To

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

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

3rd October, 2018

NSE Scrip Code: EASUNREYRL / BSE Scrip Code: 532751

Dear Sirs,

Sub: Submission of Annual Report for the year 2017-18

* * *

Pursuant to Regulation 34(1) of SEBI - Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 we are submitting herewith the copy of printed Annual Report for the year 2017-18.

Please take the same on record.

Thanking you

Yours faithfully
for **Easun Reyrolle Limited**

EASUN REYROLLE LIMITED HOSUR

A Kamatchinathan
Chief Financial Officer

Encl: As above

CIN No.L31900TN1974PLC006695

EASUN REYROLLE LTD.
No.98, Sipcot Industrial Complex, Hosur – 635 126, India
Tel: +91 4344 276995, 401 600-602 Fax: +91 4344 276397 Email: hosur@easunreyrolle.com
Regd. Office: "Temple Tower", VI Floor, 672, Anna Salai, Nandanam, Chennai – 600 035, India Website: www.easunreyrolle.com

43rd ANNUAL REPORT 2017 - 2018

ERL

EASUN REYROLLE LIMITED

Easun Reyrolle Limited

43rd Annual Report, 2017-2018

Chairman	:	Mr Hari Eswaran
Managing Director	:	Mr Raj H Eswaran
Directors	:	Dr W S Jones Mr Rakesh Garg Ms Sweta Mandora Prajapati
Cheif Financial Officer	:	Mr A Kamatchinathan
Head Legal & Company Secretary	:	Mr Sudhir Anand (upto 02.08.2017)
Auditors	:	M/s K S Rao & Co., Chartered Accountants 7-B, 7th Floor of Century Plaza 560 - 562, Anna Salai Chennai – 600 018
Registered Office	:	“Temple Tower”, 6th Floor No.672, Anna Salai, Nandanam, Chennai – 600 035
Corporate Office & Development Centre	:	No.98, Sipcot Industrial Complex Hosur – 635 126, Tamilnadu
Factories	:	1. Plot No.98, Sipcot Industrial Complex, Hosur – 635 126, Krishnagiri Dt., Tamilnadu 2. No.17/3, Arakere Village Bannerghatta Road, Bangalore – 560 076 3. Plot No.147/148, Harohalli Industrial Area, 2nd Phase, Madamaranahalli Village, Harohalli Hobli, Kanakpura Taluk, Ramnagara Dt. Karnataka
Registrar and Transfer Agents	:	Integrated Registry Management Services Pvt Ltd., 2nd Floor, “Kences Towers” No.1, Ramakrishna Street, North Usman Road T Nagar, Chennai – 600 017

Easun Reyrolle Limited
43rd Annual Report – 2017 - 18

INDEX

Easun Reyrolle Limited

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

Notice to Shareholders

Notice is hereby given that the Forty Third Annual General Meeting of the Members of Easun Reyrolle Limited will be held on 29th September, 2018 at 10.00 a.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai 600 008, to transact the following business:

Ordinary Business

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as at 31st March, 2018 (including audited consolidated financial statements) and the reports of Board of Directors and Auditors thereon

2. To appoint a Director in place of Mr Hari Eswaran, Non-Executive Chairman who retires by rotation and being eligible for re-appointment offers himself for re-appointment.

By Order of the Board
for Easun Reyrolle Limited

A Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August, 2018

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. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.

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 Registry Management Services Pvt Ltd., , 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017, Telephone No.044-28140801-803, E-mail - corpserv@integratedindia.com

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. Electronic copy of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 43rd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that the Notice of the 43rd Annual General Meeting and the Annual Report for the year 2017-18 will also be available on the Company's website www.easunreyrolle.com for their download.

6. 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.

7. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September, 2018 to 29th September, 2018 (both days inclusive).

8. Members / Proxies are requested to bring the Attendance Slip with them duly filled in and handover the same at the entrance of the Meeting Hall. Members are requested to bring their copy of Annual Report to the Meeting.

9. Members of the Company had approved the appointment of M/s. K S Rao & Co, Chartered Accountants, (Firm Reg. No.003109S) as the Statutory Auditors at the 42nd AGM of the Company which is valid till 47th AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.

10. The Ministry of Corporate Affairs had notified provisions relating to unpaid / unclaimed dividend under Sections 124 and 125 of Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules). As per these Rules, dividends which are not encashed / claimed by the shareholder for a period of seven consecutive years shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. Accordingly, all unclaimed / unpaid dividend for a period of seven years from the date they become due for payment, have been transferred to the IEPF Authority.

    As per Section 124(6) of the Act read with IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid /unclaimed for seven consecutive years or more are required to be transferred to an IEPF Demat Account notified by the Authority. The Company after following the necessary procedures, has transferred the shares on which dividend remains unpaid or unclaimed for the financial years 2008-09 and 2009-10 to the IEPF Authority.

    Hence, the Company urges all the Members to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 30th September, 2017 (date of last AGM) are available on the website of the Company https://www.easunreyrolle.com/ investors.php and on Ministry of Corporate Affairs' website. The Members whose dividend / shares as transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

11. In compliance with the provisions of section 108 of the Companies Act, 2013 and the Rules framed there under, and as per Regulation 44 of the SEBI (LODR) Regulations, 2015 the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice:

    a) The facility for voting, through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.

    b) The "cut-off date" for determining the eligibility for voting either through electronic voting system or ballot is fixed as 24th September, 2018.

    c) The e-voting period commences from 26th September, 2018 at 9.00 a.m. and ends on 28th September, 2018 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter. During this period Shareholders' of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, i.e., 24th September, 2018 shall be entitled to avail the facility of remove e-voting.

The instructions for e-voting are as under:

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):

i) Open the e-mail and also open PDF file namely "ERL- e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.

ii) Open the internet browser and type the following URL: https://www.evoting.nsdl.com.

iii) Click on Shareholder – Login.

iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.

v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.

vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.

vii) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.

viii) Select "EVEN" (E-Voting Event Number) of Easun Reyrolle Limited. Now you are ready for e-voting as Cast Vote page opens.

ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x) Upon confirmation, the message "Vote cast successfully" will be displayed.

xi) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.

xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to erl.scrutinizer@gmail.com, with a copy marked to evoting@nsdl.co.in.

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

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

i) Initial password is provided in the enclosed attendance slip: EVEN (E-Voting Event Number), user ID and password.

ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions: / Details

i) Mr. G Ramachandran, ACS No.9865, COP No.3056, Practicing Company Secretary, M/s G Ramachandran & Associates, Chennai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

ii) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

iii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.easunreyrolle.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 43rd Annual General Meeting of the Company, (i.e.) on or before 2nd October, 2018 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

By order of the Board
For Easun Reyrolle Limited

A Kamatchinathan
Chief Financial Officer

Place: Chennai
Date: 28th August, 2018

Corporate Identification Number: L31900TN1974PLC006695

Registered Office:

"Temple Tower" VI Floor
672, Anna Salai, Nandanam
Chennai – 600 035
Ph: +91 – 44 – 24346425
Fax: +91 – 44 – 24346435
Email: sec@easunreyrolle.com

Financial highlights for 10 years

[Rupees in lakhs]

Sl. No.	Particulars	Year ended 31st March									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
1	Sales & Other Income	7,904	8,990	9,967	12,658	26,557	31,397	34,522	30,255	32,244	17,232
2	Operating Expenditure	7,542	8,360	9,263	12,128	23,898	26,921	31,277	28,581	25,262	15,863
3	Earning/Profit before interest, depreciation and tax (EBIDTA)	362	630	704	530	2,659	4,476	3,244	1,674	6,982	1,369
4	Less: Interest	240	3,221	2,799	2,645	3,023	2,342	2,208	909	604	489
5	Less: Depreciation	1,682	1,822	1,942	2,051	2,623	2,302	1,464	1,081	766	514
6	Profit before tax	(1,560)	(4,413)	(4,037)	(4,166)	(2,987)	(168)	(427)	(316)	5,612	366
7	Exceptional Items	-	(79)	(802)	(601)	-	-	-	-	-	-
8	Less: Current tax	-	-	-	(430)	84	42	162	222	1,101	96
9	Less: Deferred tax	-	-	-	-	-	147	136	183	-	18
10	Less: Fringe benefit tax	-	-	-	-	-	-	-	-	-	24
11	Profit after tax	(1,560)	(4,492)	(4,839)	(4,336)	(3,070)	(357)	(725)	(722)	4,511	228
12	(Less) / Add : Share of minority interest	-	-	-	(288)	(40)	-	(24)	-	(15)	43
13	Net profit after share in minority interest	(1,560)	(4,492)	(4,839)	(4,049)	(3,110)	(357)	(701)	(722)	4,496	271
14	Add: Balance brought forward	(21,834)	(15,720)	(10,881)	(5,255)	(2,145)	(1,787)	(939)	173	649	1,114
15	Profit available for appropriation	(15,397)	(21,834)	(15,720)	(10,881)	(5,255)	(2,144)	(1,639)	(549)	5,145	1,385
16	Less: Proposed dividend on equity shares	-	-	-	-	-	-	42	249	831	415
17	Less: Interim dividend on equity shares	-	-	-	-	-	-	-	-	-	-
18	Less: Tax on dividends	-	-	-	-	-	-	7	41	141	71
19	Less: Transfer to General Reserve	-	-	-	-	-	-	100	100	4,000	250
20	Surplus carried to balance sheet	(15,397)	(21,834)	(15,720)	(10,881)	(5,255)	(2,144)	(1,788)	(939)	173	649

Note : 1. Financial highlights shown are after consolidating the accounts of all subsidiary companies.

2. Figures prior to 2018 are as per revised schedule IV / schedule III format and hence are not comparable to current year figures.

3. Figures for 2018 is as per Ind AS notified under the companies (Indian accounting standards) Rules, 2015.

Director's Report

To the Members

Your Directors are pleased to present the 43rd Annual Report, with the statement of the audited accounts for the financial year ended 31st March, 2018.

1. Financial Performance

The standalone and consolidated audited financial results for the year ended 31st March, 2018 are as follows:

[Rupees in lacs]

Particulars	Standalone		Consolidated	
	2017-18	2016-17*	2017-18	2016-17*
Sales and Other Income	2,123	3,491	7,904	9,203
Earnings before interest, Depreciation and Tax (EBIDTA)	(1467)	(604)	362	996
Depreciation	475	496	1,682	1,691
Interest	204	1,293	240	1,330
Profit / (Loss) before tax & Exceptional Items	(2,146)	(2,393)	(1,560)	(2,025)
Exceptional Items	-	(79)	-	(79)
Profit / (Loss) before Tax	(2,146)	(2,472)	(1,560)	(2,104)
Provision for Taxation	-	-	-	-
Net Profit / (Loss)	(2,146)	(2,472)	(1,560)	(2,104)
Other Comprehensive Income, Net of Income Tax	2,145	13	2,145	13
Total Comprehensive Income for the year	(1.33)	(2,459)	585	(2,091)

* Figures for 2016-17 are regrouped as per IND AS

2. Dividend

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

3. Management Discussions and Analysis:

a. Industry Overview and Developments

The present Government is keen to accelerate the growth of economy at a rate of 8-9% and moving forward. The power generation and T&D sectors hold the key for such development. As on March, 2018, India's per capital electricity consumption stands at a very low level of 1110kWh. Ministry of Power is keen to double the consumption level over the next 5 years, which will lead to big investment in the Power and T&D sector.

The year 2017-18 witnessed moderate growth in the Transmission and Distribution market, which is now gradually moving towards a recovery path. The Union Government 's growing investment in renewable power generation and investments aimed towards upgradation of country's ageing transmission systems which generates business in the forthcoming years.

However, the power sector continues to struggle with stranded power generation capacity, poor industrial demand and high AT&C losses in DISCOMs. All such challenges can be met by required investment and adoption of latest technologies across the value chain of power sector.

b. Opportunities and threats, Segment wise or Product wise performance :

Your company has been facing losses for the past few years which is mainly due to working capital getting affected. The reason for this is mainly due to termination of certain projects in some of the states where the company has procured order for major substation projects. At present the company's main focus has shifted from Projects to Equipment manufacturing which has huge potential due to the various positive developments scheme formulated by the Government of India. It has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which includes 100 GW of solar power and 60 GW of wind power. The Union Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of power through solar rooftop projects by 2022.

The Government of India is taking number of steps and initiatives like 10-year tax exemption for solar energy projects, etc., in order to achieve India's ambitious renewable energy targets of adding 175 GW of renewable energy, including addition of 100 GW of solar power, by the year 2022. The government has also sought to restart the stalled hydro power projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW.

A shift in the Government of India's focus to reinforce the power T&D system opens up profuse opportunities for the transmission market too. The Government of India is encouraging investments at the transmission and distribution level to boost access to reliable and continuous power supply through the on-going schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY). The scheme aims to provide power for every village and thus provide power to everybody. This necessitates huge investments in the T&D sector including use of energy efficient transformers, besides renovation, modernisation, restructuring, and up- gradation of the sub-transmission and distribution infrastructure.

The government has introduced policy reforms to boost private participation that has activated a fresh thrust for buying and selling of transmission assets. The companies having core business in EPC or power generation and won electric transmission projects are now ready to monetise such assets to follow new projects. Investment firms have also revealed interest and adding to this, there are some companies, with core business in renewable, now eying T&D assets.

c. Risks and concerns :

State Electricity Board, DISCOMs are still struggling to bring in operational efficiencies and are holding back on investments to upgrade the old technology. Chinese and Korean PRODUCTS continue to be with aggressive pricing in India, Bangladesh and Sri Lanka. The governments both at central and state levels need to push and support the infrastructure investment and growth.

d. Internal control systems and their adequacy.

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

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

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

e. Discussion on financial performance with respect to operational performance.

On a standalone basis, the Company achieved revenue from operations of Rs.2123 lakhs and EBIDTA of Rs.(1467 lakhs) as against Rs.3491 Lakhs and Rs.(604 lakhs) respectively in the previous year. Net loss before other Comprehensive Income for the year is Rs.(2146 lakhs) as compared to net loss of Rs.(2472 lakhs) in the previous year. Company is unable to meet out its target due to slow collection from the projects and the Government sector undertakings, the working capital cycle got affected due to the lack of working capital, the existing orders got backlog and delayed in executions.

On consolidated basis, the Group achieved revenue from operations of Rs.7904 lakhs and EBIDTA of Rs. 362 lakhs as against Rs.9203 lakhs and Rs.996 lakhs respectively in the previous year. Net loss before other comprehensive income for the year is Rs.(1560 lakhs) as compared to net loss of Rs.(2104 lakhs) in the previous year.

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

There is no increase in number of people except replacement of any resignation/ retirements. During the year no strikes or lock-outs and the industrial relations is cordial.

4. Human Resource Development

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

5. Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2018 and 28th August 2018 (date of the Report)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (31st March, 2018) and the date of the Report (28th **August 2018**).

6. Internal Control Systems and their Adequacy

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

7. Subsidiary Companies and Consolidated Financial Statements

The Company has 8 subsidiaries, which includes 6 step-down subsidiaries as on 31st March, 2018. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries.

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

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

8. Deposits from public

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

9. Corporate Governance Report

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

A certificate from Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also been included in the Annual Report.

A Certificate of the MD and CFO of the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

10. Auditors

M/s. K.S. Rao & Co., Chartered Accountants, (Firm Registration Number 003109S) Hyderabad, Statutory Auditors of the Company hold office till the conclusion of 47th Annual General Meeting of the Company.

11. Secretarial Auditor

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, your Company engaged the services of Mr. S. Viswanathan, Company Secretary in Practice, Bangalore to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2018. The Secretarial Audit Report (in Form MR-3) is attached as **Annexure - C** to this Report.

12. Management reply on the Qualifications made by the Statutory Auditor's

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

13. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on 31st March, 2018 is attached as **Annexure - F** to this Report.

14. Directors and Key Managerial Personnel

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

During the year under review, Mr Sudhir Anand has resigned from the post of Head - Legal and Company Secretary with effect from 2nd August, 2017.

Mr PS Srinivasaraghavan, has been appointed as Company Secretary and Compliance Officer with effect from 28.08.2018.

15. Declaration by Independent Directors

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

16. Familarisation Programme for Independent Directors

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

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

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

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

18. Number of Meetings of the Board

Six meetings of the board were held during the year. For details of the meetings of the board, please refer to the Corporate Governance Report, which forms part of this report.

19. Board Evaluation

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

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

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

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

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

20. Directors' Responsibility Statement

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

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

ii. The Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for the year under review;

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. The Directors have prepared the Annual Accounts on a going concern basis.

v. That proper internal financial control was followed by the Company and that such internal financial control are adequate and were operating effectively.

vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. Audit Committee

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

22. Particulars of Loans, Guarantees and Investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

23. Particulars of Employees

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

24. Vigil Mechanism / Whistle Blower Policy

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

25. Related Party Transactions

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

The details of related party transactions are set out in the notes to the financial statements as well as Form AOC-2 is attached as **Annexure – E** to this Report.

26. Risk Management Policy

In compliance with the requirement of the Companies Act, 2013, the Company has put in place Risk Minimization and Assessment Procedures. In order to effectively and efficiently manage risk and address challenges, the Company has formulated Risk Management Policy. The Board is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

27. Environment, Health and Safety

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

28. Corporate Social Responsibility

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

29. Policy on prevention of Sexual Harassment

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

30. Disclosure requirements

As per Regulation 15(2) of SEBI (LODR) Regulations, 2015 corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

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

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

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

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

32. Cautionary Statement

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

33. Change in nature of Business of the Company

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

34. Concluding Remarks

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

For and on behalf of Board of Directors

Hari Eswaran
Chairman
(DIN No. 00196760)

Place: Chennai
Date: 28th August, 2018

Annexure – A to the Directors' Report for the year ended 31st March, 2018

Corporate Governance Disclosure

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

1. Company's philosophy on code of governance

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

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

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

2. Board of Directors :

(a) Composition and Category of Directors

The following table gives particulars of Directors, their attendance at the Board Meetings and Annual General Meetings and particulars of Directorships, etc. held in other Companies.

Sl. No	Name	Category	Attendance Particulars		Member of Directorship / Committee Membership/ Chairmanship held in other Public Limited Companies			No of Shares held by each Director
			Board Meetings	Last Annual General Meeting	Director Ship	Committee Member-ship	Chairman-ship	
1	Mr Hari Eswaran	Promoter Director (Chairman)	6 of 6	Attended	-	-	1	39,755
2	Dr W S Jones	Independent Director	5 of 6	Not Attended	-	-	-	-
3	Mr Raj H Eswaran	Promoter Director	6 of 6	Attended	-	-	-	3,03,558
4	Mr Rakesh Garg	Independent Director	6 of 6	Attended	2	-	-	2,958
5	Ms Sweta Mandora Prajapati	Independent Director	4 of 6	Not Attended	-	-	-	Nil

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

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

(b) **Number of Board Meetings and Dates of Board Meeting held during the Financial Year 2017 - 18 is as below:**

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

Number of Board Meeting	Date of Board Meeting
1	04.06.2017
2	30.06.2017
3	24.08.2017
4	22.09.2017
5	18.12.2017
6	13.02.2018

(c) **Brief Background of Director being re-appointed**

Mr Hari Eswaran:

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

Mr Hari Eswaran, 81 years, is one of the founder Director of Easun Reyrolle Limited. Presently, he is non-executive Chairman on the Company's Board. He is a Fellow of the Institution of Electrical Engineering, U.K. Mr. Hari Eswaran, a pioneer in the electrical engineering industry, has been associated with various industry and trade associations. He is the past Chairman of the following bodies;

1. Indian Electrical and Electronics Manufacturers Association
2. Madras Chamber of Commerce and Industry
3. Association of Indian Engineering Industry (Southern Region), now known as CII
4. Employers Federation of Southern India

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

1. Easun Engineering Company Limited – Chairman
2. Eswaran and Sons Engineers (P) Limited – Chairman
3. Easun-MR Tap Changers Pvt. Limited – Chairman
4. Easun Products of India Pvt. Limited – Director
5. Easun Holdings Pvt. Ltd., - Director
6. Sowraj Investments (P) Limited – Director

Mr. Hari Eswaran is holding 39,755 Equity Shares of Rs.2 each in Easun Reyrolle Limited as on 31.03.2018.

3. Audit Committee:

(a) Composition and Name of Committee Members

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

(b) Terms of Reference

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

(c) Meetings

During the year 2017-18, 6 (Six) Audit Committee Meetings were held.

The attendance of Members during the year was as below:

Sl. No.	Names and Position of the Member	Number of Meetings during the year 2017-18	
		Attended	Held
01.	Dr W S Jones, Member	5	6
02.	Mr Raj H Eswaran, Member	6	6
03.	Mr Rakesh Garg, Member	6	6

4. Nomination and Remuneration Committee

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

Name	**Category**	**Number of Meetings during the year 2017-18**	
		Attended	**Held**
Dr W S Jones	Independent, Non-Executive	1	1
Mr Rakesh Garg	Independent, Non-Executive	1	1
Mr Hari Eswaran	Promoter – Non-Executive Director	1	1

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

i. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management and to evaluate the performance of members of the Board and provide necessary report to the Board for further evaluation.

ii. To attract, retain and motivate the Senior Management including its Key Managerial Personnel, evaluation of their performance and provide necessary report to the Board for further evaluation.

iii. To recommend the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

iv. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non- Executive/ Independent/ Nominee) and persons who may be appointed in Senior Management, Key Managerial Personnel and determine their remuneration.

v. To promote and develop a high performance workforce in line with the Company strategy and to determine the remuneration based on the Company's size and financial position and practices in the industry.

(c) Performance evaluation criteria for Directors

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

5. Remuneration to Directors

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

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

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

(b) Details of Remuneration paid to Executive / Non-Executive Director for the year ended 31st March, 2018:

(a) Non-Executive Directors:

Name	Commission (Rs. Lacs)	Sitting Fee (Rs. Lacs)
Mr Hari Eswaran, Chairman	-	0.45
Dr W S Jones	-	0.55
Mr Rakesh Garg	-	0.65
Ms Sweta Mandora Prajapati	-	0.20

(b) Executive Director:

Name	Salary (Rs. Lacs)	Commission (Rs. Lacs)	Sitting Fee (Rs. Lacs)
Mr Raj H Eswaran, Managing Director	48	Nil	Nil

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

Managerial Remuneration disclosure as per Companies Act, 2013				
Sl. No.	Name of the KMP	KMP Nature	Remuneration per annum (CTC) Rs. In Lacs	Ratio of Remuneration of each KPM to median remuneration of employees
01.	Mr Raj H Eswaran	Managing Director	48.00	1 : 11.27
02.	Mr Sudhir Anand *	Head – Legal and Company Secretary	3.91	1 : 0.92
03.	Mr A Kamatchinathan	Chief Financial Officer	21.00	1 : 4.93

* Mr Sudhir Anand, Head – Legal and Company Secretary has resigned and relieved from the services w.e.f. 02.08.2017. Since this information is for part of the year, the same is not comparable.

6. Stakeholders' Grievance Committee

Composition and Name of Committee Members :

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

Name	Category	Number of Meetings during the year 2017-18	
		Attended	Held
Mr Hari Eswaran	Promoter – Non-Executive Director	2	2
Mr Raj H Eswaran	Executive Director	2	2

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

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

After resignation of Mr Sudhir Anand, Head – Legal and Company Secretary, Mr A Kamatchinathan, Chief Financial Officer is the Compliance Officer of the Company.

During the year 2017-18 the Company received 6 complaints from the Shareholders and 5 complaints were resolved to the satisfaction of the Shareholders and 1 Complaint was pending as on 31st March, 2018. Pending Compliant was resolved to the satisfaction of the Shareholder Subsequently and there were no Complaints pending as on date.

