



Rexnord Electronics and Controls Ltd.



26th
Annual Report
2013 - 2014



BOARD OF DIRECTORS

Kishore Chand Talwar	Chairman & Managing Director
Nainy K. Tanna	Whole time Director
Ram Sanahi	Director
Ayyaswami Sundaram	Director

AUDITORS

R.S. Agrawal & Associates
Chartered Accountants
Mumbai

COMPANY SECRETARY

Debabrata Guha Chaudhury

BANKERS

HDFC Bank Limited
Development Credit Bank Ltd.
Bank of Baroda

REGISTERED OFFICE

92-D, Govt. Industrial Estate,
Charkop, Kandivli (West),
Mumbai – 400 067

WORKS

Plot Survey No. 62, 74 & 75
Village – Devdal, Kaman
Taluka - Vasai
Dist - Thane

Unit No. 12-15, Sarswati Building,
Tungareshwar Industrial Estate,
Sativali, Vasai (East), Thane

**REGISTRARS & SHARE
TRANSFER AGENTS**

Bigshare Services Pvt. Ltd.,
E/2, Ansa Industrial Estate,
Sakivihar Road,
Sakinaka, Andheri (East)
Mumbai – 400 072

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 26th Annual General Meeting (AGM) of the Members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Saturday, August 30, 2014 at 9.30 A. M. at Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai - 400 092 to transact, with or without modification(s) the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect and appoint Directors in place of those retiring by rotation.
3. To re-appoint, Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the fourth consecutive AGM and to fix their remuneration and to pass the following resolution thereof.

"RESOLVED THAT, pursuant to the provisions of Section 139 and all other relevant provisions of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. R. S. Agrawal & Associates, Chartered Accountants having firm Registration No. 100156W, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the fourth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Shareholders at the AGM of the Company held on September 30, 2010, consent of the Company be and is hereby accorded to the Board of Directors under Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactments thereof for the time being in force) and the Articles of Association of the Company for borrowing, whether by way of Term Loan / Equipment Finance / Cash Credit facilities / Loans or other borrowings, from time to time, any sum or sums at its discretion from Financial Institutions / Banks or from Others on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any time ₹ 150 Crores (Rupees One Hundred & Fifty Crores Only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalise, settle and execute such documents/ deeds/ writings/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard and also to delegate all or any of the above powers to the Directors or the Principal Officers of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 consent of the Company be and is hereby accorded to the Board of Directors of the Company to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties/assets, both present and future and in such manner as the Board may deem fit, together with the power to take over the substantial assets of the Company in certain events in favour of the Financial Institutions/Banks/ any other investing agencies/trustees for the holders of debentures/bonds/ other instruments which may be issued to and subscribed by all or any

other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, shall not, at any time exceed ₹ 150 Crores (Rupees One Hundred & Fifty Crores Only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid and also to delegate all or any of the above powers to the Principal Officers of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

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

"RESOLVED THAT, pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ram Sanahi (DIN : 02992889), Director of the Company who retires by rotation at the AGM, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years commencing from April 1, 2014 to March 31, 2019, not liable to retire by rotation."

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

"RESOLVED THAT, pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ayyaswami Sundaram (DIN : 02997721), Director of the Company who retires by rotation at the AGM, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years commencing from April 1, 2014 to March 31, 2019, not liable to retire by rotation."

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

"RESOLVED THAT in supersession of the earlier resolution passed by the shareholders and pursuant to the provisions of Sections 149, 196, 197, Schedule V of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Mr. Kishore Chand Talwar, as Chairman & Managing Director of the Company for a period of 3 years, w.e.f. April 01, 2014 at a consolidated remuneration not exceeding ₹ 84,00,000/- per annum on the terms and conditions as specified in the Statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice.

FURTHER RESOLVED THAT specific powers be and are hereby given to the Board of Directors of the Company to decide his remuneration from time to time within the overall ceiling not exceeding ₹ 84,00,000/- p.a. and is hereby specifically approved with liberty to the Board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the Board and Mr. Kishore Chand Talwar so as not to exceed the limits as specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution.

FURTHER RESOLVED THAT the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided, however, that the remuneration payable shall not exceed the limits mentioned above and the limits specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof from time to time and further in the event of sufficient profits in any year during the tenure of his appointment to pay maximum permissible remuneration as provided in Section 197 of the Companies Act, 2013."

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

“RESOLVED THAT in supersession of the earlier resolution passed by the shareholders and pursuant to the provisions of Sections 149, 196, 197, Schedule V of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the appointment of Mrs. Nainy K. Tanna, as a Whole time Director of the Company for a period of 3 years, w.e.f. April 01, 2014 at a consolidated remuneration not exceeding ₹ 84,00,000/- per annum on the terms and conditions as specified in the Statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice.

FURTHER RESOLVED THAT specific powers be and are hereby given to the Board of Directors of the Company to decide her remuneration from time to time within the overall ceiling not exceeding ₹ 84,00,000/- p.a. and is hereby specifically approved with liberty to the Board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the Board and Mrs. Nainy K. Tanna so as not to exceed the limits as specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution.

FURTHER RESOLVED THAT the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided, however, that the remuneration payable shall not exceed the limits mentioned above and the limits specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof from time to time and further in the event of sufficient profits in any year during the tenure of her appointment to pay maximum permissible remuneration as provided in Section 197 of the Companies Act, 2013.”

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Krishna S. & Associates, Cost Accountants appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Section 23, 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the Securities And Exchange Board Of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “SEBI (ICDR) Regulations”) and other Regulations/Guidelines issued by the Securities and Exchange Board of India (SEBI) and other applicable laws, as may be required, and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, SEBI and/or any other competent authorities and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and the Listing Agreement entered into by the Company with Stock Exchanges where the shares of the Company are listed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and which may be agreed to by the Board of Directors of the Company and subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any Committee which the Board may constitute to exercise its powers including powers conferred by this Resolution), the consent and approval of the Company be and is hereby accorded to the Board and the Board be and is hereby authorized in its absolute discretion to offer, issue and allot, on preferential basis upto 34,78,800 (Thirty Four Lacs Seventy Eight Thousand Eight Hundred Only) Warrants carrying an entitlement to subscribe to an equivalent number of equity shares of face value of

₹ 10/- each at a price being not lower than the minimum price calculated in accordance with the Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “SEBI (ICDR) Regulations”) as amended, to the allottees mentioned below on a preferential basis.

Sr. No.	Name of Applicant (Proposed Allottee)	Maximum No. of warrants proposed to be allotted
Promoter/ Promoter Group		
1.	Mr. Kishor Chand Talwar	18,00,000
2.	Mrs. Sharda Talwar	8,08,800
3.	Total (1+2)	26,08,800
Non-Promoter Group		
4.	Mr. Nandkishore Soni	2,20,000
5.	Mr. Purushottam R. Soni	2,20,000
6.	Pawan Kumar Soni HUF	2,20,000
7.	Nandkishore Soni HUF	2,10,000
8.	Total (4+5+6+7)	8,70,000
	Total (3+8)	34,78,800

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue and also to vary, alter or modify any of the terms and conditions in the proposal as may be required by the agencies/authorities involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/Securities and Exchange Board of India (SEBI)/Financial Institutions/Investment Institutions and/or such other appropriate authority may impose at the time of their approval and as agreed to by the Board;

RESOLVED FURTHER THAT each of the aforesaid Warrants be converted at the option of the holder at any time within 18 months from the date of issue, in one or more than one trench, into one fully paid-up Equity Share of ₹ 10/- each at a price being not lower than the minimum price determined in accordance with the SEBI (ICDR) Regulations as amended and an amount equivalent to at least 25% of the price fixed as above, shall be received against each warrant on the date of the allotment of aforesaid Warrants.

RESOLVED FURTHER THAT the warrants and the equity shares on conversion of the aforesaid warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

RESOLVED FURTHER THAT the warrants and the equity shares allotted on conversion of the aforesaid warrants shall rank pari passu in all respects with the existing equity shares of the Company including Dividend;

RESOLVED FURTHER THAT in the event of the Company making a bonus issue of shares or making rights issue of shares or any other securities in whatever proportion or any corporate action prior to the exercise of the rights attached to the warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequence of such bonus/rights issues or any corporate action and that the exercise price of the warrant be adjusted accordingly, subject to such approvals as may be required.

RESOLVED FURTHER THAT the relevant date, as stipulated in the Regulation 73(4) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for determination of the Issue Price of Warrants, shall be thirty (30) days prior to the date of this Meeting or in the case where the Relevant Date falls on Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the Relevant Date;

RESOLVED FURTHER THAT the warrants and the equity shares allotted on conversion of the aforesaid warrants on preferential basis shall be locked in for such period as prescribed in Regulation 78 of SEBI (ICDR) Regulations;

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting the warrants and the equity shares on conversion of the aforesaid warrants of the Company, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing and allotting of warrants and the equity shares on conversion of the aforesaid warrants of the Company, as it may, in its absolute discretion, deem fit and proper.

RESOVLED FURTHER THAT the Board be and is hereby authorized, to list the equity shares on all the Stock Exchanges where the shares of the Company are listed and also to authorize, at its discretion, any other member of the Board or Committee, to do all the necessary, deeds, matters

and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this Resolution."

By order of the Board
For **REXNORD ELECTRONICS AND CONTROLS LIMITED**

Debabrata Guha Chaudhury
Company Secretary

Place : Mumbai

Dated : July 19, 2014

NOTES:

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/08/2014 to 30/08/2014 (both days inclusive).
6. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
7. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
8. The shares of the Company are listed on Mumbai and Delhi Stock Exchanges. The shares of the Company got delisted from Ahmedabad Stock Exchange during the year and process for delisting from Delhi Stock Exchange is on.
- 9a. In view of Circular issued by the SEBI for appointing common agency for both the modes of transfers i.e. physical as well as Demat, the Company has already appointed M/s. BIG SHARE SERVICES PRIVATE LIMITED as Registrar & Transfer Agent for both the modes of transfer i.e. physical as well as Demat. Members are therefore requested to send their grievances to them for early disposal at the address given below.
- 9b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in Demat, this information should be passed on directly to their respective Depository Participants and not to the Company.
M/s. BIG SHARE SERVICES PRIVATE LIMITED
[Unit: Rexnord Electronics and Controls Limited]
E/2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri [East], Mumbai - 400 072
Tel.: 022-28473747 / 3474 • E-mail: info@bigshareonline.com
10. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.
11. Members/Proxies holding their Shares in physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
12. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
13. In all correspondence with the Company, members are requested to quote their Folio No. and in case their shares are held in Demat form, they must quote their Client ID and DP ID numbers.
14. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with the Depository Participant to enable us to send you the quarterly reports and other communications via email.
15. Pursuant to the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to its members in respect of the business to be transacted at the AGM scheduled to be held on Saturday, August 30, 2014 at 9.30 A. M. with a request to follow the instructions for voting electronically as under:-
The voting period begins on August 25, 2014 at 9.00 a.m. and ends on August 27, 2014 at 6.00 p.m.. During this period shareholders of the Company, holding

shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 25, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period
- (ii) Click on "Shareholders" tab
- (iii) Now, select the "Rexnord Electronics and Controls Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for REXNORD ELECTRONICS AND CONTROLS LIMITED.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

The Company has appointed Mr. Mahesh Kumar Soni of M/s GMJ & Associates, Company Secretaries, Mumbai (C.P. No.2324) to act as Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

In case of members receiving the physical copy, please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

- The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of July 25, 2014.
- A copy of this Notice has been placed on the website of the Company and the website of CDSL.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness 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. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's/ CDSL's website within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

By order of the Board
For **REXNORD ELECTRONICS AND CONTROLS LIMITED**

Debabrata Guha Chaudhury
Company Secretary

Place : Mumbai

Dated : July 19, 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:

Item No. 4 & 5:

The Shareholders of the Company had, by an Ordinary Resolution at the Annual General Meeting of the Company held on September 30, 2010, authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹ 100 Crores for the business of the Company.

