
(g) Market Price Data:

Highlights of Market Price of the Company's Shares traded on National Stock Exchange and Bombay Stock Exchange during 2010-11

Period	NSE		BSE	
	High(Rs.)	Low(Rs.)	High(Rs.)	Low(Rs.)
Apr-10	106.65	95.65	106.85	95.15
May-10	101.65	91.25	101.75	90.90
Jun-10	106.15	92.25	106.75	91.60
Jul-10	122.70	102.35	122.55	102.50
Aug-10	120.45	109.45	121.45	109.20
Sep-10	126.80	114.95	126.00	115.20
Oct-10	144.05	124.80	144.30	124.75
Nov-10	139.85	115.90	139.40	115.60
Dec-10	123.40	109.90	124.15	109.40
Jan-11	121.15	100.85	121.15	100.90
Feb-11	99.25	79.00	98.95	80.40
Mar-11	90.70	76.20	90.80	76.40

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

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



(i) 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: 28140801 to 28140803
Email: corpserve@ieplindia.com

(j) 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 25 days from the date of lodgment, if documents are complete in all respects.

(k) Dematerialization of Shares and Liquidity:

95.59 % of the paid up capital has been dematerialized as at 31st March 2011. The highest trading activity is witnessed on National Stock Exchange, Mumbai.

The average daily turnover of the Company’s equity shares on National Stock Exchange, Mumbai and Bombay Stock Exchange Limited, Mumbai during 2010-11 is given below:

Sl.No.	Name of the Stock Exchange	No. of Shares	Value of Share (Rs.)
01.	The National Stock Exchange of India Ltd	53,163	116.40
02.	Bombay Stock Exchange Limited	24,902	115.99

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

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

- i) Outstanding GDRs/ADRs/Warrants: There are no outstanding GDRs/ADRs as on 31.03.2011.
- ii) During the year the company allotted 20,00,000 warrants, each convertible into Equity Shares of Rs.2. These warrants are to be converted into Equity Shares within 18 months from the date of allotment of warrants.
- iii) 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.

(m) Plant Location:

1. Hosur Plant: - Unit I Plot No.98, Sipcot Industrial Complex, Hosur-635126 Krishnagiri District, Tamilnadu	2. Bangalore Plant: - Unit II 17/3, Arakere Village, Bannerghatta Road, Bangalore - 560076 Karnataka	3. Bangalore: Technology Development Centre 389, "Rasu Kumaki" Hulimavu Bannerghatta Road Bangalore-560 076 Karnataka
--	---	--

(n) Address for Correspondence:

- i) For transfer/dematerialization of shares and other queries relating to Company's shares
- Integrated Enterprises (India) Limited,
 2nd floor, "Kences Towers",
 No.1, Ramakrishna Street,
 North Usman Road, T Nagar,
 Chennai 600 017.
 Email: corpserve@ieplindia.com
- ii) Any query on payment of dividend: or Annual Report
- Easun Reyrolle Ltd.
 389, "Rasukumaki" Hulimavu,
 Begur Hobli, Bannerghatta Road,
 Bangalore – 560 076.
 Email: vijayan@easunreynolle.com

(o) Transfer of Unclaimed Dividend to Investor Education and Protection Fund of the Central Government:

Dividend for the year ended	No. of Equity Shares	No. of Shareholders	Amount Rs.	Date of Transfer
Final Dividend for the year 2002-2003	69,623	600	1,39,245	22.10.2010

The Company will be transferring the Unpaid Final Dividend for the Financial Year 2003-04 declared on 20th September, 2004 to the Investor Education and Protection Fund during October, 2011.

(p) Shareholding pattern as at 31st March, 2011:

Sl. No.	Category	No. of Shares held	Percentage of Share holding
1.	A. Promoters' Holding		
	Indian Promoters		
	Mr Hari Easwaran & Associates	56,69,999	27.30%
2.	Non-promoters' Holding		
	a) Bank	16,000	0.08%
	b) Others		
	- Mutual Fund	9,56,705	4.61%
	- Private Corporate Bodies	-	-
	- Foreign Institutional Investors	5,000	0.02%
	- NRIs/OCBs	1,43,009	0.69%
	- Depository Participants	-	-
	c) Indian Public	1,39,80,892	67.30%
	Total	2,07,71,605	100.00%

q) Distribution of Shares as on 31st March, 2011:

S1. No.	Distribution of Shareholding	No. of Shareholders	% to total	No. of Shares	% to total
01.	Up to 500 Shares	12,985	81.77%	18,67,574	8.99%
02.	501 – 1000 Shares	1,417	8.92%	11,69,207	5.63%
03.	1001 – 2000 Shares	734	4.62%	11,35,669	5.47%
04.	2001 – 3000 Shares	283	1.78%	7,30,690	3.52%
05.	3001 – 4000 Shares	106	0.67%	3,81,914	1.84%
06.	4001 – 5000 Shares	87	0.55%	4,13,158	1.99%
07.	5001 – 10000 Shares	135	0.85%	9,92,410	4.78%
08.	More than 10000 Shares	132	0.83%	1,40,80,983	67.79%
	Total	15,879	100.00%	2,07,71,605	100.00%

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 31st March, 2011, 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: 25th July, 2011

Hari Eswaran
Chairman

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 31st March 2011, 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.

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

R. SUBRAMANIAN
Partner
Membership No.8460

Place: Chennai
Date: 25th July 2011

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

N. SRI KRISHNA
Partner
Membership No.26575

Annexure to Directors' Report for the year ended 31st March, 2011



Annexure C

Information pursuant to the 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

<p>A. Conservation of Energy</p> <ul style="list-style-type: none"> a. Energy conservation b. Additional Investments and proposals if any, being implemented for reduction of consumption of energy. c. Impact of the measures at (a) and consumption and consequent impact of the cost of production of goods. <p>d. Total energy conservation</p>	<p>By rationalising 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 optimise conservation of energy.</p> <p>Disclosure requirement is not applicable to the Company.</p>
<p>B. Technology Absorption</p> <ul style="list-style-type: none"> i) Research and Development <ul style="list-style-type: none"> 1) Specific areas in which R & D is carried out by the Company 	<ul style="list-style-type: none"> a) Protective Relays b) Energy Meters/Smart Meters c) Substation Automation and Control Products d) Automatic Meter Reading Solution
<ul style="list-style-type: none"> 2) Benefits derived as a result of the above efforts 	<ul style="list-style-type: none"> a) Indigenous IP, hence no royalty payable. b) Improved brand name as a technology company. c) New product lines for the existing business, hence entry into new market segments. d) Adaptation of products and creation of variants to meet International and domestic markets.
<ul style="list-style-type: none"> 3) Future plan of action 	<ul style="list-style-type: none"> a) To add additional variants of the Sub-Transmission and Distribution segment Protection Relays. b) To enhance the features of Meters to be used as Smart Meters for the Home and Utility segments with DLMS communication Protocols. c) To develop products like Data Concentrators, and advanced switches with IEEE 1588 Compliance for use in Sub-Station Automation.

<p>4) Expenditure on R & D</p> <p>a. Capital</p> <p>b. Recurring</p> <p>c. Total</p> <p>d. Total R & D expenditure as a percentage of total turnover</p>	<p>Rs.1,61,60,515</p> <p>Rs.80,57,299</p> <p>Rs.2,42,17,814</p> <p>0.90%</p>
<p>ii) Technology absorption, adaptation and innovation.</p> <p>1) Efforts, in brief, made towards technology absorption, adaptation and innovation.</p>	<p>a) Re-use of Multiprocessor designs and software across products, reduce the product development Cycle.</p> <p>b) Integration of product development across global development teams and use of configuration and other tools.</p>
<p>2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution, etc.</p>	<p>The absorption/Re-use of Algorithms, Software has reduced the Product development cycle by 8-10 Man Years. 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</p> <p>2007 and 2008</p> <p>Technology has been absorbed</p> <p>Software design is absorbed</p>
<p>C. Foreign Exchange Earnings and Outgo</p> <p>a. i) Efforts made in Technology absorption.</p> <p>ii) Initiatives taken to increase exports</p> <p>iii) Development of new export markets for products and services</p> <p>iv) Export plans</p> <p>b. i) Total foreign exchange used</p> <p>ii) Total foreign exchange earned</p>	<p>By absorbing technology for manufacture of new Relays, the Company could save substantial foreign exchange</p> <p>Participating in Tenders and product demonstrations in Overseas Market</p> <p>Rs.51,06,82,853</p> <p>Rs.11,38,07,554</p>

On behalf of the Board of Directors

Place: Chennai

Hari Eswaran
Chairman

Date: 25th July, 2011

Auditor's Report

Auditor's Report to the Members of M/s. Easun Reyrolle Limited

1. We have audited the attached balance sheet of M/s. Easun Reyrolle Limited, as at 31st March 2011, and also the profit and loss account and Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section (4A) of Section 227 of the Companies Act, 1956 (Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we set out in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss account and Cash Flow statement dealt with by this Report are in agreement with the Books of Account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement read together with notes thereon and dealt with by this Report have been prepared in all material respects, in compliance with the Accounting Standards, referred to in Sec. 211(3C) of the Companies Act, 1956 to the extent;

- e) On the basis of explanations and information given to us and written representations received from the Directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles, generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2011;
 - (b) in the case of the Profit and Loss Account, of the PROFIT for the year ended on that date;
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on the date.

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

R. SUBRAMANIAN
Partner
Membership No.8460

Place: Chennai
Date: 2nd June 2011

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

N. SRI KRISHNA
Partner
Membership No.26575

Annexure to the Auditors' report referred to in paragraph 3 of our report of even date

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. 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. Fixed Assets disposed off during the year were not substantial.
- ii.
 - 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 the year end by the Management.
 - b) The procedures of physical verification of inventories for the year under review followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stock as compared to the book records.
- iii.
 - a) During the year except a sum of Rs.15,21,23,000 granted as loan carrying interest at 10 % p.a., which has been returned with interest subsequent to close of the year, other loans granted to wholly owned subsidiary are interest free. Further 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 repayment of the advances given, we are unable to comment on the same. The details of the same are given in Note no 15 in the notes forming part of accounts.
 - b) The Company has not taken loans, secured or unsecured, from companies, firms or other parties listed in the register required to be maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of Inventory, Fixed Assets and with regard to the Sale of goods and Services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v.
 - a) Based on audit procedures applied by us and according to the information and explanations provided by the Management, the transactions that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - 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.
- vi. The company has not accepted any deposits from the public and consequently, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 are not attracted.
- vii. The company has an Internal Audit System, which in our opinion is commensurate with the size and nature of its business.

- viii. 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.
- ix. a) According to the records of the company, the company has been regular in depositing the undisputed statutory dues relating to Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Investor Education and Protection Fund, Customs Duty and Excise duty during the year with the appropriate authorities.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and Customs Duty which are outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
- c) According to the records of the company and the information and explanations given to us, the following dues have been disputed and paid on protest. The Company has preferred appeal with the appropriate authorities for refund.

Name of the statute	Assesment year to which the matter pertains	Forum where the matter is pending	Amount (In Rs.)
Income Tax Act, 1961	2001-02	CIT (Appeals)	30,02,382
Income Tax Act, 1961	2003-04	CIT (Appeals)	* 47,85,258
Income Tax Act, 1961	2004-05	CIT (Appeals)	* 26,12,561
Income Tax Act, 1961	2005-06	CIT (Appeals)	70,28,103
Income Tax Act, 1961	2006-07	CIT (Appeals)	55,41,946
Income Tax Act, 1961	2008-09	CIT (Appeals)	* 3,06,33,157
Sales Tax	2007-08 Financial Year	VAT(Appeals)	** 32,00,000

* adjusted against refund

** covered under Bank Guarantee

- x. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the Management, the Company has not defaulted in repayment of dues to bank, financial institutions and debenture holders.
- xii. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly Clause 4(xiii) of the order is not applicable.
- xiv. According to the information and explanations given by the management, the Company is not dealing in or trading in shares, securities, debentures and other investments except for investment in Mutual Funds. The Company has maintained proper records and timely entries have been made and the investments are held in the name of the Company subject to endorsement of lien wherever offered as securities for loans.

- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion, according to explanations and information given to us and on overall examination the Term Loans and ECB Loans obtained by the company have been applied towards commitments to projects, capital expenses and to wholly owned subsidiary.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have not been used for long term investment.
- xviii. 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. According to information and explanation given to us the Company has not made any preferential allotment of shares (other than 20 lakhs share warrants at Rs.133.76 per warrant to the promoters) to parties and companies covered in the Register maintained under Section 301 of the Act.
- xix. According to the information and explanations given to us, the Company has not issued any Secured Debentures during the year.
- xx The company has not raised any money by public issue during the current year.
- xxi Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

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

R. SUBRAMANIAN
Partner
Membership No.8460

Place: Chennai
Date: 2nd June 2011

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

N. SRI KRISHNA
Partner
Membership No.26575

Balance Sheet as at 31st March 2011



	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
I. Sources of Funds			
1. Shareholders' Funds			
a. Share Capital	I	4,15,43,210	4,15,43,210
b. Employees Stock Options Outstanding Account	II	24,40,907	-
c. Reserves and Surplus	III	216,20,50,756	210,76,73,063
2. Loan Funds			
a. Secured Loans	IV	159,39,58,212	59,72,08,665
b. Unsecured Loan	V	19,31,77,777	19,52,84,471
3. Deferred Tax Liability (Net)		3,60,35,626	2,70,19,440
Total		<u>402,92,06,488</u>	<u>296,87,28,849</u>
II. Application of Funds			
1. Fixed Assets	VI		
a. Gross block		73,92,94,728	52,36,23,389
b. Less: Depreciation		27,57,56,784	22,90,04,433
c. Net Block		<u>46,35,37,944</u>	<u>29,46,18,956</u>
d. Capital Work-in-Progress		29,18,44,932	8,81,37,267
		<u>75,53,82,876</u>	<u>38,27,56,223</u>
2. Investments	VII	156,19,70,566	162,96,27,940
3. Current Assets, loans and advances	VIII		
a. Inventories		45,62,77,998	35,22,60,476
b. Sundry debtors		180,70,10,643	127,28,17,014
c. Cash and bank balances		12,97,14,625	6,82,70,643
d. Loans and advances		112,41,34,086	69,45,12,862
		<u>351,71,37,352</u>	<u>238,78,60,995</u>
Less:			
Current Liabilities and Provisions	IX		
a. Liabilities		135,69,89,317	93,42,94,335
b. Provisions		44,82,94,989	49,72,21,974
		<u>180,52,84,306</u>	<u>143,15,16,309</u>
Net current assets		<u>171,18,53,046</u>	<u>95,63,44,686</u>
Total		<u>402,92,06,488</u>	<u>296,87,28,849</u>
Notes on Accounts	XVI		

Schedules and notes annexed here to form part of the Annual Accounts.

K. N. Nagesha Rao Rakesh Garg Hari Eswaran
Secretary & V P (Corporate Finance) Director Chairman

Per our Report of even date annexed

For R. SUBRAMANIAN & CO.

Chartered Accountants

Firm Regn No: 004137S

R. Subramanian

Partner

Membership Number: 8460

For BRAHMAYYA & CO.

Chartered Accountants

Firm Regn No: 000511S

N. Srikrishna

Partner

Membership Number: 26575

Place: Chennai

Date: 2nd June 2011

Profit and Loss Account for the year ended 31st March 2011



	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
Income			
Income from Operations (Net of Sales Return)		284,75,44,476	228,09,48,201
Less: Excise duty		16,43,06,880	12,24,80,593
		<u>268,32,37,596</u>	<u>215,84,67,608</u>
Other Income	X	1,50,24,571	3,88,05,908
	(A)	<u>269,82,62,167</u>	<u>219,72,73,516</u>
Expenditure			
Materials	XI	200,06,62,525	152,59,88,466
Personnel Expenses	XII	18,58,15,330	15,72,70,240
Interest	XIII	8,12,48,741	5,81,09,842
Other Expenses	XIV	29,64,35,725	25,74,65,111
Depreciation		4,67,52,350	4,55,13,950
		<u>261,09,14,671</u>	<u>204,43,47,609</u>
Add (Increase)/Less Decrease in Finished Goods	XV	(2,72,83,371)	8,09,71,296
	(B)	<u>258,36,31,300</u>	<u>212,53,18,905</u>
Profit before Taxes and exceptional items	(A-B)	<u>11,46,30,867</u>	<u>7,19,54,611</u>
Exceptional items			
Add: Surplus on buyback of FCCB		-	61,13,26,300
Less: Loss on Foreign Exchange Fluctuation		-	1,58,33,844
Profit Before Taxes		11,46,30,867	66,74,47,067
Less: Provision for tax			
Current Tax		3,04,30,992	11,20,00,000
Deferred Tax (Asset)/Liability		90,16,186	(35,57,585)
MAT Credit Availed		(82,59,877)	-
Profit after Taxation		<u>8,34,43,566</u>	<u>55,90,04,652</u>
Add: Profit brought forward from the previous year		8,02,13,168	1,84,15,473
Profit available for Appropriation		<u>16,36,56,734</u>	<u>57,74,20,125</u>
Appropriation:			
Transfer to General Reserve		1,00,00,000	40,00,00,000
Dividend			
Proposed Final Dividend -60% (Previous year 200%)		2,49,25,926	8,30,86,420
Tax on Dividend		41,39,947	1,41,20,537
Surplus Carried to Balance Sheet		<u>12,45,90,861</u>	<u>8,02,13,168</u>
		<u>16,36,56,734</u>	<u>57,74,20,125</u>
Notes on Accounts	XVI		

Schedules and notes annexed hereto form part of the Annual Accounts.

K. N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

Per our Report of even date annexed

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

R. Subramanian
Partner
Membership Number: 8460

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

N. Srikrishna
Partner
Membership Number: 26575

Place: Chennai

Date: 2nd June 2011

**Schedule annexed to and forming part of the accounts
for the year ended 31.03.2011**



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
I. Share Capital		
Authorised		
7,50,00,000 Equity Shares of Rs.2 each	15,00,00,000	15,00,00,000
50,00,000 Preference Shares of Rs.10 each	5,00,00,000	5,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>
ISSUED SHARE CAPITAL		
2,07,72,455 (2,07,72,455) Equity Shares of Rs.2 each	<u>4,15,44,910</u>	<u>4,15,44,910</u>
SUBSCRIBED AND PAID-UP SHARE CAPITAL		
2,07,71,605 (2,07,71,605) Equity Shares of Rs.2 fully paid up including	4,15,43,210	4,15,43,210
a) During 1980 - 4,50,000 equity shares of Rs.10 each fully paid, issued to the public		
b) During 1992 - 4,50,000 equity shares of Rs.10 each fully paid, issued to the public as Rights 1:1		
c) During 1992 - 22,500 equity shares of Rs.10 each fully paid, issued to the employees of the company		
d) During 1995 - 6,45,715 equity shares of Rs.10 each fully paid issued to the public as Rights 7:10		
e) During 1997 - 15,67,294, equity shares of Rs.10 each fully paid issued to the public as Bonus 1:1		
f) During 2005 - 1,95,312 equity shares of Rs.10 each fully paid, issued as preferential basis		
(Shares Split from Face value of Rs.10 each to Rs.2 each on 30.07.2007)		
g) During 2007-2008:		
i) 28,12,500 equity shares of Rs.2 each fully paid, issued as GDRs		
ii) 9,14,719 equity shares of Rs.2 each fully paid, issued on conversion of warrant to promoters and associates		
h) During 2008-2009 - 3,90,281 equity shares of Rs.2 each fully paid, issued on conversion of warrant to promoters		
(allotment of 850 Equity Shares of Rs.2 each (including 675 Equity Shares on bonus and 175 equity shares of Rs.2 each on rights during 1995) is held in abeyance pursuant to Section 206A of the Companies Act, 1956)		
	<u>4,15,43,210</u>	<u>4,15,43,210</u>
II. Employee Stock Options Outstanding Account		
Opening Balance	-	-
Add: Employee Stock Options Granted During the Year	48,81,814	-
	<u>48,81,814</u>	-
Less: Deferred Employee Compensation Expenses	24,40,907	-
Closing Balance	<u>24,40,907</u>	-

Schedules forming part of the Accounts



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
III. Reserves and Surplus		
a. Government Subsidy	40,42,000	40,42,000
b. Capital Reserve	45,54,000	45,54,000
c. Share Premium	108,42,24,636	108,42,24,636
d. General Reserve		
Opening Balance	93,46,39,259	53,46,39,259
Add: Transfer from Profit and Loss Account	1,00,00,000	40,00,00,000
	<u>94,46,39,259</u>	<u>93,46,39,259</u>
e. Profit and Loss Account	<u>12,45,90,861</u>	<u>8,02,13,168</u>
Total Reserves	<u>216,20,50,756</u>	<u>210,76,73,063</u>
IV. Secured Loans:		
Loans and advance from Banks:		
1. Deutsche Bank Loan	50,21,31,305	15,95,30,073
2. Term Loans		
From Axis Bank	7,57,48,459	-
ECB Loan	38,18,20,469	-
3. Working Capital from Banks		
Cash Credit & buyers credit	11,02,08,916	43,06,80,121
Short Term Working Capital Demand Loan	52,00,00,000	-
Other Loans and advances:		
Hire Purchase	<u>40,49,063</u>	<u>69,98,471</u>
	<u>159,39,58,212</u>	<u>59,72,08,665</u>
V. Un-Secured Loan:		
Foreign Currency Convertible Bonds (FCCB)	18,05,60,000	18,23,20,000
Banks Current Account*	51,64,777	55,11,471
Sales Tax deferral - Interest Free Loan	<u>74,53,000</u>	<u>74,53,000</u>
	<u>19,31,77,777</u>	<u>19,52,84,471</u>

SECURITY

Bank:

- a) Loan borrowed from Deutsche Bank against Mutual Fund Securities.
- b) All the Working Capital limits (sanctioned limit of Rs.5,800 Lacs) are secured against hypothecation/pledge of stock of raw materials, Components, work-in-progress, finished goods, stock-in-transit, book debts subject to prior charge on term loan on the fixed assets of the company, both present and future.

Note:

Hire Purchase: Loans taken under Hire purchase arrangement are secured against hypothecation of specific assets.

*Represents Cheques under clearance.

Schedules forming part of the Accounts



VI. Fixed Assets

Sl.No	Particulars	Cost Up to 31.03.2010	Additions During the year	Deletion	Total Cost up to 31.03.2011	Depreciation				Written Down Value as on 31.03.2011	Written Down Value as on 31.03.2010
						Up to 31.03.2010	For the year	Deletion	Total Depn up to 31.03.2011		
1	Land	1,17,58,692	-	-	1,17,58,692	-	-	-	-	1,17,58,692	1,17,58,692
2	Land - Leasehold	1,11,200	9,97,86,325	-	9,98,97,525	-	-	-	-	9,98,97,525	1,11,200
3	Land - Hour Residential Plots	4,28,770	-	-	4,28,770	-	-	-	-	4,28,770	4,28,770
4	Buildings	9,43,13,682	-	-	9,43,13,682	1,51,94,963	30,69,944	-	1,82,64,907	7,61,06,775	7,91,18,719
5	Buildings - Leasehold	5,26,000	-	-	5,26,000	1,45,650	17,568	-	1,63,218	3,62,782	3,80,350
6	Plant and Machinery	11,50,36,289	1,42,80,801	-	12,93,26,090	6,38,66,637	53,03,116	-	6,91,69,753	6,01,59,335	5,11,69,655
7	Electrical installation/Fittings	2,96,26,086	-	-	2,96,26,086	1,17,87,888	32,81,602	-	1,50,69,490	1,45,56,596	1,78,38,198
8	Office equipments	4,23,38,075	51,05,869	-	4,74,43,944	2,68,79,580	45,35,147	-	3,14,14,727	1,60,29,217	1,54,38,495
9	Furniture	4,90,48,387	16,03,788	-	5,06,52,175	1,43,61,990	27,43,406	-	1,71,05,396	3,35,46,779	3,46,86,397
10	Vehicles	1,20,78,782	3,379	-	1,20,82,161	47,52,085	30,14,315	-	77,66,398	43,15,763	73,26,697
11	Computer Software	-	7,08,83,416	-	7,08,83,416	-	1,12,16,744	-	1,12,16,744	5,96,66,672	-
	Research and Development										
12	Buildings	1,73,22,716	-	-	1,73,22,716	26,93,921	5,78,577	-	32,72,498	1,40,50,218	1,46,28,795
13	Plant and Machinery	4,17,23,198	9,07,120	-	4,26,30,318	94,86,314	19,96,028	-	1,14,82,343	3,11,47,977	3,22,36,883
14	Electrical installation/Fittings	27,00,795	-	-	27,00,795	13,73,006	3,16,523	-	16,80,529	10,11,266	13,27,787
15	Office equipments	88,63,609	98,520	-	89,62,129	58,55,044	16,63,648	-	75,18,692	14,43,837	30,08,565
16	Technology Know-how	5,50,43,750	-	-	5,50,43,750	5,29,02,782	12,31,781	-	5,41,34,564	9,09,186	21,40,968
17	Non-compete fees	1,00,00,000	-	-	1,00,00,000	1,00,00,000	-	-	1,00,00,000	-	-
18	Intangible Asset - Product development	3,27,03,357	2,23,65,902	-	5,50,69,259	97,04,575	77,80,247	-	1,74,84,822	3,75,84,437	2,29,98,782
19	Computer Software	-	5,69,220	-	5,69,220	-	3,703	-	3,703	5,65,517	-
	Total Fixed Assets (A)	52,36,23,888	21,56,71,340	-	73,92,94,728	22,90,04,485	4,67,52,949	-	27,57,56,784	46,35,37,944	29,46,18,953
20	Capital Work-in-Progress	881,37,267	21,65,53,123	6,49,60,406	23,97,29,984	-	-	-	-	23,97,29,984	881,37,267
21	Preoperative Expenses	-	5,21,14,949	-	5,21,14,949	-	-	-	-	5,21,14,949	-
	Total Capital Work-in-Progress (B)	8,81,37,267	26,86,68,071	6,49,60,406	29,18,44,932	-	-	-	-	29,18,44,932	8,81,37,267
	Total (A+B)	61,17,60,655	48,43,39,411	6,49,60,406	103,11,39,660	22,90,04,485	4,67,52,949	-	27,57,56,784	75,53,89,976	38,27,56,223
	Total (Previous Year)	(55,81,91,778)	(5,72,88,245)	(37,19,467)	(61,17,60,656)	(18,67,75,562)	(4,55,13,950)	(32,85,078)	(22,90,04,433)	(38,27,56,223)	(37,14,16,216)