7. General Body Meeting

a. General Body Meeting

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

Calendar year	Location	Date	Time	No. of special resolutions passed
2015	Hotel Ambassador Pallava 53, Montieth Road. Chennai – 600 008	28.09.2015	10.00 a.m.	Nil
2016		30.09.2016	10.00 a.m.	1
2017		30.09.2017	10.00 a.m.	2

b. Postal Ballot

No resolution was passed through Postal Ballot during the year 2017-18.

8. Means of Communication:

a. The Company has been publishing quarterly, half-yearly and yearly financial results in newspapers, namely, The Financial Express, and Makkal Kural (in Tamil). Quarterly and half-yearly financial results are not sent individually to the shareholders.

b. The Company is posting in its website, *www.easunreyrolle.com* the quarterly financial results as well as presentations made to institutional investors / analysts, (if any).

9. General Shareholder information:

a) Annual General Meeting for 2018

a) Date : 29th Spetmeber 2018
b) Time : 10.00 a.m
c) Venue : Ambassador Pallava, 53, Montieth Road, Chennai – 600 008

b) Financial calendar:

Results for the quarter ended 30th June, 2018	Second week of August, 2018
Results for the quarter ended 30th September, 2018	Second week of November, 2018
Results for the quarter ended 31st December, 2018	Second week of February, 2019
Results for the quarter ended 31st March, 2019	Last week of May, 2019

c) Book Closure date:

The Register of Members and the Share Transfer Books of the Company will remain closed from 25th September, 2018 to 29th September, 2018 (both days inclusive).

d) Listing on Stock Exchanges:

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

e) Stock Code:

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

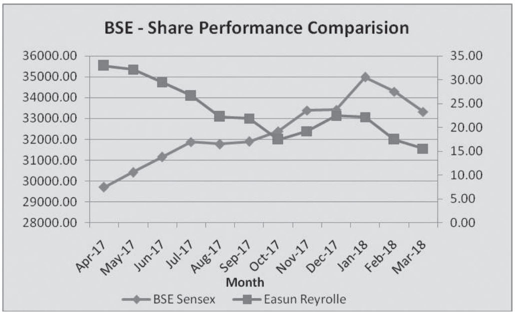
f) Market Price Data:

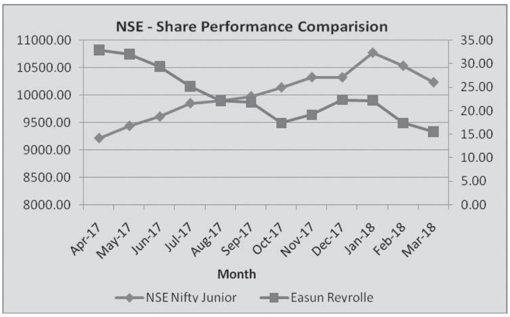
Highlights of Market Price of the Company's Shares traded on National Stock Exchange and Bombay Stock Exchange during 2017-18 are as follows:

Period	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2017	38.40	29.00	38.25	29.25
May, 2017	36.05	28.00	36.45	28.15
June, 2017	31.25	26.40	31.80	27.00
July, 2017	30.00	23.20	29.95	23.20
August, 2017	24.85	20.10	24.95	20.10
September, 2017	24.95	16.20	25.00	16.65
October, 2017	20.25	15.40	20.45	15.60
November, 2017	25.70	15.05	25.50	15.30
December, 2017	25.45	19.95	25.50	20.75
January, 2018	25.05	18.10	25.20	18.15
February, 2018	19.40	16.20	19.75	16.25
March, 2018	18.35	13.30	17.85	13.50

g) <u>Share performance in comparison with NSE/BSE index:</u>

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





h) <u>Registrars and Transfer Agents:</u>

Integrated Registry Management Services Pvt Ltd.,
2nd Floor, "Kences Towers", No.1, Ramakrishna Street,
North Usman Road, T Nagar, Chennai 600 017
Telephone No: +91 044 28140801 to 28140803,
Email: corpserv@integratedindia.in

i) Share Transfer System:

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

j) Shareholding pattern as at 31st March, 2018:

Sl. No.	Category	No. of Shares held	Percentage of Shareholding
1	A. Promoters' Holding		
	Mr Hari Eswaran & Associates	11,093,679	36.03%
2	B. Non-Promoters' Holding		
	Mutual Fund	1,881,452	6.11%
	Foreign Portfolio Investors	1,504,989	4.89%
	Individuals	14,037,816	45.59%
	NBFCs Registered with RBI	11,450	0.04%
	BODIES CORPORATE	1,873,066	6.08%
	NRIs/OCBs	221,490	0.72%
	IEPF Authority	139,076	0.45%
	Others	31,123	0.10%
	Total	30,794,141	100.00%

k) Distribution of Shares as on 31st March, 2018:

Sl. No.	Distribution of Shareholding	No. of Share holders	% to total	No. of Shares	% to total
1	Upto 500 Shares	10,066	73.82%	1,487,186	4.83%
2	501 to 1000 Shares	1,548	11.35%	1,300,421	4.22%
3	1001 to 2000 Shares	914	6.70%	1,429,331	4.64%
4	2001 to 3000 Shares	362	2.65%	944,522	3.07%
5	3001 to 4000 Shares	154	1.13%	558,689	1.81%
6	4001 to 5000 Shares	150	1.10%	704,485	2.29%
7	5001 to 10,000 Shares	228	1.67%	1,717,488	5.58%
8	More than 10,000 Shares	213	1.56%	22,652,019	73.56%
	Total	**13,635**	**100.00%**	**30,794,141**	**100.00%**

l) Dematerialization of Shares and Liquidity

98.26% of the paid up capital has been dematerialized as at 31st March 2018. 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 2017-18 is given below:

Sl. No.	Name of the Stock Exchange	No. of Shares	Value per Share (Rs.)
01.	The National Stock Exchange of India Ltd	35,554	23.29
02.	Bombay Stock Exchange Limited	19,755	23.34

m) Outstanding GDRs/ADRs/Warrants, etc:

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

Outstanding GDRs/ADRs/Warrants: There are no outstanding GDRs/ADRs/ Warrants as on 31.03.2018.

Securities held in abeyance: Issue and allotment of 1,498 Equity Shares of Rs.2 each (675 Shares on Bonus Issue and 823 Shares on Rights Issue) which are subject to matter of suits filed in a court, is held in abeyance pursuant to Section 126 of the Companies act, 2013.

n) Plant Location:

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

o) Address for Correspondence:

I	For transfer / dematerialization of shares and other queries relating to Company's shares	Integrated Registry Management Services Pvt Ltd., 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 Email: corpserv@integratedindia.in
II	Any query on payment of dividend or Annual Report	Easun Reyrolle Ltd. No.98, Sipcot Industrial Complex Hosur – 635 126 Email: sec@easunreyrolle.com

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

During the year 2017-18, the Company transferred the following Divided to IEPF:

Dividend for the year ended	No. of Shareholders	Amount Rs.	Date of Transfer
Final Dividend for the year 2009 - 10	661	815,408.00	20.11.2017

q) Details of Shares transferred to IEPF Authority during 2017-18

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). In pursuance to the said rules, 139,076 shares constituting 344 folios was transferred to IEPF Authority.

Financial Year	No. of Shareholder	No. of Shares
2008-09	301	128,999
2009-10	43	10,077
Total	344	139,076

r) **The Company will be transferring the following Unpaid Dividend to the Investor Education and Protection Fund in 2018-19 is as below:**

Dividend for the year	Declared on	Transferring to IEPF during
Final Dividend for the year 2010-11	29th August, 2011	October, 2018

10. Other Disclosures

a. Related Party Transactions:

None of the transactions with any of the related parties was in conflict with the interest of the Company. Details of the related party transactions are disclosed in Note No. 45 of Notes on Accounts of the accompanying Annual Report.

b. Strictures and penalties

Sl. No.	Financial Year	Amount (Rs.)	Reason
1.	2015-16	2,84,000.00	Delay in Appointment of Women Director
2.	2016-17	10,750.00	Delay in submission of Q1 Financial Results for the year 2016-17
3.	2017-18	31,89,748.00	Delay in submission of Financial Results for the year 2017-18

c. Whistle Blower policy

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

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

The Whistle Blower Policy has been disclosed on the Company's website under the web link (URL: www.easunreyrolle.com/investors) and circulated to all the Directors / employees.

d. The Company confirms that during the financial year 2017-18, it complied with mandatory reporting requirement (except the delay in submission of Financial Results as per Regulation 33) as per SEBI LODR Regulations, 2015.

e. Independent Directors

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

f. Meeting of Independent Directors

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

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

g. Code of Conduct

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

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

h. Code of Conduct for prohibition of insider trading

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

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

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

I confirm that, in respect of the financial year ended 31st March, 2018, 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

Hari Eswaran
Chairman
(DIN No. 00196760)

Place : Chennai
Date : 28th August, 2018

Certificate from Managing Director and Chief Financial Officer forming part of Director's Report for the year ended 31st March, 2018

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2018 and that to the best of our knowledge and belief :

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2017-18 which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control systems for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

We have indicated to the auditors and the Audit committee, that:

1. there are no significant changes in internal control over financial reporting during the year;
2. there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. there are no instances of significant fraud of which they have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

Raj H Eswaran	A Kamatchinathan
Managing Director	Chief Financial Officer
DIN No.00195354	

Place: Chennai
Date: 28th August, 2018

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNENACE

To
The Members of Easun Reyrolle Limited

We have examined the compliance of conditions of corporate governance by Easun Reyrolle Limited ("the Company"), for the year ended 31 March 2018, as per Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations")

Management's responsibility

The Company's management is responsible for compliance of conditions of corporate governance requirements as stipulated under the Listing regulations. The responsibility includes the design, implementation, maintenance of corporate governance process relevant to the compliance of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's responsibility

Pursuant to the requirements of the above mentioned Listing regulations our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination of the corporate governance compliance by the Company in accordance with the Guidance Note on Reports or Certificates for Special purposes (Revised 2016), Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ('ICAI') and the Standards on Auditing specified under Section 143 (10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the Regulations 17 to 27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of Listing Regulations, as applicable.

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

For K S Rao & Co,
Chartered Accountants
Firm Registration No. 003109S

Place : Chennai — **M. Krishna Chaitanya, Partner**
Date : 28th August, 2018 — **Membership No.231282**

Annexure – B to the Director's Report for the year ended 31st March, 2018

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

A. Conservation of Energy	
(i) Energy Conversion	By rationalizing operations, the Company could save energy resulting in reduction in power consumption. The Company is continuously identifying areas where energy can be saved and appropriate measures are being taken to optimize conservation of energy.
(ii) Additional Investments and proposals if any, being implemented for reduction of consumption of energy	
(iii) Impact of the measures at (a) and consumption and consequent impact of the cost of production of goods.	
(iv) Total energy conservation	Disclosure requirement is not applicable to the Company.
B. Technology Absorption	
(i) Research and Development	
(1) Specific areas in which R&D is carried out by the Company	(a) Launched Protection Relay Products namely: 1) F-PRO297 with PRP – Feeder Management Relay with SEF 2) F-PRO298 with PRP– Feeder Management Relay with SEF & VSync 3) L-PRO4500 with PRP – Line Protection Relay 4) T-PRO4500 with PRP– Transformer Protection Relay (b) Planning to release (i) Low Cost Platform - Feeder Protection Relay (F-PRO1000) (ii) Motor Protection Relay(M-PRO) Firmware Development Started
(2) Benefits derived as a result of the above efforts	(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.
(3) Future plan of action	To add additional variants of the Sub-Transmission and Distribution segment Protection Relays.
(4) Expenditure on R&D	
(a) Capital (b) Recurring (c) Total (d) Total R&D expenditure as a percentage of total turnover	NIL

(ii) Technology absorption, adaptation and innovation	
(1) Efforts, in brief, made towards technology absorption, adaptation and innovation.	The newly launched protection products have the following additional features: (a) Increased the size of LCD screen (b) Added more External Inputs (c) Added more Digital Outputs (d) Added DNP3.0 Level 2 Protocol (e) Added more Protection Functions (f) Added more LED's
(2) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development substitution, etc.,	Products with enhanced features at a lower cost hardware platform improves the business margins and also enhance the chances of win. The development of Substation Protection Products has resulted in reduction of Import cost and provide product upgrades to Customers.
(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) (a) Technology imported (b) Year of Import (c) Has technology been fully absorbed (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NIL
C. Foreign Exchange Earning and Outgo	
(i) (a) Efforts made in Technology absorption. (b) Initiatives taken to increase exports (c) Development of new export markets for products and services (d) Export plans	Participating in Tenders and product demonstrations in Overseas Market.
(ii) (a) Total foreign exchange used (b) Total foreign exchange earned	Rs. 698.41 lacs Rs. 156.02 lacs

On Behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No.00196760)

Place : Chennai
Date : 28th August 2018

Annexure – C to the Directors' Report for the year ended 31st March, 2018

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To,
The Members,
Easun Reyrolle Limited

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; attention is drawn to the observation made in Para (e) under "Basis for Qualified Opinion" to the Standalone Statutory Audit Report for the specified period;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during audit period);**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **NIL**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **NIL**

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during audit period);**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **NIL**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during audit period);** and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during audit period);**

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

(a) Factories Act, 1948

(b) Industries (Development & Regulations) Act 1951

(c) Acts prescribed under prevention and control of pollution.

(d) Environment (Protection) Act, 1986

(e) Labour Laws and other incidental laws related to labor and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, Compensation etc.,

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Ltd., (NSE) and Bombay Stock Exchange Limited (BSE);

(iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the observations made below:

I further report that

The Board of Directors of the Company is duly constituted under Regulation 17(1) (b)of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors.

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

Majority / unanimous decision is carried through while the dissenting member's views are captured and recorded as part of the minutes, where applicable. The Chairman of the meeting approves the minutes after making corrections considered necessary.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed by the Management, due to paucity of funds and liquidity problems, the Company has defaulted in timely remittance of Statutory dues and timely filing of returns under other Laws. However, there is scope for improvement in implementing compliance as per prescribed systems and processes.

I further report that,

(1) *As per Regulation 33 of SEBI LODR (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has failed to publish Unaudited Financial Results for all the Four Quarters viz., June 2017, September 2017, December 2017 and March 2018 within due dates and Subsiquently complied with Regulation 33 of SEBI LODR Regulations 2015.*

The Company has been advised to avoid delay in submission of financial results and returns to SEBI / Stock Exchanges.

(2) *Consequent to resignation of Mr Sudhir Anand, existing Company Secretary w.e.f. 02.08.2017, the Company has appointed Mr. P.S. Srinivasaraghavgan as full time Company Secretary w.e.f. 28th August 2018.*

I further report that during the audit period specific events/actions took place as observed in the Statutory Auditors' Report which we rely upon, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

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

Place: Bangalore
Date: 28th August 2018

<u>Encl: Annexure A</u>

Annexure A

To

The Members
Easun Reyrolle Limited

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.

3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Bangalore
Date: 28th August 2018

Annexure – D to the Directors' Report for the year ended 31st March, 2018

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

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

Sl. No	Name of the subsidiary	ERL International Pte Ltd. Singapore	ERLPhase Power Technologies Ltd., Canada	ERL Marketing International FZE, Sharjah	ERL Switchcraft Pte Ltd. Singapore	Switchcraft Europe Gmbh, Germany	Switchcraft Ltd., Hongkong	ERL Pacific Pty Ltd., Australia	ER Protection and Automation Services Pvt Ltd., Chennai
1	The date since when subsidiary was acquired	14.12.2007	15.06.2007	15.09.2008	01.03.2011	03.02.2009	03.02.2009	29.07.2013	27.10.2017
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018	01.04.2017 to 31.03.2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD	USD	USD	USD	USD	USD	USD	INR
4	RATE (INR per USD)	65.07	65.07	65.07	65.07	65.07	65.07	65.07	1.00
5	Share capital	20,823.87	4,555.22	677.49	0.07	11.89	16.79	0.07	1.00
6	Reserves & surplus	3,177.96	(3,641.80)	(181.78)	(994.92)	(478.82)	(1,332.22)	(315.13)	(0.46)
7	Total assets	27,435.45	6,003.59	1,056.12	10,254.22	4,903.70	3.31	106.40	0.54
8	Total Liabilities	6,611.58	1,448.37	378.63	10,254.15	4,891.81	(13.48)	106.34	(0.46)
9	Investments	5,232.84	-	-	5,036.17	-	-	-	-
10	Turnover	-	5,654.78	736.34	-	62.89	-	0.98	-
11	Profit before taxation	(130.15)	377.62	291.83	-	58.80	-	(11.07)	(0.46)
12	Provision for taxation	-	8.58	-	-	-	-	-	-
13	Profit after taxation	(130.15)	369.05	291.83	-	58.80	-	(11.07)	(0.46)
14	Proposed Dividend	-	-	-	-	-	-	-	-
15	Extent of shareholding (in %)	100%	100%	100%	80%	100%	100%	82%	99%

Notes: The following information shall be furnished at the end of the statement:
1. Names of subsidiaries which are yet to commence operations 2. Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

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

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

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

For and ob behalf of board of Directors

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

Place : Chennai
Date : 28th August 2018

A Kamatchinathan
Chief Financial Officer

Annexure – E to the Directors' Report for the year ended 31st March, 2018

FORM NO. AOC -2

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

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

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

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

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

SL. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangement / transaction	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
a)	ERLPhase Power Technologies Ltd., (Subsidiary)	Sales/ purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2017-18	Transaction in ordinary course of business Purchase of Goods – Rs.328.27 Lacs Sales – Rs.4.22 Lacs	13.08.2014	Nil
b)	ERL Marketing International FZE., (Subsidiary)	Sales/ purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2017-18	Transaction in ordinary course of business Purchase of goods Rs. Nil Sales of Goods Rs. 69.03 Lacs	13.08.2014	Nil
c)	Switchcraft Europe GmbH, (Subsidiary)	Sales/ purchase transactions	There are routine and regular intra group transactions, which are carried out on a continuous basis. This was active throughout 2017-18	Transaction in ordinary course of business Purchase of Goods – Nil Sale of Goods – Nil	13.08.2014	Nil

On behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No.00196760)

Place: Chennai
Date: 28th August 2018

Annexure – F to the Directors' Report for the year ended 31st March, 2018

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
for the financial year ended 31st March, 2018
[Pursuant to section 92(3) of the Companies Act, 2013
And
Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L31900TN1974PLC006695
ii) Registration Date	29th August, 1974
iii) Name of the Company	Easun Reyrolle Limited
iv) Category / Sub-Category of the Company	Company limited by shares
v) Address of the registered office and contact details	**Address of the registered office:** "Temple Tower", 6th Floor, No. 672 (Old No.476), Anna Salai, Nandanam, Chennai – 600 035 Phone : +91- 44 – 24346425 Fax: +91-44 - 24346435 Email: sec@easunreyrolle.com
vi) Whether listed company	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Pvt Ltd., 2nd Floor, "Kences Towers", No.1, Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017 Phone No : +91 44 28140801 to 28140803 E-mail ID : corpserv@integratedindia.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Relays and Control Panels	2710	99%

III. **PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	ERL International Pte. Ltd., 10, Jalan Besar, #10-12, SIM LIM Tower, Singapore 208 787	Foreign Company (WOS)	Subsidiary	100%	2(87)
2.	ERLPhase Power Technologies Ltd. 74 Scurfield Blvd. Winnipeg, MB R3Y 1G4,	Foreign Company	Deemed Subsidiary	100%	2(87)
3.	ERLMarketing International FZE, No.39G-01, Hamriyah Free Zone, Sharjah, UAE	Foreign Company	Deemed Subsidiary	100%	2(87)
4.	ERL Switchcraft Pte. Limited, 10, Jalan Besar, #10-12, SIM LIM Tower, Singapore 208 787	Foreign Company	Deemed Subsidiary	80%	2(87)
5.	SWITCHCRAFT Europe GmbH, Thyssenstraße 93, D-46535 Dinslaken	Foreign Company	Deemed Subsidiary	100%	2(87)
6.	Switchcraft Limited Units B & C, Eton Building, 288 Des Voeux Road Central, Hong Kong	Foreign Company	Deemed Subsidiary	100%	2(87)
7.	ERL Pacific Pty Ltd., Unit 2, 158 South Pine Road, Enoggera, Qld, 4051. Box 39, Ferny Hills, Queensland, 4055, Australia	Foreign Company	Deemed Subsidiary	82%	2(87)
8.	ER Protection and Automation Services Pvt Ltd., No.672, Anna Salai, Nandanam, Chennai – 600 035	Indian Subsidiary	Subsidiary	99%	2(87)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding Pattern

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	577,429	-	577,429	1.88%	557,618	-	557,618	1.82	-0.06%
b) Central Government/ State Governments	-	-	-	-	-	-	-	-	-
c) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
d) Bodies Corp	10,461,061	-	10,461,061	33.97%	10,461,061	-	10,461,061	33.97%	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	11,038,490	-	11,038,490	35.85%	11,018,679	-	11,018,679	35.78%	-0.07%
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	75,000	-	75,000	0.24%	75,000	-	75,000	0.24%	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	75,000	-	75,000	0.24%	75,000	-	75,000	0.24%	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	11,113,490	-	11,113,490	36.09%	11,093,679	-	11,093,679	36.03%	-0.06%
B. Public Shareholding									
1.Institutions									
a) Mutual Funds/ UTI	2,484,168	-	2,484,168	8.07%	1,881,452	-	1,881,452	6.11%	-1.96%
b) Venture capital Funds	-	-	-	0.00%	-	-	-	0.00%	-
c) Alternate Investment Funds	-	-	-	0.00%	-	-	-	0.00%	-
d) Foreign Venture Capital Investors	-	-	-	0.00%	-	-	-	0.00%	-
e) Financial Institutions / Banks	-	-	-	0.00%	-	-	-	0.00%	-
f) Foreign Portfolio Investors	1,504,989	-	1,504,989	4.89%	1,504,989	-	1,504,989	4.89%	-

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2017				No. of Shares held at the end of the year 31.03.2018				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
g) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	-
h) Provident Funds / Pension Funds	-	-	-	0.00%	-	-	-	0.00%	-
i) Others	-	-	-	0.00%	-	-	-	0.00%	
Sub-total (B)(1):-	3,989,157	0	3,989,157	12.95%	3,386,441	-	3,386,441	11.00%	-1.95%
2. Central Government / State Government / President of India									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
3. Non Institutions									
a) Individuals									
i) Individual share holders holding nominal share capital upto Rs.2 lac	9,722,412	589,305	10,311,717	33.49%	10,610,402	428,137	11,038,539	35.85%	2.36%
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lac	2,858,740	106,410	2,965,150	9.63%	2,892,867	106,410	2,999,277	9.74%	0.11%
b) NBFCs Registered with RBI	119,293	-	119,293	0.39%	11,450	-	11,450	0.04%	-0.35%
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any other									
1) Bodies Corp.	1,985,073	2,130	1,987,203	6.45%	1,871,461	1,605	1,873,066	6.08%	-0.37%
2) Clearing Member	74,212	-	74,212	0.24%	17,868	-	17,868	0.06%	-0.18%
3) Non-Resident Indians	218,364	-	218,364	0.71%	221,490	-	221,490	0.72%	-0.01%
4) Limited Liability Partnership	15,355	-	15,355	0.05%	13,055	-	13,055	0.04%	-0.01%
5) Trust	200	-	200	-	200	-	200	-	-
6) IEPF Authority	-	-	-	-	139,076	-	139,076	0.45%	0.45%
Sub-total (B)(3):-	14,993,649	697,845	15,691,494	50.96%	15,777,869	536,152	16,314,021	52.98%	2.02%
B. Total Public Shareholding (B) = (B)(1)+ (B)(2) + (B)(3)	**18,982,806**	**697,845**	**19,680,651**	**63.91%**	19,164,310	**536,152**	**19,700,462**	**63.97%**	0.06%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	30,096,296	697,845	30,794,141	100.00%	30,257,989	536,152	30,794,141	100%	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged /encum-bered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged /encum-bered to total shares	
1.	Easun Products of India Pvt Ltd.,	3,367,557	10.94	--	3,367,557	10.94	--	--
2.	Easun Engineering Company Limited	1,632,500	5.30	--	1,632,500	5.30	--	--
3.	Sowraj Investments P Ltd,,	5,449,954	17.70	--	5,449,954	17.70	--	--
4.	Raj Hari Eswaran	303,558	0.99	--	303,558	0.99		--
5.	Visalam Hari Eswaran	156,295	0.51	--	156,295	0.51	--	--
6.	Hari Eswaran	39,755	0.13	--	39,755	0.13	--	--
7.	Vinod Subramaniam	75,000	0.24	--	75,000	0.24	--	--
8.	Sowmya Hari Eswaran	24,775	0.08	--	24,775	0.08	--	--
9.	Sita Sankaran	20,004	0.06	--	200	0.00	--	-0.06
10.	Saraswathi Venkataraman	12,075	0.04	--	12,075	0.04	--	--
11.	E Raman	11,455	0.04	--	11,455	0.04	--	--
12.	Eswaran And Sons Engineers Limited	11,050	0.04	--	11,050	0.04	--	--
13.	Meenakshi Subramaniam	9,505	0.03	--	9,505	0.03	--	--
14.	E Krishnan	7	0.00	--	--	--	--	--
	Total	**11,113,490**	**36.09**	--	**11,093,679**	**36.03**	--	-0.06