At the same AGM of the Company, the shareholders had accorded consent to the Board of Directors for creation of mortgages, charges and hypothecations etc. to secure aforesaid borrowings.

However, Section 180(1) of the Companies Act, 2013, provides that the Board of Directors of the Company shall exercise the said powers only with the consent of the Company by a Special Resolution. Hence, the Special Resolution at Item No.4 and 5 is intended for this purpose. Also the Board thought it fit to enhance the said limits not exceeding ₹ 150 Crores in view of expansion of business.

It may be noted that Directors and Key Managerial Personnel of the Company and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution only to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company. The Board recommends the Special Resolutions as set out at item no. 4 and 5 for approval of the members.

Item No.6 & 7:

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Ram

Sanehi and Mr. Ayyaswami Sundaram, Independent Directors retire at the ensuing AGM. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five consecutive years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, as Independent Directors on the Board of the Company for one term of five consecutive years commencing from April 1, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided elsewhere in this Annual Report.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company.

The Company has received from each of them (i) consent in writing to act as a director in Form DIR 2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no.6 and 7 for approval of the Members.

Item No.8:

It is proposed to re-appoint Mr. Kishore Chand Talwar as Chairman & Managing Director for a period of 3 years w.e.f. April 01, 2014. Mr. Kishore Chand Talwar is on the Board of the Company since July 4, 1988 and looks after overall affairs of the Company. The terms of appointment & ceiling of remuneration of ₹ 84,00,000/- p.a. as proposed have been cleared and approved by Remuneration Committee. This ceiling is on overall remuneration proposed and Board will be at liberty to vary the same within this aforesaid overall ceiling.

In addition to above Salary and allowances, he will be also entitled to the following perquisites:

- a) Gratuity payable at a rate of half month's salary for each completed year of service.
- b) Company's contribution towards Provident Fund as per Rules of the Company, but the same shall not exceed 25% of the salary, subject to the condition that the contribution to Provident Fund and Superannuation Fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.
- c) Leave unavailed of will be allowed to be encashed at the end of the tenure as per Company's Rules.
- d) Leave Travel Concession for self and family once a year incurred in accordance with the rules of the Company.
- e) Car and Telephone- Car for use of Company's business and telephone at residence and mobile phone expenses. Personal long distance calls and use of car for private purpose shall be billed by the Company.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the appointment of Mr.Kishore Chand Talwar as a Chairman and Managing Director for a period of 3 years commencing April 01, 2014.

Appointment of Mr. Kishore Chand Talwar has been done as per Section II to Part-II of Schedule-V of the Companies Act, 2013. The disclosures are as under:

I. GENERAL INFORMATION:

1. Nature of Industry: The main business of the Company is manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes.
2. Date or expected date of commencement of commercial production: Not Applicable, as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators:

Amount in ₹

Sr. No.	Particulars	2013-2014	2012-2013	2011-2012
1.	Total Revenue	400994598.99	306617650.88	272661972.80
2.	Profit before tax	29041487.51	20976378.32	12670536.19
3.	Profit after tax	19512005.51	14083918.32	8113689.90
4.	Dividend paid (including tax)	Nil	Nil	Nil
5.	Rate of dividend %	NA	NA	NA

5. Foreign Investments or collaborations, if any: NIL

II. INFORMATION ABOUT THE APPOINTEE

1. Background details:
Mr. Kishore Chand Talwar is on the Board of the Company since July 4, 1988 and looks after overall affairs of the Company.
2. Past remuneration: ₹ 15,00,000/- p.a.
3. Recognition or awards : Not Applicable
4. Job profile and his suitability : Looks after the overall affairs of the Company and plays an imperative role in the progress of the Company
5. Remuneration proposed: ₹ 84,00,000/- p.a. (This is proposed remuneration and actual will be decided from time to time within the overall ceilings by the Board.)
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Not possible being a unique nature of the industry. However as compared to the size of the Company, the remuneration to be paid is going to be very comparative as per the industry norms.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Being promoter, he is directly related to the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits: Because of market competition and higher overhead costs.
2. Steps taken or proposed to be taken for improvement: With steps taken by the management, now the company has started making profits and expected to improve further.
3. Expected increase in productivity and profits in measurable terms: The management expects about 10-15% increase in performance and profits.

IV. DISCLOSURES:

Necessary disclosures shall be made in the Directors Report annually and Shareholders will be provided all the necessary information.

No other Director, Key Managerial Personnel or their relatives except Mr. Kishore Chand Talwar, to whom this resolution relates and Mrs. Nainy K. Tanna being close relative of Mr.Kishore Chand Talwar are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.8 for the approval of the Members.

Item No. 9

It is proposed to re-appoint Mrs. Nainy K. Tanna as Whole time Director for a period of 3 years w.e.f. April 01, 2014. Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as a Director of the Company. She has an experience of over 13 years to her credit. She looks after Finance, Import and Export related activities of the Company. The terms of appointment & ceiling of remuneration of ₹ 84,00,000/- p.a. as proposed have been cleared and approved by Remuneration Committee. This ceiling is on overall remuneration proposed and the Board will be at liberty to vary the same within this aforesaid overall ceiling.

In addition to above Salary and allowances, she will be also entitled to the following perquisites:

- a) Gratuity payable at a rate of half month's salary for each completed year of service.
- b) Company's contribution towards Provident Fund as per Rules of the Company, but the same shall not exceed 25% of the salary, subject to the condition that the contribution to Provident Fund and Superannuation Fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.

- c) Leave unavailed of will be allowed to be encashed at the end of the tenure as per Company's Rules.
- d) Leave Travel Concession for self and family once a year incurred in accordance with the rules of the Company.
- e) Car and Telephone- Car for use of Company's business and telephone at residence and mobile phone expenses. Personal long distance calls and use of car for private purpose shall be billed by the Company.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mrs. Nainy K. Tanna as a Whole time Director for a period of 3 years commencing April 01, 2014.

Appointment of Mrs. Nainy K. Tanna has been done as per Section II to Part-II of Schedule-V of the Companies Act, 2013. The disclosures are as under:

I. GENERAL INFORMATION:

1. Nature of Industry: The main business of the Company is manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes
2. Date or expected date of commencement of commercial production: Not Applicable, as the Company is an existing Company
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators:

Amount in ₹

Sr. No.	Particulars	2013-2014	2012-2013	2011-2012
1.	Total Revenue	400994598.99	306617650.88	272661972.80
2.	Profit before tax	29041487.51	20976378.32	12670536.19
3.	Profit after tax	19512005.51	14083918.32	8113689.90
4.	Dividend paid (including tax)	Nil	Nil	Nil
5.	Rate of dividend %	NA	NA	NA

5. Foreign Investments or collaborations, if any: NIL

II. INFORMATION ABOUT THE APPOINTEE

1. Background details: Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as a Director of the Company. She has an experience of over 13 years to her credit. She looks after Finance, Import and Export related activities of the Company.
2. Past remuneration: ₹ 15,00,000/- p.a.
3. Recognition or awards : Not Applicable
4. Job profile and her suitability : She looks after Finance, Import and Export related activities of the Company and plays a vital role in the growth of the Company
5. Remuneration proposed: ₹ 84,00,000/- p.a. (This is proposed remuneration and actual will be decided from time to time within the overall ceilings by the Board.)
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Not possible being a unique nature of the industry. However, as compared to the size of the Company, the remuneration to be paid is going to be very comparative as per the industry norms.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Being promoter, she is directly related to the Company.

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits: Because of market competition and higher overhead costs.
2. Steps taken or proposed to be taken for improvement: With steps taken by the management, now the Company has started making profits and expected to improve further.
3. Expected increase in productivity and profits in measurable terms: The management expects about 10-15% increase in performance and profits.

IV. DISCLOSURES:

Necessary disclosures shall be made in the Directors Report annually and Shareholders will be provided all the necessary information.

No other Director, Key Managerial Personnel or their relatives except Mrs. Nainy K. Tanna, to whom this resolution relates and Mr. Kishore Chand Talwar being close relative of Mrs. Nainy K. Tanna are interested or concerned in the resolution. The Board recommends the resolution set forth in Item No.9 for the approval of the Members.

Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors, M/s. Krishna S. & Associates, Cost

Accountants to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at an Audit Fee of ₹ 65000/- and service tax as applicable.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

Item No. 11

The following disclosure is made in accordance with the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended thereof (hereinafter referred to as "SEBI (ICDR) Regulations").

1) OBJECTS OF THE ISSUE:

In order to meet with its long term working capital requirements, raise funds for the expansion of activities mentioned in the object clause of the Company and general corporate purposes, it is proposed to raise funds by issue of warrants on preferential basis. The Board of Directors of the Company has decided to issue and allot upto 34,78,800 equity shares of face value of ₹ 10/- each at a price being not lower than the minimum price calculated in accordance with the Regulations for Preferential Issue contained in Chapter VII of the SEBI (ICDR) Regulations as amended.

2) PROPOSAL OF THE PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONNEL TO SUBSCRIBE TO THE OFFER:

None of the Promoter/ Director/ Key Managerial Persons are subscribing to the offer except the following:

Name of Applicant (Proposed Allottee)	Category	Maximum No. of Equity Shares proposed to be allotted
Mr. Kishore Chand Talwar	Promoter/ Promoter Group	18,00,000
Mrs. Sharda Talwar	Promoter/ Promoter Group	8,08,800

3) NO CHANGE IN CONTROL:

The existing promoters of the Company will continue to be in control of the Company and there will not be any changes in the management/control of the Company as a result of the proposed preferential allotment.

4) SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE:

Category	Pre-Issue Equity Holdings		Preferential Allotment of equity shares on conversion of warrants	Post-Issue Equity Holdings *	
	No. of Shares	% of Share Holding	No. of Shares	No. of Shares	% of Share Holding
1) Promoter Holdings					
a. Indian Promoters	3011800	46.47	2608800	5620600	56.43
b. Foreign Promoters	0	0.00	0	0	0.00
Sub-total	3011800	46.47	2608800	5620600	56.43
2) Non-Promoters Holding					
a. Resident Indians (Individuals)	2962860	45.71	870000	3832860	38.48
b. Bodies Corporate	190525	2.94	0	190525	1.92
c. NRI/FII/NRR/OCB	314015	4.85	0	314015	3.15
d. Others (Clearing Members)	2000	0.03	0	2000	0.02
Sub-Total	3469400	53.53	870000	4339400	43.57
Total	6481200	100	3478800	9960000	100

* On assumption that entire 34,78,800 warrants will be converted into equity shares.

5) LOCK-IN PERIOD:

The warrants and the equity shares allotted on conversion of the aforesaid warrants allotted on preferential basis shall be locked in, for such period as prescribed in Regulation 78 of SEBI (ICDR) Regulations.

The entire pre preferential holding of the allottees, if any shall be locked in from the Relevant Date upto a period of six months from the date of trading approval granted by the BSE Limited.

6) PROPOSED TIME WITHIN WHICH ALLOTMENT SHALL BE COMPLETED:

In accordance with Regulation 74 of the SEBI (ICDR) Regulations, the

Company shall complete the allotment of the warrants within a period of 15 days from the date of passing of the special resolutions by the shareholders. However, in the absence of requisite approval or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the last date of such approvals including approvals from all the stock exchanges, where the shares of the company are listed.