Schedules forming part of the Accounts



VII. Investments	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
A. Long Term Investments - Un-quoted (At Cost)		
In Overseas Subsidiaries		
ERL International Pte Ltd - Singapore		
3,00,000 (3,00,000) Equity shares of USD 1 each fully paid	1,18,67,940	1,18,67,940
2,20,00,000 (2,20,00,000) Non-Cumulative Convertible Redeemable Preference Shares of USD 1 each fully paid	102,36,60,000	102,36,60,000
Total (A)	103,55,27,940	103,55,27,940
B. Current Investments - Others (At lower of Cost or Net Realisable Value)		
Units	Name of the Mutual Fund	
11,84,993	Reliance Regular Savings Fund - Debt - Insti - Growth	1,50,00,000
()	Daily Dividend Reinvestment of Rs.10 each	
11,82,359	Reliance Regular Savings Fund - Debt - Insti - Growth	1,50,00,000
()	Daily Dividend Reinvestment of Rs.10 each	
20,51,187	Reliance Regular Savings Fund - Debt - Insti - Growth	2,60,98,693
()	Daily Dividend Reinvestment of Rs.10 each	
19,96,990	Reliance Regular Savings Fund-Debt Plan-GP	2,54,43,933
()	Daily Dividend Reinvestment of Rs.10 each	
3,20,24,007	Templeton India Income Opportunities Fund-GP	32,99,00,000
()	Face value Rs.10 per unit	
48,80,429	Templeton India Income Opportunities Fund - Growth	5,00,00,000
()	Face value Rs.10 per unit	
18,43,147	Templeton India Income Opportunities Fund - Growth	1,89,00,000
()	Face value Rs.10 per unit	
5,92,814	Templeton India Income Opportunities Fund - Growth	61,00,000
()	Face value Rs.10 per unit	
38,76,119	Templeton India Income Opportunities Fund - Growth	4,00,00,000
()	Face value Rs.10 per unit	
()	Reliance Money Mgr Fund-Instt.Plan-ddp	4,10,00,000
40,953	Daily Dividend Reinvestment of Rs.10 each	
()	Reliance Regular Savings -Debt Plan-Growth Plan	1,50,00,000
11,84,993	Daily Dividend Reinvestment of Rs.10 each	
()	Templeton India Income Opp. Fund-Growth	5,00,00,000
48,80,429	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	1,89,00,000
18,43,147	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	61,00,000
5,92,814	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	5,00,00,000
48,71,110	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	5,00,00,000
48,63,719	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	5,00,00,000
48,59,275	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	5,00,00,000
48,62,678	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	2,99,00,000
29,05,717	Face value Rs.10 per unit	
()	Templeton India Income Opp. Fund-Growth	4,00,00,000
38,76,119	Face value Rs.10 per unit	
()	Icici Prudential- Flexible Income Plan	19,32,00,000
19,15,126	Daily Dividend Reinvestment Plan of Rs.100	
	Total (B)	52,64,42,626
	Total (A+B)	156,19,70,566
		59,41,00,000
		162,96,27,940

Schedules forming part of the Accounts



Movement during the year - Investments (Mutual fund) purchased and sold/redeemed

Units	Mutual Fund	Face Value (in Rs.)	Cost (in Rs.)
Purchase of Mutual Fund			
1311009	SBI-SHDF-Short Term-Institutional Plan-GP	Rs.10	1,40,00,000
307588	Reliance Regular Savings Fund-Debt Plan-GP	Rs.10	39,00,000
21361	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	2,13,90,700
4006	Reliance Regular Savings Fund-Debt Plan-GP	Rs.1000	40,09,952
1374955	Reliance Regular Savings Fund-Debt Plan-GP	Rs.10	1,75,33,981
999191	Reliance Monthly Interval Fund-Series I-Inst Div Plan ISIN	Rs.10	1,00,00,000
16477	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	1,65,00,000
44225	Templeton India Short Term Income Retail Plan	Rs.1000	4,76,11,934
3996	Reliance Money Manager Fund-Retail Option-Daily Div	Rs.1000	40,00,000
4830731	Templeton India Income Opportunities Fund-GP	Rs.10	5,00,00,000
4830731	Templeton India Income Opportunities Fund-GP	Rs.10	5,00,00,000
	Total Purchase of Mutual Fund during the year		23,89,46,567
Sale/Redemption of Mutual Fund			
1311009	SBI-SHDF-Short Term-Institutional Plan-GP	Rs.10	1,40,00,000
1186261	ICICI Pru Flexible Income Plan - Div Reinv	Rs.100	11,95,00,000
229122	ICICI Pru Flexible Income Plan - Div Reinv	Rs.100	2,40,74,237
3895	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	39,00,000
4005	Reliance Money Manager Fund-Retail Option-Daily Div	Rs.1000	40,09,952
17510	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	1,75,33,981
9986	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	1,00,00,000
6491	Reliance Money Manager Fund-Inst-Daily Div	Rs.1000	65,00,000
513976	ICICI Pru Flexible Income Plan - Div Reinv	Rs.100	4,94,73,837
999191	Reliance Monthly Interval Fund-Series I-Inst Div plan	Rs.10	1,00,00,000
45065	Templeton India Short Term Income Retail Plan - Weekly Dividend	Rs.1000	4,76,11,934
	Total Sale/Redemption of Mutual Fund during the year		30,66,03,941

Schedules forming part of the Accounts



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
VIII. Current Assets, Loans and Advances		
A. Current Assets		
Inventories (as certified by the Management)		
Tools	38,32,439	59,40,647
Raw Materials and Components	32,60,76,315	23,78,71,325
Work-in-progress	51,12,851	2,04,06,545
Finished Goods	9,63,78,402	6,90,95,031
Stock in Transit	2,39,65,977	1,87,78,385
Consumable Stores, Spares, Packing materials etc.	9,12,014	1,68,543
Total Inventories (1)	<u>45,62,77,998</u>	<u>35,22,60,476</u>
Sundry Debtors: Unsecured considered good		
Debts Outstanding for a period exceeding 6 months	76,57,70,268	41,19,50,590
Other debts	104,12,40,375	86,08,66,424
Total Debtors (Net of Bills Discounted) (2)	<u>180,70,10,643</u>	<u>127,28,17,014</u>
(Out of the above Rs.3290.57 lacs (Pr. yr. Rs.3272.47 lacs) is due beyond 6 months from the due date)		
Cash and bank balance:		
Cash on hand	25,69,754	12,74,614
Balance with Scheduled Banks		
In Current Accounts	4,38,70,734	21,08,439
In Dividend Accounts	40,64,255	34,12,039
Short term deposit	21,80,000	-
In Margin Accounts	7,70,29,882	6,14,75,551
(Under Lien to banks towards Bank Guarantee obtained)		
Total Cash & Bank Balances (3)	<u>12,97,14,625</u>	<u>6,82,70,643</u>
Total Current Assets (A= 1+2+3)	<u>239,30,03,266</u>	<u>169,33,48,134</u>
B. Loans and Advances		
(Unsecured - Considered Good)		
i) Loans to wholly owned Subsidiary Company	37,42,60,214	-
ii) Other Claims recoverable from wholly owned Subsidiary and its Subsidiaries	3,47,30,961	4,66,02,370
iii) Other advances recoverable in cash or in kind or for value to be received	71,29,58,237	64,64,18,817
iv) Deposits	21,84,674	14,91,675
Total (B)	<u>112,41,34,086</u>	<u>69,45,12,862</u>
Total (A+B)	<u>351,71,37,352</u>	<u>238,78,60,995</u>

Schedules forming part of the Accounts



		As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
	
IX.	Current Liabilities and Provisions		
	A. Liabilities		
	1. Sundry Creditors	97,42,40,645	74,51,10,168
	2. Other current liabilities	30,72,32,803	18,00,19,568
	3. Investor Education and Protection Fund: Un-Paid Dividend	37,29,651	30,15,719
	4. Initial Deposit towards Share Warrants	6,68,80,000	-
	5. Provision for Leave Encashment	49,06,218	61,48,880
	(A)	<u>135,69,89,317</u>	<u>93,42,94,335</u>
	B. Provisions		
	1. Provision for Taxation	40,94,51,116	39,02,37,017
	2. Provision for Fringe Benefit Tax	97,78,000	97,78,000
	3. Proposed Dividend	2,49,25,926	8,30,86,420
	4. Dividend Tax	41,39,947	1,41,20,537
	(B)	<u>44,82,94,989</u>	<u>49,72,21,974</u>
	(A+B)	<u>180,52,84,306</u>	<u>143,15,16,309</u>
		Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
	
X.	Other Income		
	Interest received (Tax deducted at source Rs.4,93,833 pr. year Rs.9,04,365)	64,41,902	68,81,608
	Sale of scrap	21,56,838	32,11,483
	Profit on Sale of assets	500	9,44,458
	Realisation of debts written off in earlier years	7,86,687	8,91,393
	Export Incentive	20,80,533	24,45,613
	Miscellaneous receipts	1,17,453	28,745
	Foreign Exchange Fluctuation	51,270	4,80,407
	Income from Mutual Fund Investments	33,89,388	2,39,22,201
		<u>1,50,24,571</u>	<u>3,88,05,908</u>
XI.	Materials		
	Opening Stock		
	Raw Materials and Components	23,78,71,325	13,19,98,109
	Work-in-Progress	2,04,06,545	6,53,75,050
		<u>25,82,77,870</u>	<u>19,73,73,159</u>
	Add: Purchases	207,35,73,821	158,68,93,177
	(A)	<u>233,18,51,691</u>	<u>178,42,66,336</u>
	Less: Closing stock		
	Raw Materials and Components	32,60,76,315	23,78,71,325
	Work-in-Progress	51,12,851	2,04,06,545
	(B)	<u>33,11,89,166</u>	<u>25,82,77,870</u>
	(A-B)	<u>200,06,62,525</u>	<u>152,59,88,466</u>

Schedules forming part of the Accounts



	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
XII. Personnel Expenses		
Salaries, Wages, Bonus and Exgratia	14,26,58,076	12,81,27,541
Company's Contribution to Superannuation, Provident Fund, E.S.I. etc.	1,12,49,983	97,44,492
Gratuity	28,90,757	5,65,033
Staff Welfare Expenses	2,90,16,514	1,88,33,174
	<u>18,58,15,330</u>	<u>15,72,70,240</u>
XIII. Interest		
On Fixed Loans	5,21,686	11,02,093
Banks and Others	8,07,27,055	5,70,07,749
	<u>8,12,48,741</u>	<u>5,81,09,842</u>
XIV. Other Expenses		
Consumption of Stores and Spares	12,95,769	14,60,377
Consumption of Packing Materials	1,68,42,771	1,60,32,594
Power and Fuel	67,02,057	73,29,112
Rent	88,06,256	64,55,350
Auditors' Remuneration	11,84,726	10,96,940
Directors' Remuneration	35,45,290	21,96,190
Directors' Sitting Fees	1,14,000	1,17,000
Advertisement	29,15,319	64,84,353
Travelling and Conveyance	4,67,25,933	3,60,00,893
Directors' Travelling Expenses	6,98,303	10,96,724
Printing and Stationery	40,18,063	40,20,944
Postage, Telephone and Telegram	87,29,071	1,12,30,353
Bank Commission	2,97,32,375	2,75,89,562
Rates and Taxes	1,03,60,898	2,45,92,310
Insurance	49,54,320	48,96,351
Service Charges	7,04,215	6,12,332
Selling Expenses	4,13,73,698	3,81,81,218
Repairs and Maintenance:		
Building	3,24,112	2,66,521
Machinery	4,76,043	5,55,847
Windmill	8,56,147	17,19,367
Factory	81,72,666	49,44,545
Other Assets	2,15,88,092	69,22,005
Tools Written Off	25,10,120	17,36,608
Liquidated Damages	1,20,26,508	88,78,595
Bad debts written off	56,02,035	28,95,039
Professional Charges	70,38,702	53,09,544
Electricity Charges	21,59,931	26,56,340
Testing Charges	67,05,576	41,53,933
Warranty Claims	1,11,22,358	54,96,177
Miscellaneous Expenses	2,88,72,288	2,23,00,767
Development Expenses	2,77,052	2,37,218
Loss on Sales of Assets	1,033	-
	<u>29,64,35,725</u>	<u>25,74,65,111</u>
XV. (Increase)/Decrease In Finished Goods		
Opening Stock of finished goods	6,90,95,031	15,00,66,327
Closing stock of finished goods	9,63,78,402	6,90,95,031
(Increase)/Decrease in Finished Goods	<u>(2,72,83,371)</u>	<u>8,09,71,296</u>

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

C. Fixed Assets and Intangibles

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

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

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

D. Depreciation

Depreciation on 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 over ther lease period.
- 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 recognised in full in the profit and loss account. The retirement benefit obligation recognised in the balance sheet represents the present value of defined benefit obligations adjusted for unrecognized past service cost and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost plus the present value of available refunds and reduction in future combinations to the scheme.