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

Sl. No.	Shareholding	No. of shares	% of total shares of the company
1.	At the beginning of the year	11,113,490	36.09
2.	Date wise Increase / (Decrease) in Promoters Shareholding during the year	(19,811)	0.06
3.	At the End of the year	11,093,679	36.03

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Sundaram Mutual Fund A/C Sundaram Smile Fund	6,02,716	1.96	-	-
2.	Eastspring Investments India Infrastructure Equity Open Limited	14,99,989	4.87	14,99,989	4.87
3.	ICICI Prudential Infrastructure Fund	14,39,672	4.68	14,39,672	4.68
4.	K. Balasubramanian	6,98,588	2.27	6,98,588	2.27
5.	HDFC Trustee Company Limited - HDFC Infrastructure Fund	4,41,780	1.44	4,41,780	1.44
6.	B. Bharathan Kanthimathinathan	2,00,129	0.65	2,00,129	0.65
7.	B. Janarthanan Kanthimathinathan	1,93,985	0.63	1,93,985	0.63
8.	Zen Securities Limited	1,77,170	0.58	-	-
9.	Jayantilal Premji Shah	1,00,000	0.33	-	-
10.	Karvy Stock Broking Ltd.,	1,79,698	0.58	11,566	0.03
11.	Neoworth Commercial Pvt Ltd.,	54,716	0.17	3,88,220	1.27
12.	Naga Dhun Seri Group Ltd.,	1,58,093	0.51	2,04,257	0.66
13.	Manish Kumar Sumatilal Mehta (HUF)	2,59,884	0.84	2,59,884	0.84

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01.04.2017)		Shareholding at the end of the year (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr Hari Eswaran – Director, Chairman	39,755	0.13%	39,755	0.13%
2.	Mr Raj H Eswaran – Managing Director	303,558	0.99%	303,558	0.99%
3.	Dr William Stanley Jones - Director	-	-	-	-
4.	Mr Rakesh Garg – Director	2,958	0.01%	2,958	0.01%
5.	Ms Swetha Mandora Prajapathi	-	-	-	-
6.	Mr Sudhir Anand	-	-	-	-
7.	Mr A Kamatchinathan	-	-	-	-

V. INDEBTEDNESS

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

Rs in Lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	25,894.83	4,176.23	-	30,071.06
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	2,955.19		-	2,955.19
Total (i+ii+iii)	28,850.02	4,176.23	-	33,026.25
Change in Indebtedness during the financial year				
• Addition	-	2,107.00	-	2,107.00
• Reduction	1,696.71	-	-	1,696.71
Net Change	1,696.71	2,107.00	-	
Indebtedness at the end of the financial year			-	
i) Principal Amount	27,153.31	6,283.23	-	33,436.54
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	27,153.31	6,283.23	-	33,436.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Key Managerial Personnel

Sl. No.	Particulars of Remuneration	Mr Raj H Eswaran, Managing Director	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	48.00 lacs Nil Nil	48.00 lacs
2.	Stock option	Nil	
3.	Sweat Equity	Nil	
4.	Commission - as % of profits - others	Nil	
5.	Others	Nil	
	Total A	48.00	48.00
	Ceiling as per the Act	60 Lacs as per Schedule V	

B. Remuneration to other Directors:

Name of the Director	Particulars of Remuneration			Total Amount
	Fee for attending board / committee meetings (*)	Commission	Others	
1. Independent Directors				
Dr William Stanely Jones	55,000.00	-	-	55,000.00
Mr Rakesh Garg	65,000.00	-	-	65,000.00
Ms Swetha Mandora Prajapati	20,000.00	-	-	20,000.00
Total (1)	1, 40,000.00			1, 40,000.00
2. Other Non-Executive Directors				
Mr Hari Eswaran	45,000.00	-	-	45,000.00
Total (2)	45,000.00	-	-	45,000.00
Total (B) = (1)+(2)	1,85,000.00	-	-	1,85,000.00
Total Managerial Remuneration (**)				Nil
Overall Ceiling as per the Act	1% of the net Profit			

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

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

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

Rs. in Lacs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr A Kamatchinathan CFO	Mr Sudhir Anand, Company Secretary *	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	 21.00 - -	 3.62 0.26 0.03	 24.62 0.26 0.03
2.	Stock option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profits - others	Nil	Nil	Nil
5.	Others	Nil	Nil	Nil
	Total	21.00	3.91	24.91

* Mr Sudhir Anand, Head – Legal and Company Secretary, and KMP resigned and relieved from the services w.e.f. 02.08.2017

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Following are the penalties, punishment or compounding of offences during the year ended 31st March, 2018.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Puntishment					
Compounding					
B. Directors					
Penalty					
Punishment			- Nil -		
Compounding					
C. Other officers in default					
Penalty					
Punishment					
Compounding					

Annexure – G to the Director's Report for the year ended 31st March, 2018

Managament reply on the qualifications made by the Statutory Auditor

1. **Note No. 55:** Balances due from and due by the company towards Long Term / Short Term borrowings, balances with banks, debtors including dues from various electricity boards and creditors for supplies and erections and execution of projects net off adjustments and including debit balances in creditor accounts and credit balances in debtors account, advances, other current assets and current liabilities in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent adjustments arising on account of such reconciliations if any, including differences arising on account of netted off balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable at this stage.

   Management Reply: *Company was unable to get confirmation for few accounts from Banks as Company's Accounts has been classified as Non-Performing Assests (NPA). Confirmation of Balance and Statements have not been received from Customers, Vendors etc. Since most of our customers are Government Departments, viz, State Electricity Boards, it is difficult to obtain confirmation of balance.*

2. **Note No. 47:** In respect of projects under Turn-Key basis undertaken by the company, in the absence of any confirmations from the customers on the status of the project we have relied upon the management's assertions and estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities to be implemented and on the projections of revenues expected from projects and releasability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

   Management Reply: *Since the Turnkey Projects were undertaken for various Government Projects, it is difficult to obtain their confirmation / certification under different stage of Completion of Projects.*

3. **Note No. 54:** In the case of certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs. 7593.91 lakhs (net) has been shown recoverable from parties in respect of which negotiation with the customers are stated to be in progress and part of guarantees are sub-judice. Pending the outcome of legal proceedings and negotiations with customers, the eventual impact if any on account of unilateral termination of the contract by the parties is not quantifiable till the judicial proceedings are finalized and hence not provided for.

   Management Reply: *Company has completed most of the projects and few projects are pending for handing over the same. As the Company is facing high cash liquidity, it was unable to complete and handover the Projects. Company is co-ordinating with Utilities to complete the projects and once the projects is completed, company will be able to get the amount of Bank Guarantees invoked by the Customers.*

4. **Note No. 57:** The Company's Borrowings from various lenders were classified as NPA (Non-Performing Assets). Consequently, the company made a proposal for OTS (One Time Settlement) of the dues to the lenders (for Term Loans and Demand Loans). Based on which the unpaid interest remained outstanding till March 31, 2016 amounting to Rs. 1,014.31 lakhs is treated as Transitional Adjustment under Ind AS 101 and the unpaid interest for the period from April 1, 2016 till September 30, 2017 notwithstanding certain lenders charged the interest in the loan account is reversed amounting to Rs. 3,226.75 lakhs and no interest is provided for the current period. The amount of unpaid interest from October 1, 2017 has not been quantified in view of the pending proposal with the lenders. The validity of the reversal of unpaid interest as well as non-provision of interest for the current period is dependent on the final outcome of the settlement proposal filed by the Company.

   Management Reply: *Company has already approached the Bankers for a mutual settlement.*

5. **Note No. 58:** The Company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the Company has not reinstated the balances outstanding and the amount is not quantifiable at this stage.

   Management Reply: *Company has requested the Vendors / Customers to provide Balance Confirmation. Pending receipt of this confirmations, company is unable to ascertain the correctness of the balances in the books of accounts of the Company. And hence reinstatement has not been considered.*

On behalf of the Board of Directors

Hari Eswaran
Chairman
(DIN No.00196760)

Place: Chennai
Date: 28th August 2018

Independent Auditor's Report on Standalone Financial Statements

To the members of
Easun Reyrolle Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Easun Reyrolle Limited, ("the Company"), which comprise of the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's board of directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

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

Basis of qualified opinion

We draw attention to the following matters:

(a) Note No. 55 relating to balances due from and due by the company towards Long Term / Short Term borrowings, balances with banks, debtors including dues from various electricity boards and creditors for supplies and erections and execution of projects net off adjustments and including debit balances in creditor accounts and credit balances in debtors account, advances, other current assets and current liabilities in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent adjustments arising on account of such reconciliations if any, including differences arising on account of netted off balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable at this stage.

(b) Note No. 47 relating to projects under Turn-Key basis undertaken by the company, in the absence of any confirmations from the customers on the status of the project we have relied upon the management's assertions and estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities to be implemented and on the projections of revenues expected from projects and releasability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

(c) Note No. 54 relating to certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs. 7593.91 lakhs (net) has been shown recoverable from parties in respect of which negotiation with the customers are stated to be in progress and part of guarantees are sub-judice. Pending the outcome of legal proceedings and negotiations with customers, the eventual impact if any on account of unilateral termination of the contract by the parties is not quantifiable till the judicial proceedings are finalized and hence not provided for.

(d) Note No. 57 relating to company's borrowings from various lenders were classified as NPA (Non-Performing Assets). Consequently, the company made a proposal for OTS (One Time Settlement) of the dues to the lenders (for Term Loans and Demand Loans). Based on which the unpaid interest remained outstanding till March 31, 2016 amounting to Rs. 1,014.31 lakhs is treated as Transitional Adjustment under Ind AS 101 and the unpaid interest for the period from April 1, 2016 till September 30, 2017 notwithstanding certain lenders charged the interest in the loan account is reversed amounting to Rs. 3,226.75 lakhs and no interest is provided for the current period. The amount of unpaid interest from October 1, 2017 has not been quantified in view of the pending proposal with the lenders. The validity of the reversal of unpaid interest as well as non-provision of interest for the current period is dependent on the final outcome of the settlement proposal filed by the Company.

(e) Note No. 58 the company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the Company has not reinstated the balances outstanding and the amount is not quantifiable at this stage.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to matters described in the basis of qualified opinion paragraph, the aforesaid standalone financial statements for the year ended March 31, 2018 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended as on that date.

Emphasis of Matter

We draw attention to the following matters:

(a) Note No. 20 with regard to Unpaid Statutory dues amounting to Rs. 647.17 lakhs, the consequential penalties and interest thereon are not provided for and the amount is not quantifiable.

(b) Note No. 8 with regard to stock in Transit lying at Customs Bonded Warehouse for Rs. 517.65 lakhs are subject to confirmation from customs department. Out of the above, inventory valuing Rs. 314.78 lakhs is pending clearance from Customs Warehouse for more than 3 years and in respect of which impairment if any is not ascertainable at this stage.

(c) Note No. 49 towards pending filing status and reconciliation of various statutory returns across project sites in various states, interest / penalty for such non-compliance if any is not ascertainable at this stage.

(d) Note No. 50 with regard to Liquidated Damages recovered by the customers of Turnkey projects from running bills amounting to Rs. 1224.75 lakhs is pending final adjustment, as the same are under negotiation and the company is seeking waiver of the same. In the opinion of the management the levy of liquidity damages by the Turnkey customers is completely incorrect and the company envisages no obligation under liquidated damages, hence in the opinion of the company no claim shall be entertainable in as much as there are no proven damages made out by the claiming parties. Pending outcome of the ongoing negotiations pertaining to claim of Liquidated Damages already adjusted in the running bills, as the eventual obligation is not quantifiable at this stage and hence not provided for.

(e) Note No. 51 with regard to pending approval of Reserve Bank of India pertaining to extension of time limit as stipulated in the FEMA Regulations in respect of dues from the foreign customers amounting to Rs. 955.11 lakhs and any possible impact arising on account of such non-compliance is not provided for as the same is not quantifiable at this stage.

(f) Note No. 52, notwithstanding the erosion in the net worth of subsidiaries including overseas subsidiaries, no impairment is considered necessary in view of management's assessment that the investments are of long term strategic in nature and short term aberrations if any are not considered.

(g) Note No. 53 with regard to the value of inventory pertaining to the 'Metering Business' amounting to Rs. 350.51 lakhs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment of alternative markets for utilizing the inventories, the realizable value has not been ascertained. However in the opinion of the management it will be realised at the stated values and hence no impact is provided in the financial statements.

(h) Note No. 56 with regard to appropriate consents as required under FEMA Rules in respect of extension of time limits for receipts of material advances to associate enterprises to the extent of Rs. 2696.35 lakhs is pending sanction from Regulators.

(i) Note No. 58 the company is in the process of reconciling the receipts and payments in foreign currency on various accounts. Pending such reconciliations and filings with appropriate authorities for regularisation, financial implications if any arising on account of such compliance is unascertainable at this stage.

(j) Note No. 59 relating to pending the outcome of the suits filed by and against the company, no provisions is considered necessary in the financial statement by the Company and the amount is not quantifiable at this stage.

(k) Note No. 60, notwithstanding various unmitigated uncertainties explained above including (i) current liabilities in excess of current assets with unpaid financial obligations to lenders and dues to statutory authorities (ii) insolvency petitions filed by the creditors against the company under the provisions of The Insolvency and Bankruptcy Code, 2016 (iii) incurring losses continuously, poses an uncertainty on the ability of the company to continue as going concern, however, pending the outcome of restructuring proposals with lenders and other initiatives, the management is confident of meeting the financial commitments as envisaged hence the financial results have been prepared on the basis of going concern. We are of the opinion that the appropriateness of assumption of going concern is dependent upon Company's ability to raise requisite finance / generate cash flows in future to meet its obligations including the increasing current assets compared to the current liabilities.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flow dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

g) with respect to the other matters to be included in the auditors' report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer Note No. 39 to the financial statements;

   ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

   iii. There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.

Other matters

The financial statements of the Company for the year ended March 31, 2017 prepared in accordance with the (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated June 30, 2017 expressed a modified opinion on those financial statements.

For K S Rao & Co.
Chartered Accountants
Firm Registration No. 003109S

K. Krishna Chaitanya
Partner
Membership No. 231282

Place: Chennai
Date: 28th August 2018

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Easun Reyrolle Limited of even date)

1. In respect of the Company's fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) As explained to us, these fixed assets have been physically verified by the management at regular intervals which however, in our opinion needs to be strengthened further having regard to the size of the company and nature of assets. As informed to us no material discrepancies were noticed on such verification;

   (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

2. (a) The Stock of Finished Goods, Stores and Spare Parts and Raw Materials except stock lying with sub-contractors and project sites for which confirmation have been sought for, have been physically verified at year end as per programme of verification drawn up by the management.

   (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.

   (c) On the basis of the records examined by us and relying on the information provided to us, in our opinion, the Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification as compared to the book record of inventories.

3. The Company has granted interest free advances to wholly owned overseas subsidiary and two step down subsidiaries. The outstanding balance at year end amounted to Rs.2,696.35 lakhs.

   (a) The terms of advance given are not prima facie prejudicial to the interests of the company.

   (b) In the absence of any specific terms as regards the term of advance and terms of repayment of the advances given, we are unable to comment on the same.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act with respect to the loans and investments made.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

6. We have broadly reviewed the books of accounts and records maintained by the Company relating to the manufacture of Electrical Machinery, pursuant to the Rules made by the Central Government for maintenance of Cost Records under subsection (1) of Section 148 of Act and are of the opinion that prima facie, the records maintained by the company are to be augmented. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:

   a. The Company is not regular in depositing the undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities and substantial delays have been noticed during the year.

   According to the information and explanations given to us, no undisputed statutory dues payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities which were outstanding at the year end for a period of more than six months from the date they became payable except as follows: -

Name of the Statute	**Nature of dues**	**Amount (Rs. in Lakhs)**	**Period to which the amount relates**	**Date of Payment**
Employees Provident Funds and Miscellaneous Provisions Act,1952	Provident Fund	213.47	February 2016 to September 2017	Yet to be remitted
The Tamilnadu Panchayats Act, 1994	Professional Tax -Hosur	14.08	April 2015 to September 2017	Yet to be remitted
The Maharastra State Tax on profession, trades, callings and employements Act, 1975	Professional Tax - Mumbai	0.10	April 2015 to March 2016	Yet to be remitted
The West Bengal State Tax on profession, trades, callings and employements Act, 1979	Professional Tax - Kolkatta	0.43	April 2015 to March 2016	Yet to be remitted
Income Tax Act,1961	Tax Deducted at Source (TDS)	70.54	April 2016 to September 2017	Yet to be remitted
Central Sales Tax Act, 1956	Central Sales Tax – Hosur	66.80	January 2015 to June 2016	Yet to be remitted
Tamil Nadu Value Added Tax Act,2006	Value Added Tax - Hosur	10.70	March 2013	Yet to be remitted
Chattisgarh Value Added Tax Act,2003	Value Added Tax - Chattisgarh	3.99	March 2013 to February 2016	Yet to be remitted

Chapter V of the The Finance Act,1994	Service Tax -Madhya Pradesh	91.36	April 2010 to March 2016	Yet to be remitted
	Service Tax -Maharashtra	2.26	April 2010 to September 2010	
	Service Tax -Harohalli	0.90	October 2014 to March 2015	
	Service Tax -Chattisgarh	7.78	October 2013 to March 2015	

b. The details of dues of income tax, sales tax, service tax, Duty of Customs, excise duty and value added tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of the Statute	**Nature of dues**	**Amount (Rs. In Lakhs)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Income Tax Act,1961	Income Tax	*47.85	2002-03	Tribunal (Appeals)
Income Tax Act,1961	Income Tax	*26.13	2003-04	Tribunal (Appeals)
Income Tax Act,1961	Income Tax	#55.42	2005-06	CIT (Appeals)
Income Tax Act,1961	Income Tax	@59.72	2006-07	CIT (Appeals)
Income Tax Act,1961	Income Tax	*306.33	2007-08	CIT (Appeals)
Income Tax Act,1961	Income Tax	@57.59	2008-09	CIT (Appeals)
Income Tax Act,1961	Income Tax	@2012.79	2009-10	CIT (Appeals)
Income Tax Act,1961	Income Tax	@108.86	2010-11	CIT (Appeals)
Income Tax Act,1961	Income Tax	@63.81	2011-12	CIT (Appeals)
West Bengal Value Added Tax Act, 2003	Value Added Tax	@6.18	2009-10	VAT (Appeals)
Customs Act,1962	Customs Tax	#66.38	2011-12	CESTAT
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	&37.98	2006-07	-
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	@8.38	2007-08	-
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	@29.63	2008-09	-
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	@30.44	2009-10	-

Name of the Statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	@104.94	2010-11	-
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	@282.01	2011-12	-
The Maharashtra Value Added Tax Act,2002	Value Added Tax	@46.87	2008-09	Deputy Commissioner. of Sales Tax (Appeals)-1, Mumbai
The Central Sales Tax Act,1956	Central Sales Tax	@125.13	2008-09	-
The Maharashtra Value Added Tax Act,2002	Value Added Tax	@42.92	2010-11	Deputy Commissioner Of State Tax, (MUM-VAT-E-810) Nodal Div.-2, Mumbai
The Central Sales Tax Act,1956	Central Sales Tax	@194.33	2010-11	-
The Maharashtra Value Added Tax Act,2002	Value Added Tax	@177.94	2011-12	Sales Tax Officer (C-813), Nodal Div.2, Mumbai-10
The Central Sales Tax Act,1956	Central Sales Tax	@33.69	2011-12	-
The Maharashtra Value Added Tax Act,2002	Value Added Tax	@4.90	2012-13	-
Chapter V of the Finance Act,1994	Service Tax	@23.89	2011-12, 2012-13, 2013-14	Superintendent,(Service Tax) Office of the AC, Service Tax Div., Raipur(C.G)
Chapter V of the Finance Act,1994	Service Tax	@2.32	2011-12, 2012-13, 2013-14	-
Chapter V of the Finance Act,1994	Service Tax	@0.10	2011-12, 2012-13, 2013-14	-
Chapter V of the Finance Act,1994	Service Tax	@26.29	2011-12, 2012-13, 2013-14	-

Name of the Statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Madhya Pradesh Value Added Tax Act,2001	Value Added Tax	@256.89	1995 - 2000	Collector of Chennai - Lt. from Additional Collector/Deputy Commissioner, CT, Bhopal Div.1, No.2308 Dated 01.09.2016
The Central Sales Tax Act,1956	Central Sales Tax	@1.20	2010- 11	Appellate Board, M.P. Commercial Tax, Bhopal
The Central Sales Tax Act,1956	Central Sales Tax	@5.57	2010- 11	Appellate Board, M.P. Commercial Tax, Bhopal
The Central Sales Tax Act,1956	Central Sales Tax	@3.79	2009 – 10	
Madhya Pradesh Value Added Tax Act,2001	Value Added Tax	@95.57	2012 - 13	Commercial Tax Officer & Additional Tahsildar, Office of AC, Commercial Tax Circle-6, Div-1, Bhopal, M.P.
Entry Tax Act,1976	Entry Tax	@27.57	2012 - 13	
The Central Sales Tax Act,1956	Central Sales Tax	@27.57	2012 - 13	
Madhya Pradesh Value Added Tax Act,2001	Value Added Tax	@158.19	2013 - 14	
The Central Sales Tax Act,1956	Central Sales Tax	@41.35	2013 - 14	
The Central Sales Tax Act,1956	Central Sales Tax	@204.65	2013 - 14	
Madhya Pradesh Value Added Tax Act,2001	Value Added Tax	@46.05	2014 – 15	
Entry Tax Act,1976	Entry Tax	@7.87	2014 – 15	
The Central Sales Tax Act,1956	Central Sales Tax	@22.99	2014 – 15	

paid
* Adjusted against refund
@ Unpaid
& Rs.5 Lakhs paid, Rs.14.21 Lakhs adjusted against refund and Balance not paid

8 According to the information and explanation given to us and records examined by us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders except for the borrowings which has been tabulated below:

Bank/ Financial Institution	Nature of dues	Amount (Rs.in lakhs)	Due date	Actual date of payment
DBS Bank	External Commercial Borrowing	2474.25	Feb-15 to Feb-17 5 half yearly instalments.	Yet to be paid
Standard Chartered Bank	External Commercial Borrowing	1649.50	27/06/2018	Yet to be paid
	Cash Credit	19.39	24/07/2018	
	Working Capital Demand Loan	17.14	24/07/2018	
	Packing Credit	8.16	24/07/2018	
State Bank of India	Cash Credit	116.52	02/07/2018	Yet to be paid
Axis Bank	Cash Credit	10.18	13/07/2018	Yet to be paid
	Letter of Credit/ Bank Guarantee devolved	21.88	13/07/2018	
Canara Bank	Cash Credit	39.63	07/06/2018	Yet to be paid

9 In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

10 During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the management.

11 According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration amounting to Rs.48,00,000/- which is within the limits specified under section 197 of Companies Act, 2013.