The allotment of upto 34,78,800 equity shares resulting from exercise of the option attached to the said warrant will be completed in dematerialized form, within 18 months from the date of issue of warrant.

7) CERTIFICATE FROM AUDITORS:

The certificate from the Statutory Auditors of the Company, certifying that the issue of securities on the above terms is in accordance with the SEBI (ICDR) Regulations on Preferential Issues as in force as on date and shall be laid before the shareholders at the Annual General Meeting.

8) IDENTITY OF ALLOTTEES WITH PERCENTAGE OF EXPANDED CAPITAL THAT MAY BE HELD BY THEM:

The proposed allottees of 34,78,800 equity shares issued pursuant to the Special Resolution at Item No.11 of the Notice and the percentage of the expanded capital to be held by them after the proposed allotment of the said equity shares on conversion of warrants to them are as under:

Identity of Proposed allottees	Identity of Natural Persons Who are the Ultimate Beneficial Owners	Before Preferential Issue		No. of equity shares proposed to be issued on conversion of warrants	Post- Holding (*)	
		No. of Shares	% of Pre Issue Capital		No. of Equity Shares	% of Post Issue Capital
Promoter / Promoter Group						
Mr. Kishore Chand Talwar	Mr. Kishore Chand Talwar	18,52,000	28.57	18,00,000	36,52,000	36.67%
Mrs. Sharda Talwar	Mrs. Sharda Talwar	6,17,600	9.53	8,08,800	14,26,400	14.32%
Public						
Mr. Nandkishore Soni	Mr. Nandkishore Soni	Nil	Nil	2,20,000	2,20,000	2.21%
Mr. Purushottam R. Soni	Mr. Purushottam R. Soni	Nil	Nil	2,20,000	2,20,000	2.21%
Pawan Kumar Soni Huf	Pawan Kumar Soni Huf	Nil	Nil	2,20,000	2,20,000	2.21%
Nandkishore Soni Huf	Nandkishore Soni Huf	Nil	Nil	2,10,000	2,10,000	2.11%

* On assumption that entire 34,78,800 warrants will be converted into equity shares.

The consent of the Members is sought for the issue of warrants convertible in to equal number of equity shares, in terms of Section 62 of the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of the ICDR Regulations and the listing agreements entered into by the Company with the stock exchanges, where the Company's equity shares are listed.

9) PERSONS TO WHOM ALLOTMENT ON PREFERENTIAL BASIS HAVE BEEN MADE DURING THE YEAR:

During the year, the Company has not issued any shares on preferential basis or Private Placement basis other than mentioned above.

10) PRICING:

The warrants convertible into equal number of equity shares will be issued at a price being not lower than the minimum price calculated in accordance with Regulations 76 of the SEBI (ICDR) Regulations as amended for Preferential Issue.

11) RELEVANT DATE:

"Relevant Date" will be 30 days prior to the date of this meeting of the Shareholders of the Company or in the case where the Relevant Date falls on Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the Relevant Date i.e July 31, 2014.

The shareholders are, therefore, requested to accord their approval authorising the Board for the proposed Preferential Issue set out in the Special Resolution at Item No. 11 of the Notice.

Except Mr. Kishore Chand Talwar, Director, Mrs. Nainy K. Tanna and Mrs. Sharda Talwar, Relative of Director none of the Directors or Key Managerial Person (KMP) of the Company or their relatives, are in any way, concerned or interested in the above referred Resolution to the extent the warrants/Equity shares pursuant to conversion of warrants to be issued under this resolution.

By order of the Board
For REXNORD ELECTRONICS AND CONTROLS LIMITED

Debabrata Guha Chaudhury
Company Secretary

Place : Mumbai
Dated : July 19, 2014

LISTING REQUIREMENTS

As required under Clause 49 (IV) (G) (i) of the Listing Agreement, given below are the details of the Director(s) who are seeking appointment/re-appointment as directors / Chairman & Managing Director / Whole time director (Resolution at Item Nos. 2, 6, 7, 8 & 9):

DIRECTOR SEEKING REAPPOINTMENT / RE-APPOINTMENT AS DIRECTORS / CHAIRMAN & MANAGING DIRECTOR / WHOLE TIME DIRECTOR:

- A. Name : Mr. Ram Sanehi
Age : 76 [14.02.1938]
Qualifications : MA Sociology.
Mr. Ram Sanehi is associated with the Company since 03/03/2010. He was Director in Ministry of Commerce, Government of India and has an experience of over 40 years. He provides guidance to the company from time to time for increasing the presence of the company in the international market.
Other Directorships : Nil
Committee Memberships
Audit Committee Member : Rexnord Electronics and Controls Ltd.
Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.
Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.
No. of shares held in the company : Nil
Relationship with other directors
Kishore Chand Talwar : None
Nainy K. Tanna : None
Ayyaswami Sundaram : None
- B. Name : Mr. Ayyaswami Sundaram
Age : 53 [18.01.1961]
Qualifications : MSC in Physics.
Mr. Ayyaswami Sundaram is associated with the Company since 03/03/2010. He has an experience of over 20 years as Business Innovation Consultant. He provides guidance to the company from time to time in the field of overall Product Quality management.
Other Directorships : Qes Info Solutions Private Limited
Committee Memberships
Audit Committee Member : Rexnord Electronics and Controls Ltd.
Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.
Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.
No. of shares held in the company : Nil
Relationship with other directors
Kishore Chand Talwar : None
Nainy K. Tanna : None
Ram Sanehi : None
- C. Name : Mr. Kishore Chand Talwar
Age : 61 [03.04.1953]
Qualifications : B.A. [Diploma in Export Marketing]
Mr. Kishore Chand Talwar is associated with the Company since inception. He has an experience of over 38 years to his credit. He looks after overall affairs of the Company.
Other Directorships : NIL
Committee Memberships
Audit Committee Member : NIL
Stake holders Relationship Committee Member : NIL
Nomination & Remuneration Committee Member : NIL
No. of shares held in the Company : 18,52,000
Relationship with other directors
Mrs. Nainy K. Tanna : Daughter
Mr. Ram Sanehi : None
Mr. Ayyaswami Sundaram : None
- D. Name : Mrs. Nainy K. Tanna
Age : 33 [24.09.1981]
Qualifications : M. Com., MBA in marketing from NMIMS and Diploma in Export & Import
Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as Director of the Company. She has an experience of over 12 years to her credit. She looks after Finance, Import and Export related activities of the Company.
Other Directorships : NIL
Committee Memberships
Audit Committee Member : Rexnord Electronics and Controls Ltd.
Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.
Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.
No. of shares held in the Company : 362200
Relationship with other directors
Mr. Kishore Chand Talwar : Father
Mr. Ram Sanehi : None
Mr. Ayyaswami Sundaram : None

By order of the Board
For **REXNORD ELECTRONICS AND CONTROLS LIMITED**

Place : Mumbai
Dated : July 19, 2014

Debabrata Guha Chaudhury
Company Secretary

DIRECTORS' REPORT

To,

THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 26th Annual Report together with the audited accounts for the year ended March 31, 2014.

FINANCIAL PERFORMANCE:

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Total revenue	400994598.99	306617650.88
Profit before depreciation and amortization	33115235.24	30016249.97
Depreciation and amortization	9572172.48	9039871.65
Profit before exceptional items & tax	23543062.76	20976378.32
Exceptional items	5498424.75	—
Profit before tax	29041487.51	20976378.32
Tax expense	9529482.00	6892460.00
Net profit after tax	19512005.51	14083918.32
Balance brought forward	39843972.98	25760054.66
Balance carried forward	59355978.49	39843972.98

OPERATIONS:

Total revenue of your Company, during the year under review, increased at ₹ 400994598.99 as against the total revenue of ₹ 306617650.88 in the previous year. Your Company has been able to earn net profit after tax of ₹ 19512005.51 for the year as against the net profit after tax of ₹ 14083918.32 in the previous year.

The financial year ended March 2014 was another successful year, where despite a challenging environment, our business grew well ahead of competition. Several innovations/ product lines were launched to meet the emerging needs and aspirations of our consumers. We expanded our reach and further strengthened our distribution to the Export market so that we can serve our consumers better with our wide range of product offerings.

DIVIDEND:

To consolidate the financial position of the Company, the Board does not propose any dividend for the year ended March 31, 2014.

RESEARCH & DEVELOPMENT:

The R&D department of the Company has been arduously working to provide quality and value for money to the customer in keeping with market trends.

ISO CERTIFICATION:

The Company's products were awarded as ISO 9001:2008 Certification.

FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from the public and the rules made there under.

BOARD OF DIRECTORS:

The Companies Act, 2013 provides for appointment of Independent Directors. Section 149 (10) of the Companies Act, 2013 states that Independent Directors shall hold office for a term of upto 5 consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a Ordinary Resolution by the shareholders of the Company.

Pursuant to the provisions of Section 161 (1) of the Companies Act, 2013, Mr. Ram Sanehi and Mr.Ayyaswami Sundaram, both Non Executive (Independent) Directors retire by rotation and are proposed to be appointed for a term of 5 consecutive years (not liable to retire by rotation) i.e. upto March 31, 2019.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

It is proposed to re-appoint Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna as Chairman & Managing Director and Whole time Director respectively. Necessary resolutions are placed for member's approval.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

An analysis of the Company's performance is discussed in the Management Discussion and Analysis Report which forms part of this Directors' Report.

CORPORATE GOVERNANCE:

Your Company fully subscribes to the standards set out by the Securities and Exchange Board of India's Corporate Governance practices and has ensured compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange(s). A separate report on Corporate Governance together with Auditors' Certificate on its compliance is included in this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- appropriate policies have been selected and applied consistently and judgments and estimates wherever made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for that year;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts have been prepared on a going concern basis.

CODE OF CONDUCT:

The Company is committed to conduct its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

AUDITORS:

M/s. R. S. Agrawal & Associates, Chartered Accountants, auditors of the Company are retiring at the ensuing annual General Meeting. They are eligible for re-appointment and have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received letter from them to the effect that their re-appointment if made, would be within the prescribed limits under section 141 (3) (g) of the Companies Act, 2013 and they are not disqualified for re-appointment.

AUDITORS' OBSERVATIONS:

As pointed out by the statutory auditors, the Board hereby clarifies as under:

- The Company is looking for professional directors to appoint them as directors to compose the Nomination and Remuneration committee (earlier known as Remuneration Committee) in conformity of requirement of the Companies Act, 2013
- The income tax dues have not been paid on account of disputes pending with respective authorities for granting the credit of TDS.

Other observations of the auditors contained in their report have been adequately dealt with in the notes to the financial statements which are self-explanatory and, therefore, do not call for any further comments.

COST AUDITORS:

The Company has appointed M/s. Krishna S. & Associates, Cost Accountants, as cost auditors of the Company for conducting cost audit of the Company for the financial year 2014-15.

AUDIT COMMITTEE:

The Audit Committee's composition meets the requirement of the Companies Act, 1956, the Companies Act 2013 and Clause 49 of the Listing Agreement. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

DEPOSITORY SERVICES:

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL) and also the Central Depository Services Limited (CDSL). As a result the investors have an option to hold the shares of the Company in a dematerialised form in either of the two Depositories. The Company has been allotted ISIN No. INE687C01012.

Shareholders' therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information pursuant to section 217 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are given as under.

Efficient use of energy in all form has been a consistent corporate trust in the Company. Better maintenance of equipments, improved operating practice and installation of most modern machinery has resulted in lot of saving in energy cost and consumption of raw materials.