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

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

H. Investments

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

I. Expenditure

Revenue expenditure with the exception of Development 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 are written-off over the period 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 at the time of dispatch.

K. Taxes on Income

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

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

L. Customs and Excise duty

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

M. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3, issued by Companies (Accounting Standards) Rules 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 of fixed asset 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 recognized whenever carrying amount exceeds the 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 for the year 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.

XVI. NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in the Accounts:

- a) Letters of credit opened by Bank for purchase of raw materials and components Rs.53,08,55,861 (Rs.29,13,13,542).
- b) Bills discounted with bank Rs.5,16,40,097 (Rs.1,02,22,125).
- c) Counter Guarantee given to bankers in respect of Guarantees given by them Rs.130,20,00,891 (Rs.112,07,29,906).
- d) Bonds executed in favour of President of India for import of material at concessional rate of duty Rs.49,97,725 (Rs.78,68,647).
- e) Estimated amount of Capital commitment on account of Fixed Assets (Net of advances) amount to Rs.18,09,50,768 (Nil).

Schedules forming part of the Accounts



- f) In respect of sales effected under CST towards submission of C-Forms Rs.25,55,68,000 (Rs.12,34,90,668).
- g) Disputed amounts of income tax

Assessment year	Disputed amount of Income tax
2001-02	Rs.30,02,382
2003-04	Rs.47,85,258
2004-05	Rs.26,12,561
2005-06	Rs.70,28,103
2006-07	Rs.55,41,946
2008-09	Rs.3,06,33,157

- h) Disputed amount of Sales Tax, Karnataka of Rs.63,64,825 for the financial year 2007-08
2. Confirmation of balance has not been obtained from some of the creditors, debtors and to certain parties to whom the company has given advances.
3. **Foreign Currency Convertible Bonds**
- a) During the year 2007-08 the company raised funds through issue of Zero Coupon Foreign currency Convertible Bond aggregating to USD35 million (Rs.13,846 lakhs) with an option to the investor to convert the FCCBs into equity shares of the company at an initial conversion price of Rs.400 per share at a fixed rate of exchange on conversion Rs.39.45 =USD 1, at any time after December 5, 2007 and prior to November 28, 2012 and 34, 51,875 shares would be issuable on November 28.2012.
- b) During the previous year, the company has bought back and cancelled 310 Nos of 5 years FCCB of the face value of USD 1,00,000 each, as per the notification of Reserve Bank of India, at a discount to the face value. Consequent to this the company is absolved of its liability towards the bond holders whose bonds are cancelled.
- c) Unless previously converted, redeemed, repurchased and cancelled, the balance FCCBs will be redeemed on December 05, 2012 at 142.56% of their principal amount. The amount of premium on such redemption will be to the tune of Rs.674 lakhs. Out of the aforesaid FCCBs, there were no FCCBs converted to equity shares as at the year end. The FCCBs pending conversion as at the year end aggregating to Rs.1,582 lakhs (without considering exchange fluctuation) are grouped under "Unsecured Loans".
4. The Company issued 20,00,000 share warrants of Rs.2 each @ Rs.133.76 per warrant to the promoters against which initial deposit of Rs.6,68,80,000 has been received during the year.
5. **Employee Stock Option Scheme**

During 2009-2010, the Company established the "Easun Reyrolle Employee Stock Option Plan 2009" under which 10,00,000 options have been allocated for being granted to the employees and non-promoter Directors. The Company has obtained in-principle approval from both National Stock Exchange of India Limited, Mumbai (NSE) and Bombay Stock Exchange Limited, Mumbai (BSE) for listing up to a maximum of 10,00,000 shares pursuant to exercise of options granted under the Scheme. Each option comprises one underlying Equity Share of Rs.10/- each. This Scheme has been formulated in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. As per the Scheme, the Compensation Committee grants options to senior employees and non-promoter Directors. The options are granted at a price, which shall not be less than the par value of equity share of the Company and shall not be more than the Market price as defined in the Guidelines.

During the financial year 2010-11 the Compensation Committee has granted 1,97,245 options to its senior employees and non-promoter directors. The options granted vest over a period of 1 to 2 years; and can be exercised over a maximum period of 6 months from the date of vesting.

The difference between the market price of the share underlying the options granted on the date of grant and the exercise price of the option are expensed over the vesting period as per the SEBI guidelines. The net impact of the movement in option granted during the period resulted in a charge of Rs.24,40,907 (Previous Year NIL) to the Profit & Loss Account during the year.

Method Used for Accounting for Share Based Payment Plan:

The Company has used Intrinsic Value Method to account for the compensation cost of stock option to employees of the Company. Intrinsic Value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Employees' Stock Options Details as on the Balance Sheet Date are:

Particulars	31.3.2011		31.3.2010	
	No. of Options	Weighted Average Exercise Price(Rs.)	No. of Options	Weighted Average Exercise Price(Rs.)
Outstanding at the beginning of the year	Nil	Nil	Nil	Nil
Granted during the year	197,245	101	Nil	Nil
Forfeited during the year	Nil	Nil	Nil	Nil
Exercised during the year	Nil	Nil	Nil	Nil
Expired during the year	Nil	Nil	Nil	Nil
Outstanding at the end of the year	197,245	101	Nil	Nil
Exercisable at the end of the year	Nil	Nil	Nil	Nil

Had the Company applied the fair value (as per Black Scholes Method) for determining compensation cost, the impact on net income and earnings per share is provided below:

Particulars	Year Ended 31.3.2011 (Rs.)
Net Income - As reported	8,34,44,227
Add: ESOP Cost under Intrinsic Value Method	24,40,907
	8,58,85,134
Less: ESOP Cost under Fair Value Method (Black Scholes)	25,79,630
Net Income – Proforma	8,33,05,504
Earnings per Share:	
Basic - As reported	4.02
- Proforma	4.01
Diluted - As reported	3.94
- Proforma	3.93

The Fair value of each share is estimated on the date of grant using the Black-Scholes model with the following assumptions:

Expected Term	2.5 years
Risk Free Interest Rate	8%
Volatility	37.4%

- The company has incurred expenditure aggregating to Rs.2,23,65,902 during the year (Rs.1,68,83,843) on development of products. The expenditure has been capitalised and carried in the financial statements under the head Intangible Asset Product Development as on 31st March 2011. 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 could be capitalized as per AS-26 "Intangible Assets".
- 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.
- Personnel expenses and other expenses are net off recovery of overheads from direct and indirect overseas subsidiaries amounting to Rs.3,27,17,105 (Rs.2,47,67,949) and net off product development expenses Rs.2,23,65,902 (Rs.1,68,83,843).

9. Expenditure incurred on account of borrowing costs amounting to Rs.2,63,79,207 (Rs.46,863) is capitalized towards new projects and disclosed under Capital Work-in Progress.

10. Managerial Remuneration

(A) Particulars of Remuneration paid to directors

Particulars	2010-11	2009-10
i) Remuneration to directors -Salary and other allowances	Nil	Nil
ii) Sitting fees paid to directors	1,14,000	1,17,000
iii) Commission paid to directors	35,45,290	21,96,190

(B) Computation of Net Profits under Sec 349 of the Companies Act 1956

Particulars	2010-11	2009-10
Profit before Tax	11,81,76,816	7,41,50,801
Add: Depreciation as per Companies Act	4,67,52,350	4,55,13,950
Less: Profit on sale of Assets	500	9,44,458
Depreciation u/s 350 of Companies Act	4,67,52,350	4,55,13,950
Profit calculated as per Sec 349	11,81,76,136	7,32,06,343
Commission @ 3% on net profits	35,45,290	21,96,190

11. AS-15, Employee Benefits

a. Defined Benefit Plan:

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.

Leave Encashment Liability (Unfunded)

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

Detailed Annexure A enclosed

b. Defined Contribution Plan

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.

12. The company has been sanctioned to avail interest free sales tax deferral scheme for an aggregate amount of Rs.74,53,000 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.

13. The company is engaged in power transmission and distribution segment and the same is being reported.

14. Major Components of Deferred Tax Liabilities and Assets as on 31.03.2011 are as follows. (Amount in Rs.)

Particulars	Year ended 31-03-2011	Year ended 31-03-2010
(A) Deferred Tax Liability arising out of Depreciation	3,99,29,012	2,90,74,308
(B) Deferred Tax Asset arising out of		
Employee Benefits	4,17,687	12,00,429
Warranty Claims	34,75,699	8,54,439
Total Deferred Tax Asset	38,93,386	20,54,868
(C) Net Deferred Tax Liability (A-B)	3,60,35,626	2,70,19,440

Gratuity and Leave For AS 15 Disclosure

Amount
Rs.

	Gratuity		Leave	
	2010-11	2009-10	2010-11	2009-10
1. Assumptions				
Discount Rate	8.00%	8.00%	8.00%	8.00%
Salary Escalation	7.00%	7.00%	8.00%	6.00%
2. Table showing changes in present value of obligations				
Present value of obligations as at beginning of year	2,30,90,682	2,17,54,554	61,48,880	48,22,667
Interest cost	18,47,255	16,14,999	4,21,449	3,85,813
Current Service Cost	14,61,227	14,79,491	5,16,423	10,76,435
Benefits Paid	(9,11,077)	(5,94,223)	(17,61,533)	-
Actuarial gain/(loss) on obligations	21,73,853	11,64,139	(4,19,001)	1,36,035
Present value of obligations as at end of year	2,76,61,940	2,30,90,682	49,06,218	61,48,880
3. Table showing changes in the fair value of plan assets				
Fair value of plan assets at beginning of year	2,80,86,057	1,54,73,311	-	-
Expected return on plan assets	25,87,174	13,74,087	-	-
Contributions	27,37,618	1,36,63,436	(17,61,533)	-
Benefits paid	(9,11,077)	5,94,223	17,61,533	-
Actuarial Gain / (Loss) on Plan assets	NIL	NIL	-	-
Fair value of plan assets at the end of year	3,24,99,772	2,99,16,611	-	-
4. Table showing fair value of plan assets				
Fair value of plan assets at beginning of year	2,80,86,057	1,54,73,311	-	-
Actual return on plan assets	25,87,174	13,74,087	-	-
Contributions	27,37,618	1,36,63,436	-	-
Benefits Paid	(9,11,077)	5,94,223	-	-
Fair value of plan assets at the end of year	3,24,99,772	2,99,16,611	-	-
Funded status -Assest(Liability)	48,37,832	68,25,929	-	-
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)				
5. Actuarial Gain/Loss recognised				
Actuarial gain for the year -Obligation	21,73,853	11,64,139	-	-
Actuarial (gain)/Loss for the year - plan assets	NIL	NIL	-	-
Total gain for the year	(21,73,853)	11,64,139	-	-
Actuarial gain recognised in the year	(21,73,853)	11,64,139	-	-
6. The amounts to be recognised in the balance sheet and statements of Profit and Loss account				
Present value of obligations as at the end of year	2,76,61,940	2,30,90,682	49,06,218	61,48,880
Fair value of plan assets as at the end of the year	3,24,99,772	2,99,16,611	-	-
Funded status	48,37,832	68,25,929	-	-
(Net liability) recognised in balance sheet	(48,37,832)	68,25,929	(49,06,218)	(61,48,880)
7. Expenses Recognised in statement of Profit & Loss and Account				
Current Service cost	14,61,227	14,79,491	5,16,423	10,76,435
Interest Cost	18,47,255	16,14,999	4,21,449	3,85,813
Expected return on plan assets	(25,87,174)	13,74,087	-	-
Net Actuarial gain (loss) recognised in the year	21,73,853	11,64,139	(4,19,001)	1,36,035
Expenses recognised in the Profit & Loss Account	28,95,161	5,56,264	5,18,871	13,26,213

Schedules forming part of the Accounts



15. Disclosures as AS 18 for the year 2010-11 Related Party Disclosures of Associate Companies a) Details of transactions during the year 2010-11