12 The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

13 According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14 According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

15 According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

16 According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For K S Rao & Co.
Chartered Accountants
Firm Registration No. 003109S

K. Krishna Chaitanya
Partner
Membership No. 231282

Place: Chennai
Date: 28th August 2018

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Easun Reyrolle Limited of even date)

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

We have audited the internal financial controls over financial reporting of Easun Reyrolle Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on the reports issued on internal controls over financial reporting, certain material weakness have been identified as at 31 March 2018 concerning design and implementation of internal control components, which as represented by the management are in the process of being remediated. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Opinion

In our opinion, except for the effects of material weakness described in the Basis for Qualified Opinion Paragraph, in all material respects, maintained adequate internal financial control over financial reporting and were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K S Rao & Co.
Chartered Accountants
Firm Registration No. 003109S

K. Krishna Chaitanya
Partner
Membership No. 231282

Place: Chennai
Date: 28th August 2018

Balance Sheet as at March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Rs. in Lakhs

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-Current Assets				
Property, plant and equipment	4	8,728.14	10,639.24	11,125.78
Financial Assets				
Investments	5	15,503.10	15,502.10	15,502.10
Other Financial Assets	6	205.08	705.86	366.32
Other Non-current Assets	7	2,731.88	2,799.78	2,796.22
Total non-current assets		**27,168.20**	29,646.98	**29,790.42**
Current Assets				
Inventories	8	6,852.80	**3,339.13**	3,712.55
Financial Assets				
Trade receivables	9	16,687.89	16,954.17	20,405.73
Cash and cash equivalents	10	539.36	32.06	117.19
Bank balances other than above	11	432.05	22.30	306.38
Other current assets	12	9,085.87	8,524.04	7,587.11
Total Current Assets		**33,597.97**	28,871.70	**32,128.96**
Total Assets		60,766.17	**58,518.68**	61,919.38
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	615.88	615.88	615.88
Other equity	14	17,645.92	17,647.25	20,105.67
Total equity		**18,261.80**	18,263.13	**20,721.55**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	15	-	-	-
Provisions	16	105.89	68.16	49.68
Total Non-current Liabilities		**105.89**	**68.16**	**49.68**

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current liabilities				
Financial liabilities				
Borrowings	17	29,312.79	25,886.12	21,900.70
Trade payables	18	5,632.23	7,021.30	11,948.64
Short term provisions	19	36.81	37.68	37.68
Other current liabilities	20	7,416.65	7,242.29	7,261.13
Total current liabilities		**42,398.48**	**40,187.39**	**41,148.15**
Total liabilities		**42,504.37**	**40,255.55**	**41,197.83**
Total equity and liabilities		**60,766.17**	**58,518.68**	**61,919.38**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Statement of Profit and Loss for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Rs. in Lakhs

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations			
A Income			
Revenue from operations	21	1,906.62	2,954.50
Other income	22	216.10	536.41
Total income		2,122.72	3,490.91
B Expenses			
Cost of Materials Consumed	23	1,129.31	1,788.19
Changes in inventories of finished goods and WIP	24	122.32	79.97
Manufacturing expenses	25	257.42	233.64
Employee Benefits Expense	26	1,233.16	1,311.97
Finance costs	27	204.62	1,293.05
Depreciation and amortisation expense	28	474.75	495.91
Excise Duty	29	31.99	174.76
Other expenses	30	815.48	506.13
Total expenses		4,269.05	5,883.62
C Profit before exceptional items and tax		(2,146.33)	(2,392.71)
Exceptional items	31	-	(78.85)
D Profit before tax from continuing operations		(2,146.33)	(2,471.56)
Income tax expense	32	-	-
Current tax		-	-
Deferred tax charge/ (credit)		-	-
Profit for the year		(2,146.33)	(2,471.56)
E Other comprehensive income			
Items that will be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(15.01)	13.14
Income tax (charge)/ credit relating to these items		-	-
Items that will not be reclassified to profit or loss			
Remeasurement of PPE on conversion to inventory		2,160.01	-
Income tax (charge)/ credit relating to these items		-	-
Other comprehensive income for the year, net of tax		2,145.00	13.14

Rs. in Lakhs

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Total comprehensive income for the year		**(1.33)**	**(2,458.42)**
Earnings per share	33		
Basic earnings per share		**(6.97)**	**(8.03)**
Diluted earnings per share		**(6.97)**	**(8.03)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Statement of cash flows for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit before income tax	(2146.33)	(2471.56)
Adjustments for		
Depreciation and amortisation expense	474.75	495.91
Interest income	(84.14)	(9.31)
Finance costs	204.62	1293.05
	(1551.10)	(691.91)
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	500.78	(339.54)
(Increase)/ decrease in inventories	86.33	373.42
(Increase)/ decrease in trade receivables	266.28	3451.56
(Increase)/ decrease in Other assets	(496.87)	(944.11)
Increase/ (decrease) in provisions and other liabilities	196.21	12.78
Increase/ (decrease) in trade payables	(1389.07)	(4927.34)
Cash generated from operations	(2387.44)	(3065.14)
Less : Income taxes paid (net of refunds)	-	-
Net cash from operating activities (A)	**(2387.44)**	**(3065.14)**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(3.64)	(9.37)
Purchase proceeds of Investments	(1.00)	-
(Investments in)/ Maturity of fixed deposits with banks	(409.75)	284.08
Interest received	87.08	12.93
Net cash used in investing activities (B)	**(327.31)**	**287.64**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) short term borrowings	3426.67	3985.42
Finance costs	(204.62)	(1293.05)
Net cash from/ (used in) financing activities (C)	**3222.05**	**2692.37**
Net increase/decrease in cash and cash equivalents (A+B+C)	**507.30**	**(85.13)**
Cash and cash equivalents at the beginning of the financial year	32.06	117.19
Cash and cash equivalents at end of the year	**539.36**	**32.06**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".

2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	536.50	29.15
Cash on hand	2.86	2.91
	539.36	32.06

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Statement of Changes in Equity for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	615.88
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	615.88
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	615.88

(B) Other Equity

Particulars	Capital Reserve	"Securities Premium Reserve"	General Reserve	Other comprehensive income	Profit and Loss Acount	Total
Balance as at April 1, 2016	**714.34**	**15,505.77**	**9,546.39**	**-**	**(5,660.83)**	**20,105.67**
Additions/ (deductions) during the year	-	-	-	(13.14)	13.14	-
Total Comprehensive Income for the year	-	-	-	13.14	(2,471.56)	(2,458.42)
Balance as at March 31,2017	**714.34**	**15,505.77**	**9,546.39**	**-**	**(8,119.25)**	**17,647.25**
Additions/ (deductions) during the year	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	2,145.00	(2,146.33)	(1.33)
Balance as at March 31, 2018	**714.34**	**15,505.77**	**9,546.39**	**2,145.00**	**(10,265.58)**	**17,645.92**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Easun Reyrolle Limited

Notes to Financial Statements for the year ended March 31, 2018

1 **Corporate Information**

Easun Reyrolle Limited is a leader in the field of electrical power management, a vibrant and growing industry. Easun Reyrolle has distinguished itself with an enviable range of products, systems, solutions and services that find application in electrical power transmission and distribution. The strong customer-centric approach and 30 years of domain expertise have translated into products and technology that truly bring value to customers. Easun Reyrolle's Equity shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) in India.

2 **Basis of preparation of financial statements**

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 61 for information on how the Company adopted Ind AS.\

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on August 28th, 2018.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE / Intangible Assets)

The residual values and estimated useful life of PPEs and Intangible Assets are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE/Intangible Assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

a. Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)

b. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

c. Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

The Company is evaluating the requirements of the above standards/ its applicability to the Company and the effect on the financial statements is also being evaluated.

3 Significant Accounting Policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. \

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. \

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability;

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Sale of services

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

d) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The company has elected to fair value its land as the deemed cost as at the date of transition, viz.,1 April 2016 and applied Ind AS 16 retrospectively for all other classes of Property, Plant and Equipment.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material/ significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and/or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The company has elected to fair value its intangible assets as on the date of transition.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful life and amortisation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent cost and measurement

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

g) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

(i) **Raw materials, stock acquired for trading, packing materials and consumables:** At purchase cost including other cost incurred in bringing materials/ consumables to their present location and condition.

(ii) **Work-in-process and intermediates:** At material cost, conversion costs and appropriate share of production overheads

(iii) **Finished goods:** At material cost, conversion costs and an appropriate share of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Financial instruments other than equity instruments at amortised cost
- Financial instruments other than equity instruments at fair value through other comprehensive income (FVTOCI)
- Financial instruments other than equity instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial instruments other than equity instruments at amortised cost

The Company classifies a financial instruments other than equity instruments as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial instruments other than equity instruments at FVTOCI

The Company classifies a financial instrument other than equity at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Financial instruments other than equity instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Company classifies all financial instruments other than equity instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments other than equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the receivecash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

   The Company follows 'simplified approach' for recognition of impairment loss allowance on:

   - Trade receivables or contract revenue receivables; and
   - All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- **Financial instruments other than equity instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Classification	Name of the financial liability
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S. No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Foreign currency transactions and translations

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

j) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date.

m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

n) Impairment of non financial assets (PPE and Intangibles)

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

o) Provisions, contingent liabilities and contingent asset

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

p) **Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

q) **Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

r) **Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4. Property, Plant and Equipments

Particulars	Tangible Assets												
	Land	Land-leasehold	Land - Hosur Residential Plots	Buildings	Buildings-leasehold	Plant and Machinery	Electrical Installation	Office Equipments	Furniture	Vehicles	Computers	PPE at R & D Division	Total
Deemed Cost as at April 1, 2016	1,985.75	2,232.50	302.38	3,363.39	2.58	2,397.57	225.27	64.41	218.96	9.61	5.09	318.27	11,125.78
Additions	-	-	-	7.81	-	1.33	-	-	0.23	-	-	-	9.37
Disposals/ reclassfications	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost as at March 31, 2017	1,985.75	2,232.50	302.38	3,371.20	2.58	2,398.90	225.27	64.41	219.19	9.61	5.09	318.27	11,135.15
Additions	-	-	-	-	-	-	0.04	-	-	-	3.60	-	3.64
Disposals/reclassifications	-	(1,439.99)	-	-	-	-	-	-	-	-	-	-	(1,439.99)
Cost as at March 31, 2018	1,985.75	792.51	302.38	3,371.20	2.58	2,398.90	225.31	64.41	219.19	9.61	8.69	318.27	9,698.80
Depreciation/ Amortisation													-
Charge for the year	-	2.24	-	115.27	0.66	155.29	-	24.05	135.34	-	-	63.06	495.91
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	-	2.24	-	115.27	0.66	155.29	-	24.05	135.34	-	-	63.06	495.91
Charge for the year	-	2.24		136.50	0.34	212.07	39.73	1.20	43.51	2.82	1.08	35.26	474.75
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	4.48	-	251.77	1.00	367.36	39.73	25.25	178.85	2.82	1.08	98.32	970.66
Net Block													
As at April 1, 2016	1,985.75	2,232.50	302.38	3,363.39	2.58	2,397.57	225.27	64.41	218.96	9.61	5.09	318.27	11,125.78
As at March 31, 2017	1,985.75	2,230.26	302.38	3,255.93	1.92	2,243.61	225.27	40.36	83.85	9.61	5.09	255.21	10,639.24
As at March 31, 2018	1,985.75	788.03	302.38	3,119.43	1.58	2,031.54	185.58	39.16	40.34	6.79	7.61	219.95	8,728.14

Notes to Financial Statements for the year ended March 31, 2018
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5	**Non-current investments** **Investments in subsidiaries**			
	i. Investments in Equity Instruments (Unquoted)			
	3,00,000 equity shares of USD 1 each in ERL International Pte Ltd - Singapore (previous year 3,00,000 shares)	118.68	118.68	118.68
	"9,999 equity shares of Rs. 10 each in ER Protection and Automotion Services Private Limited (previous year Nil shares)"	1.00	-	-
	ii. Investments in Preference Shares (Unquoted)			
	97,00,000 7.5% Non cumulative redeemable convertible preference shares of USD 1 each in ERL International Pte Ltd - Singapore	5,146.82	5,146.82	5,146.82
	2,20,00,000 Non cumulative redeemable convertible preference shares of USD 1 each in ERL International Pte Ltd - Singapore	10,236.60	10,236.60	10,236.60
		15,503.10	**15,502.10**	**15,502.10**
	Total non-current investments			
	Aggregate amount of quoted investments	-	-	-
	Aggregate market value of quoted investments	-	-	-
	Aggregate cost of unquoted investments	15,503.10	15,502.10	15,502.10
	Aggregate amount of impairment in value of investments	-	-	-
6	**Other non-current financial assets**			
	(Unsecured, considered good)			
	Security Deposits and Earnest Money Deposits	205.08	205.63	184.53
	Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked/ margin money / pledged deposits classified as non-current	-	500.23	181.79
		205.08	**705.86**	**366.32**
7	**Other non-current assets**			
	(Unsecured, considered good)			
	Advances to related parties	2,696.35	2,771.07	2,554.86
	Capital Advances	-	-	200.72
	Prepaid expenses	7.97	24.89	40.64
	Income Tax refund receivable	27.56	3.82	-
		2,731.88	**2,799.78**	**2,796.22**

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
8	**Inventories**			
	Raw Materials and Components	1,910.03	2,130.12	2,282.08
	Work in progress	461.38	365.55	355.58
	Finished goods	358.44	331.95	421.89
	Land held as inventories	3,600.00	-	-
	Packing Materials	5.30	5.65	8.06
	Stock in transit- raw materials and components	517.65	500.11	639.93
	Stores and spares	-	5.75	5.01
		6,852.80	**3,339.13**	**3,712.55**
	Inventory comprise of			
	Raw Materials and Components			
	Integrated Circuit and Printed Circuit Board	465.66	556.27	568.26
	Coil,Contact Tip and Lamination	205.09	304.82	315.80
	L Pro,CSC and SEL Relays	242.33	242.88	258.90
	Radio Metal	62.91	76.31	80.31
	Insulators	42.02	42.02	42.02
	GT4 Proto and VCB	33.44	33.49	34.50
	Others	858.58	874.33	982.29
		1,910.03	**2,130.12**	**2,282.08**
	Finished Goods			
	Meter	64.50	62.50	62.98
	Relays	39.50	56.00	48.69
	Panels	242.10	176.52	291.27
	Switch Gear	1.39	1.33	8.00
	Ring Main Unit	10.95	35.60	10.95
		358.44	**331.95**	**421.89**
	Packing Materials			
	Wooden Box	5.30	5.65	8.06
		5.30	**5.65**	**8.06**
9	**Trade receivables**			
	(Unsecured, considered good)			
	Dues from other than related parties			
	Outstanding for a period exceeding six months from the date they are due for payment	15,135.75	14,614.33	17,367.07

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Other receivables	684.53	1,391.12	2,019.01
	Dues from related parties			
	Outstanding for a period exceeding six months from the date they are due for payment	865.51	812.40	866.40
	Other receivables	2.10	136.32	153.25
		16,687.89	**16,954.17**	**20,405.73**
10	**Cash and cash equivalents**			
	Cash on hand	2.86	2.91	93.21
	Balances with banks			
	In current accounts	536.50	29.15	23.98
		539.36	**32.06**	**117.19**
11	**Other Bank Balances**			
	Bank deposits maturing within 12 months from the reporting date	427.95	9.92	9.92
	In earmarked accounts			
	Bank deposits maturing within 12 months from the reporting date	-	-	279.13
	Unpaid dividend account	4.10	12.38	17.33
		432.05	22.30	306.38
12	**Other current assets**			
	(Unsecured, considered good)			
	Advances to suppliers			
	Related parties	624.19	624.19	624.19
	Others	535.54	602.23	608.19
	Advance to employees	3.92	102.16	13.98
	Rental advance	11.84	13.88	16.31
	Statutory receivables (Input credits)	271.76	724.79	794.25
	Interest accrued on bank guarantee margin	29.38	32.23	35.85
	Interest accrued on short term deposits	-	0.09	0.09
	Prepaid expenses	15.33	4.34	9.16
	Other receivables	7,593.91	6,420.13	5,485.09
		9,085.87	**8,524.04**	**7,587.11**
13	**Capital**			
	Authorised Share Capital			
	7,50,00,000 (previous year 7,50,00,000) equity Shares of Rs. 2 each	1,500.00	1,500.00	1,500.00

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
50,00,000 (previous year 50,00,000) preference Shares of Rs.10 each	500.00	500.00	500.00
	2,000.00	**2,000.00**	**2,000.00**
Issued Share Capital			
3,07,95,639 Equity Shares of Rs. 2 each	615.90	615.90	615.90
	615.90	**615.90**	**615.90**
Subscribed and fully paid up share capital			
3,07,94,141 Equity Shares of Rs. 2 each	615.88	615.88	615.88
	615.88	615.88	615.88

Notes:

(a) **Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	30,794,141	30,794,141	30,794,141
Add: Issued during the year	-	-	-
Balance at the end of the year	**30,794,141**	**30,794,141**	**30,794,141**

(b) Shareholders holding more than 5% of the total share capital

Name of the share holder	March 31, 2018		March 31, 2017		April 1, 2016	
	No of shares	%	No of shares	%	No of shares	%
Sowraj Investments Pvt Ltd	5,449,954	17.70	5,449,954	17.70	5,409,954	17.57
Easun Products of India Pvt Ltd	3,367,557	10.94	3,367,557	10.94	3,367,557	10.94
Easun Engineering Company Ltd	1,632,500	5.30	1,632,500	5.30	1,632,500	5.30
Sundaram Mutual Fund A/c	-	-	602,716	1.96	1,819,515	5.91

(c) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.2 each. The equity shares of the company having par value of Rs.2 /- rank pari-passu in all respects including voting rights and entitlement to dividend. The dividend proposed if any, by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14	**Other Equity**			
	Capital Reserve	714.34	714.34	714.34
	Securities Premium Reserve	15,505.77	15,505.77	15,505.77
	General Reserve	9,546.39	9,546.39	9,546.39
	Other Comprehensive Income	2,145.00	-	-
	Profit and Loss Account	(10,265.58)	(8,119.25)	(5,660.83)
		17,645.92	**17,647.25**	**20,105.67**
	a) Capital reserve			
	Balance at the beginning and end of the year	**714.34**	**714.34**	**714.34**
	b) Securities Premium Reserve			
	Balance at the beginning and end of the year	**15,505.77**	**15,505.77**	**15,505.77**
	c) General Reserve			
	Balance at the beginning and end of the year	**9,546.39**	**9,546.39**	**9,546.39**
	d) Other comprehensive income			
	Balance at the beginning of the year	-	-	-
	Additions during the year	2,145.00	13.14	-
	Deductions/Adjustments during the year		(13.14)	-
	Balance at the end of the year	2,145.00	-	-
	e) Profit and Loss Account			
	Balance at the beginning of the year	(8,119.25)	(5,660.83)	(9,649.00)
	Net profit for the period	(2,146.33)	(2,471.56)	-
	Transfer from Other Comprehensive Income	-	13.14	-
	Ind AS adjustments	-	-	3,988.17
	Balance at the end of the year	**(10,265.58)**	**(8,119.25)**	**(5,660.83)**
15	**Long Term Borrowings**			
	Secured *			
	Foreign currency term loan from Banks			

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Standard Chartered Bank - ECB	1,649.50	1,643.25	1,628.00
	DBS Bank - ECB	2,474.25	2,464.88	2,519.25
	Less: Current maturities of Long Term Debt (refer note 20)	(4,123.75)	(4,108.13)	(4,147.25)
		-	-	-
	* Refer Note 42 for repayment terms and security details			
16	**Provisions (Non-current)**			
	Provision for Employee Benefits			
	Gratuity	67.58	37.73	20.30
	Leave encashment	38.31	30.43	29.38
		105.89	68.16	49.68
17	**Current liabilities - Financial Liabilities: Borrowings ***			
	Secured			
	Loans repayable on Demand			
	From banks			
	Cash credits facilities availed	23,029.56	21,709.89	17,724.47
	Unsecured			
	Loans from directors	55.00	-	-
	Inter Corporate Deposits	6,228.23	4,176.23	4,176.23
		29,312.79	**25,886.12**	**21,900.70**
	* Refer Note 43 for repayment terms and security details			
18	**Trade payables**			
	Dues to MSME**	234.86	238.00	152.29
	Others	3,508.57	5,694.94	10,790.98
	Related Parties	1,888.80	1,088.36	1,005.37
		5,632.23	7,021.30	11,948.64

** Dues to Micro Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises.Please refer note 38.

19	**Provisions (Current)**			
	Provision for employee benefits			
	Gratuity	29.44	22.89	22.89
	Leave encashment	7.37	14.79	14.79
		36.81	37.68	37.68

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
20	**Other current liabilities**			
	Secured			
	Current maturities of long-term debt			
	Standard Chartered Bank - ECB	1,649.50	1,643.25	1,628.00
	DBS Bank - ECB	2,474.25	2,464.88	2,519.25
	Unsecured			
	Advances from customers	1,930.56	1,974.90	2,083.63
	Statutory dues payables	647.17	538.88	487.07
	Employee related payables	711.07	608.00	525.85
	Unpaid dividend	4.10	12.38	17.33
		7,416.65	**7,242.29**	**7,261.13**

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
21	**Revenue from operations**		
	Sale of Products	1,906.62	2,886.56
	Sale of Services	-	62.33
		1,906.62	2,948.89
	Other Operating Revenue	-	5.61
		1,906.62	**2,954.50**
	Details of Sale of Products		
	Relay and Control Panels	1,862.86	2,829.83
	Ring Main Units (RMU)	7.08	17.95
	Switchgear	36.68	38.78
		1,906.62	**2,886.56**
22	**Other income**		
	Interest Income	84.14	9.31
	Bad debts recovered	-	0.01
	Foreign Exchange Gains	-	56.25
	Miscellaneous Income	131.96	470.84
		216.10	**536.41**
23	**Cost of materials consumed**		
	Opening inventory of raw materials	2,130.12	2,282.08
	Add : Purchases	909.22	1,636.23
	Less : Closing inventory of raw materials	(1,910.03)	(2,130.12)
		1,129.31	**1,788.19**
24	**Changes in inventories of work-in-progress and finished goods**		
	Opening Balance		
	Work-in-progress	365.55	355.58
	Finished goods	331.95	421.89
		697.50	**777.47**
	Closing Balance		
	Work-in-progress	461.38	365.55
	Finished goods	358.44	331.95
		819.82	**697.50**
	Total changes in inventories	**122.32**	**(79.97)**

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
25	**Manufacturing expenses**		
	Repairs, Operations and Maintenance	85.54	38.93
	Security Charges	47.13	43.49
	Labour Charges	18.46	27.36
	Power and Fuel	60.17	61.55
	Consumable Tools	0.41	0.62
	Consumable Stores	1.28	2.68
	Others	44.43	59.01
		257.42	**233.64**
26	**Employee benefits expense**		
	Salaries, wages and bonus	1,086.58	1,140.69
	Contribution to provident and other funds	63.37	75.45
	Staff welfare expenses	83.21	95.83
		1,233.16	**1,311.97**
27	**Finance Cost**		
	Interest on term loans	140.15	1,190.64
	Other borrowing cost	64.47	102.41
		204.62	**1,293.05**
28	**Depreciation and amortisation expense**		
	Depreciation on Property, Plant and Equipment	474.75	495.91
		474.75	**495.91**
29	**Excise Duty Expense**		
	Excise Duty	31.99	174.76
		31.99	**174.76**
30	**Other expenses**		
	Rent	32.86	41.42
	Insurance	22.73	22.84
	Rates and taxes, excluding taxes on income	297.85	79.35
	Travel and Conveyance Expenses	144.74	96.60
	Postage, telephone and telegram	16.74	23.83
	Selling Expenses	34.43	34.04
	Audit Fee	11.11	10.38
	Professional Charges	75.39	72.47
	Electricity Charges	0.41	1.69
	Advertisement Charges	1.68	1.57
	Printing and Stationery	7.62	9.44
	Service Charges	1.08	1.66
	Foreign Exchange Loss/ (Gain)	89.82	-