A. CONSERVATION OF ENERGY:

The Company is consistently doing research in the field of saving energy by implementing new cost-effective ideas. The steps taken during the year for conservation of energy are as under:

1. Due consideration has been given to energy consumption while procuring equipments.
2. As a responsible Corporate Citizen and in adherence to our climate change strategy, Company is continuously taking effective steps to conserve energy.
3. Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimizing the energy consumption.

Form for disclosure of particulars with respect of Consumption of Energy is enclosed herewith.

Particulars	Units	Current Year	Previous Year
a. Power & Fuel Consumption			
Electricity - Purchased			
Unit (KWH)	Units	1124068	1007790
Total Amount	In ₹	9021203.00	8288541.01
Average Rate	₹ per unit	8.03	8.22
b. Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans/ Motors AC	Units/Thousand	797	890
Instrument Cooling Fans DC	Units/Thousand	199	223

B. TECHNOLOGY ABSORPTION:

a) Research & Development

The Research & Development department of the Company has been ardously working to provide quality and value for money to the customer in keeping with market trends. Research and Development is being carried out in the following areas.

- Making design modifications in the products so as to simplify the manufacturing process and enhance productivity.
- Developing Jigs, Fixtures and devices to increase productivity.
- Improvements to tool design.
- Upgradation of machines.
- Design and development of special machines required for increasing capacity.
- Development of equipment required for testing product reliability at various stages.

b) Technology absorption, adaptation and innovation.

Technology for the manufacture of Instrument Cooling Fans of various sizes has been successfully absorbed.

C. FOREIGN EXCHANGE EARNED AND USED:

The particulars regarding foreign exchange earnings and expenditure appear at note nos. 34, 35 and 38 in the notes to the financial statements.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company come within the purview of the information required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended.

LISTING:

Equity Shares of the Company are listed at the Stock Exchanges at Mumbai and Delhi. The shares of the Company got delisted from Ahmedabad Stock Exchange during the year. The process for delisting from Delhi Stock Exchange is on.

SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:

The Company is committed to:

- Maintain an organizational culture of Health, Safety & Environmental excellence by conducting its business in a manner that will promote consistent development.
- Safe work, resource conservation, waste management and emergency response measures for continual improvement in performance.
- Design, construct, operate & maintain its facilities while assuring the best material and service quality and operate in a way that mitigates and minimizes risks and hazards.
- Prevention of ill-health, injuries and pollution by adopting best practices, carrying out periodic risk assessments, reviews, inspections and providing awareness to employees and concerned stakeholders.

ACKNOWLEDGMENT:

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

For and on behalf of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai

Dated : July 19, 2014

ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT:

The main business of the Company is manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes. The industry is directly related to the growth of the user industry in which the products find applications. The instrument cooling fans and shaded pole motors are mainly used in the computer hardware equipments, power supply equipments, textile machines, refrigeration industry, injection molding machines, photocopying machines etc.

OPPORTUNITIES, THREATS, OUTLOOK, RISKS AND CONCERNS:

The global economic situation showed signs of strengthening, with US economy speeding up, but the environment in the Euro zone remained weak with some early signs of improvement. GDP growth in China and India were low as compared to the high growth rates in the past. However, both these economies continue to hold a great promise for leading global growth in future.

The Indian economy has been more sluggish, with the GDP growth continued to be below 5% and Industrial growth remained in negative territory but we are hopeful that the initiatives by the new Government of India, to bolster growth and attract investment will have encouraging results.

Although the demand gains for commercial refrigeration equipment are expected to be slower in developed countries, the outlook is still strong relative to the 2006-2011 period. The US is the world's largest market for these products followed by the EU nations, and will account for nearly a quarter of global sales growth through 2015. Gains will result from an improved macroeconomic outlook, as rising consumer spending encourages food industry participants to expand the number of retail outlets and restaurants. In addition, food industry participants Coolers, freezers, display cases to be among fastest growing products. Sales of reach-in and walk-in coolers and freezers will benefit from gains among food retailers in restaurants, particularly in developing countries. Growth in demand for refrigerated display cases will be rapid as well, supported by rising standards of living and increasing proliferation of large food retailers. The growing number of restaurants, particularly in the fast food segment, will also spur stronger gains in demand for beverage refrigeration equipment and ice machines.

The general outlook with respect to this industry in India is of caution under immense competitive pressure. However the intrinsic strength of your Company has helped us to effectively overcome such pressure and the sales therefore should register a modest but definite growth.

The pricing across our business is under risk due to competition from international players. We have been providing good quality products to the customers to retain them. The Company is confident of adequately protecting its plans from the competition.

There is also pressure from rising cost of manufacturing of the products like manpower costs, power cost, processing charges etc. These are risks and matter of concern and may affect the profitability of the Company.

The Company is regularly investing in modernization and up gradation of its production facilities which poised the Company to take maximum advantage of demand of its products.

The Company has also aimed at increasing the profitability by introducing higher revenue generating products and also aimed at catering to a broad line of products & services by adding on the metal blade and large axial fan series in our product range. The Company will continue its focus on better cost management, reducing inefficiency, improving supply chain and improving productivity so that it can continue to improve its operating performance.

The Company's operations are predominantly comprises of only one business segment – Instrument Cooling Fans / Motors.

EXPORTS:

The Company is holding ISO 9001:2008 Certificate by TUV NORD CERT GmbH for its quality systems which reflects your Company's continuous commitment towards quality & standards. During the year under review your Company achieved export turnover of around 18.65% of total sales as against the export turnover of around 13.58% of the total sales in the previous year. With the turn of favoring results the Company will continue its effort in order to grab a larger

share of the Export Market. The Company is consolidating its resources to build a market presence in the international arena.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the management's authorization. The internal control systems are reviewed by the top management and by the audit committee of the Board and proper follow up action is ensured wherever required. Regular audit committee meetings are held where statutory auditors as well as internal auditors participate and internal audit reports are discussed and reviewed.

The Statutory auditors have evaluated the system and procedures of internal controls of the Company and have reported the adequacy of the same. The internal audit functions of the Company are carried out by a firm of chartered accountants.

FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the Company has achieved total revenue of ₹ 400994598.99 as against total revenue of ₹ 306617650.88 in the previous year. The Company has earned profit before tax of ₹ 29041487.51 during the year as against the profit before tax of ₹ 20976378.32 in the previous year.

The challenges described above could not affect the Company much and your Company was able to register net profit of ₹ 19512005.51 as against net profit of last year ₹ 14083918.32 in spite of global recessionary trends. During the current financial year, the Company is working for increasing its top line and bottom line.

HUMAN RESOURCES:

Development of skills and updating of knowledge are essential for continues growth of any organization. Your Company considers human resources as a key asset. Therefore, your Company not only implemented many in house training programs but also sent selected employees to suitable outside programs to keep them abreast of the latest developments in the industry and economy. To establish direct link between performance and reward, your Company has been steadily increasing the weightage of actual performance in remuneration packages.

The Company has, under its employment 78 officers and other staff including executive directors.

The Focus of the Company for the next financial year is:

✓ Market Leadership

To provide quality, reliability and good value in the products we sell. To be sensitive and responsive to changing customer needs right from product development stage to after-sales-service. To aim to become market leaders in whatever we take up.

✓ Price Competitiveness

To improve our competitiveness by constantly enhancing the performance of our manufacturing, development, marketing and administrative functions. We would like to improve our profits by higher market share rather than by higher margin.

✓ Customer Satisfaction

To develop the right relationship between the Company and all its customers so that customer's needs are met simply and effectively.

CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement due to external factors. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

REPORT ON CORPORATE GOVERNANCE

A) MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. The Company firmly believes in and has consistently practiced good Corporate Governance for the past several years for the efficient conduct of its business and in meeting its obligations towards all its stakeholders including amongst others, shareholders, customers, employees and the community in which the Company operates.

Rexnord Electronics and Controls Limited [Rexnord] is committed to adhere to the corporate governance code as prescribed by the SEBI and has accordingly implemented various aspects of the code.

Roles of various constituents of Corporate Governance in the Company

a) Board of Directors (Board):

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of stakeholder value. The Board reviews and approves management's strategic business plan & business objectives and monitors the Company's strategic direction.

b) Chairman & Managing Director (CMD):

The CMD is the Chairman of the Board and also the Chief Executive Officer of the Company. His primary role is to provide leadership to the Board and the Corporate Management Committee for realizing the approved strategic business plan and business objectives. He presides over the meetings of the Board and the Shareholders.

c) Non-Executive Directors (NED):

The Non-Executive Directors play a vital role in improving the Board effectiveness with their independent judgment on issues of strategy, performance, resources, standards of conduct etc., besides providing the Board with valuable inputs.

2. BOARD OF DIRECTORS:

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman & Managing Director is assisted by the executive and non-executive directors.

The Board has constituted three standing Committees, namely Audit Committee, Nomination and Remuneration Committee (earlier known as Remuneration Committee) and Stakeholders Relationship Committee (earlier known as Shareholders' Grievance Committee). The Board is authorized to constitute additional functional committees, from time to time, depending on the business needs.

As on March 31, 2014, the composition of Board of the Company is an optimum mix of executive and non executive & independent directors and ensures the desired level of independence, functioning and decision making. The Board's current strength is four members, who are eminent personalities from various walks of life having rich experience in the field of production, marketing, finance, corporate management and administration.

Two of the directors are executive directors and the other two are non executive directors. The executive directors are comprised of the Chairman & Managing Director and a Whole time Director. The two non executive directors are independent directors and professionals with expertise and experience in general corporate management, finance and other allied fields.

As per clause 49 of the Listing Agreement, if the Chairman is an Executive Chairman at least half of the Board should comprise of non executive and independent directors. The composition of Board of Directors is in compliance of the requirement of the Listing Agreement.

The details of composition of the Board, Category, attendance of directors at board meetings and last Annual General Meeting, number of other directorships and other committee memberships are given below:

Name of Director	Designation	Category	No. of Board Meeting attended	Attendance at last AGM	No. of other companies in which directorships is held		No. of outside committee position held	
					Public	Private	Mem.	Chmn
Mr. K. C. Talwar	CMD	Executive	12	YES	-	-	-	-
Mrs. Nainy K. Tanna	WTD	Executive	12	YES	-	-	-	-
Mr. Ram Sanahi	Director	Non Executive and Independent	12	NO	-	-	-	-
Mr. Ayyaswami Sundaram	Director	Non Executive and Independent	12	YES	-	1	-	-

CMD stands for Chairman & Managing Director. WTD stands for Whole time Director

During the financial year ended March 31, 2014, 12 [Twelve] board meetings were held on:

Sr. No.	Date of the Board Meeting
1.	01.04.2013
2.	30.04.2013
3.	30.05.2013
4.	17.07.2013
5.	27.07.2013
6.	09.08.2013
7.	17.09.2013
8.	16.10.2013
9.	13.11.2013
10.	12.12.2013
11.	10.02.2014
12.	24.03.2014

INFORMATION SUPPLIED TO BOARD:

Among others, this includes:

- General notices of interest of directors.
- Appointment, remuneration and resignation of directors.
- Formation/Reconstitution of board committees.
- Terms of reference of board committees.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Declaration of independent directors at the time of appointment/annually.
- Review of Annual operating plans of businesses, capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Annual Financial results of the Company, Auditors' Report and the Report of the Board of Directors.
- Quarterly Secretarial Audit reports submitted by the Secretarial Auditors.
- Dividend declaration.
- Information on recruitment and remuneration of senior officers just below the board level.
- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee.
- Show cause, demand, prosecution and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front.
- Details of any joint venture of collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Sale of material nature of investments and assets which is not in the normal course of business.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda of board meeting or are placed during the course of the meeting.