Sl No	Particulars	Eswaran & Sons Engineers Ltd	Easun MR Tap Changers P Ltd	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	-	-	-	-	-	67,050	-	12,50,878	5,52,91,420 (5,77,71,497)	4,43,20,397	10,09,29,745 (5,77,71,497)
2	Purchase of Goods	-	-	-	-	-	58,46,591 (28,80,857)	4,34,859 (17,97,559)	3,66,433	-	-	66,47,883 (46,78,416)
3	Rendering of Services	-	-	-	-	-	-	-	-	-	-	-
	Reimbursement of Expenses	-	(15,66,088)	-	-	2,17,88,772 (1,64,34,877)	39,45,853 (38,86,752)	-	-	69,82,480 (45,42,982)	-	3,27,17,105 (2,64,30,699)
	Un-Secured Loan	-	-	-	-	37,42,60,214	-	-	-	-	-	37,42,60,214
	Interest on Loan advanced	-	-	-	-	2,68,166	-	-	-	-	-	2,68,166
4	Availing of Services	-	-	6,00,000	-	-	-	-	-	14,97,672	-	20,97,672 (21,66,088)
	Reimbursement of Expenses	-	(15,66,088)	(6,00,000)	-	-	-	-	-	-	-	-
	Loan borrowed	9,00,00,000	-	-	-	-	-	-	-	-	-	9,00,00,000
	Loan repayment	9,00,00,000	-	-	-	-	-	-	-	-	-	9,00,00,000
	Interest on Loan borrowed	17,24,153	-	-	-	-	-	-	-	-	-	17,24,153
5	Directors remuneration	-	-	-	35,45,290 (21,96,190)	-	-	-	-	-	-	35,45,290 (21,96,190)
	Total	18,17,24,153	-	6,00,000	35,45,290	39,63,17,152	98,59,494	4,34,859	16,17,311	6,37,71,572	4,43,20,397	70,21,90,228 (9,32,42,890)
		-	(31,32,176)	6,00,000	(21,96,190)	(1,64,34,877)	(67,67,609)	(17,97,559)	-	(6,23,14,479)	-	-

b) Details of outstandings in respect of Associate Companies and Key Management Personnel (in Rupees)

Sl. No.	Names of Associate Companies/ Key Management Personnel	2010 - 2011		2009 - 2010	
		Outstanding as on 31-03-2011	Maximum amount due during the year	Outstanding as on 31-03-2010	Maximum amount due during the year
1	Easwaran & Sons Engineers Ltd.	Nil	9,00,00,000 Cr	Nil	25,600 Cr
2	Easun Mr Tap Changers P Ltd	Nil	Nil	Nil	10,130 Cr
3	ERL Phase Power Technologies Ltd	46,89,486 Cr	46,89,486 Cr	94,52,450 Dr	94,52,450 Dr
4	ERL International Pte Ltd	39,98,35,298 Dr	39,98,35,298 Dr	2,45,05,707 Dr	2,45,05,707 Dr
5	ERL Marketing International FZE	2,88,33,240 Dr	2,88,33,240 Dr	3,75,37,184 Dr	3,75,37,184 Dr
6	ERL Thailand P. Ltd	4,43,20,397 Dr	4,43,20,397 Dr	Nil	Nil
7	Easun Products of India P Ltd	Nil	4,50,000 Dr	Nil	19,98,411 Dr
8	Switchcraft Ltd	Nil	Nil	9,73,847 Dr	9,73,847 Dr
9	Switchcraft Gmbh	33,799 Dr	8,39,250 Dr	Nil	Nil
10	Directors:				
	Hari Eswaran	17,72,645 Cr	17,72,645 Cr	9,88,285 Cr	9,88,285 Cr
	Raj H Eswaran	5,90,882 Cr	5,90,882 Cr	3,59,296 Cr	3,59,296 Cr
	Dr W S Jones	5,90,882 Cr	5,90,882 Cr	3,29,494 Cr	3,29,494 Cr
	Rakesh Garg	5,90,881 Cr	5,90,881 Cr	3,29,494 Cr	3,29,494 Cr

16. 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.88,06,256 (Rs.64,55,350).

Schedules forming part of the Accounts

The future minimum lease payments for non-cancelable operating leases are:

(in Rupees)

Break-up of dues	31st Mar 11	31st Mar 10
Within one year	91,63,350	53,24,250
Due in a period between 1 year and 5 years	22,20,000	2,37,500
Due after 5 years	Nil	Nil

17. Financial Lease

The Company has acquired Vehicles on Hire rental basis; the minimum hire rentals outstanding as of 31st March 2011 in respect of these assets are as follows:

(in Rupees)

Break-up of dues	Total Minimum Hire Rentals Outstanding as on 31.03.2011	Future Interest on Outstandings	Present Value of Minimum Hire Rentals
Within one year	29,49,401	2,48,308	27,01,093
Later than one year	10,99,663	52,683	10,46,980
Total	40,49,064	3,00,991	37,48,073

18. Sundry Creditors

(in Rupees)

Total outstanding dues of Micro, Small and Medium Enterprises (MSMEs)**	2,49,25,413
Total outstanding dues of creditors other than (MSMEs)**	94,93,15,232
Total	97,42,40,645

**Based on the information available with the company in respect of micro, small and medium enterprises (as defined in The Micro, Small and Medium Enterprises Development Act, 2006). The company is generally regular making payments of dues to such enterprises. Hence, the question of payments of interest or provision thereof towards belated payments does not arise.

19. Income Tax

The Company has recognized Rs.82,59,877 as on 31st March 2011 as Minimum Alternate Tax (MAT) credit entitlement (previous year Nil), which represents the portion of MAT Liability, the credit of which would be available based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the future profitability projections and also profit earned during the year is confident that there would be sufficient taxable profit in future which will enable the Company to utilize the above MAT credit entitlement.

20. Auditors' Remuneration

(in Rupees)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Fees:		
a. Statutory Audit Fee	7,50,000	6,50,000
b. Income Tax Matters	75,000	75,000
c. Certification / Other Services	1,00,000	1,00,000
	9,25,000	8,25,000
Out of pocket expenses	2,59,726	2,71,940
Total	11,84,726	10,96,940

21. Capacities, Production and Stock of Goods Produced

Description	Licensed capacity per annum Qty. (Nos)#	Installed capacity per annum Qty. (Nos)	Actual production for the year Qty.(Nos)	Opening Stock		Closing Stock	
				Qty.(Nos)	Rs.	Qty.(Nos)	Rs.
1. Micro processor/ Non-Microprocessor Based Products and Systems for Relays, Meters, Control and Automation	–	9,49,200 (9,49,200)	1,20,544 (86,826)*	4,296 (3,205)	4,87,66,361 (6,91,53,541)	17,359 (4,296)	71,856,303 (4,87,66,361)
2. Switchgears	–	3,500 (3,500)	1,555 (1,856)	270 (329)	2,03,28,670 (8,10,04,751)	10 (270)	2,025,828 (2,03,28,670)
3. Wind Energy**	–	30,00,000 (30,00,000)	22,13,038* (22,43,729)*		Nil (Nil)		Nil (Nil)

* Including Micro processor / Non-Micro processor based Products - 33,281 (25,773), Wind Energy - 4,13,100 (4,49,977) used for Captive Consumption

**Kilowatt/hour units # Details of Licensed capacity are not provided in view of de-licensing of Products.

22. Particulars of Turnover

Description	Qty.Nos/ Units	Sales Value (Rs.)
1. Micro processor/Non-Microprocessor Based Products and Systems for Relays, Meters, Control and Automation.	1,07,481 (85,735)*	165,27,64,567 (122,16,67,239)
2. Switchgears	1,815 (2,455)	20,36,93,737 (33,84,69,040)
3. Project Items (including services)	-	98,02,75,630 (69,29,96,619)
4. Power Generation by Wind Energy	22,13,038 (22,43,729)*	62,75,021 (63,89,844)
5. Others - Parts and Accessories		45,35,521 (2,14,25,459)
Gross Turnover (A)		284,75,44,476 (228,09,48,201)
Less: Excise Duty and Cess (B)		16,43,06,880 (12,24,80,593)
Net Turnover (A+B)		268,32,37,596 (215,84,67,608)

* Including Micro processor/Non-Micro processor based Products - 33,281(25,773) Wind Energy - 4,13,100 (4,49,977) used for Captive Consumption

23. Consumption of Raw Materials and Components

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Qty. M/t	Value Rs.	Qty. M/t	Value Rs.
Ferrous Materials	21.00	1,61,62,478	17.00	1,37,20,980
Non Ferrous Materials	46.00	1,07,74,985	38.00	60,72,290
Electrical Accessories and Sundry Materials including consumption for our own manufactured components	-	197,37,25,062	-	150,61,95,196
		200,06,62,525		152,59,88,466

24. Valuation of Imports on CIF basis Components and spare parts (including in transit)	50,62,09,594		32,45,49,237
--	--------------	--	--------------

25. Expenditure in Foreign Currency On account of:			
a. Royalty/Technology Transfer Fee (remitted)	Nil		3,47,625
b. Other matters-Travelling Expenses and others	44,73,259		12,44,479
	44,73,259		15,92,104
Earnings in Foreign Exchange on account of Export on FOB Value basis	11,38,07,554		5,26,98,175

26. Value of Raw Materials, Spare Parts and Components Consumed				
Particulars	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
	Value Rs.		Percentage to Total Consumption	
Indigenous	149,90,11,262	111,99,05,165	74.93	68.58
Imported	50,16,51,263	40,60,83,301	25.07	31.42
	200,06,62,525	152,59,88,466	100.00	100.00

27. Earnings Per Share				
The earnings considered in ascertaining Earning per share comprise the profit after tax. The number of shares used in computing Basic Earning per share is the weighted average number of shares outstanding during the year as follows:				
(Amount in Rs.)				
Particulars			As at year ended 31.03.2011	As at year ended 31.03.2010
Profit after tax	(A)	Rs.	8,34,43,566	55,90,04,652
Number of Weighted average Equity Shares Basic	(B)	Nos.	2,07,71,605	2,07,71,605
Effect of dilutive equity shares equivalent				
Share warrants outstanding	(C)	Nos.	-	-
Foreign Currency Convertible Bond	(D)	Nos.	3,94,500	3,94,500
Employees Stock Options Outstanding	(E)	Nos.	7,852	-
	(F=B+C+D+E)		2,11,73,957	2,11,66,105
Face Value of shares		Rs.	2.00	2.00
Earnings per share before exceptional items				
Basic	(G=A/B)		4.02	3.22
Diluted	(H=A/F)		3.94	3.16
Earnings per share after exceptional items				
Basic			4.02	26.91
Diluted			3.94	26.41

Note: Potential equity shares that could arise on conversion of Share Warrants are not resulting in dilution of EPS. Hence they have not been considered in working of diluted EPS in accordance with AS 20.

28. Derivative Instruments and Unhedged Foreign Currency Exposure				
Forward Contract outstanding				
Particulars	Currency	As on 31-03-2011	As on 31-03-2010	Purpose
Sell	USD	3,40,00,000	Nil	Hedge of Loan receivable
Buy	USD	Nil	5,40,000	Hedge of Payable

Unhedged foreign currency exposure			
Particulars	Currency	As on 31-03-2011	As on 31-03-2010
Payable	AUD	11,190	6,190
Payable	CHF	2,450	-
Payable	EURO	68,619	-
Payable	GBP	1,75,784	5,89,560
Payable	SGD	320	679
Payable	USD	29,33,794	21,73,032
Receivable	AUD	7,883	7,650
Receivable	GBP	1,63,384	3,51,688
Receivable	USD	18,35,088	6,66,579
Advance receivable	USD	7,85,235	10,12,589

29. Previous year's figures have been regrouped wherever necessary to conform to current year's classifications. Previous year's figures are shown in brackets.

30. Figures have been rounded off to the nearest rupee.

K. N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

Per our Report of even date annexed

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

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

R. Subramanian
Partner
Membership Number: 8460

N. Srikrishna
Partner
Membership Number: 26575

Place: Chennai
Date: 2nd June 2011

Easun Reyrolle Limited
Cash flow Statement for the year ended 31.03.2011
Pursuant to Clause 32 of the Listing Agreement
(Rupees in Lacs)

Particulars	For the year Ended 31.03.2011	For the year Ended 31.03.2010
Net Profit/(Loss) for the period	1,146.31	6,674.47
Add: Adjustments for all non cash items in P&L Account		
Depreciation	467.53	455.14
(Profit)/Loss on sale of assets	0.01	-
(Profit)/Loss on sale of assets	(0.01)	(9.44)
Unrealised foreign exchange (Gain)/Loss	25.54	6.36
Income from mutual fund	(33.89)	(239.22)
Interest Expenses	5.22	5.82
Provision for leave encashment	-	13.26
	464.40	231.92
Operating profit before Working capital Changes	1,610.71	6,906.39
Adjustments for		
(Increase)/Decrease in Inventories	(1,040.18)	166.83
(Increase)/Decrease in Debtors	(5,350.19)	(5,293.08)
(Increase)/Decrease in Loans and Advances	(459.18)	(337.90)
Loans to Subsidiary	(3,623.89)	20,034.35
Increase/(Decrease) in Current liabilities and Provisions	4,243.50	4,932.90
Cash generated from Operating activities	(4,619.23)	26,409.49
Income tax paid	(252.11)	(1,020.84)
Net cash from operating activities	(4,871.33)	25,388.65
Cash Flow from Investing activities		
Purchase of Fixed assets	(1,507.17)	(354.85)
Sale of Fixed assets	0.01	13.79
Additions to Capital Work In Progress	(2,686.68)	(218.03)
Margin Money Accounts	(155.54)	(121.24)
Investment in subsidiary	-	(10,236.60)
Purchase of Investments	(1,934.46)	(5,881.00)
Sale of Investments	2,644.93	5,851.60
Dividend Received	-	239.22
Net cash used in Investing activities	(3,638.91)	(10,707.11)
Cash flow from Financing activities		
Increase/(Decrease) in Loans from Banks,	9,967.50	1,726.99
Increase/(Decrease) in Unsecured Loans,	(3.47)	12.59
Increase/(Decrease) in FCCB	(17.60)	(15,921.80)
Interest and finance charges paid	(5.22)	(5.82)
Dividend paid (including dividend distribution tax)	(972.07)	(486.03)
Net cash from financing activities	8,969.14	(14,674.07)
Net Increase/(Decrease) in cash and cash equivalents	458.90	7.47
Cash and cash equivalents at the beginning of the year	67.95	60.48
Add: Net Increase/(Decrease) in cash or cash equivalents	458.90	7.47
Closing balance of cash or cash equivalents	526.85	67.95
Notes:		
1. Closing balance of Cash equivalents include		
a) Cash and bank balance	526.89	68.19
b) Unrealised Foreign exchange Loss/(Gain)	0.04	(0.24)
Total Cash and Cash equivalents	526.85	67.95
2. 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.		
3. Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentations.		