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Liquidated Damages	29.39	66.66
Trade Charges	-	12.82
Listing Fee	6.99	6.41
Water Charges	5.03	5.39
Recruitment Expenses	-	0.50
Other expenses	37.61	19.06
	815.48	**506.13**
30 (a) Payment to auditors		
As Auditor	3.00	3.00
Other Services	6.00	6.00
Out of Pocket Expenses	2.11	1.38
	11.11	**10.38**
31 Exceptional items		
Amortisation of FCMITDA during the year	-	78.85
	-	78.85
32 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
MAT Paid		
Total current tax expenset	-	-
Deferred tax		
Deferred tax adjustments	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	-	-
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(2,146.33)	(2,471.56)
Income tax expense calculated at 34.608% (2016-17: 34.608)	(742.80)	(855.36)
Tax Rate Changes (34.608%-34.608%) *	-	-
Effect of expenses that are not deductible in determining taxable profit	742.80	855.36
Income tax expense	-	-

* The Impact is due to the difference in tax rate adopted for the current year deferred tax and previous year deferred tax

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
	c) Income tax recognised in other comprehensive income		
	Deferred tax		
	Remeasurement of defined benefit obligation	-	-
	Total income tax recognised in other comprehensive income	-	-
33	**Earnings per share**		
	Profit for the year attributable to owners of the Company	(2,146.33)	(2,471.56)
	Weighted average number of ordinary shares outstanding	30,794,141	30,794,141
	Basic earnings per share (Rs)	(6.97)	(8.03)
	Diluted earnings per share (Rs)	(6.97)	(8.03)
34	**Earnings in foreign currency**		
	FOB Value Basis	156.02	413.06
		156.02	**413.06**
35	**Expenditure in foreign currency**		
	Travelling	25.28	19.49
		25.28	**19.49**
36	**CIF value of imports**		
	Components and Spare parts including in transit	698.41	708.42
		698.41	**708.42**

37 **Value of imported and indigenous Raw material Consumed during the financial year and the percentage of each to the total consumption**

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. In Lakhs	Percentage (%)	Rs. In Lakhs	Percentage (%)
Raw Materials				
Imported	523.47	46.00	982.96	55.00
Others	605.84	54.00	805.23	45.00
	1,129.31	**100.00**	**1,788.19**	**100.00**

38 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under*

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The principal amount remaining unpaid at the end of the year	234.84	238.00
(b) Interest Accrued and due to the suppliers under MSMED Act, on the above amount	200.29	157.92
(c) The delayed payments of principal amount paid beyond the appointed date during the year	31.03	176.84
(d) Interest actually paid under Section 16 of MSMED Act	-	-
(e) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.29	13.24
(f) Total interest accrued during the year and remaining unpaid	200.57	171.17

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

39 Commitments and contingent liability

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Contingent Liability		
Letters of Credit opened by Bank for purchase of raw materials and components	-	-
Counter Guarantee given to bankers in respect of Guarantees given by them	1640.86	2,886.95
Bonds executed in favour of President of India for import of material at concessional rate of duty	-	8.95
Sales effected under CST - liability towards submission of C Forms	1399.72	996.98
Disputed amounts of Income Tax demands	2,738.50	2,738.50
Disputed amounts of Sales Tax demands	2,143.58	520.18
Demand of fine payable to stock exchanges	31.90	-
Commitments		
Estimated amount of capital commitment on account of Fixed Assets	-	-

40 Operating Segments

The business of the Company falls under a single primary segment i.e., supply of Transmission and Distribution equipment in accordance with Ind AS 108 'Operating Segments" and hence no segment reporting is applicable.

Information relating to geographical areas

The Company is domiciled in India and accordingly, no disclosures with regard to geographical locations are disclosed.

41 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessor		
The Company has entered into operating lease arrangements for certain surplus facilities. The leases are non-cancellable 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 recognised in the Statement of Profit and Loss	**32.86**	**41.42**

42 Repayment terms and security details of long term borrowings

Particulars	Repayment commence date	Loan outstanding	Current maturities	Interest rate	Instalment amount
External Commercial Borrowings					
Fully Un-Hedged					
Standard Chartered Bank Ltd	Aug 2012	1,649.50 (1,643.25)	1,649.50 (1,643.25)	4.35%	1,250,000.00 (821.63)
(Repayable in 3 Half yearly Instalments) * (USD 25,00,000 million)**					
Fully Hedged					
DBS Bank Ltd	Aug 2012	2,474.25 (2,464.88)	2,474.25 (2,464.88)	4.35%	750,000.00 (492.28)
(Repayable in 5 Half yearly Instalments) (USD 37,50,000 million)**					

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

** Outstanding as on March 31, 2018

(Figures in brackets represent previous year numbers)

a) **Security Details**

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

43. Repayment terms and security details of short term borrowings

Secured Loans

a. Primary Security

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

b. Collateral Security

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

* on paripassu basis among Axis Bank, DBS Bank, Standard Chartered Bank and Canara Bank.

** by way of primary security

Unsecured Loans

The Company has taken an unsecured loan from Raj H Eswaran, Managing Director during the year which do not carry any interest. The company is making necessary efforts to repay this loan against business realisation.

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

44 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Financial risk management objectives

Net debt to equity ratio:	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
Debt	33,436.54	29,994.25	26,047.95
Less: Cash and bank balances	971.41	54.36	423.57
Net debt	32,465.13	29,939.89	25,624.38
Total equity	18,261.80	18,263.13	20,721.55
Net debt to equity ratio (%)	177.78%	163.94%	123.66%

Categories of Financial Instruments	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
Financial assets			
a. Measured at amortised cost			
Other non-current financial assets	205.08	705.86	366.32
Trade receivables	16,687.89	16,954.17	20,405.73
Cash and cash equivalents	539.36	32.06	117.19
Bank balances other than above	432.05	22.30	306.38
b. Mandatorily measured at fair value through profit or loss (FVTPL)			
Investments	15,503.10	15,502.10	15,502.10
Financial liabilities			
a. Measured at amortised cost			
Borrowings (current)	29,312.79	25,886.12	21,900.70
Trade payables	5,632.23	7,021.30	11,948.64

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposure through its finance division wherever required, to mitigate the risks from such exposures.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	104.74	-	104.74	56.66	-	56.66	(48.08)
EUR	0.48	-	0.48	10.75	-	10.75	10.27
AUD	0.76	-	0.76	0.19	-	0.19	(0.57)
THB	-	-	-	23.39	-	23.39	23.39
In INR	6,889.44	-	6,889.44	4,610.39	-	4,610.39	(2,279.05)

As on March 31, 2017

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	101.06	-	101.06	10.36	-	10.36	(90.70)
EUR	1.16	-	1.16	1.18	-	1.18	0.02
AUD	0.36	-	0.36	0.24	-	0.24	(0.12)
GBP	0.10	-	0.10	0.32	-	0.32	0.22
In INR	6,658.84	-	6,658.84	791.21	-	791.21	(5,867.63)

As on April 1, 2016

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	93.10	-	93.10	8.30	-	8.30	(84.80)
EUR	-	-	-	5.60	-	5.60	5.60
AUD	0.43	-	0.43	-	-	-	(0.43)
GBP	0.10	-	0.10	-	-	-	(0.10)
In INR	6,206.95	-	6,206.95	971.09	-	971.09	(5,235.86)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 25.27 Lakhs for the year (Previous INR 67.48 Lakhs)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Investments of surplus funds are made only with approved financial institutions/ counterparty. Investments primarily include bank deposits, which have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposits and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	5,632.23	-	-	5,632.23
Borrowings	4,123.75	-	-	4,123.75
	9,755.98	-	-	9,755.98

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	7,021.30	-	-	7,021.30
Borrowings	4,108.13	-	-	4,108.13
	11,129.43	-	-	11,129.43

April 1, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	11,948.64	-	-	11,948.64
Borrowings	4,147.25	-	-	4,147.25
	16,095.89	-	-	16,095.89

	March 31, 2018	March 31, 2017	April 1, 2016
Fair value of financial Assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil

45 Related party disclosure

a) List of parties having significant influence

Holding company	The Company does not have any holding company
Subsidiary companies	ERL International Pte. Limited, Singapore
	ERL Phase Power Technologies Ltd, Canada
	ERL Marketing International FZE, Sharjah
	ERL Switchcraft Pte. Ltd, Singapore
	ERL Pacific Pty Ltd, Australia
	Switchcraft Limited Hong Kong
	Switchcraft Europe GmbH, Germany
	ER Protection and Automotion Services Private Limited, India
Entities in which directors are interested	Sowraj Investments Pvt. Ltd. Easun Products of India Private Ltd

Key Management Personnel (KMP)

Mr. Hari Eswaran	Promoter Director , Chairman
Mr. Raj H Eswaran	Promoter Director
Dr W S Jones	Independent Director
Mr. Rakesh Garg	Independent Director
Ms. Swethe Mandora Prajapathi	Independent Director

b) **Transactions during the year**

S.No.	Nature of transactions	Amount	
		2017-18	**2016-17**
1	ERL Phase Power Technologies Ltd		
	Sale of Goods	4.22	0.49
	Purchase of Goods	328.27	538.80
2	ERL Marketing International. FZE.,		
	Sale of Goods	69.03	229.18
3	Sowraj Investments Pvt. Ltd.		
	Rendering of Services :		
	Unsecured loan	78.02	-
4	Easun Products of India Private Ltd		
	Rendering of Services :		
	Unsecured loan	35.23	-
5	Key Managerial Personnel		
	Directors remuneration	48.00	48.00

c) **Balances at the end of the year**

S.No.	Particulars	Amount	
		2017-18	**2016-17**
1	Loans given		
	ERL International Pte. Limited, Singapore	2,082.53	2,157.25
	ERL Marketing International FZE, Sharjah	264.59	106.55
	Switchcraft Europe GmbH, Germany	787.36	-
2	Borrowings		
	ERL International Pte. Limited, Singapore	-	-
	ERL Phase Power Technologies Ltd, Canada	1,298.54	983.37
	Switchcraft Europe GmbH, Germany	-	152.70
	Sowraj Investments Pvt. Ltd.	2,952.16	2,849.62
	Easun Products of India Private Ltd	3,144.01	1,321.41
	Hari Eswaran	40.30	36.99
	Raj H Eswaran	102.16	79.98
	Dr W S Jones	3.18	2.65
	Rakesh Garg	10.68	10.05
	Swethe Mandora Prajapathi	0.93	0.74

46 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident fund.

The total expense recognised in profit or loss of Rs. 36.40 Lakhs (for the year ended March 31, 2017: Rs. 17.42 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	March 31, 2018	March 31, 2017
Discount rate	7.70%	7.34%
Rate of increase in compensation level	6.00%	6.00%
Rate of return on plan assets	7.70%	7.34%
Attrition rate	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	**March 31, 2018** Rs. Lakhs	**March 31, 2017** Rs. Lakhs
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	16.73	19.03
Net interest expense	29.18	29.36
Return on plan assets (excluding amounts included in net interest expense)	(24.52)	(24.38)
Components of defined benefit costs recognised in profit or loss	**21.39**	**24.01**
Amount recognised in Other Comprehensive Income (OCI) for the Year		
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	15.01	(6.58)
Components of defined benefit costs recognised in other comprehensive income	**15.01**	**(6.58)**
Total	**36.40**	**17.43**

	March 31, 2018 Rs. Lakhs	March 31, 2017 Rs. Lakhs
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	393.36	392.82
Fair value of plan assets	(296.34)	(332.20)
Net liability/ (asset) arising from defined benefit obligation	**97.02**	**60.62**
Funded	97.02	60.62
Unfunded	-	-
	97.02	**60.62**
The above provisions are reflected under 'Provision for employee benefits- gratuity' (long-term provisions) [Refer note 16] and 'Provision for employee benefits-gratuity' (short-term provisions) [Refer note 19]		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	392.82	375.39
Current service cost	16.73	19.03
Interest cost	29.18	29.36
Actuarial (gains)/losses	(17.74)	(30.96)
Benefits paid	(27.63)	-
Closing defined benefit obligation	**393.36**	**392.82**
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	332.20	332.20
Return on plan assets	24.52	24.38
Benefits paid	(27.63)	-
Actuarial gains/(loss)	(32.75)	(24.38)
Closing fair value of plan assets	**296.34**	**332.20**

Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The design entitles the following risk:

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 16] and 'Provision for employee benefits- leave encashment' (short-term provisions) [Refer note 19]

47 a) In respect of company's operations which includes execution of the turnkey projects, these projects significantly involve supply of equipment dealt with by the company in the ordinary course of operations. The activities that are additionally carried out while executing the turnkey projects are in the nature of civil construction and erection services which are significantly less when compared with the overall project value. No information is furnished in terms of segment reporting in as much the project execution essentially involves supply of Transmission and Distribution equipment manufactured by the company carrying similar risks and rewards which are not different from main products.

b) Revenue from operations includes invoicing on customers towards execution of turnkey projects. These turnkey project invoicing is predominantly milestone associated and is independent of customer acceptance of agreement, Revenue recognised in this regard with appropriate provision for anticipated procurement / cost of manufacuring components the outcome of eventual acceptability of the claims of the company is ascertained at the closure of the respective project and is accounted accordingly.

48 Personnel expenses and other expenses are net off recovery of overheads from direct and indirect overseas subsidiaries amounting to Rs. Nil (Rs.Nil) and net off product development expenses Rs.Nil (Rs.Nil).

49 Reconciliation of Excise and Service Tax Records/ VAT/ GST Records with the Financial Records are under Progress. Adjustments if any which may arise are not ascertainable and would be carried out in the Books upon completion of Reconciliation.

50 Trade Receivables includes an amount of Rs.1224.75 lacs (Rs.1,224.75 lacs) being the Liquidated Damages recovered by some customers. The Company is in the process of recovering the said amount and pending recovery, no provision is considered in the accounts towards Liquidated Damages. During this financial year Rs.Nil (Nil) recovered from Customers against written off in earlier years has been adjusted against Liquidated Damages recoverable.

51 Trade Receivables includes an amount of Rs.955.10 lacs (Rs.1345.29 lacs) being the outstanding from Foreign Debtors for more than 180 days. Out of which Rs.Nil (Rs. Nil) received subsequently. The Company is in the process of getting necessary approval from Reserve Bank of India towards extension of time limit for collection.

52 The Company has made an investment of Rs.15,502.10 lacs in its wholly owned subsidiary at Singapore and for onward investment into its wholly owned subsidiaries. Considering the long term nature of investment and future plans of the management, no provision towards any impairment of investment is considered necessary as the management is of the opinion that this investments represents appropriate carrying value.

53 The value of inventory pertaining to the "Metering Business" amounting to Rs.350.51 Lacs (Rs.350.51 Lacs) is continued to be carried at cost despite no activity in the business for considerable period and realisable value has not been ascertained consequently the impact on the financial statements is not quantifiable.

54 In respect of certain turnkey contracts which have been terminated by the customers resulting an encashment of bank guarantees given by the company amounting to

Rs.7,593.91 Lacs (Rs.6,405.34 lacs) has been shown recoverable from parties in respect of which negotiation with customers stated to be in progress. Pending the outcome of negotiations the no adjustment in the financial statements has been made.

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

56 The Company has applied for the extension of time limit under FEMA rules for material advances given to the associate enterprises amounting Rs. 2,696.35 lakhs (Rs.624.19 Lacs) as on 31st March 2018.

57 Interest cost on cash credit facility held with State Bank of India as been provided in the books based on the latest available sanctioned terms and not based on the rate which was being reflected and charged in the segment of account.

58 The copany is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the company has not reinstated the balances outstanding. The financial implications, if any, arising on account of non-filing with appropriate authorities for regularisation have not been considered.

59 Pending the outcome of suits filed by and against the company, no provision is considered necessary in the financial statements

60 Financial Statement have been prepared under going concern basis as the management is confident of generating future cash flows based on the order in the pipe line and proposed restructuring of borrowing by consortium of banks being under consideration.

61 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The company's date of transition).

In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Company (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP). "

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for PPE

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.
The company has elected to fair value its land as on the date of transition and apply Ind AS 16 retrospectively on other classes of property, plant and equipment.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition.

The company has elected to fair value its intangible assets as on the date of transition and apply Ind AS 36 for provision of impairment loss.

A.1.3. Business Combinations before the date of transition

As per Ind AS 101, a first time adopter of Ind AS may elect not to apply Ind AS 103 “Business Combinations” retrospectively in respect of business combinations that occurred before the date of transition to Ind AS. The company has elected to apply this exemption for the business combinations that occured prior to April 1, 2016.

A.1.4. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The company has elected to apply this exemption for its investment in equity investments.

A.1.5. Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The company has elected to apply this exemption for such contracts/ arrangements.

A.1.6. Foreign Currency Monetary Item Translation Differences Account (FCMITDA)

Paragraph D13AA of Ind AS 101 provides that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

However, the company has opted apply Ind AS 21 retrospectively in respect of FCMITDA and adjusted the entire FCMITDA balance in the opening balance sheet."

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

"An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

B. Notes to first-time adoption

B.1 Fair valuation impact of PPE as deemed cost

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment as at the date of transition to Ind AS as its deemed cost as per Ind AS at the date of transition. The company has elected to fair value its land as on the date of transition and apply Ind AS 16 retrospectively on other classes of property, plant and equipment. The consequential impact has been considered in the retained earnings.

B.2 Remeasurement of intangibles with indefinite economic useful life

The company has tested intangible assets (with indefinite useful life) for impairment on the date of transition and concluded that the recognition of an impairment loss is necessary. The consequential impact has been considered in the retained earnings as on the date of transition and for the subsequent periods, to the statement of profit or loss.

B.3 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the Company's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The Company has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.4 Remeasurement of provisions as per Ind AS 37

Provision for warranty claims was created upto the year 2012 against the sale of products. The company has stopped production of products and has started taking up projects. The provision is no longer required in the light of cessation of production and it does not meet the criteria for recognition of provision as per Ind AS 37, ''Provisions, Contingent Assets and Liabilities''. Hence, the entire provision has been reversed to retained earnings in the opening balance sheet."

B.5 Remeasurement of finance charges in respect of financial liabilities

The Company is in the process of negotiating for one time settlement with its lenders. Considering the ongoing negotiations, the Company has reversed the interest provided in the periods prior to the date of transition to retained earnings and for the subsequent periods, to the statement of profit or loss.

B.6 Remeasurement of Foreign Currency Monetory Item Translation Difference Account (FCMITDA)

Paragraph D13AA of Ind AS 101 provides that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

However, the company has opted apply Ind AS 21 retrospectively in respect of FCMITDA and adjusted the entire FCMITDA balance in the opening balance sheet and in the statement of profit and loss for subsequent periods."

B.7 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications/ remeasurements.

B.8 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2018 by Rs. 31.99 lakhs (previous year Rs. 174.76 lakhs). There is no impact on the total equity or profit as a result of this adjustment.

62 Key reconciliation required as per Ind AS 101 on transition to Ind AS

(a) Reconciliation of equity

	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	**11,572.53**	**16,142.81**
Ind AS Adjustments		
Fair valuation of PPE as deemed cost	3,467.43	3,467.43
Remeasurement of intangibles with indefinite economic useful life	(148.55)	(279.53)
Remeasurement of financial instruments	251.12	251.12
Remeasurement of provisions as per Ind AS 37	125.41	125.41
Remeasurement of finance charges in respect of financial liabilities	2,995.19	1,014.31
	18,263.13	**20,721.55**

(b) Reconciliation of Profits

	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	**(4,859.69)**
Ind AS Adjustments	
Remeasurement of FCMITDA as per Ind AS 21	289.41
Remeasurement of Intangibles with indefinite economic useful life	130.98
Remeasurement of finance charges in respect of financial liabilities	1,980.88
Total comprehensive income as per Ind AS	**(2,458.42)**

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Independent Auditor's Report on Consolidated Financial Statements

To the Members of EASUN REYROLLE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **EASUN REYROLLE LIMITED** (hereinafter referred to as 'the Holding Company') and its subsidiary (the Holding Company and its subsidiaries together referred to as 'the Group') which comprise of the Consolidated Balance Sheet as at 31st March 2018, Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

We draw attention to the following matters:

(a) Note No. 56 relating to balances due from and due by the company towards Long Term / Short Term borrowings, balances with banks, debtors including dues from various electricity boards and creditors for supplies and erections and execution of projects net off adjustments and including debit balances in creditor accounts and credit balances in debtors account, advances, other current assets and current liabilities in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent adjustments arising on account of such reconciliations if any, including differences arising on account of netted off balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable at this stage.

(b) Note No. 49 relating to projects under Turn-Key basis undertaken by the company, in the absence of any confirmations from the customers on the status of the project we have relied upon the management's assertions and estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities to be implemented and on the projections of revenues expected from projects and releasability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.

(c) Note No. 55 relating to certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs. 7593.91 lakhs (net) has been shown recoverable from parties in respect of which negotiation with the customers are stated to be in progress and part of guarantees are sub-judice. Pending the outcome of legal proceedings and negotiations with customers, the eventual impact if any on account of unilateral termination of the contract by the parties is not quantifiable till the judicial proceedings are finalized and hence not provided for.

(d) Note No. 58 relating to company's borrowings from various lenders were classified as NPA (Non-Performing Assets). Consequently, the company made a proposal for OTS (One Time Settlement) of the dues to the lenders (for Term Loans and Demand Loans). Based on which the unpaid interest remained outstanding till March 31, 2016 amounting to Rs. 1,014.31 lakhs is treated as Transitional Adjustment under Ind AS 101 and the unpaid interest for the period from April 1, 2016 till September 30, 2017 notwithstanding certain lenders charged the interest in the loan account is reversed amounting to Rs. 3,226.75 lakhs and no interest is provided for the current period. The amount of unpaid interest from October 1, 2017 has not been quantified in view of the pending proposal with the lenders. The validity of the reversal of unpaid interest as well as non-provision of interest for the current period is dependent on the final outcome of the settlement proposal filed by the Company.

(e) Note No. 59, the company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the Company has not reinstated the balances outstanding and the amount is not quantifiable at this stage.

Qualified Opinion

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

- **a)** in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2018; and
- **b)** in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date.
- **c)** in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters:

(a) Note No. 20 with regard to Unpaid Statutory dues amounting to Rs. 647.17 lakhs, the consequential penalties and interest thereon are not provided for and the amount is not quantifiable.

(b) Note No. 7 with regard to stock in Transit lying at Customs Bonded Warehouse for Rs. 517.65 lakhs are subject to confirmation from customs department. Out of the above, inventory valuing Rs. 314.78 lakhs is pending clearance from Customs Warehouse for more than 3 years and in respect of which impairment if any is not ascertainable at this stage.

(c) Note No. 51 towards pending filing status and reconciliation of various statutory returns across project sites in various states, interest / penalty for such non-compliance if any is not ascertainable at this stage.

(d) Note No. 52 with regard to Liquidated Damages recovered by the customers of Turnkey projects from running bills amounting to Rs. 1224.75 lakhs is pending final adjustment, as the same are under negotiation and the company is seeking waiver of the same. In the opinion of the management the levy of liquidity damages by the Turnkey customers is completely incorrect and the company envisages no obligation under liquidated damages, hence in the opinion of the company no claim shall be entertainable in as much as there are no proven damages made out by the claiming parties. Pending outcome of the ongoing negotiations pertaining to claim of Liquidated Damages already adjusted in the running bills, as the eventual obligation is not quantifiable at this stage and hence not provided for.