As mandated by the revised Clause 49, the independent directors on the Board of the Company:

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates that may affect independence of the director;
- are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- have not been an executive of the Company in the immediately preceding three financial years;
- are not partners or executives or were not partners or executives during the preceding three financial years of any of the following:
 - Statutory audit firm or the internal audit firm that is associated with the Company; and
 - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- are not material suppliers, services providers or customers or lessors or lessees of the Company, which may affect their independence; and
- are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/ Board Committee for their comments. The minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

3. COMMITTEES OF BOARD:

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of committees of directors with specific terms of reference / scope. The committee operates as empowered agents of the Board. The inputs and details required for the decision is provided by the operating managers. The Minutes of the Meeting of all the Committees of the Board are placed before the Board for discussions / noting.

Details of the Committees of the Board and other related information are as follows:

3.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of three Directors. Two members of the committee are independent and non executive directors and one member is an executive director. All the members have financial and accounting knowledge and have related financial management expertise. The Committee's composition meets with the requirement of Section 177 the Companies Act, 2013 and clause 49 of the Listing Agreement.

The Committee acts as a link between the Management, the Internal Auditors, the Statutory Auditors and the Board of Directors of the Company. The terms of reference of the Audit Committee, include

review of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of statutory auditors, fixation of audit fees and approval for payment of any other services; review of periodical and annual financial statements before submission to the Board; review of related party transactions; risk assessment and minimization procedure; review of adequacy of internal control systems; review of performance of statutory and internal auditors and review of adequacy of internal audit system and structure of internal audit department; discussing with internal auditors any significant findings and follow-up on such issues; looking into the reasons for substantial default in payments to depositors, shareholders, creditors etc., and review of the appointment, removal and remuneration of Internal Auditor.

The Senior Manager – Finance of the Company and the representative of the internal and statutory auditors is always invited to attend these meetings. The Company Secretary acts as Secretary of the Committee.

The role of Audit Committee includes the following:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the Board the appointment, reappointment and if required replacement of statutory auditors and fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual and quarterly financial statements before submission to the Board.
- Reviewing with management, performance of statutory and internal auditors, and the adequacy of internal control systems.
- To recommend the Board the appointment, removal and terms of remuneration of internal auditors and review of adequacy of internal audit function.
- Discussion with internal auditors any significant finding and follow up thereon.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

There were 5 [Five] meetings of the committee during the year. The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundaram	Chairman	5
Mr. Ram Sanehi	Member	5
Mrs. Nainy K. Tanna	Member	5

3.2 NOMINATION AND REMUNERATION COMMITTEE (EARLIER KNOW AS REMUNERATION COMMITTEE) :

The Company had set up a Remuneration Committee as required under the provisions of the Companies Act, 1956 which has been renamed as Nomination and Remuneration Committee as required under the provisions of the Companies Act, 2013. All matters relating to review and approval of remuneration / compensation payable to the executive and non executive directors are considered by the Committee and necessary recommendations are made by the Committee to the Board for the approval within the overall limits approved by the Members. The Company pays remuneration to its Chairman & Managing Director and its Whole time Director by way of salary, perquisites and allowances.

The scope of the Committee also includes review of market practices and decides the remuneration packages applicable to the Chairman & Managing Director and Whole time Director, lay down performance parameters for the Chairman & Managing Director and Whole time Director and review the same.

The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundaram	Chairman	1
Mr. Ram Sanahi	Member	1
Mrs. Nainy K. Tanna	Member	1

The details of remuneration paid to executive directors during the financial year 2013-14 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary (₹)	3,00,000/-	3,00,000/-
Allowances & Perquisites (₹)	11,64,000/-	11,64,000/-
Bonus	Nil	Nil
Pension	Nil	Nil
Fixed Components: Contribution to Provident Fund (₹)	36,000/-	36,000/-
Performance linked Incentive	Nil	Nil
Commission	Nil	Nil
Service Contract	5 Years	5 Years
Severance Fees	Nil	Nil
Stock Options	Nil	Nil
Total (₹)	15,00,000/-	15,00,000/-

The details of remuneration paid to non executive directors during the financial year 2013-2014 are given below:

Particulars	Mr. Ram Sanahi	Mr. Ayyaswami Sundaram
Sitting Fees (₹)	60,000/-	60,000/-
Shareholding in the Company	—	—

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE (EARLIER KNOWN AS SHAREHOLDERS GRIEVANCE COMMITTEE):

The Company has constituted a Stakeholder Relationship Committee (earlier known as Shareholders Grievance Committee) at board level to strengthen the investor relations and to inter-alia look into issues relating to shareholders grievances pertaining to transfer of shares, non receipt of declared dividends, non receipt of annual report, issues concerning dematerialization etc. The Committee met 5 [Five] times during the year ended March 31, 2014.

The composition of the Committee and details of the meetings attended by the Directors are given below:

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundaram	Chairman	5
Mr. Ram Sanahi	Member	5
Mrs. Nainy K. Tanna	Member	5

Mr. Anand Patkar, Senior Manager – Finance is the Compliance Officer and attended all the meetings of the Committee held during the year ended March 31, 2014.

Details of Investors Complaints received during the year:

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non Receipt of Share Certificates after transfer	Nil	Nil	Nil
2.	Non Receipt of Demat Rejected S/C's	Nil	Nil	Nil
3.	Non Receipt of Annual Report	Nil	Nil	Nil
4.	Others	Nil	Nil	Nil
	Total	Nil	Nil	Nil

There were no shares pending for transfer as on 31st March 2014.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2013	18.07.2013	10.00 A.M.	Registered Office
31.03.2012	28.09.2012	11.00 A.M.	Registered Office
31.03.2011	30.09.2011	11:00 A.M.	Registered Office

All the matters as set out in the respective notices were passed by the shareholders. No special resolution was required to be put through postal ballot at last Annual General Meeting nor is proposed for ensuing Annual General Meeting.

5. DISCLOSURES:

- During the year, the Company did not enter into any materially significant related party transactions with its promoters, directors, management or their relatives etc. that may have a potential conflict with the interests of the Company at large. However, the related party transactions are disclosed in note no. 30 of notes to the financial statements.
- No funds have been raised through issue of equity or debt in the form of public or rights or preferential issues during the year under review.
- A brief resume, nature of expertise in specific functional areas, names of companies in which the person already hold directorship and membership of committees of the Board and his/her shareholding in the Company forms part of the notice of the Annual General Meeting, annexed to this Annual Report for the directors seeking appointment/ reappointment.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authority on all matters relating to capital markets during the last three years. No penalties or strictures were imposed on the Company by any Stock Exchange or SEBI or any other Statutory Authority on any matter related to capital market during last three years.
- Though there is no formal Whistle Blower Policy, the Company takes cognizance of the complaints and suggestions made by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employees of the Company have been denied access to the Audit Committee of the Board of Directors of the Company.
- The financial statements of the Company are qualified. It is always the Company's endeavor to present unqualified financial statements and Company is moving towards a regime of unqualified financial statements.
- The Company has a periodic review and reports to the Board of Directors of the Company of risk assessment by senior executives with a view to minimize risk.
- Certificate from Mr. Kishore Chand Talwar, Managing Director in terms of clause 49 (V) of the Listing Agreements with the stock exchanges for the financial year ended 31st March 2014 was placed before the Board of Directors of the Company in its meeting held on May 30, 2014.

6. MEANS OF COMMUNICATION:

- Quarterly results are submitted to the Stock Exchanges where the equity shares of the company are listed.
- All items required to be covered in the Management Discussion and Analysis has been included in the Annexure to the Directors' Report.
- No formal presentations were made to the institutional investors and analysts during the year under review.
- The Company has its own website i.e. www.rexnordindia.com and all the vital information relating to the Company and its products are displayed on the web site.

7. GENERAL SHAREHOLDERS INFORMATION:

7.1 ANNUAL GENERAL MEETING : 26th Annual General Meeting.

DAY & DATE	: 30 th August, 2014.
TIME	: 9.30 A.M.
VENUE	: Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai - 400 092

7.2 FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2014	: Mid of Aug., 2014
* Financial reporting for the quarter ended Sept.30, 2014	: Mid of Nov., 2014
* Financial reporting for the quarter ended Dec. 31, 2014	: Mid of Feb., 2015
* Financial reporting for the year ended March 31, 2015	: End of May, 2015
* Annual General Meeting for the year ended March 31, 2015	: End of Sep., 2015

7.3 DATE OF BOOK CLOSURE: 26/08/2014 TO 30/08/2014 [Both days inclusive]

7.4 LISTING:

The shares of the Company are listed on Mumbai and Delhi Stock Exchanges. The shares of the Company got delisted from Ahmedabad Stock Exchange during the year and process for delisting from Delhi Stock Exchange is on.

7.5 STOCK CODE OF THE COMPANY: The Stock Exchange, Mumbai
 Scrip Name : Rexnord Electronics and Controls Ltd.
 Scrip Code : 531888
 Electronic Mode : INE687C01012

7.6 STOCK PRICES DATA & PERFORMANCE IN COMPARISON TO BSE SENSEX: [AS OBTAINED FROM BSE WEBSITE]

Month	Company's Share		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April, 2013	9.28	8.42	19,622.68	18,144.22
May, 2013	9.74	7.02	20,443.62	19,451.26
June, 2013	7.37	6.51	19,860.19	18,467.16
July, 2013	9.45	7.50	20,351.06	19,126.82
August, 2013	8.98	6.96	19,569.20	17,448.71
September, 2013	7.10	5.52	20,739.69	18,166.17
October, 2013	7.14	6.79	21,205.44	19,264.72
November, 2013	8.03	5.52	21,321.53	20,137.67
December, 2013	8.92	7.30	21,483.74	20,568.70
January, 2014	8.55	7.42	21,409.66	20,343.78
February, 2014	8.24	7.45	21,140.51	19,963.12
March, 2014	7.83	7.13	22,467.21	20,920.98

7.7 REGISTRAR & TRANSFER AGENTS UNDER PHYSICAL AND DEMAT MODE:

M/S. Big Share Services Private Limited,
 [Unit: Rexnord Electronics and Controls Limited]
 E/2, Ansha Industrial Estate, Sakivihar Road,
 Saki Naka, Andheri [East], Mumbai - 400 072
 Tel.: 022-28473747 / 3474 • Email: info@bigshareonline.com

7.8 SHARE TRANSFER SYSTEM:

Share transfer requests are received at the registered office of the Company as well as directly at RTA's office. RTA does the verification and processing of the documents. In order to comply with the requirements of SEBI's circular Nos. SMD/POLICY/CIR-10/02 dated May 7, 2002 to effect transfer of shares within one month, the RTA has been authorized to process, approve and effect transfer of shares on behalf of the Company at fortnightly intervals. The share certificates duly endorsed for transfer are returned to shareholders within stipulated time of 15 days.

The turnaround time for completion of transfer of shares in physical mode is generally 15 days, if the documents are clear in all respects.