K.N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

We have verified the Cash Flow Statement for the year ended 31st March 2011 of Easun Reyrolle Limited with reference to the audited Annual Accounts for the said year and found the same in agreement there with.

For R. SUBRAMANIAN & CO.
Chartered Accountants

For BRAHMAYYA & CO.
Chartered Accountants

Place: Chennai
Date: 2nd June 2011

R. Subramanian
Partner
Membership Number 8460

N. Srikrishna
Partner
Membership Number 26575

Balance Sheet Abstract and Company's General Business Profile

Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956

I. Registration Details:

Registration No:	6695	State Code	18
Balance Sheet Date	31.03.2011		

II. Capital Raised during the year (Rs. in thousands)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L
GDR Issue	N I L		

III. Position of Mobilisation of Funds (Rs. in thousands)

<u>Total Liabilities</u>	40,29,206	<u>Total Assets</u>	40,29,206
--------------------------	-----------	---------------------	-----------

Source of Funds

Paid-up Capital	41,543	Reserves and Surplus	21,62,051
Secured Loans	15,93,958	Deferred Tax Liability	36,036
Unsecured Loans	1,93,178	ESOP Outstanding A/c	2,441

Application of Funds

Net Fixed Assets	7,55,383	Deferred Tax Asset	NIL
Investments	15,61,971		
Net Current Assets	17,09,412	Misc.Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of the Company (Rs. in thousands)

Turnover	26,98,262	Total Expenditure	25,83,631
Profit/Loss Before Tax (+for profit,- for Loss)	1,14,632	Profit/Loss After tax	83,444
Earnings per Share (Rs.) (Weighted Annualised)	4.02	Dividend Rate %	60%

V. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC Code)	Product Description
85364900	Relays
85381010	Relay Test Sets, Tool Kits etc.
85371000	Control and Relay Panels
90283010	Energy Meters and Metering solutions
-	Automatic Meter reading
-	Sub-station Automation Solutions
85352121	Switchgears
-	Sub-station Turnkey Projects

Auditors' Report on the Consolidated Financial Statements

We have examined the attached Consolidated Balance Sheet of Easun Reyrolle Limited and its subsidiaries as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of Easun Reyrolle Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit also includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries whose financial statements reflect aggregate value of Assets/Liabilities of Rs.14212.82 Lakhs and total Revenues of Rs.3905.12 Lakhs and net cash flows amounting to Rs.1970 Lakhs for the year ended and as considered by the Company for the purpose of consolidation, our opinion, so far as it relates to these subsidiaries is based solely on the report of their auditors and further information and explanations provided to us and relied upon by us.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS-21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of above audited financial statements of Easun Reyrolle Limited and its subsidiaries and included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on few individual audited financial statements of the Easun Reyrolle Limited and its subsidiaries, we are of the opinion that said Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- i) In the case of Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2011
- ii) In the case of the Consolidated Profit and Loss Account, of the Loss of the Company and its subsidiaries for the year ended on that date; and
- iii) In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows of the Company and its subsidiaries for the year then ended.

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

R. Subramanian
Partner
Membership Number: 8460
Place: Chennai
Date: 2nd June 2011

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

N. Srikrishna
Partner
Membership Number: 26575

Consolidated Balance Sheet as at 31st March 2011



	Schedule	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
I. Sources of Funds			
1. Shareholders' Funds			
a. Share Capital	I	4,15,43,210	4,15,43,210
b. Employees Stock Options Outstanding Account		24,40,907	-
c. Reserves and Surplus Minority Interest	II	193,49,52,344	205,16,63,852
a. Share Capital		3,10,78,187	3,10,78,187
b. Reservers and Surplus		(3,10,78,187)	(3,10,78,187)
2. Loan Funds			
a. Secured Loan	III	159,47,32,150	59,80,08,823
b. Un-secured Loan	IV	19,31,77,778	19,52,84,471
3. Deferred Tax Liability (Net)			
		4,67,07,794	2,39,29,055
Total		<u>381,35,54,183</u>	<u>291,04,29,411</u>
II. Application of Funds			
1. Fixed Assets			
a. Gross block	V	141,01,71,505	105,15,15,224
b. Less: Depreciation		38,48,30,925	27,66,83,700
c. Net Block		102,53,40,580	77,48,31,524
d. Capital Work-in-Progress		29,18,44,932	8,81,37,267
		<u>131,71,85,512</u>	<u>86,29,68,791</u>
2. Investments			
	VI	56,37,86,900	59,41,00,000
3. Current Assets, loans and advances			
a. Inventories	VII	88,84,69,497	58,60,78,082
b. Sundry debtors		189,22,68,432	132,07,02,253
c. Cash and bank balances		32,67,14,161	47,79,61,290
d. Loans and advances		79,97,44,297	67,81,38,573
		<u>390,71,96,387</u>	<u>306,28,80,198</u>
Less:			
Current Liabilities and Provisions			
a. Liabilities	VIII	152,63,19,628	110,74,92,233
b. Provisions		44,82,94,988	50,20,27,345
		<u>197,46,14,616</u>	<u>160,95,19,578</u>
Net current assets		193,25,81,771	145,33,60,620
Total		<u>381,35,54,183</u>	<u>291,04,29,411</u>
Notes on Accounts	XV		

Schedules and notes annexed hereto form part of the Annual Accounts.

Per our report of even date annexed.

K. N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

Per our Report of even date annexed

For R. SUBRAMANIAN & CO.
Chartered Accountants
Firm Regn No: 0041375

For BRAHMAYYA & CO.
Chartered Accountants
Firm Regn No: 0005115

R. Subramanian
Partner, Membership Number: 8460

N. Srikrishna
Partner, Membership Number: 26575

Place: Chennai

Date: 2nd June 2011

Consolidated Profit and Loss Account for the year ended 31st March 2011



	Schedule	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
Income			
Income from Operations		313,38,79,762	269,41,73,892
Less: Excise duty		15,77,91,907	12,24,80,593
		<u>297,60,87,855</u>	<u>257,16,93,299</u>
Other Income	IX	4,93,77,373	5,72,56,388
	(A)	<u>302,54,65,228</u>	<u>262,89,49,687</u>
Expenditure			
Materials	X	198,62,09,160	171,45,45,205
Personnel Expenses	XI	42,20,26,791	32,12,96,469
Interest	XII	9,08,53,837	6,03,97,949
Other Expenses	XIII	47,77,47,222	41,52,99,866
Depreciation		10,81,50,663	7,66,04,952
		<u>308,49,87,673</u>	<u>258,81,44,441</u>
Add:(Increase)/Less Decrease in Finished Goods	XIV	(2,78,41,472)	7,50,63,462
	(B)	<u>305,71,46,201</u>	<u>266,32,07,903</u>
Profit/(Loss) before Taxes and exceptional items (A-B)		<u>(3,16,80,973)</u>	<u>(3,42,58,216)</u>
Exceptional Items			
Add: Surplus on buyback of FCCB		-	61,13,26,300
Less: Net Foreign Exchange Fluctuation		-	1,58,33,844
			<u>56,12,34,240</u>
Profit/(Loss) before Taxes		<u>(3,16,80,973)</u>	<u>56,12,34,240</u>
Less: Provision for Tax			
Current Tax		3,04,30,992	11,20,00,000
Fringe benefit Tax		-	
Deferred Tax (Asset)/Liability		1,82,97,517	(19,01,771)
MAT Credit Availed		(82,59,877)	
		<u>(7,21,49,605)</u>	<u>45,11,36,011</u>
Profit/(Loss) after Taxation		<u>(7,21,49,605)</u>	<u>45,11,36,011</u>
Add: Profit brought forward from the previous year		1,73,14,345	6,48,56,429
Less: Minority Interest		(3,55,03,247)	(83,30,298)
Less: Minority Interest reserve		3,55,03,247	98,01,436
		<u>(5,48,35,260)</u>	<u>51,45,21,302</u>
Profit/(Loss) available for Appropriation		<u>(5,48,35,260)</u>	<u>51,45,21,302</u>
Appropriation:			
Transfer to General Reserve		1,00,00,000	40,00,00,000
Dividend			
Proposed Final - 60% (Previous year 200%)		2,49,25,926	8,30,86,420
Tax on Dividend		41,39,947	1,41,20,537
Surplus/(Loss) Carried to Balance Sheet		<u>(9,39,01,133)</u>	<u>1,73,14,345</u>
		<u>(5,48,35,260)</u>	<u>51,45,21,302</u>

Notes on Accounts

XV

Schedules and notes annexed hereto form part of the Annual Accounts.

K. N. Nagesha Rao

Secretary & V. P. (Corporate Finance)

Rakesh Garg

Director

Hari Eswaran

Chairman

Per our Report of even date annexed

For R. SUBRAMANIAN & CO.

Chartered Accountants

Firm Regn No: 004137S

For BRAHMAYYA & CO.

Chartered Accountants

Firm Regn No: 000511S

R. Subramanian

Partner, Membership Number: 8460

N. Srikrishna

Partner, Membership Number: 26575

Place: Chennai

Date: 2nd June 2011

**Schedule annexed to and forming part of the
Consolidated accounts for the year ended 31.03.2011**



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.

I. SHARE CAPITAL		
AUTHORISED		
7,50,00,000 Equity Shares of Rs.2 each	15,00,00,000	15,00,00,000
50,00,000 Preference Shares of Rs.10 each	5,00,00,000	5,00,00,000
	<u>20,00,00,000</u>	<u>20,00,00,000</u>
ISSUED SHARE CAPITAL		
2,07,72,455 (2,07,72,455) Equity Shares of Rs.2 each	<u>4,15,44,910</u>	<u>4,15,44,910</u>
SUBSCRIBED AND PAID-UP SHARE CAPITAL		
2,07,71,605 (2,07,71,605) Equity Shares of Rs.2 fully paid up including	4,15,43,210	4,15,43,210
a) During 1980 - 4,50,000 equity shares of Rs.10 each fully paid, issued to the public,		
b) During 1992 - 4,50,000 equity shares of Rs.10 each fully paid, issued to the public as Rights 1:1		
c) During 1992 - 22,500 equity shares of Rs.10 each fully paid, issued to the employees of the company.		
d) During 1995 - 6,45,715 equity shares of Rs.10 each fully paid issued to the public as Rights 7:10		
e) During 1997 - 15,67,294, equity shares of Rs.10 each fully paid issued to the public as Bonus 1:1		
f) During 2005 - 1,95,312 equity shares of Rs.10 each fully paid, issued on preferential basis		
(Shares Split from Face value of Rs.10 each to Rs.2 each on 30.07.2007)		
g) During 2007-2008:		
i) 28,12,500 equity shares of Rs.2 each fully paid, issued as GDRs		
ii) 9,14,719 equity shares of Rs.2 each fully paid, issued on conversion of warrant to promoters and associates.		
h) During 2008-2009:		
3,90,281 equity shares of Rs.2 each fully paid, issued on conversion of warrant to promoters (allotment of 850 Equity Shares of Rs.2 each (including 675 Equity Shares on bonus and 175 equity shares of Rs.2 each on rights during 1995) is held in abeyance pursuant to Section 206A of the Companies Act, 1956)		
	<u>4,15,43,210</u>	<u>4,15,43,210</u>

Schedules forming part of the Consolidated Accounts



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
II. Reserves and Surplus		
a. Government Subsidy	40,42,000	40,42,000
b. Capital Reserve	45,54,000	45,54,000
c. Share Premium	108,42,24,636	108,42,24,636
d. General Reserve		
Opening Balance	93,46,39,259	53,46,39,259
Add: Transfer from Profit and Loss Account	1,00,00,000	40,00,00,000
	<u>94,46,39,259</u>	<u>93,46,39,259</u>
e. Profit and Loss Account	(9,39,01,134)	1,73,14,345
f. Foreign currency Translation Reserve		
Opening Balance	68,89,614	1,31,50,356
Add: For the Year	(1,54,96,031)	(62,60,744)
	<u>(86,06,417)</u>	<u>68,89,612</u>
Total Reserves	<u>193,49,52,344</u>	<u>205,16,63,852</u>
III. Secured Loans:		
Loans and Advance From Banks:		
a. Deutsche Bank loan	50,21,31,305	15,95,30,073
b. Term Loans		
From Axis Bank	7,57,48,459	-
ECB Loan	38,18,20,469	-
c. Working Capital From Banks		
Cash Credit & Buyers Credit	11,02,08,916	43,06,80,121
Short Term Working Capital Demand Loan	52,00,00,000	-
Other Loans and Advances:		
Hire Purchase	48,23,001	77,98,629
	<u>159,47,32,150</u>	<u>59,80,08,823</u>
IV. Un-Secured Loan:		
Foreign Currency Convertible Bonds (FCCB)	18,05,60,000	18,23,20,000
Banks Current Account	51,64,778	55,11,471
Sales Tax deferral - Interest Free Loan	74,53,000	74,53,000
	<u>19,31,77,778</u>	<u>19,52,84,471</u>