(e) Note No. 53 with regard to pending approval of Reserve Bank of India pertaining to extension of time limit as stipulated in the FEMA Regulations in respect of dues from the foreign customers amounting to Rs. 955.11 lakhs and any possible impact arising on account of such non-compliance is not provided for as the same is not quantifiable at this stage.

(f) Note No. 54 with regard to the value of inventory pertaining to the ‘Metering Business’ amounting to Rs. 350.51 lakhs is continued to be carried at cost even though there is no active business for considerable period, pending ascertainment of alternative markets for utilizing the inventories, the realizable value has not been ascertained. However in the opinion of the management it will be realised at the stated values and hence no impact is provided in the financial statements.

(g) Note No. 57 with regard to appropriate consents as required under FEMA Rules in respect of extension of time limits for receipts of material advances to associate enterprises to the extent of Rs. 2696.35 lakhs is pending sanction from Regulators.

(h) Note No. 59 the company is in the process of reconciling the receipts and payments in foreign currency on various accounts. Pending such reconciliations and filings with appropriate authorities for regularisation, financial implications if any arising on account of such compliance is unascertainable at this stage.

(i) Note No. 60 relating to pending the outcome of the suits filed by and against the company, no provisions is considered necessary in the financial statement by the Company and the amount is not quantifiable at this stage.

(j) Note No. 61, notwithstanding various unmitigated uncertainties explained above including (i) current liabilities in excess of current assets with unpaid financial obligations to lenders and dues to statutory authorities (ii) insolvency petitions filed by the creditors against the company under the provisions of The Insolvency and Bankruptcy Code, 2016 (iii) incurring losses continuously, poses an uncertainty on the ability of the company to continue as going concern, however, pending the outcome of restructuring proposals with lenders and other initiatives, the management is confident of meeting the financial commitments as envisaged hence the financial results have been prepared on the basis of going concern. We are of the opinion that the appropriateness of assumption of going concern is dependent upon Company's ability to raise requisite finance / generate cash flows in future to meet its obligations including the increasing current assets compared to the current liabilities.

Our opinion is not modified in respect of these matters.

Other Matters

We did not audit the financial statements of subsidiary ERL International Pte Limited and its fellow subsidiaries, whose financial statements reflect total assets of Rs. 49,739.48 Lakhs and net assets of Rs. 22,308.23 Lakhs as at 31st March, 2018, total revenue of Rs. 6,451.96 Lakhs. These financial statements and other information have been prepared by the management and as informed by the management they are currently under audit and our opinion is solely based on such management accounts. We are unable to comment on the adjustment that may have been required to the consolidated financial results, had such consolidated accounts been audited. In our opinion, and according to the information and explanations given to us by the Management, these financial statements are material to the Group. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations from Holding Company, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements *excepting the statutory returns filed at project sites.*

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements *excepting the statutory returns and records to be maintained at project sites,* have been kept by the Holding Company so far as appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.

(e) On the basis of the written representations received from the directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies and associate companies, none of the directors of the Group companies and its associate companies are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A.

(g) With respect to the other matters to be included in the Auditors Report in accordance with Rule 11 of the Companies (Audits and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:-

(i) The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associate companies. Refer Note No. 30 to the consolidated financial statements.

(ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

(iii) The amounts required to be transferred to the Investor Education and Protection fund by the Company have been transferred.

For K S Rao & Co.
Chartered Accountants
Firm Registration No. 003109S

K. Krishna Chaitanya
Partner
Membership No. 231282

Place: Chennai
Date: August 28, 2018

Annexure - A to the Auditor's Report

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

In conjuction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of **EASUN REYROLLE LIMITED** ("the Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company as there are no subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on the reports issued on internal controls over financial reporting, certain material weakness have been identified as at 31 March 2018 concerning design and implementation of internal control components, which as represented by the management are in the process of being remediated. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the effects of material weakness described in the Basis for Qualified Opinion Paragraph, in all material respects, maintained adequate internal financial control over financial reporting and were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K S Rao & Co.
Chartered Accountants
Firm Registration No. 003109S

K. Krishna Chaitanya
Partner
Membership No. 231282

Place: Chennai
Date: August 28, 2018

Consolidated Balance Sheet as at March 31, 2018

Rs. in Lakhs

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	11,136.66	13,093.12	13,492.99
Intangible Assets	4	9,217.93	9,635.83	9,843.16
Financial Assets				
Other financial Assets	5	213.25	714.19	379.57
Other non-current Assets	6	1,514.31	1,640.44	348.33
Total non-current Assets		**22,082.15**	**25083.58**	**24,064.05**
Current assets				
Inventories	7	9,599.37	6,269.45	6,343.53
Financial Assets				
Investments	8	-	-	39.06
Trade receivables	9	17,631.89	17,264.52	20,706.55
Cash and cash equivalents	10	861.22	231.44	325.49
Bank balances other than above	11	433.29	22.30	306.38
Other current assets	12	9,090.90	9,114.82	8,213.01
Total current assets		**37,616.67**	**32,902.53**	**35,934.02**
Total Assets		**59,698.82**	**57,986.11**	**59,998.07**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	615.88	615.88	615.88
Other equity	14	13,983.51	15,496.99	16,303.49
Total equity		**14,599.39**	**16,112.87**	**16,919.37**
Non-controlling Interest		**(255.58)**	**(1,621.60)**	**-**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	15	480.00	213.81	16.73
Provisions	16	105.89	68.19	49.69
Total non-current liabilities		**585.89**	**282.00**	**66.42**

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Current liabilities				
Financial liabilities				
Borrowings	17	30,374.96	27,593.12	22,227.60
Trade payables	18	5,972.16	7,751.99	12,747.66
Short term provisions	19	39.71	37.68	37.68
Other current liabilities	20	8,382.29	7,830.05	7,999.34
Total current liabilities		**44,769.12**	**43,212.84**	**43,012.28**
Total liabilities		**45,099.43**	**41,873.24**	**43,078.70**
Total Equity and Liabilities		**59,698.82**	**57,986.11**	**59,998.07**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Rs. in Lakhs

	Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Continuing Operations				
A	**Income**			
	Revenue from operations	21	7,422.30	8,679.86
	Other income	22	481.43	523.47
	Total income		**7,903.73**	**9,203.33**
B	**Expenses**			
	Cost of materials consumed	23	2,454.26	3,136.55
	Changes in inventories of finished goods and WIP	24	122.32	79.97
	Manufacturing expenses	25	295.89	345.74
	Employee Benefits Expense	26	3,184.59	2,952.60
	Finance costs	27	240.11	1,329.66
	Depreciation and amortisation expense	28	1,681.96	1,691.02
	Excise Duty	29	31.99	174.76
	Other expenses	30	1,452.64	1,518.10
	Total expenses		**9,463.76**	**11,228.40**
C	**Profit before exceptional items and tax**		**(1,560.03)**	**(2,025.07)**
	Exceptional items	31	-	(78.85)
D	**Profit before tax from continuing operations**		(1,560.03)	(2,103.92)
	Income tax expense	32		
	Current tax		-	-
	Deferred tax charge / (credit)		-	-
	Profit for the year		**(1,560.03)**	**(2,103.92)**
E	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of post employment benefit obligations		(15.01)	13.14
	Others		-	-
	Income tax (charge) / credit relating to these items		-	-

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Items that will not be reclassified to profit or loss			
Remeasurement of PPE on conversion to inventory		2,160.01	-
Income tax (charge) / credit relating to these items		-	-
Other comprehensive income for the year, net of tax		**2,145.00**	**13.14**
Total comprehensive income for the year		**584.97**	**(2,090.78)**
Earnings per share	33		
Basic earnings per share		(5.07)	(6.83)
Diluted earnings per share		(5.07)	(6.83)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Consolidated Cash flow Statement for the year ended March 31, 2018

Rs. in Lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash Flow From Operating Activities		
Profit before income tax	(1,560.03)	(2,103.92)
Adjustments for		
Depreciation and amortisation expense	1,681.96	1,691.02
Unrealised forex (gain) / loss (net, including exchange rate difference on translation of foreign operaions)	(2,098.45)	1,284.28
Increase / (decrease) in non-controlling interest	1,366.02	(1,621.60)
Interest income	(85.12)	(10.44)
Finance costs	240.11	1,329.66
	(455.51)	569.00
Change in operating assets and liabilities		
(Increase) / decrease in Other financial assets	500.94	(334.62)
(Increase) / decrease in inventories	270.08	74.08
(Increase) / decrease in trade receivables	(367.37)	3,442.03
(Increase) / decrease in Other assets	(88.35)	(21,97.54)
Increase / (decrease) in provisions and other liabilities	(576.96)	(137.63)
Increase / (decrease) in trade payables	(1,779.83)	(4,995.67)
Cash generated from operations	(1,166.38)	(3,580.35)
Less : Income taxes paid (net of refunds)	-	-
Net cash from operating activities (A)	**(1,166.38)**	**(3,580.35)**
Cash Flows From Investing Activities		
Purchase of PPE (including changes in CWIP)	(747.59)	(1,083.84)
(Purchase) / disposal proceeds of Investments	-	39.06
(Investments in) / Maturity of fixed deposits with banks	(410.99)	284.08
Interest received	146.82	14.06
Net cash used in investing activities (B)	**(1,011.76)**	**(746.64)**
Cash Flows From Financing Activities		
Proceeds from/ (repayment of) long term borrowings	266.19	197.08
Proceeds from/ (repayment of) short term borrowings	2,781.84	5,365.52
Finance costs	(240.11)	(1,329.66)
Net cash from / (used in) financing activities (C)	**2,807.92**	**4,232.94**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net increase / decrease in cash and cash equivalents (A+B+C)	**629.78**	**(94.05)**
Cash and cash equivalents at the beginning of the financial year	231.44	325.49
Cash and cash equivalents at end of the year	**861.22**	**231.44**

Notes:

1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".
2. Components of cash and cash equivalents

Balances with banks		
- in current accounts	711.76	29.15
- in EEFC Account	-	-
Cash on hand	149.46	202.29
	861.22	231.44

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

Consolidated Changes in Equity for the year ended March 31, 2018

(A) Equity Share Capital

Balance at the beginning of April 1, 2016	615.88
Changes in equity share capital during the year	-
Balance at the end of March 31, 2017	615.88
Changes in equity share capital during the year	-
Balance at the end of March 31, 2018	615.88

(B) Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Foreign Currency Translation Reserve	Other comprehensive income	Profit and Loss Acount	Total
Balance as at April 1, 2016	**1,375.22**	**15,505.77**	**9,546.39**	**1,607.81**	**-**	**(11,731.70)**	**16,303.49**
Additions/ (deductions) during the year	-	-	-	1,284.28	(13.14)	13.14	1,284.28
Total Comprehensive Income for the year	-	-	-	-	13.14	(2,103.92)	(2,090.78)
Balance as at March 31,2017	**1,375.22**	**15,505.77**	**9,546.39**	**2,892.09**	**-**	**(13,822.48)**	**15,496.99**
Additions/ (deductions) during the year	-	-	-	(2,098.45)	15.01	(15.01)	(2,098.45)
Total Comprehensive Income for the year	-	-	-	-	2,145.00	(1,560.03)	584.97
Balance as at March 31, 2018	**1,375.22**	**15,505.77**	**9,546.39**	**793.64**	**2,160.01**	**(15,397.52)**	**13,983.51**

The accompanying notes form an integral part of the financial statements

For and on behalf of the board

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August 2018

As per our report of even date attached

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

M Krishna Chaitanya
Partner
Membership.No.231282

Notes to the Consolidated Financial Statements for the year ended March 31, 2018

1 Corporate Information

The Consolidated Financial Statements comprise financial statements of "Easun Reyrolle Limited" ("the Holding Company") and its subsidiaries (collectively referred to as "the Group") for the year ended March 31, 2018.

Easun Reyrolle Limited is a leader in the field of electrical power management, a vibrant and growing industry. Easun Reyrolle has distinguished itself with an enviable range of products, systems, solutions and services that find application in electrical power transmission and distribution. The strong customer-centric approach and 30 years of domain expertise have translated into products and technology that truly bring value to customers. Easun Reyrolle's Equity shares are listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) in India. The company has invested in the following companies:

a) ERL International Pte. Limited, Singapore

b) ER Protection and Automotion Services Private Limited

2 Basis of preparation of financial statements

Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Basis of preparation and presentation

For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The financial statements for the year ended March 31, 2018 are the first financial statements the Group has prepared in accordance with Ind AS with the date of transition as April 1, 2016. Refer to note 62 for information on how the Group adopted Ind AS.

The Consolidated Financial Statements comprises of Easun Reyrolle Limited and all its subsidiaries, being the entities that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.

Principles of Consolidation

a) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.

c) In case of foreign subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).

d) Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries.

e) The unaudited financial statements of foreign subsidiaries have been prepared by the management in accordance with the generally accepted accounting principles of its country of incorporation and restated to Ind AS for consolidation purposes.

f) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

g) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

h) Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjustedagainst the income of the Group in order to arrive at the net income attributable to shareholders of the Company.

i) Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in theConsolidated Balance Sheet.

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All financial information presented in INR has been rounded to the nearest Lakhs (up to two decimals). The financial statements are approved for issue by the Company's Board of Directors on _28th, August_2018.

2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Property, Plant and Equipment (PPE / Intangible assets)

The residual values and estimated useful life of PPEs and Intangible Assets are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

Current tax

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

Deferred Tax Assets

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained/ recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Impairment of Trade Receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

Impairment of Non-financial assets (PPE / Intangible Assets)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

Defined Benefit Plans and Other long term employee benefits

The cost of the defined benefit plan and other long term employee benefits, and the present value of such obligation are determined by the independent actuarial valuer.

An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B Recent accounting pronouncements

Standards issued but not yet effective

The following standards have been notified by Ministry of Corporate Affairs

a. Ind AS 115 – Revenue from Contracts with Customers (effective from April 1, 2018)

b. Appendix B to Ind AS 21 Foreign currency transactions and advance consideration

c. Amendments to Ind AS 12 Income taxes regarding recognition of deferred tax assets on unrealised losses

The Group is evaluating the requirements of the above standards/ its applicability to the Group and the effect on the financial statements is also being evaluated.

3 Significant Accounting Policies

a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle

ii Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified 12 months as its operating cycle.

b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i) In the principal market for the asset or liability;

ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Group's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

c) Revenue Recognition

Sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

Sale of services

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

Interest Income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

d) Property, plant and equipment and capital work in progress

Deemed cost option for first time adopter of Ind AS

Under the previous GAAP (Indian GAAP), the property, plant and equipment were carried in the balance sheet at cost less accumulated depreciation. The Group has elected to fair value its land as the deemed cost as at the date of transition, viz., 1 April 2016 and applied Ind AS 16 retrospectively for all other classes of Property, Plant and Equipment.

Presentation

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

Component Cost

All material / significant components have been identified and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

Derecognition

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e) **Depreciation on property, plant and equipment**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013, except in respect of certain assets, where useful life estimated based on internal assessment and / or independent technical evaluation carried out by external valuer, past trends and differs from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing 5000 each or less are fully depreciated retaining its residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

f) Intangible assets

Under the previous GAAP (Indian GAAP), intangible assets were carried in the balance sheet at cost less accumulated depreciation. The Group has elected to fair value its intangible assets as on the date of transition.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful life and amortisation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent cost and measurement

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

g) **Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average method as follows:

(i) Raw materials, stock acquired for trading, packing materials and consumables: At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.Tools are written off at cost less amortization. Amortization of tools are made based on technical evaluation.

(ii) Work-in-process and intermediates: At material cost, conversion costs and appropriate share of production overheads

(iii) Finished goods: At material cost, conversion costs and an appropriate share of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

h) **Financial Instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are also added to the cost of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified on the basis of their contractual cash flow characteristics and the entity's business model of managing them.

Financial assets are classified into the following categories:

- Financial instruments other than equity instruments at amortised cost
- Financial instruments other than equity instruments at fair value through other comprehensive income (FVTOCI)
- Financial instruments other than equity instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial instruments other than equity instruments at amortised cost

The Group classifies a financial instruments other than equity instruments as at amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

   Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial instruments other than equity instruments at FVTOCI

The Company classifies a debt instrument at FVTOCI, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

   Financial instruments other than equity instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes finance income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial instruments other than equity instruments at FVTPL

The Group classifies all debt instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Group makes an irrevocable election of classifying the equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in OCI, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents SPPI, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans given to employees and others, deposits, interest receivable and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than subsidiaries and associates if an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, receivables and bank balance.

b) Financial assets that are debt instruments and are measured at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Group considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation of ECL for various financial instruments is described below:

- **Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:** ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- **Financial instruments other than equity instruments measured at FVTOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

  For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivable	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Classification	Name of the financial liability
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Foreign currency transactions and translations

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

j) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Group determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Group capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

k) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Group will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Group during the specified period. The Group reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income tax during the specified period.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) Retirement and other employee benefits

Short-term employee benefits

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plans

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

Other long term employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

m) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. All other leases are operating leases.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

n) Impairment of non financial assets (PPE and Intangibles)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

o) Provisions, contingent liabilities and contingent asset

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made, if realisation of money is doubtful in the judgement of the management.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

Contingent assets

Where an inflow of economic benefits is probable, the Group discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

Contingent assets are disclosed but not recognised in the financial statements.

p) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

q) Cash Flow Statement

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

r) Earnings per share

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

4. Property, Plant and Equipment

Particulars	Tangible Assets													Intangible Assets				
	Land	Land-lease-hold	Land-Hosur Residential Plots	Buildings	Build-ings-lease hold	Plant and Machinery	Elec-trical Installa-tion	Office Equip-ments	Furni-ture	Vehicles	Com-puters	Research and Develop-ment	Total	Goodwill	Computer Software	Intellectu-al Property Rights	Intangible Assets - Product Develop-ment	Total
Deemed Cost as at April 1, 2016	1,985.75	2,232.50	302.38	3,363.39	2.58	4,606.74	225.27	180.73	259.78	10.51	5.09	318.27	13,492.99	2,308.92	4.20	6,013.39	1,516.65	9,843.16
Additions				7.82		160.21			0.23	2.21			170.47		18.70		894.65	913.35
Disposals													-				-	-
Cost as at March 31, 2017	1,985.75	2,232.50	302.38	3,371.21	2.58	4,766.95	225.27	180.73	260.01	12.72	5.09	318.27	13,663.46	2,308.92	22.90	6,013.39	2,411.30	10,756.51
Additions				-	-	12.78	0.04	0.26	-	-	3.60	-	16.68	-	0.72	-	730.19	730.91
Disposals/ reclassifi-cations		(1,439.99)											(1,439.99)					-
Cost as at March 31, 2018	**1,985.75**	**792.51**	**302.38**	**3,371.21**	**2.58**	**4,779.73**	**225.31**	**180.99**	**260.01**	**12.72**	**8.69**	**318.27**	**12,240.15**	**2,308.92**	**23.62**	**6,013.39**	**3,141.49**	**11,487.42**
Depreciation/Amor-tisation													-					-
Charge for the year	-	2.24	-	115.27	0.66	226.31	-	24.35	135.34	3.11	-	63.06	570.34	1,114.81	5.87	-	-	1,120.68
Disposals/ reclassifi-cations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2017	**-**	**2.24**	**-**	**115.27**	**0.66**	**226.31**	**-**	**24.35**	**135.34**	**3.11**	**-**	**63.06**	**570.34**	**1,114.81**	**5.87**	**-**	**-**	**1,120.68**
Charge for the year	-	2.24	-	136.50	0.34	270.47	39.73	1.20	43.51	2.82	1.08	35.26	533.15	-	6.90	-	1,141.91	1,148.81
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**-**	**4.48**	**-**	**251.77**	**1.00**	**496.78**	**39.73**	**25.55**	**178.85**	**5.93**	**1.08**	**98.32**	**1,103.49**	**1,114.81**	**12.77**	**-**	**1,141.91**	**2,269.49**
Net Block																		
As at April 1, 2016	1,985.75	2,232.50	302.38	3,363.39	2.58	4,606.74	225.27	180.73	259.78	10.51	5.09	318.27	13,492.99	2,308.92	4.20	6,013.39	1,516.65	9,843.16
As at March 31, 2017	1,985.75	2,230.26	302.38	3,255.94	1.92	4,540.64	225.27	156.38	124.67	9.61	5.09	255.21	13,093.12	1,194.11	17.03	6,013.39	2,411.30	9,635.83
As at March 31, 2018	**1,985.75**	**788.03**	**302.38**	**3,119.44**	**1.58**	**4,282.95**	**185.58**	**155.44**	**81.16**	**6.79**	**7.61**	**219.95**	**11,136.66**	**1,194.11**	**10.85**	**6,013.39**	**1,999.58**	**9,217.93**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Rs. in Lakhs

	Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
5	**Other non-current financial assets**			
	(Unsecured, considered good)			
	Security Deposits and Earnest Money Deposits	213.25	213.96	197.78
	Term Deposits maturing after 12 months from the Balance Sheet date and other earmarked / margin money / pledged deposits classified as non-current	-	500.23	181.79
		213.25	**714.19**	**379.57**
6	**Other non-current assets**			
	(Unsecured, considered good)			
	Advances to suppliers	883.85	1,600.78	93.01
	Capital Advances	-	-	200.72
	Prepaid expenses	602.90	35.84	54.60
	Income Tax refund receivable	27.56	3.82	-
		1,514.31	**1,640.44**	**348.33**
7	**Inventories**			
	Raw Materials and Components	2,680.79	2,892.32	2,282.08
	Work in progress	2,081.51	1,980.56	355.58
	Finished Goods	714.12	885.06	421.89
	Land held as inventories `	3,600.00	-	-
	Packing Materials	5.30	5.65	8.06
	Stock in transit- raw materials & components	517.65	500.11	3,270.91
	Stores and spares	-	5.75	5.01
		9,599.37	**6,269.45**	**6,343.53**
	Inventory comprises of			
	Raw Materials and Components			
	Integrated Circuit & Printed Circuit Board	465.66	556.27	568.26
	Coil,Contact Tip & Lamination	205.09	304.82	315.80
	L Pro,CSC & SEL Relays	242.33	242.88	258.90
	Radio Metal	62.91	76.31	80.31
	Insulators	42.02	42.02	42.02
	GT4 Proto & VCB	33.44	33.49	34.50
	Others	1,629.34	1,636.53	982.29
		2,680.79	**2,892.32**	**2,282.08**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Finished Goods			
Meter	64.50	62.50	62.98
Relays	395.18	609.11	48.69
Panels	242.10	176.52	291.27
Switch Gear	1.39	1.33	8.00
Ring Main Unit	10.95	35.60	10.95
	714.12	**885.06**	**421.89**
Packing Materials			
Wooden Box	5.30	5.65	8.06
	5.30	**5.65**	**8.06**
8 **Current investments**			
Investments in associates			
Nil equity shares of in ERL Thailand (previous year Nil shares)	-	-	39.06
	-	**-**	**39.06**
9 **Trade receivables**			
(Unsecured, considered good)			
Dues from other than related parties			
Outstanding for a period exceeding six months from the date they are due for payment	16,785.77	14,614.33	17,367.07
Other receivables	684.53	1,391.12	2,019.01
Dues from Related Parties			
Outstanding for a period exceeding six months from the date they are due for payment	159.49	812.40	866.40
Other receivables	2.10	446.67	454.07
	17,631.89	**17,264.52**	**20,706.55**
10 **Cash and cash equivalents**			
Cash on hand	149.46	202.29	301.51
Balances with banks			
In current accounts	711.76	29.15	23.98
	861.22	**231.44**	**325.49**
11 **Other Bank Balances**			
Bank deposits maturing within 12 months from the reporting date In earmarked accounts	429.19	9.92	9.92
Bank deposits maturing within 12 months from the reporting date Unpaid dividend account	-	-	279.13
	4.10	12.38	17.33
	433.29	**22.30**	**306.38**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
12 Other current assets			
Unsecured, considered good)			
Advances to suppliers			
Related parties	624.19	624.19	624.19
Others	535.54	602.23	608.18
Advance to employees	3.92	102.16	13.98
Rental advance	11.84	13.88	16.31
Statutory receivables (Input credits)	271.76	724.79	794.25
Interest accrued on bank guarantee margin	29.38	32.23	35.85
Interest accrued on short term deposits	-	0.09	0.09
Prepaid expenses	15.33	4.34	9.16
Other receivables	7,598.94	7,010.91	6,111.00
	9,090.90	**9,114.82**	**8,213.01**
13 Capital			
Authorised Share Capital			
7,50,00,000 (previous year 7,50,00,000) equity Shares of Rs. 2 each	1,500.00	1,500.00	1,500.00
50,00,000 (previous year 50,00,000) preference Shares of Rs.10 each	500.00	500.00	500.00
	2,000.00	**2,000.00**	**2,000.00**
Issued Share Capital			
3,07,95,639 Equity Shares of Rs. 2 each	615.90	615.90	615.90
	615.90	**615.90**	**615.90**
Subscribed and fully paid up share capital			
3,07,94,141 Equity Shares of Rs. 2 each	615.88	615.88	615.88
	615.88	**615.88**	**615.88**

Notes:

(a) **Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	30,794,141	30,794,141	30,794,141
Add: Issued during the year			
Balance at the end of the year	30,794,141	30,794,141	30,794,141

(b) Shareholders holding more than 5% of the total share capital

Name of the share holder	March 31, 2018		March 31, 2017		April 1, 2016	
	No of shares	%	No of shares	%	No of shares	%
Sowraj Investments Pvt Ltd	5,449,954	17.70	5,449,954	17.70	5,409,954	17.57
Easun Products of India Pvt Ltd	3,367,557	10.94	3,367,557	10.94	3,367,557	10.94
Easun Engineering Company Ltd	1,632,500	5.30	1,632,500	5.30	1,632,500	5.30
Sundaram Mutual Fund A/c	NA	NA	602,716	1.96	1,819,515	5.91

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016

(c) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of Rs.2 each. The equity shares of the company having par value of Rs.2 /- rank pari-passu in all respects including voting rights and entitlement to dividend. The dividend proposed if any, by the Board of Directors, is subject to the approval of the shareholders in the ensuing Annual General Meeting.