7.9 COMPLIANCE OFFICER:

Mr. Anand Patkar, Senior Manager - Finance

7.10 DEPOSITORY CONNECTIVITY: NSDL AND CDSL.

7.11 ISIN NO. FOR THE COMPANY'S SECURITY: INE687C01012.

7.12 SHAREHOLDING PATTERN AS ON 31ST MARCH, 2014:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	30,11,800	46.47
Mutual Funds /UTI	—	—
Financial Institutions / Banks	2,000	0.03
Bodies Corporate	1,66,050	2.56
Indian Public	29,89,350	46.12
NRI / OCBs	3,12,000	4.82
Total	64,81,200	100

7.13 DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2014:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500	3790	612470	9.45
501-1000	327	282746	4.36
1001-2000	140	219695	3.39
2001-3000	60	155200	2.39
3001-4000	25	91327	1.41
4001-5000	22	106019	1.64
5001-10000	33	237312	3.66
10001 & above	35	4776431	73.70
Total	4432	6481200	100.00

7.14 DEMATERIALISATION OF SHARES:

As on March 31, 2014, 54,43,580 shares representing 83.99% of total equity shares were held in dematerialised form with NSDL and CDSL.

Member can hold shares in electronic forms and trade the same in Depository System. However, they may hold the same in physical form also.

7.15 OUTSTANDING GDRs / ADRs / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

7.16 WORKS:

- Plot Survey No. 62, 74 & 75 Village—Devdal, Kaman, Taluka Vasai, Thane
- Unit No. 12-15, Sarswati Building, Tungreshwar Industrial Estate, Sativali, Vasai (East), Thane

7.17 ADDRESS FOR CORRESPONDENCE:

REXNORD ELECTRONICS AND CONTROLS LIMITED
 92-D, Govt. Industrial Estate, Charkop,
 Kandivli [West], Mumbai - 400 067
 Telephone No.: 022-39911800 • Email : anand@rexnordindia.com

7.18 COMPLIANCE:

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

8. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT:

The Board of Directors has laid down the Code of Conduct for all the Board members and members of senior management of the Company. Certificate from the Managing Director affirming compliance of the said code by all the Board members and members of senior management of the Company to whom the code is applicable is annexed separately to this report.

9. STEPS FOR PREVENTION OF INSIDER TRADING

In compliance of the SEBI (Prevention of insider Trading) Regulations as amended in 2002, the Company has issued a comprehensive guideline advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing in equity shares of Company and disclosure requirements in this regard. Company believes that "The Code of Internal Procedure and Conduct" and "The Code of Corporate Disclosures Policies" framed by it in this regard will help in ensuring compliance of the amended SEBI regulations.

B) NON-MANDATORY REQUIREMENTS

1. CHAIRMAN OF THE BOARD:

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise.

2. REMUNERATION COMMITTEE:

Please refer item no. 3.2 under Mandatory Requirements.

3. SHAREHOLDERS RIGHTS:

The Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

4. POSTAL BALLOT:

The provision relating to Postal Ballot will be complied with in respect of matters, wherever applicable.

5. TRAINING OF BOARD MEMBERS:

Directors are fully briefed about all business related matters risks assessment market conditions of the product manufactured by the Company, competition and new initiative proposed by the Company.

For and on behalf of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
 Chairman & Managing Director

Place : Mumbai
 Dated : July 19, 2014

ANNEXURE TO CORPORATE GOVERNANCE REPORT

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of the amended clause 49 I (D)(ii) of the Listing Agreement, this is to confirm that all the members of the Board and the senior managerial personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2014.

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : July 19, 2014

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

The Board of Directors
Rexnord Electronics and Controls Limited
92-D, Govt. Industrial Estate,
Charkop, Kandivli (West),
Mumbai - 400 067

I, the undersigned, in my capacity as Chief Executive Officer of **Rexnord Electronics and Controls Limited** ("the Company"), to the best of my knowledge and belief certify that:

- a. I have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2014 and that to the best of my knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) these statements 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 my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. I accept the responsibility for establishing and maintaining internal controls

and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps taken or proposed to take to rectify these deficiencies.

- d. I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and the Audit Committee
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : May 30, 2014

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
REXNORD ELECTRONICS AND CONTROLS LIMITED,

We have examined the compliance of conditions of Corporate Governance by **REXNORD ELECTRONICS AND CONTROLS LIMITED** ('the Company') for the year ended on 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement.

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

For **R.S. AGRAWAL & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 100156W)

O. P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : July 19, 2014

INDEPENDENT AUDITORS' REPORT

To
The Members of
REXNORD ELECTRONICS AND CONTROLS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **REXNORD ELECTRONICS AND CONTROLS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principal generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. *Attention of the members is invited that the composition of the remuneration committee is not in conformity with the requirements of Schedule XIII to the Act.*
3. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors as at March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **R.S. AGRAWAL & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 100156W)

O.P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : May 30, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

In terms of information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) the Company has maintained records, showing particulars including quantitative details and situation of its fixed assets;
- (b) as explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. We

were informed that no material discrepancy have been noticed by the management on such verification as compared to the aforesaid records of fixed assets; and

- (c) there was no substantial disposal of fixed assets during the year.
- (ii) (a) as certified by the management, physical verification of inventories was conducted by the management at the close of the year;
- (b) the procedures, as explained to us, of physical verification of inventories followed by the management are, in our opinion,

reasonable and adequate in relation to the size of the Company and the nature of its business; and

- (c) the Company is maintaining records of inventory. As certified by the management, there were no material discrepancies noticed on physical verification of inventories as compared to book records and the same have been properly dealt with in the books of account.
- (iii) (a) the Company has, during the year, not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act;
- (b) as the Company has not granted any loans, therefore, the provisions of sub clauses (b), (c) and (d) of the clause 4 (iii) of the Order are not applicable to the Company;
- (c) the Company has taken interest free unsecured loans from two parties covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was ₹ 6670000.00 and balance of loan taken from such parties at the end of the year was ₹ 6170000.00;
- (d) the terms and conditions of the aforesaid interest free unsecured loans taken were prima facie not prejudicial to the interest of the Company; and
- (e) since the aforesaid loans have not become due for payment, payment of principal amount of the same is considered to be regular.
- (iv) in our opinion there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods. During the course of audit, no major weakness in internal control, has been noticed.
- (v) (a) in our opinion, the particulars of contracts and arrangements referred to in section 301 of the Act, have been entered in the register required to be maintained under that section; and
- (b) in our opinion and according to information and explanation given to us, there were no transactions made in pursuance of the contracts or arrangements entered in the register required to be maintained under section 301 of the Act, exceeding the value of ₹ 500000.00 in respect of any party during the year.
- (vi) as explained to us, the Company has not accepted any deposit from public.
- (vii) in our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) the Company, as also certified by the Cost Auditors, has maintained the cost accounting records pursuant to rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Act. We have broadly reviewed such records and are of the opinion that prima facie such accounts and records have been made and maintained. However we have not carried out detailed examination of the same with a view to determine whether they are accurate or complete.
- (ix) (a) on the basis of books and records examined by us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance (ESI), Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a delay in few cases*. There are no arrears of undisputed statutory dues as at the last day of financial year concerned, outstanding for a period of more than six months from the date they became payable *except Interest on Excise ₹ 12183.00 and Central Sales Tax ₹ 26255.00*; and
- (b) on the basis of books and records examined by us, the statutory dues outstanding on account of any dispute are as follows:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Non Credit of TDS	47,308/-	2006-07*	Rectification Application with the Assessing Officer
The Income Tax Act, 1961	Non Credit of TDS	154019/-	2008-09*	Rectification Application with the Assessing Officer
The Income Tax Act, 1961	Disallowance of deduction	327610/-	2009-10*	Appeal with the Commissioner of Income Tax (Appeals)

*Assessment Year

- (x) the Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both in the financial year under report and in the immediately preceding financial year.
- (xi) on the basis of selective checks carried out during the course of audit, we are of the opinion that the Company has not defaulted in the repayment of dues to banks. There are no dues payable to the financial institutions and debenture holders.
- (xii) the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore provisions of clause 4 (xv) of the Order are not applicable to the Company.
- (xvi) in our opinion, the term loan was applied for the purpose for which it was obtained.
- (xvii) according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) the Company has, during the year, not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Therefore provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- (xix) the Company did not have any outstanding debenture during the year. Therefore provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) the Company has not raised any money through a public issue during the year. Therefore provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **R. S. AGRAWAL & ASSOCIATES**
Chartered Accountants
(Firm Registration No. 100156W)

O.P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : May 30, 2014

BALANCE SHEET AS AT 31ST MARCH 2014

(Amount in ₹)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	64803000.00	64803000.00
Reserves and surplus	3	59356680.27	39844674.76
		124159680.27	104647674.76
Non-current liabilities			
Long-term borrowings	4	28346525.01	41950029.53
Deferred tax liabilities (net)	5	8219174.00	6523611.00
Long-term provisions	6	1054262.00	724881.00
		37619961.01	49198521.53
Current liabilities			
Short-term borrowings	7	41576505.00	38254711.67
Trade payables	8	75590261.91	56841516.00
Other current liabilities	9	25360164.03	25904917.42
Short-term provisions	10	442910.81	1266448.50
		142969841.75	122267593.59
TOTAL		304749483.03	276113789.88
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	144395699.58	137679231.57
Intangible assets	11	754713.00	74351.00
Capital work in progress	11	0.00	413181.00
		145150412.58	138166763.57
Long-term loans and advances	12	1112696.21	1600673.00
		146263108.79	139767436.57
Current assets			
Inventories	13	71475820.06	71084974.55
Trade receivables	14	42028091.74	49474977.80
Cash and bank balances	15	40002666.47	10449623.08
Short-term loans and advances	16	4704907.97	4931573.44
Other current assets	17	274888.00	405204.44
		158486374.24	136346353.31
TOTAL		304749483.03	276113789.88
Contingent liabilities and commitments (To the extent not provided for)	26		
Significant accounting policies	1		

The accompanying notes form part of the financial statements

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
(Firm Registration No. 100156W)

O. P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : May 30, 2014

For and on behalf of the Board of Directors

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundaram
Director

Place : Mumbai
Dated : May 30, 2014

Nainy K. Tanna
Whole time Director

Debabrata Guha Chaudhury
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
Revenue from operations (gross)	18	440807629.72	338526106.00
Less: Excise duty		40883439.00	33281555.00
Revenue from operations (net)		399924190.72	305244551.00
Other income	19	1070408.27	1373099.88
Total Revenue		400994598.99	306617650.88
Expenses:			
Cost of materials consumed	20	229557620.23	176109815.95
Changes in inventories of finished goods and work in progress	21	67777.57	(12939801.00)
Employee benefits expense	22	23792806.82	12543214.50
Finance costs	23	14547711.41	13335278.14
Depreciation and amortisation expense	11	9572172.48	9039871.65
Other expenses	24	99913447.72	87552893.32
Total expenses		377451536.23	285641272.56
Profit before exceptional items and tax		23543062.76	20976378.32
Exceptional items:			
Creditor for capital goods written back		5498424.75	0.00
Profit before tax		29041487.51	20976378.32
Tax expense:			
Current tax		7800976.00	5222756.00
Less: MAT credit entitlement		0.00	0.00
Net current tax		7800976.00	5222756.00
Deferred tax		1695563.00	1799560.00
Tax adjustment for earlier years		32943.00	(129856.00)
		9529482.00	6892460.00
Profit after tax for the year		19512005.51	14083918.32
Earning per equity share	25		
Basic		3.01	2.17
Diluted		3.01	2.17
Significant accounting policies	1		

The accompanying notes form part of the financial statements

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
(Firm Registration No. 100156W)