Schedules forming part of the Consolidated Accounts



V. Fixed Assets

Sl.No	Particulars	Cost Up to 31.03.2010	Additions During the year	Deletion	Total Cost up to 31.03.2011	Depreciation		Total Depn up to 31.03.2011	Written Down Value as on 31.03.2011	Written Down Value as on 31.03.2010
						For the year	Deletion			
1	Land	1,17,58,692	9,97,86,325	-	1,17,38,692	-	-	-	11,15,45,017	1,17,58,692
2	Land - Leasehold	1,11,200	-	-	9,98,97,525	-	-	-	1,11,200	1,11,200
3	Land - Home Residential Plots	4,28,770	-	-	4,28,770	-	-	-	4,28,770	4,28,770
4	Buildings	9,43,13,682	-	-	9,43,71,082	-	-	-	7,61,06,775	7,91,18,719
5	Buildings - Leasehold	5,26,000	38,000	-	9,43,71,082	-	-	-	3,62,782	3,80,350
6	Plant and Machinery	11,50,36,289	1,42,80,801	-	12,93,26,000	-	-	-	6,91,69,733	5,11,69,655
7	Electrical installations/fitings	2,96,26,866	-	-	2,96,26,086	-	-	-	1,50,69,000	1,78,38,198
8	Office equipments	4,23,38,075	51,05,869	-	4,43,94,944	-	-	-	1,60,29,215	1,54,58,492
9	Furniture	4,90,48,387	16,03,788	-	5,06,52,175	-	-	-	3,35,46,779	3,46,86,397
10	Vehicles	1,20,82,161	3,379	-	1,20,82,161	-	-	-	43,19,157	73,26,697
11	Computer Software	-	7,08,83,416	-	7,08,83,416	-	-	-	5,96,66,672	-
	Research and Development									
12	Buildings	1,73,22,716	-	-	1,73,22,716	-	-	-	5,78,377	1,46,28,795
13	Plant and Machinery	4,17,29,198	9,07,120	-	4,26,30,318	-	-	-	3,11,47,976	3,22,36,884
14	Electrical installation / Fittings	27,00,795	-	-	27,00,795	-	-	-	16,89,529	13,27,789
15	Office equipments	88,63,609	98,520	-	89,62,129	-	-	-	14,43,437	3,008,365
16	Technology Know-how	5,50,43,750	-	-	5,50,43,750	-	-	-	5,41,34,364	2,140,968
17	Non-Compete fees	1,00,00,000	-	-	1,00,00,000	-	-	-	1,00,00,000	-
18	Intangible Asset - Product devel	3,27,03,357	2,23,65,902	-	5,50,69,259	-	-	-	3,75,84,437	2,29,98,782
19	Computer Software	-	5,69,220	-	5,69,220	-	-	-	3,703	-
20	Capital Work-in-Progress	8,81,37,267	21,65,53,123	6,49,60,406	23,97,29,984	-	-	-	23,97,29,984	8,81,37,267
21	Pre-operative expenses GMF	-	5,21,14,949	-	5,21,14,949	-	-	-	5,21,14,949	-
	Total (A)	61,17,60,655	48,43,39,412	6,49,60,406	1,03,11,39,661	22,30,04,435	4,67,52,349	27,57,53,380	75,53,86,270	88,37,56,220
22	Goodwill	28,41,26,075	84,15,274	-	27,57,10,801	-	-	-	27,57,10,801	28,41,26,075
23	Equipments	2,69,83,132	5,56,29,310	-	8,26,12,442	-	-	-	6,38,68,119	2,03,06,912
24	Computer Software	59,86,204	93,25,081	-	1,53,11,285	-	-	-	76,44,323	1,10,00,099
25	Furniture & Fixtures	2,27,62,655	63,51,858	-	86,28,123	-	-	-	21,43,608	8,85,874
26	Office Equipments	926,596	1,00,69,292	-	1,09,95,888	-	-	-	91,54,367	1,94,171
27	Vehicles	36,91,752	-	-	36,69,631	-	-	-	23,18,471	31,46,438
28	Intangible Development costs	20,39,01,811	7,00,46,796	-	27,39,48,607	-	-	-	19,05,95,844	17,02,51,000
	Total (B)	52,73,91,835	14,29,84,942	-	67,98,76,777	4,76,79,266	6,13,98,313	10,90,77,584	56,17,99,248	48,02,12,569
	TOTAL (A) + (B)	113,96,52,490	62,73,24,354	6,49,60,406	170,20,16,438	27,66,83,701	10,81,50,662	38,48,30,924	131,71,85,518	86,29,68,789
	Total (Previous Year)	(98,73,66,857)	(15,54,05,101)	(37,19,467)	(113,96,32,491)	(20,33,63,826)	(7,66,04,952)	(27,66,83,700)	(86,29,68,791)	(78,46,03,030)

@ Subsidiary assets addition is inclusive of foreign exchange translation difference of (Rs.1,28,30,173)

Schedules forming part of the Consolidated Accounts



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
VI. Investments		
Long Term Investments - Un-quoted (At Cost)		
Investment in Associates	3,73,44,274	-
Current Investments - Others (at Lower of Cost or Net Realisable Value)		
Investment in Mutual Fund	52,64,42,626	59,41,00,000
	<u>56,37,86,900</u>	<u>59,41,00,000</u>
VII. Current Assets, Loans and Advances		
A. Current Assets		
Inventories (as certified by the Management)		
Tools	38,32,439	59,40,647
Raw Materials and Components	43,73,94,866	29,54,20,405
Work-in-progress	31,30,00,402	18,42,47,775
Finished Goods	10,93,63,799	8,15,22,327
Stock in Transit	2,39,65,977	1,87,78,385
Consumable Stores, Spares, Packing materials etc.	9,12,014	1,68,543
Total Inventories (1)	<u>88,84,69,497</u>	<u>58,60,78,082</u>
Sundry Debtors: Un secured considered good Debts outstanding for a period exceeding 6 months	76,57,76,991	41,19,50,590
Other debts	112,64,91,441	90,87,51,663
Total Debtors (Net of bills discounted) (2)	<u>189,22,68,432</u>	<u>132,07,02,253</u>
(Out of the above Rs.3290.57 lacs (Pr. yr. Rs.3272.47 lacs) is due beyond 6 months from the due date)		
Cash and bank balance:		
Cash on hand	25,69,754	12,74,614
Balance with Scheduled Banks		
In Current Accounts	4,38,70,735	21,08,439
In Dividend Accounts	40,64,255	34,12,039
In Deposit Accounts	21,80,000	-
With other Banks		
In Current Accounts	18,77,99,695	40,02,10,007
In Deposit Accounts	91,99,840	94,80,640
In Margin Accounts	7,70,29,882	6,14,75,551
(Under Lien to Banks towards Bank Guarantee obtained)		
Total Cash & Bank Balances (3)	<u>32,67,14,161</u>	<u>47,79,61,290</u>
Total Current Assets A=(1+2+3)	<u>310,74,52,090</u>	<u>238,47,41,625</u>
B. Loans and Advances		
(Unsecured, Considered Good)		
i) Advances recoverable in cash or in kind or for value to be received	79,49,91,320	67,61,35,583
ii) Deposits	47,52,977	20,02,990
(B)	<u>79,97,44,297</u>	<u>67,81,38,573</u>
Total (A+B)	<u>390,71,96,387</u>	<u>306,28,80,198</u>

Schedules forming part of the Consolidated Accounts



	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
VIII. Current Liabilities and Provisions		
A. Liabilities		
1. Sundry Creditors & Other Current Liabilities	145,08,03,760	109,83,27,634
2. Investor Education and Protection Fund:		
Un-Paid Dividend	37,29,651	30,15,719
3. Initial deposits towards share warrants	6,68,80,000	-
4. Provision for Leave Encashment	49,06,217	61,48,880
(A)	<u>152,63,19,628</u>	<u>110,74,92,233</u>
B. Provision		
1. Provision for Taxation	40,94,51,116	39,50,42,388
2. Provision for Fringe Benefit Tax	97,78,000	97,78,000
3. Provision for Dividend	2,49,25,925	8,30,86,420
4. Dividend Tax	41,39,947	1,41,20,537
(B)	<u>44,82,94,988</u>	<u>50,20,27,345</u>
(A+B)	<u>197,46,14,616</u>	<u>160,95,19,578</u>
	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
IX. Other Income		
Interest received (Tax deducted at source Rs.8,30,820 (Previous year Rs.9,55,498))	65,96,148	2,19,14,274
Sale of scrap	21,56,838	32,11,483
Profit on Sale of assets	500	9,44,458
Realisation of debts written off in earlier years	7,86,687	8,91,393
Export Incentive	20,80,533	24,45,613
Miscellaneous receipts	44,23,535	34,46,559
Service Charges	90,52,000	-
Foreign Exchange Fluctuation	2,08,91,744	4,80,407
Dividend Income from Mutual Fund Investments	33,89,388	2,39,22,201
	<u>4,93,77,373</u>	<u>5,72,56,388</u>
X. Materials		
Opening Stock		
Raw Materials and Components	29,54,20,405	15,88,02,236
Work-in-Progress	18,42,47,775	16,56,62,540
	47,96,68,180	32,44,64,776
Add:Purchases	225,69,36,248	186,97,48,609
(A)	<u>273,66,04,428</u>	<u>219,42,13,385</u>
Less: Closing stock		
Raw Materials and Components	43,73,94,866	29,54,20,405
Work-in-Progress	31,30,00,402	18,42,47,775
(B)	<u>75,03,95,268</u>	<u>47,96,68,180</u>
Material Cost of Consumption	<u>198,62,09,160</u>	<u>171,45,45,205</u>
(A-B)		

Schedules forming part of the Consolidated Accounts



	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
XI. Personnel Expenses		
Salaries, Wages, Bonus and Exgratia	37,88,69,537	29,21,53,770
Company's Contribution to Superannuation, Provident Fund, E.S.I. etc.	1,12,49,983	97,44,492
Gratuity	28,90,757	5,65,033
Staff Welfare Expenses	2,90,16,514	1,88,33,174
	<u>42,20,26,791</u>	<u>32,12,96,469</u>
XII. Interest		
On Fixed Loans	7,96,097	11,02,093
Banks and Others	9,00,57,740	5,92,95,856
	<u>9,08,53,837</u>	<u>6,03,97,949</u>
XIII. Other Expenses		
Consumption of Stores and Spares	12,95,769	14,60,377
Consumption of Packing Materials	1,68,42,771	1,60,32,594
Power and Fuel	67,02,057	73,29,112
Professional Charges	2,04,51,462	4,55,69,452
Testing Charges	67,05,576	41,53,933
Electricity Charges	21,59,931	26,56,340
Rent	3,35,53,899	1,84,35,892
Auditors' Remuneration	18,77,874	58,04,956
Directors' Remuneration	35,45,290	21,96,190
Directors' Sitting Fees	1,14,000	1,17,000
Advertisement	5,32,07,342	2,08,54,142
Travelling and Conveyance	7,92,30,504	7,43,80,936
Directors' Travelling Expenses	17,10,090	10,96,724
Printing and Stationery	1,00,70,942	54,21,342
Postage, Telephone and Courier	1,06,69,032	1,74,71,523
Bank Commission	2,97,32,375	2,75,89,562
Rates and Taxes	1,03,85,081	2,49,21,903
Insurance	80,08,808	48,96,351
Service Charges	7,04,215	6,12,332
Selling Expenses	6,81,00,556	5,24,30,881
Repairs and Maintenance:		
Building	3,24,112	2,66,521
Machinery	4,76,043	5,55,847
Windmill	8,56,147	17,19,367
Factory	81,72,666	91,93,105
Other Assets	3,35,86,457	95,45,622
Tools Written Off	25,10,120	17,36,608
Liquidated Damages	1,20,26,508	88,78,595
Bad debts written off	59,22,793	28,95,039
Miscellaneous Expenses	3,26,51,840	2,73,87,339
Warranty Claims	1,11,22,358	54,96,177
Foreign Exchange Fluctuation	-	1,39,56,886
Development Expenses	2,77,052	2,37,218
Loss on Sales of Assets	47,53,553	-
	<u>47,77,47,222</u>	<u>41,52,99,866</u>
XIV. (Increase) / Decrease In Finished Goods		
Opening Stock of finished goods	8,15,22,327	15,65,85,789
Closing stock of finished goods	10,93,63,799	8,15,22,327
Difference in Finished Goods	<u>(2,78,41,472)</u>	<u>7,50,63,462</u>

XV NOTES ON ACCOUNTS

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 "ERL International Pte Ltd, Singapore".