14 Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Capital Reserve	1,375.22	1,375.22	1,375.22
Securities Premium Reserve	15,505.77	15,505.77	15,505.77
General Reserve	9,546.39	9,546.39	9,546.39
Foreign Currency Translation Reserve	793.64	2,892.09	1,607.81
Other Comprehensive Income	2,160.01	-	-
Profit and Loss Account	(15,397.52)	(13,822.48)	(11,731.70)
	13,983.51	**15,496.99**	**16,303.49**
a) Capital reserve			
Balance at the beginning and end of the year	**1,375.22**	**1,375.22**	**1,375.22**
b) Securities Premium Reserve			
Balance at the beginning and end of the year	**15,505.77**	**15,505.77**	**15,505.77**
c) General Reserve			
Balance at the beginning and end of the year	**9,546.39**	**9,546.39**	**9,546.39**
d) Foreign currenct translation reserve			
Balance at the beginning of the year	2,892.09	1,607.81	1,607.81
Deductions/Adjustments during the year	(2,098.45)	1,284.28	-
Balance at the end of the year	**793.64**	**2,892.0**	**1,607.81**
e) Other comprehensive income			
Balance at the beginning of the year	-	-	-
Additions during the year	2,145.00	13.14	-
Deductions/Adjustments during the year	15.01	(13.14)	-
Balance at the end of the year	**2,160.01**	**-**	**-**
f) Profit and Loss Account			
Balance at the beginning of the year	(13,822.48)	(11,731.70)	(15,719.87)
Net profit for the period	(1,560.03)	(2,103.92)	-
Transfer from Other Comprehensive Income	(15.01)	13.14	-
Ind AS adjustments	-	-	3,988.17
Balance at the end of the year	**(15,397.52)**	**(13,822.48)**	**(11,731.70)**

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
15 Long Term Borrowings			
Secured *			
Foreign currency term loan from Banks			
Standard Chartered - ECB	1,649.50	1,643.25	1,628.00
DBS Bank-ECB	2,474.25	2,464.88	2,519.25
Unsecured Loans			
Others	480.00	213.81	954.67
	4,603.75	4,321.94	4,163.98
Less: Current maturities of Long Term Debt (refer note 20)	(4,123.75)	(4,108.13)	(4,147.25)
	480.00	**213.81**	**16.73**
* Refer Note 42 for repayment terms and security details			
16 Provisions (Non-current)			
Provision for Employee Benefits			
Gratuity	67.58	37.76	20.31
Leave encashment	38.31	30.43	29.38
	105.89	**68.19**	**49.69**
17 Current liabilities - Financial Liabilities: Borrowings *			
Secured			
Loans repayable on Demand			
From banks			
Cash credits facilities availed	23,355.93	21,895.57	18,051.37
Unsecured			
Loans from directors	55.00	-	-
Inter Corporate Deposits	6,964.03	5,697.55	4,176.23
	30,374.96	**27,593.12**	**22,227.60**
* Refer Note 43 for repayment terms and security details			
18 Trade payables			
Dues to Micro, Small and Medium Enterprises**	234.86	238.00	152.29
Others	5,737.30	7,513.99	11,590.00
Related Parties	-	(233.49)	1,005.37
	5,972.16	**7,751.99**	**12,747.66**

**Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. Please refer note 38.

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
19 Provisions (Current)			
Provision for employee benefits			
Gratuity	29.44	22.89	22.89
Leave encashment	10.27	14.79	14.79
	39.71	**37.68**	**37.68**
20 Other current liabilities			
Secured			
Current maturities of long-term debt			
Standard Chartered - ECB	1,649.50	1,643.25	1,628.00
DBS Bank - ECB	2,474.25	2,464.88	2,519.25
Unsecured			
Advances from customers	2,327.07	1,974.90	2,083.64
Statutory Dues Payables	1,139.31	1,029.48	1,035.27
Employee related payables	788.06	705.16	715.85
Unpaid Dividend Payable	4.10	12.38	17.33
	8,382.29	**7,830.05**	**7,999.34**

	For the year ended March 31, 2018	For the year ended March 31, 2017
21 Revenue from operations		
Sale of Products	7,422.30	8,611.93
Sale of Services	-	62.33
	7,422.30	8,674.26
Other Operating Revenue	-	5.60
	7,422.30	**8,679.86**
Details of Sale of Products		
Relay and Control Panels	7,378.54	8,555.20
Ring Main Units (RMU)	7.08	17.95
Switchgear	36.68	38.78
	7,422.30	**8,611.93**
22 Other Income		
Interest Income	85.12	10.44
Bad debts recovered	-	0.01
Foreign Exchange Gains	-	38.34
Miscellaneous Income	396.31	474.68
	481.43	**523.47**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
23 Cost of materials consumed		
Opening inventory of raw materials	2,130.12	2,282.08
Add : Purchases	2,234.17	2,984.59
Less : Closing inventory of raw materials	(1,910.03)	(2,130.12)
	2,454.26	**3,136.55**
24 Changes in inventories of work-in-progress and finished goods		
Opening Balance		
Work-in-progress	365.55	355.58
Finished goods (other than land)	331.95	421.89
	697.50	**777.47**
Closing Balance		
Work-in-progress	461.38	365.55
Finished goods	358.44	331.95
	819.82	**697.50**
Total changes in inventories	**122.32**	**(79.97)**
25 Manufacturing expenses		
Repairs, Operations and Maintenance	102.02	151.03
Security Charges	47.13	43.49
Labour Charges	18.46	27.36
Power and Fuel	81.57	61.55
Consumable Tools	1.00	0.62
Consumable Stores	1.28	2.68
Others	44.43	59.01
	295.89	**345.74**
26 Employee benefits expense		
Salaries, Wages and Bonus	2,844.54	2,781.32
Contribution to provident and other funds	63.37	75.45
Staff welfare expenses	276.68	95.83
	3,184.59	**2,952.60**
27 Finance Cost		
Interest on		
Term Loans	157.73	1,190.64
Other Borrowing cost	82.38	139.02
	240.11	**1,329.66**
28 Depreciation and amortisation expense		
Depreciation on Property, Plant and Equipment	533.15	570.34
Amortization of Intangible assets	1,148.81	1,120.68
	1,681.96	**1,691.02**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
29 Excise Duty Expense		
Excise Duty	31.99	174.76
	31.99	**174.76**
30 Other expenses		
Rent	116.24	124.66
Insurance	57.79	60.05
Rates and taxes, excluding taxes on income	297.90	79.55
Travel and Conveyance Expenses	278.96	269.48
Postage, telephone and telegram	16.74	29.53
Selling Expenses	34.43	226.06
Audit Fee	11.11	10.38
Professional Charges	168.36	143.44
Electricity Charges	0.41	1.69
Advertisement Charges	1.68	7.63
Printing and Stationery	54.77	56.65
Service Charges	1.08	1.66
Foreign Exchange Loss/ (Gain)	108.09	-
Liquidated Damages	29.39	66.66
Vehicle Hire Charges	-	5.59
Trade Charges	-	12.82
Listing Fee	6.99	6.41
Water Charges	5.03	29.90
Recruitment Expenses	-	0.50
Other expenses	263.67	385.44
	1,452.64	**1,518.10**
30 (a) Payment to auditors		
As Auditor	3.00	3.00
Other Services	6.00	6.00
Out of Pocket Expenses	2.11	1.38
	11.11	10.38
31 Exceptional items		
Amortisation of FCMITD during the year	-	78.85
	-	**78.85**
32 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	-	-
MAT Paid		
Total current tax expense	-	-
Deferred tax		
Deferred tax adjustments	-	-
Total deferred tax expense / (benefit)	-	-
Income tax expense	-	-

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	(1,560.03)	(2,103.92)
Income tax expense calculated at 34.608% (2016-17: 34.608)	(539.90)	(728.12)
Tax Rate Changes (34.608%-34.608%) *	-	-
Effect of expenses that are not deductible in determining taxable profit	539.90	728.12
Income tax expense	-	-
* The Impact is due to the difference in tax rate adopted for the current year deferred tax and previous year deferred tax		
c) Income tax recognised in other comprehensive income		
Deferred tax		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-
33 Earnings per share		
Profit for the year attributable to owners of the Company	(1,560.03)	(2,103.92)
Weighted average number of ordinary shares outstanding	30,794,141	30,794,141
Basic earnings per share (Rs)	(5.07)	(6.83)
Diluted earnings per share (Rs)	(5.07)	(6.83)
34 Earnings in foreign currency		
FOB Value Basis	86.94	413.06
	86.94	**413.06**
35 Expenditure in foreign currency		
Travelling	25.27	-
	25.27	-
36 CIF value of imports		
Components and Spare parts including in transit	145.39	708.42
	145.39	708.42

37 Value of imported and indigenous Raw material Consumed during the financial year and the percentage of each to the total consumption

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. In Lakhs	Percentage (%)	Rs. In Lakhs	Percentage (%)
Raw Materials				
Imported	523.47	21.00	982.96	31.00
Others	1,930.	79.00	2,153.59	69.00
	2,454.26	**100.00**	**3,136.55**	**100.00**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017

38 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) The principal amount remaining unpaid at the end of the year	234.84	238.00
(b) Interest Accrued and due to the suppliers under MSMED Act, on the above amount	200.29	157.92
(c) The delayed payments of principal amount paid beyond the appointed date during the year	31.03	176.84
(d) Interest actually paid under Section 16 of MSMED Act	-	-
(e) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	0.29	13.24
(f) Total interest accrued during the year and remaining unpaid	200.57	171.17

*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

39 Commitments and contingent liability

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contingent Liability		
Letters of Credit opened by Bank for purchase of raw materials and components	-	-
Counter Guarantee given to bankers in respect of Guarantees given by them	1640.86	2,886.95
Bonds executed in favour of President of India for import of material at concessional rate of duty	-	8.95
Sales effected under CST - liability towards submission of C Forms	1399.72	996.98
Disputed amounts of Income Tax demands Assessment year	2738.50	2738.50
Disputed amounts of Sales Tax demands	2143.58	520.18
Demand of fine payable to stock exchanges	31.90	-
Commitments	59.72	59.72
Estimated amount of capital commitment on account of Fixed Assets	-	-

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017

40 Operating Segments

The business of the Group falls under a single primary segment i.e., supply of Transmission and Distribution equipment in accordance with Ind AS 108 'Operating Segments" and hence no segment reporting is applicable.

41 Operating lease arrangements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
As Lessee		
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 recognised in the Statement of Profit and Loss	116.24	124.66

42 Repayment terms and security details of long term borrowings

Particulars	Repayment commence date	Loan outstanding	Current maturities	Interest rate	Instalment amount
External Commercial Borrowings					
Fully Un-Hedged					
Standard Chartered Bank Ltd (Repayable in 3 Half yearly Instalments)* (USD 25,00,000 million)**	Aug 2012	1,649.50 (1,643.25)	1,649.50 (1,643.25)	4.35%	1,250,000 (821.63)
Fully Hedged					
DBS Bank Ltd (Repayable in 5 Half yearly Instalments) (USD 37,50,000 million)**	Aug 2012	2,474.25 (2,464.88)	2,474.25 (2,464.88)	4.35%	750,000 (492.28)

*Amount varies as per the exchange rate on the date of repayment
**Outstanding as on March 31, 2018
(Figures in brackets represent previous year numbers)

a) Security Details

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

43 Repayment terms and security details of short term borrowings

Secured Loans

a. Primary Security

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

b. Collateral Security

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

* on paripassu basis among Axis Bank, DBS Bank, Standard Chartered Bank and Canara Bank.
** by way of primary security

Unsecured Loans

The Company has taken an unsecured loan from Raj H Eswaran, Managing Director during the year which do not carry any interest. The company is making necessary efforts to repay this loan against business realisation.

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

44 Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long-term borrowings and other short-term borrowings.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

Net debt to equity ratio:	**March 31, 2018**	**March 31, 2017**	**April 1, 2016**
Debt	34,978.71	31,915.06	26,391.58
Less: Cash and bank balances	1,294.51	253.74	631.87
Net debt	33,684.20	31,661.32	25,759.71
Total equity	14,599.39	16,112.87	16,919.37
Net debt to equity ratio (%)	230.72%	196.50%	152.25%

Categories of Financial Instruments	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets			
a. Measured at amortised cost			
Other non-current financial assets	213.25	714.19	379.57
Trade receivables	17,631.89	17,264.52	20,706.55
Cash and cash equivalents	861.22	231.44	325.49
Bank balances other than above	433.29	22.30	306.38
b. Mandatorily measured at fair value through profit or loss (FVTPL)			
Investments (current)	-	-	39.06
Financial liabilities			
a. Measured at amortised cost			
Borrowings (non-current)	480.00	213.81	16.73
Borrowings (current)	30,374.96	27,593.12	22,227.60
Trade Payables	5,972.16	7,751.99	12,747.66

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using natural hedging financial instruments and forward contracts to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposure through its finance division wherever required, to mitigate the risks from such exposures.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures.

Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2018

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	70.47	-	70.47	2.50	-	2.50	(67.97)
EUR	0.26	-	0.26	1.18	-	1.18	0.92
AUD	0.36	-	0.36	0.19	-	0.19	(0.17)
THB	-	-	-	-	-	-	-
In INR	4,622.63	-	4,622.63	267.25	-	267.25	(4,355.38)

As on March 31, 2017

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	101.06	-	101.06	10.36	-	10.36	(90.70)
EUR	1.16	-	1.16	1.18	-	1.18	0.02
AUD	0.36	-	0.36	0.24	-	0.24	(0.12)
THB	0.10	-	0.10	0.32	-	0.32	0.22
In INR	6,658.84	-	6,658.84	791.21	-	791.21	(5,867.63)

As on April 1, 2016

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
USD	93.10	-	93.10	8.30	-	8.30	(84.80)
EUR	-	-	-	5.60	-	5.60	5.60
AUD	0.43	-	0.43	-	-	-	(0.43)
THB	0.10	-	0.10	-	-	-	(0.10)
In INR	6,206.95	-	6,206.95	971.09	-	971.09	(5,235.86)

Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The 25 basis point interest rate changes will impact the profitability by INR 25.94 Lakhs for the year (Previous INR 67.48 Lakhs)

Credit risk management

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

(a) Trade Receivables

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank guarantee / letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Investments of surplus funds are made only with approved financial institutions / counterparty. Investments primarily include bank deposits, which have low credit risk. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in bank deposits and restricts the exposure in equity markets.

Offsetting related disclosures

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

March 31, 2018	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	5,972.16	-	-	5,972.16
Borrowings	4,123.75	480.00	-	4,603.75
	10,095.91	**480.00**	**-**	**10,575.91**

March 31, 2017	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	7,751.99	-	-	7,751.99
Borrowings	4,108.13	213.81	-	4,321.94
	11,860.12	**213.81**	**-**	**12,073.93**

March 31, 2016	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
Trade payables	12,747.66	-	-	12,747.66
Borrowings	4,147.25	16.73	-	4,163.98
	16,894.91	**16.73**	**-**	**16,911.64**

	March 31, 2018	**March 31, 2017**	**April 1, 2016**
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil	Nil

45 Related party disclosure

a) List of parties having significant influence

Entities in which directors are interested	Sowraj Investments Pvt. Ltd Easun Products of India Private Ltd
Key Management Personnel (KMP)	
Mr. Hari Eswaran	Promoter Director, Chairman
Mr. Raj H Eswaran	Promoter Director
Dr. W S Jones	Independent Director
Mr. Rakesh Garg	Independent Director
Ms. Swethe Mandora Prajapathi	Independent Director

b) Transactions during the year

S.No.	Nature of transactions	Amount (Rs. in Lakhs)	
		2017-18	2016-17
1	Sowraj Investments Pvt. Ltd		
	Rendering of Services :		
	Unsecured loan	78.02	-
2	Easun Products of India Private Ltd		
	Rendering of Services :		
	Unsecured loan	35.23	-
3	Key Managerial Personnel		
	Directors remuneration	48.00	48.00

c) Balances at the end of the year

S.No.	Nature of transactions	Amount (Rs. in Lakh	
		2017-18	2016-17
1	Borrowings :		
	Sowraj Investments Pvt. Ltd	2,952.16	2,849.62
	Easun Products of India Private Ltd	3,144.01	1,321.41
	Mr. Hari Eswaran	40.30	36.99
	Mr. Raj H Eswaran	102.16	79.98
	Dr W S Jones	3.18	2.65
	Mr. Rakesh Garg	10.68	10.05
	Ms. Swethe Mandora Prajapathi	0.93	0.74

46 Retirement benefit plans

Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of Gratuity fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions, as specified under the law, are made to the Provident Fund.

The total expense recognised in profit or loss of Rs. 36.40 Lakhs (for the year ended March 31, 2017: Rs. 17.42 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

Defined benefit plans

(a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**March 31, 2018**	**March 31, 2017**
Discount rate	7.70%	7.34%
Rate of increase in compensation level	6.00%	6.00%
Rate of return on plan assets	7.70%	7.34%
Attrition rate	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:	**March 31, 2018** Rs. Lakhs	**March 31, 2017** Rs. Lakhs
Amount recognised under Employee Benefits Expense in the Statement of profit and Loss:		
Current service cost	16.73	19.03
Net interest expense	29.18	29.36
Return on plan assets (excluding amounts included in net interest expense)	(24.52)	(24.38)
Components of defined benefit costs recognised in profit or loss	**21.39**	**24.01**
Amount recognised in Other Comprehensive Income (OCI) for Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses recognised during the period	15.01	(6.58)
Actuarial (gains)/losses Components of defined benefit costs recognised in other comprehensive income	**15.01**	**(6.58)**
Total	**36.40**	**17.43**
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as		
Present value of defined benefit obligation	393.36	392.82
Fair value of plan assets	(296.34)	(332.20)
Net liability/ (asset) arising from defined benefit obligation	**97.02**	**60.62**
Funded	97.02	60.62
Unfunded	-	-
	97.02	**60.62**
The above provisions are reflected under 'Provision for employee benefits- gratuity' (long-term provisions) [Refer note 16] and 'Provision for employee benefits- gratuity' (short-term provisions) [Refer note 19]		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	392.82	375.39
Current service cost	16.73	19.03
Interest cost	29.18	29.36
Actuarial (gains)/losses	(17.74)	(30.96)
Benefits paid	(27.63)	-
Closing defined benefit obligation	**393.36**	**392.82**
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	332.20	332.20
Return on plan assets	24.52	24.38
Benefits paid	(27.63)	-
Actuarial gains/(loss)	(32.75)	(24.38)
Closing fair value of plan assets	**296.34**	**332.20**

Sensitivity analysis
In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(b) Compensated absences
The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The design entitles the following risk:

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

The above provisions are reflected under 'Provision for employee benefits- leave encashment' (long-term provisions) [Refer note 16] and 'Provision for employee benefits- leave encashment' (short-term provisions) [Refer note 19]

47 Enterprises consolidated as Subsidiary in accordance with Ind AS 110 - Consolidated Financial Statements

Name of enterprise	Country of Incorporation	Proportion of ownership interest
ERL International Pte. Limited	Singapore	100%
ER Protection and Automotion Services Private Limited	India	100%
ERL Phase Power Technologies Ltd (100% subsidiary of ERL International Pte. Limited)	Canada	100%
ERL Marketing International FZE (100% subsidiary of ERL International Pte. Limited)	Sharjah	100%
ERL Switchcraft Pte. Ltd (80% subsidiary of ERL International Pte. Limited)	Singapore	80%
ERL Pacific Pty Ltd (82% subsidiary of ERL International Pte. Limited)	Australia	82%
Switchcraft Limited Hong Kong (100% subsidiary of ERL Switchcraft Pte. Ltd, Singapore)	Hong Kong	80%
Switchcraft Europe GmbH (100% subsidiary of ERL Switchcraft Pte. Ltd, Singapore)	Germany	80%

48 Additional Information, as required under Schedule III to the Companies Act, 2013

Rs. in Lakhs

Particulars	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount	As % of consolidated Net Assets	Amount
ERL International Pte. Limited	164.33%	23,990.59	-0.89%	(130.09)	-	-	-0.89%	(130.09)
ERL Phase Power Technologies Ltd (100% subsidiary of ERL International Pte. Limited)	6.26%	912.99	2.53%	368.87	-	-	2.53%	368.87
ERL Marketing International FZE (100% subsidiary of ERL International Pte. Limited)	3.39%	495.48	2.00%	291.61	-	-	2.00%	291.61
ERL Switchcraft Pte. Ltd (80% subsidiary of ERL International Pte. Limited)	-6.81%	(994.39)	-	-	-	-	-	-
Switchcraft Limited Hong Kong (100% of ERL Switchcraft Pte. Ltd, Singapore)	-9.01%	(1,314.81)	-	-	-	-	-	-
Switchcraft Europe GmbH (100% subsidiary of ERL Switchcraft Pte. Ltd, Singapore)	-3.20%	(466.72)	0.40%	58.78	-	-	0.40%	58.78
ERL Pacific Pty Ltd (82% subsidiary of ERL International Pte. Limited)	-2.16%	(314.92)	-0.08%	(11.07)	-	-	-0.08%	(11.07)
ER Protection and Automation Services Private Limited	-	0.54	-	(0.46)	-	-	-	(0.46)

49 a) In respect of company's operations which includes execution of the turnkey projects, these projects significantly involve supply of equipment dealt with by the company in the ordinary course of operations. The activities that are additionally carried out while executing the turnkey projects are in the nature of civil construction and erection services which are significantly less when compared with the overall project value. No information is furnished in terms of segment reporting in as much the project execution essentially involves supply of Transmission and Distribution equipment manufactured by the company carrying similar risks and rewards which are not different from main products.

b) Revenue from operations includes invoicing on customers towards execution of turnkey projects. These turnkey project invoicing is predominantly milestone associated and is independent of customer acceptance of agreement, Revenue recognised in this regard with appropriate provision for anticipated procurement / cost of manufacuring components the outcome of eventual acceptability of the claims of the company is ascertained at the closure of the respective project and is accounted accordingly.