O. P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : May 30, 2014

For and on behalf of the Board of Directors

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundaram
Director

Place : Mumbai
Dated : May 30, 2014

Nainy K. Tanna
Whole time Director

Debabrata Guha Chaudhury
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	29041487.51	20976378.32
Adjustments for		
Depreciation and amortization	9572172.48	9039871.65
(Profit)/loss on sale/discarding of fixed assets (net)	5525.00	609468.00
Creditors for capital goods written back	(5498424.75)	0.00
Unrealised exchange (gain)/ loss	(1414990.12)	365150.07
Interest income	(1048928.27)	(843998.89)
Dividend income	0.00	(2172.00)
Interest and other borrowing costs	12675404.94	12700242.85
Operating profit before working capital changes	43332246.79	42844940.00
Adjustments for :		
Trade and other receivables	7325363.44	(5940920.79)
Inventories	(390845.51)	(30082684.49)
Trade and other payables	21408770.33	10974003.38
Cash generated from operations	71675535.05	17795338.10
Direct taxes paid	(8495540.69)	(4427840.01)
Cash flow before extraordinary items	63179994.36	13367498.09
Extraordinary items	0.00	0.00
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	63179994.36	13367498.09
B) CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) / sale of fixed assets (net)	(16561346.49)	(9820849.39)
(Purchase)/ sale of investments	0.00	0.00
(Increase)/ decrease in deposits	432598.00	803061.00
(Increase)/ decrease in bank fixed deposits	(1111869.53)	(720550.35)
Interest income	1141067.71	856348.63
Dividend income	0.00	2172.00
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(16099550.31)	(8879818.11)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	0.00	0.00
Proceeds from long term borrowings	9978004.00	19170000.00
Repayment of long term borrowings	(15105421.62)	(10377757.52)
Proceeds from short term borrowings	98518492.00	83646305.00
Repayment of short term borrowings	(95516971.00)	(80027118.00)
Change in working capital borrowings from banks	(3743210.67)	(7289789.33)
Interest and other borrowing costs	(12770162.90)	(12969231.87)
Dividend paid	0.00	0.00
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(18639270.19)	(7847591.72)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	28441173.86	(3359911.74)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1061492.61	4421404.35
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	29502666.47	1061492.61

Notes:

- The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement" prescribed in the Companies (Accounting Standards) Rules, 2006.
- Refer Note no. 15 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
(Firm Registration No. 100156W)

O. P. Agrawal
Partner
Membership No. 045862

For and on behalf of the Board of Directors

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundaram
Director

Nainy K. Tanna
Whole time Director

Debabrata Guha Chaudhury
Company Secretary

Place : Mumbai
Dated : May 30, 2014

Place : Mumbai
Dated : May 30, 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A) Basis of preparation

The financial statements are prepared and presented under historical cost convention, on an accrual basis of accounting and in accordance with the provisions of the Companies Act 1956 ('the Act') and accounting principles generally accepted in India and adjusted by revaluation of certain plants & machineries, moulds & dies, office equipments and leasehold land. Pursuant to circular 15/2013 dated 13.09.2013 read with Circular 8/2104 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all materials aspects with the Accounting Standards notified under section 211 (3C) (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reported period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future period.

C) Fixed Assets

Tangible Assets

Tangible fixed assets are stated at cost of acquisition (except in cases of revalued asset which is stated at revalued amount) less accumulated depreciation and impairment adjustment if any. The cost of acquisition includes subsequent improvement thereto inclusive of taxes, duties (net of cenvat), freight and other incidental expenses relating to acquisition, improvement and installation.

Intangible Assets

Intangible assets are stated at their cost of acquisition less accumulated amortization and impairment losses if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the Company and where its cost can be reliably measured.

Capital Work in Progress

The cost incurred for fixed assets, the construction/installation of which is not completed, are included under "capital work-in-progress" and the same are classified and added to the respective assets on the completion.

D) Depreciation and amortization

Depreciation on all the tangible assets is provided for on straight line method at the rates & manner specified in Schedule XIV of the Act.

Intangible assets (Software) are amortized over the period of three years from the month in which such assets has been put to use by the Company.

Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed.

Depreciation on fixed assets sold, discarded or demolished during the year is provided at their respective rates up to the month in which such assets are sold, discarded or demolished.

E) Impairment

In accordance with AS 28 'Impairment of Assets' the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the statement profit and loss or against revaluation surplus where applicable.

F) Investments

Non-current (long term) investments are valued and stated at cost. Provision for diminution in the value of investments is made only when, in the opinion of management, there is decline, other than temporary, in the carrying value of such investments.

Current investments are valued at cost or market value whichever is lower.

G) Inventories

- a) Inventories are valued at lower of cost and net realizable value.
- b) Cost of inventories is assigned by using the FIFO formula.
- c) Goods in transit, if any are stated at actual cost incurred upto the date of the balance sheet.

H) Revenue Recognition

Sales are inclusive of excise duty and charges received from the customers except the export sales, which is accounted without the excise duty. In conformity with the requirements of Accounting Standard 9 "Recognition of Revenue" the sales are presented in the financial statements as Sales less Excise Duty.

Dividend income is recognized when right to receive the dividend is established.

Interest income is recognized using the time proportion method, based on underlying interest rates.

I) Employee Benefits

- a) Employees' benefits under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for cost of compensated absences are charged off in the year in which the related services are provided.
- b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to statement of profit and loss.

J) Foreign Currency Transactions

- a) All the transactions including transactions of acquiring fixed assets, in foreign currency are recorded by applying the exchange rates at the date of the transactions.
- b) Monetary items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognised in the statement profit and loss.
- c) In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.
- d) In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

K) Borrowing Costs

The Company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the Company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to statement of profit and loss.

L) Segment Reporting

Segments are identified in accordance with the Accounting Standard 17 "Segment Reporting" taking into account the organizational structure as well as differing risks and returns. The business segment is disclosed as primary segment.

M) Taxation

Income tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the assessable income at the rate applicable to the relevant assessment year. The deferred Tax Assets and Deferred Tax Liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of unabsorbed depreciation and deferment of allowances under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax assets on account of other timing differences are recognized, only to the extent there is a reasonable certainty of its realization. At each balance sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

N) Leases

Lease rentals payable under operating leases are recognized in the statement of profit and loss on a straight line basis over the term of the lease.

O) Earning per share

The basic earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

P) Customs & Excise Duties

The custom duty payable, on imported materials lying at the custom bonded warehouses at the end of the year and excise duty payable, in respect of goods manufactured but not cleared from the factory premises at the end of the year, are neither included in expenses nor included in the valuation of the inventories of such materials / goods. Such duties are accounted for on actual payment on clearance of such materials/goods. This practice has no impact on the profits of the Company.

Q) Cenvat Credit

Cenvat credit available on raw materials and packing materials, as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of respective material accounts. Cenvat credit available on capital goods, as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of such capital goods. Cenvat credit available on the input services as per the provisions of Cenvat Credit Rules has been accounted for by reducing the cost of such input services.

R) Export Incentive

The benefits, on account of entitlement to import duty free raw material under the Advance License Scheme in respect of goods already exported, are not valued and brought into the books in the year of export. The raw materials are recorded at cost at which they are procured in the year of import.

The benefits under FMS/FPS Scheme and Duty Drawback Scheme are recognized when the exports are made

S) Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is so longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	As at 31.03.2014		(Amount in ₹) As at 31.03.2013	
	Numbers	Amount (₹)	Numbers	Amount (₹)
NOTE 2: SHARE CAPITAL				
Authorised				
Equity shares of ₹ 10/- each	10000000	100000000.00	10000000	100000000.00
Total		100000000.00		100000000.00
Issued, subscribed and paid-up				
Equity shares of ₹ 10/- each fully paid up	6481200	64812000.00	6481200	64812000.00
Less: calls in arrears by others		9000.00		9000.00
Total		64803000.00		64803000.00
2.a Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :				

Particulars	Numbers	Amount (₹)	Numbers	Amount (₹)
At the beginning and at the end of the year	6481200	64812000.00	6481200	64812000.00
2.b The company has issued only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of preferential amounts, in proportion of their shareholding.				
2.c Shareholders holding more than 5% of share capital at the end of the year:				
Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Shri Kishore Chand Talwar	1852000	28.57	1852000	28.57
Smt. Sharda Talwar	617600	9.53	617600	9.53
Smt. Nainy Kunal Tanna	362200	5.59	332200	5.13

NOTE 3: RESERVES AND SURPLUS

Revaluation reserve		701.78		701.78
At the beginning and at the end of the year				
Surplus in Statement of Profit and Loss:				
Balance at the beginning of the year	39843972.98		25760054.66	
Add: Profit (loss) after tax for the year	19512005.51		14083918.32	
Total		59355978.49		39843972.98
		59356680.27		39844674.76

NOTE 4: LONG-TERM BORROWINGS

Secured loans:				
Term loans				
From banks		28273797.01		34319558.18
From other parties		72728.00		960471.35
Unsecured loans				
Loans from related parties (Refer note no. 30)		0.00		6670000.00
Total		28346525.01		41950029.53

Secured Loans:

A Terms of repayment of secured loans

Name of the banks / other parties	HDFC Bank Limited	HDFC Bank Limited	HDFC Bank Limited	HDFC Bank Limited
Type of loan	Term Loan	Term Loan	Term Loan	Term Loan
Loan account no.	3350311	3416348	80495653	3477527
Amount sanctioned (₹)	37400000.00	10000000.00	12500000.00	10000000.00
Sanction date	24/06/2010	30/01/2012	28/11/2012	27/07/2013
Interest rate	Base Rate +2.75%	Base Rate +2.75%	Base Rate +2.75%	Base Rate +2.75%
Total No. of EMIs	65	58	36	60
No. of EMIs paid	38	24	15	1
No. of balance EMIs to be paid	27	34	21	59
Current EMI amount (Principal and interest)	853599.00	232683.00	418470.00	228253.00*
Maturity profile (Principal):				
2014-15	8209134.60	2078597.90	4278570.97	1505015.78
2015-16	9300805.76	2355385.24	3569136.71	1782806.17
2016-17	2405433.36	2194419.69	0.00	2018878.32
2017-18	0.00	0.00	0.00	2286210.22
2018-19	0.00	0.00	0.00	2360721.54

* one EMI of ₹ 102216/- and balance 58 EMIs of ₹ 228253/-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 4: LONG-TERM BORROWINGS (continued)

A Terms of repayment of secured loans (continued)

(Amount in ₹)

Name of the banks / other parties	Kotak Mahindra Prime Limited	Kotak Mahindra Prime Limited	Kotak Mahindra Prime Limited	Mahindra & Mahindra Financial Services Ltd.
Type of loan	Vehicle Loan	Vehicle Loan	Vehicle Loan	Vehicle Loan
Loan Account No.	CF-5273060	CF-6056364	CF-5966637	1038694
Amount sanctioned (₹)	835191.00	1758238.00	1600000.00	391000.00
Sanction Date	25/06/2009	31/05/2010	30/04/2010	14/10/2009
Interest rate	10.715%	8.723%	8.521%	Flat Rate 9.6%
Total No. of EMIs	59	59	60	59
No. of EMIs paid	56	45	48	54
No. of balance EMIs to be paid	3	14	12	5
Current EMI amount (Principal and interest)	18309.00	36762.00	32400.00	9891.00
Maturity profile (Principal):				
2014-15	53969.00	414933.00	371425.00	47416.35
2015-16	0.00	72728.00	0.00	0.00

B Nature of security:

(I) Term loans from HDFC Bank Limited are :

- (a) primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;
- (b) further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400067;
- (c) further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J.P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Nagpada), Kaman, Vasai (E) Thane 401202 belonging to Shri Kundan Talwar; and
- (d) also personally guaranteed by Chairman & Managing Director, Whole time Director and two relatives of the Chairman & Managing Director of the Company.

(II) All the vehicle loans are secured by hypothecation of specific vehicles acquired from the loans.