(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 accounts of ERL International Pte Ltd, Singapore have been audited by auditors qualified to conduct audit in accordance with the laws of that Country.
- 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-11	-	Direct subsidiary
2. ERLPhase Power Technologies Ltd	Canada	100%	31-Mar-11	-	Subsidiary of ERL International Pte. Ltd
3. ERL Marketing International FZE	Sharjah, UAE	100%	31-Mar-11	-	Subsidiary of ERL International Pte. Ltd
4. Switchcraft Group LLC	USA	60%	31-Mar-11	-	Subsidiary of ERL International Pte. Ltd
5. Switchcraft Limited	Hongkong, China	60%	31-Mar-11	-	Subsidiary of Switchcraft Group LLC
6. Switchcraft Europe GmbH	Germany	60%	31-Mar-11	-	Subsidiary of Switchcraft Group LLC

- 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 recognised as goodwill
 - vi) The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March.
 - vii) The loss attributable to the Minority Shareholders is restricted to their Equity and the excess loss has been provided in the books of accounts.
- e) **Fixed assets, Intangibles and Depreciation**
- Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.
 - Intangible Asset relating to Deferred Development expenditure of Subsidiary will be amortised over the estimated useful life upon completion of the individual projects.
 - Depreciation 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 recognised subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal of in one or more subsequent periods. 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.

Other Notes:

2. Contingent liabilities not provided for in the Accounts:

- a) Letters of credit opened by Bank for purchase of raw materials and components Rs.53,08,55,861 (Rs.29,13,13,542).
- b) Bills discounted with bank Rs.5,16,40,097 (Rs.1,02,22,125).
- c) Counter Guarantee given to bankers in respect of Guarantees given by them Rs.130,20,00,891 (Rs.112,07,29,906).
- d) Bonds executed in favour of President of India for import of material at concessional rate of duty Rs.49,97,725 (Rs.78.68,647).
- e) Estimated amount of Capital commitment on account of Fixed Assets (Net of advances) amount to Rs.18,09,50,768 (Nil).
- f) In respect of sales effected under CST towards submission of C-Forms Rs.25,55,68,000 (Rs.12,34,90,668)
- g) Disputed amounts of income tax

Assessment year	Disputed amount of Income tax
2001-02	Rs.30,02,382
2003-04	Rs.47,85,258
2004-05	Rs.26,12,561
2005-06	Rs.70,28,103
2006-07	Rs.55,41,946
2008-09	Rs.3,06,33,157

- h) Disputed amount of Sales Tax, Karnataka of Rs.63,64,825 for the financial year 2007-08

3. The Group is engaged in Power Transmission and Distribution segment and the same is being reported.

4. Note on Related Party Disclosures as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India:

Disclosure of AS 18 for the year 2010-2011

Related Party Disclosure of Associate Companies

a) Details of consolidated transactions during year 2010-2011

Sl No	Particulars	Eswaran & Sons Engineers Ltd	Easun MR Tap Changers P Ltd	Easun Products of India P Ltd	Key Mgt Personnel	ERL Thailand P. Ltd	Grand Total
1	Sale of Goods					4,43,20,397	4,43,20,397 (-)
2	Purchase of Goods						
3	Rendering of Services						
	Reimbursement of Expenses		(15,66,088)				(15,66,088)
4	Availing of Services			6,00,000			6,00,000
	Reimbursement of Expenses		(15,66,088)	(6,00,000)			(21,66,088)
	Loan borrowed	9,00,00,000					9,00,00,000
	Loan repayment	9,00,00,000					9,00,00,000
	Interest on Loan borrowed	17,24,153					17,24,153
5	Directors remuneration				35,45,290 (21,96,190)		35,45,290 (21,96,190)
	Total	18,17,24,153	-	6,00,000	35,45,290	4,43,20,397	23,01,89,840
			(31,32,176)	(6,00,000)	(21,96,190)		(59,28,366)

**b) Details of outstandings in respect of Associate Companies and Key Management Personnel
(in Rupees)**

Sl. No.	Names of Associate Companies/ Key Management Personnel	Outstanding as on 31-03-2011	Maximum amount due during the year	Outstanding as on 31-03-2010	Maximum amount due during the year
1.	Easwaran & Sons Engineers Ltd.	NIL	9,00,00,000 Cr	NIL	25,600 Cr
2.	Easun MR Tap Changers P Ltd	NIL	NIL	NIL	10,130 Cr
3.	ERL Thailand P. Ltd	4,43,20,397 Dr	4,43,20,397 Dr	NIL	NIL
4.	Easun Products of IndiaP. Ltd	NIL	4,50,000 Dr	NIL	19,98,411 Dr
5.	Directors:				
	Hari Eswaran	17,72,645 Cr	17,72,645 Cr	9,88,285 Cr	9,88,285 Cr
	Raj H Eswaran	5,90,882 Cr	5,90,882 Cr	3,59,296 Cr	3,59,296 Cr
	Dr W S Jones	5,90,882 Cr	5,90,882 Cr	3,29,494 Cr	3,29,494 Cr
	Rakesh Garg	5,90,882 Cr	5,90,881 Cr	3,29,494 Cr	3,29,494 Cr

5. 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		As at year ended 31.03.2011	As at year ended 31.03.2010
Profit after tax	(A) Rs.	(7,21,49,605)	44,96,64,871
Number of Weighted average Equity Shares Basic	(B) Nos.	2,07,71,605	2,07,71,605
Effect of dilutive equity shares equivalent			
Foreign Currency Convertible Bond	(C) Nos.	3,94,500	3,94,500
Employees stock options outstanding	(D) Nos.	7,852	-
	(E=B+C+D)	2,11,73,957	2,11,66,105
Face Value of share	Rs.	2.00	2.00
Earnings per share			
Basic	(F=A/B)	(3.47)	21.65
Diluted	(G=A/E)	(3.41)	21.24

6. Previous year's figures have been regrouped wherever necessary to conform to current year's classifications. Previous year's figures are shown in brackets.
7. Figures have been rounded off to the nearest rupee.

K. N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

Per our Report of even date annexed

For R. SUBRAMANIAN & CO.
Chartered Accountants
R. Subramanian
Partner
Membership Number: 8460

For BRAHMAYYA & CO.
Chartered Accountants
N. Srikrishna
Partner
Membership Number: 26575

Place: Chennai

Date: 2nd June 2011

Consolidated Cash Flow Statement for the year 2010-2011 and 2009-2010 pursuant to clause 32 of the listing agreement

(Rupees in Lacs)

Particulars	For the year Ended 31.03.2011	For the year Ended 31.03.2010
Net Profit/(Loss) for the period	(316.80)	5612.34
Add: Adjustments for all non cash items in P&L Account		
Depreciation	1081.50	766.04
(Profit)/Loss on sale of assets	47.54	-
(Profit)/Loss on sale of assets	(0.01)	(9.44)
Unrealised foreign exchange (Gain)/Loss	-	6.36
Income from mutual fund	(33.89)	(239.22)
Interest on Loans other than working capital borrowings	7.96	11.02
Provision for leave encashment	-	13.26
	1,103.10	548.02
Operating profit before Working capital Changes	786.30	6,160.36
Adjustments for		
(Increase)/Decrease in Inventories	(3023.91)	(835.23)
(Increase)/Decrease in Debtors and other receivables	(6747.68)	547.67
Increase/(Decrease) in Current liabilities and Provisions	4,217.97	4,595.88
Exchange fluctuations - AS 11	-	(62.61)
Cash generated from Operating activities	(4,767.32)	10,406.07
Income tax paid	(252.11)	(1,020.84)
Net cash from operating activities	(5,019.43)	9,385.23
Cash Flow from Investing activities		
Purchase of Fixed assets	(3,091.92)	(1,336.02)
Sale of Fixed assets	-	13.79
Additions to Capital Work In Progress	(2,686.68)	(218.03)
Margin Money Accounts	(155.54)	(121.24)
Sale/Purchase of Mutual Fund Investments	676.57	(29.40)
Purchase of Investments - Others	(373.44)	-
Income from Mutual Fund Investments	33.89	239.22
Net cash used in Investing activities	(5,597.12)	(1,451.68)
Cash flow from Financing activities		
Increase/(Decrease) in Loans from Banks,	9,967.23	1,734.99
Increase/(Decrease) in Unsecured Loans,	(21.07)	-
Increase/(Decrease) in FCCB	(17.6)	(15,909.21)
Interest on Long Term Borrowings	(7.96)	(11.02)
Dividend paid (including dividend distribution tax)	(972.07)	(486.03)
Net cash from financing activities	8,948.53	(14,671.27)
Net Increase/(Decrease) in cash and cash equivalents	(1,668.01)	(6,737.72)
Cash and cash equivalents at the beginning of the year	4,164.86	10,902.59
Add: Net Increase/(Decrease) in cash or cash equivalents	(1,668.01)	(6,737.72)
Closing balance of cash or cash equivalents	2,496.85	4,164.86
Notes:		
1. Closing balance of Cash equivalents include		
a) Cash and bank balance	2,496.89	4,164.62
b) Unrealised Foreign exchange Loss/(Gain)	0.04	0.24
Total Cash and Cash equivalents	2,496.85	4,164.86
2. 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.		
3. Previous year's figures have been regrouped / rearranged wherever necessary to conform to the current year's presentations.		

K.N. Nagesha Rao
Secretary & V. P. (Corporate Finance)

Rakesh Garg
Director

Hari Eswaran
Chairman

We have verified the Cash Flow Statement for the year ended 31st March 2011 of Easun Reyrolle Limited with reference to the audited Annual Accounts for the said year and found the same in agreement there with.

For R. SUBRAMANIAN & CO.
Chartered Accountants

For BRAHMAYYA & CO.
Chartered Accountants

Place: Chennai

Date: 2nd June, 2011

R. Subramanian
Partner

Membership Number 8460

N. Srikrishna
Partner

Membership Number 26575

Disclosure of consolidated financial information relating to subsidiary companies as on 31st March, 2011



[Rupees in lacs]

Name of the Subsidiary	ERL International Pte Ltd., Singapore (1)	ERL Phase Power Technologies Ltd., Canada (1)	ERL Marketing International FZE, Sharjah (1)	Switchcraft Group LLC, Delaware, USA (1)	Switchcraft Europe GmbH, Dinslaken, Germany (2)	Switchcraft Limited, Hong Kong, China (3)
Share Capital	9,863	3,096	460	678	1,442	11
Reserves & Surplus	1,000	(1,960)	(307)	(52)	(881)	(854)
Total Assets	14,985	4,295	912	6,206	5,091	9
Total Liabilities	14,985	4,295	912	6,206	5,091	9
Investments [excluding investments in subsidiary companies]	-	-	-	-	-	-
Turnover	360	2,459	1,197	456	105	40
Profit before Tax	72	(551)	(31)	77	(715)	(237)
Provision for Taxation	60	-	-	-	2	100
Profit after Taxation	12	(551)	(31)	77	(717)	(337)
Proposed Dividend	-	-	-	-	-	-

Notes:-

Information on subsidiaries is provided in compliance with the circular no. 2/2011 dated February 8, 2011 of the 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 Bangalore, India. The same will also be available on our website, www.easuneyrolle.com

Converted into Indian Rupees at the exchange rate, (1) 1 USD = Rs.44.23, (2) 1 Euro = Rs.62.36 and (3) 1 HKD = Rs.5.69 as at 31st March 2011

Easun Reyrolle Limited

Regd.Office.: "Temple Tower", VI Floor, 672, Anna Salai, Nandanam, Chennai-600 035



PROXY FORM

I/We

of

being a member/members of the above named Company, hereby appoint,

Mr/Mrs.....

of.....

or failing him/her Mr/Mrs.....

as my/our proxy to attend and vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company to be held on Monday, 29th August 2011 at 3.00 p.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008 and at any adjournment thereof.

Member's Folio No.

Signed.....

Revenue Stamp Re.1

- 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.

Easun Reyrolle Limited
ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Name of the Shareholder :	
Member's Folio Number :	No. of Shares held :
Name of Proxy (in Block Letters) (To be filled in if the Proxy attends instead of Member)	

I hereby record my presence at the ANNUAL GENERAL MEETING held on 29th August 2011.

.....
Member's/Proxy's Signature

Notes:

1. Shareholders/Proxies wishing to attend the meeting MUST bring the admission slip to the meeting and hand over at the entrance duly signed.
2. Shareholders/Proxies attending the meeting are requested to be present at the auditorium at least 15 minutes before the commencement of the meeting to facilitate registration.

OUR NEW RANGE OF PRODUCTS



TESLA

Power System Recorder with CDR, PMU
and IEC 61850 Station Bus Protocol



L-PRO

Transmission Line Protection Relay
with IEC 61850 Station Bus Protocol



ER800

Feeder Remote Terminal Unit



S-PRO

Sub-harmonic Protection Relay



Indoor Ring Main Unit -KKV
Type iGIS



Outdoor Ring Main Unit - KKV
Type iGIS



EASUN REYROLLE LTD

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