50 Personnel expenses and other expenses are net off recovery of overheads from direct and indirect overseas subsidiaries amounting to Rs. Nil (Rs.Nil) and net off product development expenses Rs.Nil (Rs.Nil).

51 Reconciliation of Excise and Service Tax Records / VAT Records with the Financial Records are under Progress. Adjustments if any which may arise are not ascertainable and would be carried out in the Books upon completion of Reconciliation.

52 Trade Receivables includes an amount of Rs.1224.75 lacs (Rs.1,224.75 lacs) being the Liquidated Damages recovered by some customers. The Company is in the process of recovering the said amount and pending recovery, no provision is considered in the accounts towards Liquidated Damages. During this financial year Rs.Nil (Nil) recovered from Customers against written off in earlier years has been adjusted against Liquidated Damages recoverable.

53 Trade Receivables includes an amount of Rs.955.10 lacs (Rs.1345.29 lacs) being the outstanding from Foreign Debtors for more than 180 days. Out of which Rs.Nil (Rs. Nil) received subsequently. The Company is in the process of getting necessary approval from Reserve Bank of India towards extension of time limit for collection.

54 The value of inventory pertaining to the “Metering Business” amounting to Rs.350.51 Lacs (Rs.350.51 Lacs) is continued to be carried at cost despite no activity in the business for considerable period and realisable value has not been ascertained consequently the impact on the financial statements is not quantifiable.

55 In respect of certain turnkey contracts which have been terminated by the customers resulting an encashment of bank guarantees given by the company amounting to Rs.7,593.91 Lacs (Rs.6,405.34 lacs) has been shown recoverable from parties in respect of which negotiation with customers stated to be in progress. Pending the outcome of negotiations the no adjustment in the financial statements has been made.

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

57 The Company has applied for the extension of time limit under FEMA rules for material advances given to the associate enterprises amounting Rs. 2,696.35 lakhs (Rs.624.19 Lacs) as on 31st March 2018.

58 Interest cost on cash credit facility held with State Bank of India as been provided in the books based on the latest available sanctioned terms and not based on the rate which was being reflected and charged in the segment of account.

59 The company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the company has not reinstated the balances outstanding. The financial implications, if any, arising on account of non-filing with appropriate authorities for regularisation have not been considered.

60 Pending the outcome of suits filed by and against the company, no provision is considered necessary in the financial statements.

61 Financial Statement have been prepared under going concerned basis as the management is confident of generating future cash flows based on the order in the pipe line and proposed restructuring of borrowing by consortium of banks being under consideration.

62 First-time adoption of Ind AS

Transition to Ind AS

These are the Group’s first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (The Group's date of transition).

In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards generally applicable to the Group (as amended from time to time) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost for PPE

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment or to continue with the carrying value for all of its PPE as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

The Group has elected to fair value its land as on the date of transition and apply Ind AS 16 retrospectively on other classes of property, plant and equipment.

A.1.2. Deemed cost for Intangible Assets

Ind AS 101 permits a first-time adopter to elect to fair value the intangible assets or to continue with the carrying value as per the previous GAAP as deemed cost on the date of transition.

The Group has elected to fair value its intangible assets as on the date of transition and apply Ind AS 36 for provision of impairment loss.

A.1.3. Business Combinations before the date of transition

As per Ind AS 101, a first time adopter of Ind AS may elect not to apply Ind AS 103 "Business Combinations" retrospectively in respect of business combinations that occurred before the date of transition to Ind AS. The Group has elected to apply this exemption for the business combinations that occured prior to April 1, 2016.

A.1.4 Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI or FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The Group has elected to apply this exemption for its investment in equity investments.

A.1.5.Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to

Ind AS, except where the effect is expected to be not material. The Group has elected to apply this exemption for such contracts/ arrangements.

A.1.6. Foreign Currency Monetary Item Translation Differences Account (FCMITDA)

Paragraph D13AA of Ind AS 101 provides that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetaryitems recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

However, the Group has opted apply Ind AS 21 retrospectively in respect of FCMITDA and adjusted the entire FCMITDA balance in the opening balance sheet.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

B. Notes to first-time adoption

B.1 Fair valuation impact of PPE as deemed cost

Ind AS 101 permits a first-time adopter to elect to fair value a class of property, plant and equipment as at the date of transition to Ind AS as its deemed cost as per Ind AS at the date of transition. The group has elected to fair value its land as on the date of transition and apply Ind AS 16 retrospectively on other classes of property, plant and equipment. The consequential impact has been considered in the retained earnings.

B.2 Remeasurement of intangibles with indefinite economic useful life

The group has tested intangible assets (with indefinite useful life) for impairment on the date of transition and concluded that the recognition of an impairment loss is necessary. The consequential impact has been considered in the retained earnings as on the date of transition and for the subsequent periods, to the statement of profit or loss.

B.3 Fair valuation of financial assets and liabilities

Under Ind AS, financial assets and liabilities are to be valued at amortised cost or fair valued through profit and loss (FVTPL) or fair valued through other comprehensive income (FVTOCI) based on the group 's business objectives and the cash flow characteristics of the underlying financial assets and liabilities. The group has remeasured the financial assets and liabilities as on the date of transition and the consequential impact has been given in the opening retained earnings.

B.4 Remeasurement of provisions as per Ind AS 37

Provision for warranty claims was created upto the year 2012 against the sale of products.

The Group has stopped production of products and has started taking up projects.

The provision is no longer required in the light of cessation of production. Hence, it does not meet the criteria for recognition of provision as per Ind AS 37, ''Provisions, Contingent Assets and Liabilities''. Hence, the entire provision has been reversed to retained earnings in the opening balance sheet.

B.5 Remeasurement of finance charges in respect of financial liabilities

The Group is in the process of negotiating for one time settlement with its lenders. Considering the ongoing negotiations, the Group has reversed the interest provided in the periods prior to the date of transition to retained earnings and for the subsequent periods, to the statement of profit or loss.

B.6 Remeasurement of Foreign Currency Monetory Item Translation Difference Account (FCMITDA)

Paragraph D13AA of Ind AS 101 provides that a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

However, the Group has opted apply Ind AS 21 retrospectively in respect of FCMITDA and adjusted the entire FCMITDA balance in the opening balance sheet and in the statement of profit and loss for subsequent periods.

B.7 Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. Adjustments have been made for such re-classifications/ remeasurements.

B.8 Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2018 by Rs. 31.99 lakhs (previous year Rs. 174.76 lakhs). There is no impact on the total equity or profit as a result of this adjustment.

63 Key reconciliation required as per Ind AS 101 on transition to Ind AS

Rs. in Lakhs

(a) Reconciliation of equity	As at March 31, 2017	As at April 1, 2016
Total equity / shareholders' funds as per Indian GAAP	**9,422.27**	**12,340.63**
Ind AS Adjustments		
Fair valuation of PPE as deemed cost	3,467.43	3,467.43
Remeasurement of intangibles with indefinite economic useful life	(148.55)	(279.53)
Remeasurement of financial instruments	251.12	251.12
Remeasurement of provisions as per Ind AS 37	125.41	125.41
Remeasurement of finance charges in respect of financial liabilities	2,995.19	1,014.31
	16,112.87	**16,919.37**

(b) Reconciliation of Profits	For the year ended March 31, 2017
Total comprehensive income as per Indian GAAP	**(4,492.05)**
Ind AS Adjustments	
Remeasurement of FCMITDA as per Ind AS 21	289.41
Remeasurement of Intangibles with indefinite economic useful life	130.98
Remeasurement of finance charges in respect of financial liabilities	1,980.88
Total comprehensive income as per Ind AS	**(2,090.78)**

As per our report of even date attached

For and on behalf of the board

For K S Rao & Co.
Chartered Accountants
(Firm Regn No.003109S)

Raj H Eswaran
Managing Director
DIN 00195354

Rakesh Garg
Director
DIN 00240379

M Krishna Chaitanya
Partner
Membership.No.231282

A. Kamatchinathan
Chief Financial Officer

Place : Chennai
Date : 28th August, 2018

Easun Reyrolle Limited

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

PROXY FORM

Folio No. / Depository Account No.________________ Name: __________________________

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

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

as my / our proxy to attend and vote for me / us on my / our behalf at 43rd ANNUAL GENERAL MEETING of the Company to be held on 29th September, 2018 at 10.00 a.m. at Hotel Ambassador Pallava, 53, Montieth Road, Chennai – 600 008 and at any adjournment thereof.

Sl. No.	Resolutions	Optional *	
		For	Against
	Ordinary Business		
01.	To consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2018, the Balance Sheet as at 31st March, 2018 (including audited consolidated financial statements) and the reports of Board of Directors and Auditors thereon		
02.	To appoint a Director in place of Mr Hari Eswaran, Non-Executive Chairman who retires by rotation and being eligible for re-appointment offers himself for re-appointment.		

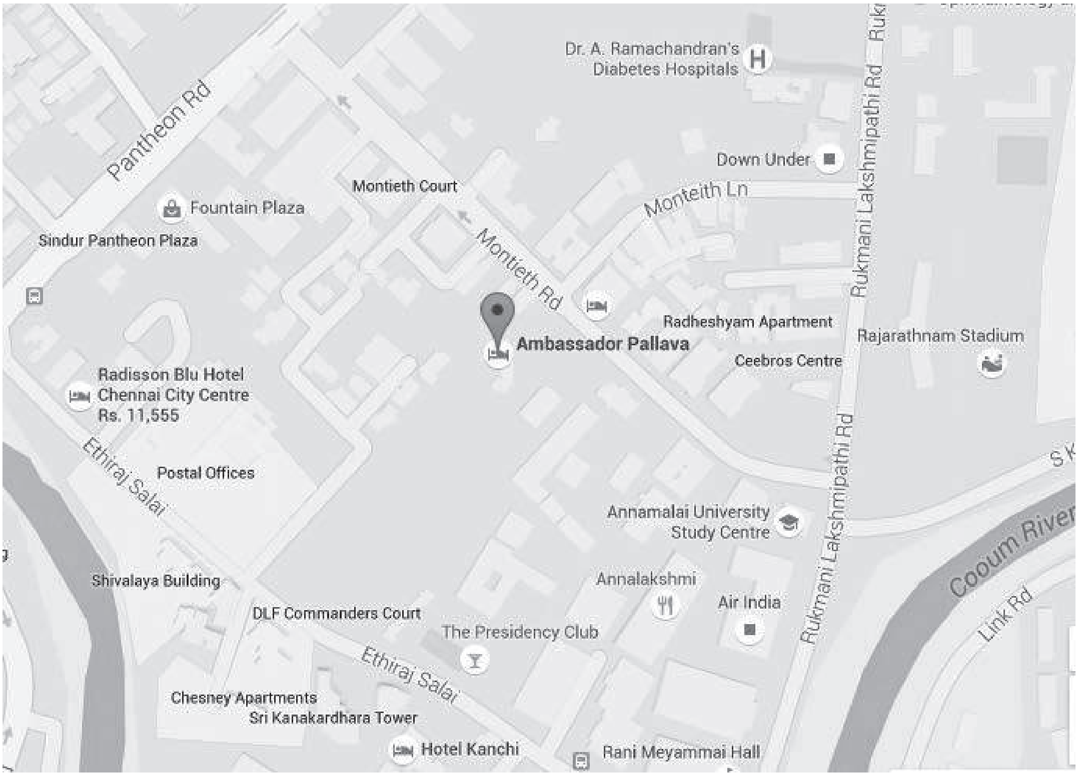
Revenue Stamp Re.1

Signature of Shareholder

Signature of the Proxy

Note:
1. Proxy Forms must reach the Company’s registered Office not less than 48 hours before the Meeting.
2. A Proxy need not be a shareholder of the Company

Route Map



Venue of AGM:

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

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

Easun Reyrolle Limited
Registered Office : "Temple Tower", VI Floor, 672 Anna Salai,
Nandanam, Chennai - 600 035
CIN: L31900TN1974PLC006695
Email : sec@easunreyrolle.com

ERL

Annexure I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)

Statement on Impact of Audit Qualifications for the Financial Year ended 31st March, 2018
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	2,032.90	2,032.90
	2	Total Expenditure	4,179.23	4,179.23
	3	Profit/ (loss) for the period from continuing operations	(2,146.33)	(2,146.33)
	4	Other Comprehensive Income, net of Income Tax	2,145.00	2,145.00
	5	Net Profit/(Loss)	(1.33)	(1.33)
	4	Earnings Per Share	6.97	6.97
	5	Total Assets	60,766.17	60,766.17
	6	Total Liabilities	42,522.45	42,522.45
	7	Net Worth	18,243.72	18,243.72
	8	Any other financial item(s) (as felt appropriate by the management)		
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:	Qualification 1 / 5	
		Balances due from and due by the company towards Long Term / Short Term borrowings, balances with banks, debtors including dues from various electricity boards and creditors for supplies and erections and execution of projects net off adjustments and including debit balances in creditor accounts and credit balances in debtors account, advances, other current assets and current liabilities in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent adjustments arising on account of such reconciliations if any, including differences arising on account of netted off balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable at this stage.		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification:	-	
		(ii) If management is unable to estimate the impact, reasons for the same:	Company was unable to get confirmation for few accounts from Banks as Company's Accounts has been classified as Non-Performing Assests (NPA). Confirmation of Balance and Statements have not been received from Customers, Vendors etc. Since most of our customers are Government Departments, viz, State Electricity Boards, it is difficult to obtain confirmation of balance.	
		(iii) Auditors' Comments on (i) or (ii) above:	Pending receipt of confirmation of balance, reconciliation and appropriate adjustment in the books have not been carried out by the management.	

K.S. RAO & Co. Chartered Accountants CHENNAI

a.	**Details of Audit Qualification:**	**Qualification 2 / 5**
	In respect of projects under Turn-Key basis undertaken by the company, in the absence of any confirmations from the customers on the status of the project we have relied upon the management's assertions and estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities to be implemented and on the projections of revenues expected from projects and releasability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.	
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	-
	(ii) If management is unable to estimate the impact, reasons for the same:	Since the Turnkey Projects were undertaken for various Government Projects, it is difficult to obtain their confirmation / certification under different stage of Completion of Projects.
	(iii) Auditors' Comments on (i) or (ii) above:	Certification of stage of completion has not been received from Government Departments for appropriate accounting in the books.
a.	**Details of Audit Qualification:**	**Qualification 3 / 5**
	In the case of certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs. 7593.91 lakhs (net) has been shown recoverable from parties in respect of which negotiation with the customers are stated to be in progress and part of guarantees are sub-judice. Pending the outcome of legal proceedings and negotiations with customers, the eventual impact if any on account of unilateral termination of the contract by the parties is not quantifiable till the judicial proceedings are finalized and hence not provided for.	
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Appeared in First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	-
	(ii) If management is unable to estimate the impact, reasons for the same:	Company has completed most of the projects and few projects are pending for handing over the same. As the Company is facing high cash liquidity, it was unable to complete and handover the Projects. Company is co-ordinating with Utilities to complete the projects and once the projects is completd, company will be able to get the amount of Bank Guarantees invoked by the Customers.
	(iii) Auditors' Comments on (i) or (ii) above:	Since the matter is sub judice, the company is unable to quantify.

K.S. RAO & Co.
Chartered Accountants
CHENNAI

a.	Details of Audit Qualification:	Qualification 4 / 5
	The Company's Borrowings from various lenders were classified as NPA (Non-Performing Assets). Consequently, the company made a proposal for OTS (One Time Settlement) of the dues to the lenders (for Term Loans and Demand Loans). Based on which the unpaid interest remained outstanding till March 31, 2016 amounting to Rs. 1,014.31 lakhs is treated as Transitional Adjustment under Ind AS 101 and the unpaid interest for the period from April 1, 2016 till September 30, 2017 notwithstanding certain lenders charged the interest in the loan account is reversed amounting to Rs. 3,226.75 lakhs and no interest is provided for the current period. The amount of unpaid interest from October 1, 2017 has not been quantified in view of the pending proposal with the lenders. The validity of the reversal of unpaid interest as well as non-provision of interest for the current period is dependent on the final outcome of the settlement proposal filed by the Company.	
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Appeared in First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	-
	(ii) If management is unable to estimate the impact, reasons for the same:	Company has already approached the Bankers for a mutual settlement.
	(iii) Auditors' Comments on (i) or (ii) above:	Pending the final outcome of settlement proposal, the company is unable to quantify the amount.
a.	Details of Audit Qualification:	Qualification 5 / 5
	The Company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the Company has not reinstated the balances outstanding and the amount is not quantifiable at this stage.	
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Appeared in First Time
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	-
	(ii) If management is unable to estimate the impact, reasons for the same:	Company has requested the Vendors / Customers to provide Balance Confirmation. Pending receipt of this confirmations, company is unable to assertain the correctness of the balances in the books of accounts of the Company. And hence reinstatement has not been considered.
	(iii) Auditors' Comments on (i) or (ii) above:	Pending reconciliation of payables and receivables in foreign currency, the company is unable to reinstate the balances.

III.	Signatories:		
	Managing Director	Raj H Eswaran	Raj Eswaran
	Chief Financial Officer	A Kamatchinanthan	
	Audit Committee Chairman	Rakesh Garg	
	Statutory Auditors	K. Krishna Chaithanya Membership No. 231282 K.S. Rao& Co., Chartered Accountants Firm Registration No. 003109S	N. K. chaithany

K.S. RAO & Co. Chartered Accountants CHENNAI

Place: Chennai
Date: 28.08.2018

K.S. RAO & Co. Chartered Accountants CHENNAI

Easun Reyrolle Limited
Registered Office : "Temple Tower", VI Floor, 672 Anna Salai,
Nandanam, Chennai - 600 035
CIN: L31900TN1974PLC006695
Email : sec@easunreyrolle.com

Annexure I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)

Statement on Impact of Audit Qualifications for the Financial Year ended 31st March, 2018
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	7,795.64	7,795.64
	2	Total Expenditure	9,355.67	9,355.67
	3	Profit/ (loss) for the period from continuing operations	(1,560.03)	(1,560.03)
	4	Other Comprehensive Income, net of Income Tax	2,145.00	2,145.00
	5	Net Profit/(Loss)	584.97	584.97
	4	Earnings Per Share	(5.07)	(5.07)
	5	Total Assets	59,698.82	59,698.82
	6	Total Liabilities	44,648.32	44,648.32
	7	Net Worth	15,050.50	15,050.50
	8	Any other financial item(s) (as felt appropriate by the management)		
II.	**Audit Qualification (each audit qualification separately):**			
	a.	**Details of Audit Qualification:**	**Qualification 1 / 5**	
		Balances due from and due by the company towards Long Term / Short Term borrowings, balances with banks, debtors including dues from various electricity boards and creditors for supplies and erections and execution of projects net off adjustments and including debit balances in creditor accounts and credit balances in debtors account, advances, other current assets and current liabilities in respect of which confirmations have not been received. Pending receipt of confirmation of balances and consequent adjustments arising on account of such reconciliations if any, including differences arising on account of netted off balances of certain debtors and creditors, if any and the resultant impact on the financial statements including the operating results is not ascertainable at this stage.		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion	
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive	
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable	
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
		(i) Management's estimation on the impact of audit qualification:	-	
		(ii) If management is unable to estimate the impact, reasons for the same:	Company was unable to get confirmation for few accounts from Banks as Company's Accounts has been classified as Non-Performing Assests (NPA). Confirmation of Balance and Statements have not been received from Customers, Vendors etc. Since most of our customers are Government Departments, viz, State Electricity Boards, it is difficult to obtain confirmation of balance.	
		(iii) Auditors' Comments on (i) or (ii) above:	Pending receipt of confirmation of balance, reconciliation and appropriate adjustment in the books have not been carried out by the management.	

a.	**Details of Audit Qualification:**	**Qualification 2 / 5**
	In respect of projects under Turn-Key basis undertaken by the company, in the absence of any confirmations from the customers on the status of the project we have relied upon the management's assertions and estimates in respect of stage of completion, costs to completion including provisions made for supplies to be effected and installation activities to be implemented and on the projections of revenues expected from projects and releasability of work in progress and project receivables, whether confirmed or otherwise owing to the technical nature of such estimates, on the basis of which profits / losses have been accounted.	
b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing	Repetitive
d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
	(i) Management's estimation on the impact of audit qualification:	-
	(ii) If management is unable to estimate the impact, reasons for the same:	Since the Turnkey Projects were undertaken for various Government Projects, it is difficult to obtain their confirmation / certification under different stage of Completion of Projects.
	(iii) Auditors' Comments on (i) or (ii) above:	Certification of stage of completion has not been received from Government Departments for appropriate accounting in the books.

a.	**Details of Audit Qualification:**	**Qualification 3 / 5**
	In the case of certain turnkey projects which have been terminated by the customers resulting in encashment of bank guarantees given by the company amounting to Rs. 7593.91 lakhs (net) has been shown recoverable from parties in respect of which negotiation with the customers are stated to be in progress and part of guarantees are sub-judice. Pending the outcome of legal proceedings and negotiations with customers, the eventual impact if any on account of unilateral termination of the contract by the parties is not quantifiable till the judicial proceedings are finalized and hence not provided for.	
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K.S. RAO & Co. Chartered Accountants CHENNAI

	a.	Details of Audit Qualification:	Qualification 4 / 5
		The Company's Borrowings from various lenders were classified as NPA (Non-Performing Assets). Consequently, the company made a proposal for OTS (One Time Settlement) of the dues to the lenders (for Term Loans and Demand Loans). Based on which the unpaid interest remained outstanding till March 31, 2016 amounting to Rs. 1,014.31 lakhs is treated as Transitional Adjustment under Ind AS 101 and the unpaid interest for the period from April 1, 2016 till September 30, 2017 notwithstanding certain lenders charged the interest in the loan account is reversed amounting to Rs. 3,226.75 lakhs and no interest is provided for the current period. The amount of unpaid interest from October 1, 2017 has not been quantified in view of the pending proposal with the lenders. The validity of the reversal of unpaid interest as well as non-provision of interest for the current period is dependent on the final outcome of the settlement proposal filed by the Company.	
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	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:	
		(i) Management's estimation on the impact of audit qualification:	-
		(ii) If management is unable to estimate the impact, reasons for the same:	Company has already approached the Bankers for a mutual settlement.
		(iii) Auditors' Comments on (i) or (ii) above:	Pending the final outcome of settlement proposal, the company is unable to quantify the amount.
	a.	Details of Audit Qualification:	Qualification 5 / 5
		The Company is in the process of reconciling the payables and receivables in foreign currency. Pending reconciliation of such payables and receivables in foreign currency, the Company has not reinstated the balances outstanding and the amount is not quantifiable at this stage.	
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
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	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:	Not Applicable
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		(iii) Auditors' Comments on (i) or (ii) above:	Pending reconciliation of payables and receivables in foreign currency, the company is unable to reinstate the balances.

III.	Signatories:		
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	Chief Financial Officer	A Kamatchinanthan	
	Audit Committee Chairman	Rakesh Garg	
	Statutory Auditors	K. Krishna Chaithanya Membership No. 231282 K.S. Rao& Co., Chartered Accountants Firm Registration No. 003109S	K chaithanya

K.S. RAO & CO. Chartered Accountants CHENNAI

Place: Chennai
Date: 28.08.2018

K.S. RAO & CO. Chartered Accountants CHENNAI