As at 31.03.2014

As at 31.03.2013

NOTE 5: DEFERRED TAX LIABILITIES (NET)

Deferred tax liabilities:

Depreciation **8678094.00** 6799926.00

Deferred tax assets:

Deferment of allowances as per the Income Tax Act 1961 **458920.00** 276315.00

Total

8219174.00

6523611.00

NOTE 6: LONG-TERM PROVISIONS

Provision for employee benefits (Refer note no. 28)

1054262.00

724881.00

Total

1054262.00

724881.00

NOTE 7: SHORT-TERM BORROWINGS

Secured loans:

Working capital loans

From a bank

0.00

3743210.67

Unsecured loans:

Buyers credit in foreign currency

From banks

35406505.00

34511501.00

Loan from related parties (Refer note no. 30)

6170000.00

0.00

Total

41576505.00

38254711.67

Secured Loans:

Nature of security:

Working capital loans from HDFC Bank Limited are :

- (a) primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;
- (b) further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400067;
- (c) further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J.P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Nagpada), Kaman, Vasai (E) Thane 401202 belonging to Shri Kundan Talwar; and
- (d) also personally guaranteed by Chairman & Managing Director, Whole time Director and two relatives of the Chairman & Managing Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
NOTE 8: TRADE PAYABLES		
Micro and small enterprises (Refer note no. 32)	3613907.00	2029762.00
Others*	71976354.91	54811754.00
Total	75590261.91	56841516.00
* Other trade payables include acceptances	22622759.00	16997335.00
NOTE 9: OTHER CURRENT LIABILITIES		
Current maturities of long term debts (Refer note no. 4)	16959062.60	14052975.70
Interest accrued but not due on borrowings	452062.19	546820.15
Creditors for capital expenditure	526729.00	6764135.75
Advances from customers	3056137.00	336399.00
Other payables		
Statutory dues	684562.00	1383967.00
Accrued expenses	3681611.24	2820619.82
Total	25360164.03	25904917.42
NOTE 10: SHORT-TERM PROVISIONS		
Provision for employees benefits (Refer note no. 28)	246192.00	126759.00
Provision for taxation (net of taxes paid)	196718.81	1139689.50
Total	442910.81	1266448.50
NOTE 11: FIXED ASSETS		

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31.03.2013	Additions during the year	Sold/discarded during the year	Total as at 31.03.2014	Provided upto 31.03.2013	Provided for the Year	Written back during the year	Total upto 31.03.2014	Total as at 31.03.2014	Total as at 31.03.2013
TANGIBLE ASSETS										
Leasehold land	4579200.00	0.00	0.00	4579200.00	0.00	0.00	0.00	0.00	4579200.00	4579200.00
Factory buildings	91765423.38	9363652.00	0.00	101129075.38	6025832.61	3142457.00	0.00	9168289.61	91960785.77	85739590.77
Residential flats	1964381.00	0.00	0.00	1964381.00	245745.00	65610.00	0.00	311355.00	1653026.00	1718636.00
Plant and machineries	76343341.13	3966962.03	0.00	80310303.16	54193345.99	2458940.78	0.00	56652286.77	23658016.39	22149995.14
Moulds and dies	38950291.05	1508275.25	70000.00	40388566.30	30331007.81	1761170.00	69300.00	32022877.81	8365688.49	8619283.24
Furniture and fixtures	5089729.85	286704.13	0.00	5376433.98	2367339.92	223935.70	0.00	2591275.62	2785158.36	2722389.93
Office equipments	4626227.63	361857.00	7600.00	4980484.63	2080100.31	223203.00	211.00	2303092.31	2677392.32	2546127.32
Vehicles	8835155.51	0.00	0.00	8835155.51	2796782.00	839095.00	0.00	3635877.00	5199278.51	6038373.51
Computers	3428694.01	75325.00	0.00	3504019.01	2336762.20	263352.00	0.00	2600114.20	903904.81	1091931.81
Factory equipments	3693773.89	320848.08	0.00	4014621.97	1220070.04	181303.00	0.00	1401373.04	2613248.93	2473703.85
Total tangible assets	239276217.45	15883623.49	77600.00	255082240.94	101596985.88	9159066.48	69511.00	110686541.36	144395699.58	137679231.57
INTANGIBLE ASSETS										
Computer software - acquired	203034.00	1093468.00	0.00	1296502.00	128683.00	413106.00	0.00	541789.00	754713.00	74351.00
Total intangible assets	203034.00	1093468.00	0.00	1296502.00	128683.00	413106.00	0.00	541789.00	754713.00	74351.00
Total as at 31.03.2014	239479251.45	16977091.49	77600.00	256378742.94	101725668.88	9572172.48	69511.00	111228330.36	145150412.58	137753582.57
Total as at 31.03.2013	231076561.06	9933854.39	1531164.00	239479251.45	93081307.23	9039871.65	395510.00	101725668.88	137753582.57	137995253.83
Capital work in progress (Softwares under implementation)									0.00	413181.00

(i) Cost of factory building include ₹ 1000.00 (previous year ₹ 1000.00) being cost of shares in the Kandivli Co-operative Industrial Estate Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars	As at 31.03.2014	As at 31.03.2013
NOTE 12: LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital advances	237402.21	223500.00
Security deposits	875294.00	1353763.00
Sales tax refund receivable	0.00	23410.00
Total	1112696.21	1600673.00
NOTE 13: INVENTORIES		
(Refer note no. 1 (G))		
Raw Materials and components including packing materials*	52168145.04	51860565.19
Work in progress (Refer note no. 36)	16157046.04	12636094.57
Finished goods	2925658.98	6514388.02
Stores and spares	224970.00	73926.77
Total	71475820.06	71084974.55
* Includes stock in transit	7808213.00	1131754.00
NOTE 14: TRADE RECEIVABLES		
Unsecured, considered good		
Debts outstanding for a period exceeding six months from the date they are due for payments	109484.11	11884.00
Other debts	41918607.63	49463093.80
Total	42028091.74	49474977.80
NOTE 15: CASH AND BANK BALANCES		
Cash and cash equivalents:		
Balances with banks		
In cash credit account	26320047.60	0.00
In current accounts	2613156.87	413400.61
Cash on hand	569462.00	648092.00
	29502666.47	1061492.61
Other bank balances:		
Fixed deposits with banks held as margin money for letter of credit issued		
With maturity period less than 12 months (lien for margin money ₹ 10368341.00, previous year ₹ 8014439.00)	10500000.00	9388130.47
With maturity period more than 12 months	0.00	0.00
Less : Amount disclosed under other non current assets	0.00	0.00
	0.00	0.00
Total	10500000.00	9388130.47
	40002666.47	10449623.08
NOTE 16: SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Security deposits to others	88133.00	42262.00
Advances to suppliers	1320620.36	3443811.03
Loan to employee	105466.00	10000.00
Cenvat credit receivable	1696457.50	738739.00
Balance with excise department	43795.00	0.00
Export benefit receivable	46827.50	9523.00
Prepaid expenses	1389865.61	660995.41
Other receivables	13743.00	26243.00
Total	4704907.97	4931573.44
NOTE 17: OTHER CURRENT ASSETS		
Interest accrued on fixed deposits	31716.00	123855.44
Minimum alternate tax credit entitlement	0.00	281349.00
Duty Credit Scrips Receivable	243172.00	0.00
Total	274888.00	405204.44

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
NOTE 18: REVENUE FROM OPERATIONS		
Sale of products*	438307413.99	337716204.00
Other operating revenue		
Scrap sales	2096512.23	800379.00
Export incentives	403703.50	9523.00
	2500215.73	809902.00
Total	440807629.72	338526106.00
*Sales of Products		
Instrument cooling fans	272034564.17	219424695.75
Shaded pole motors	155837478.15	109382534.93
Components	10435371.67	8908973.32
NOTE 19: OTHER INCOME		
Interest Income :		
On fixed deposits with banks	1042528.27	841098.89
On staff loans	6400.00	2900.00
	1048928.27	843998.89
Dividend Income on non current investments	0.00	2172.00
Sundry balances written back/off (net)	0.00	526928.99
Discount on purchase of FPS/FMS entitlements	21480.00	0.00
Total	1070408.27	1373099.88
NOTE 20: COST OF MATERIALS CONSUMED*		
(Raw materials and components including packing materials)		
Opening stock	51860565.19	34791608.47
Add : Cost of purchases	229865200.08	193178772.67
Less: Closing stock	52168145.04	51860565.19
Total	229557620.23	176109815.95
*Cost of materials consumed		
Aluminium ingots	41228740.30	34858034.63
Ball bearings	7531965.03	5246180.51
Copper wires	48462079.93	38019194.77
Plastic powders	15418942.31	10436023.97
Rotor lamination	12514833.06	11010617.63
Stator lamination	28060373.19	24038844.87
Others	76340686.41	52500919.57
NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stocks:		
Finished goods	6514388.02	2503234.22
Work in progress	12636094.57	3707447.37
	19150482.59	6210681.59
Less: Closing stocks:		
Finished goods	2925658.98	6514388.02
Work in progress	16157046.04	12636094.57
	19082705.02	19150482.59
Total	67777.57	(12939801.00)
NOTE 22: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	20131690.00	10008951.00
Contribution to provident and other funds	642808.00	260967.00
Staff welfare expenses	3018308.82	2273296.50
Total	23792806.82	12543214.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
NOTE 23: FINANCE COSTS		
Interest expense on:		
Borrowings	6010768.17	8241401.83
Others	3339927.60	1594406.41
Other Borrowing Costs	3324709.17	2864434.61
Net loss(gain) on foreign currency transactions	1872306.47	635035.29
Total	14547711.41	13335278.14
NOTE 24: OTHER EXPENSES		
Manufacturing expenses		
Consumption of stores and spares	1318225.77	1453875.23
Processing and labour charges	50515165.00	42726009.50
Power and fuel	9021203.00	8288541.01
Rent	388083.00	504949.00
Repairs to :		
factory buildings	5801194.00	4531146.00
machineries	1302095.00	1156503.32
mould & dies	902094.00	693932.28
others	1289317.00	7613700.00
Inward transportation and freight	572274.00	884246.00
Administrative and other expenses		
Auditors' remuneration (Refer note no. 27)	674216.00	694500.00
Communication expenses	1869071.55	1707699.73
Directors' sitting fees	120000.00	120000.00
Electricity expenses	362550.00	299190.00
Net loss on exchange rate fluctuations	1392346.67	1244047.52
Insurance	519317.00	415130.93
Loss on sale of fixed assets (net)	5525.00	609468.00
Professional charges	1302256.00	1584597.00
Repairs and maintenance	2635665.24	2044347.57
Rates and taxes	933314.00	555153.00
Travelling and conveyance	6677038.12	9107268.62
Sundry balances written off/back (net)	184398.40	0.00
Miscellaneous expenses	4101855.02	3906959.26
Selling and distribution expenses		
Advertisement and business promotion	5533168.95	2431082.95
Commission and brokerage	1107147.00	207126.00
Outward transportation and freight	1369602.00	1155002.00
Rebate and discount	16326.00	0.00
Total	99913447.72	87552893.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

		(Amount in ₹)
	2013-2014	2012-2013
NOTE 25: EARNING PER EQUITY SHARE		
Net profit / (loss) after tax	₹ 19512005.51	14083918.32
Weighted average number of shares used in computing basic and diluted earnings per share	Numbers 6481200	6481200
Face value of each equity share	₹ 10.00	10.00
Basic and diluted earnings per share	₹ 3.01	2.17

		(Amount in ₹)
	As at 31.03.2014	As at 31.03.2013
NOTE 26: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	18578767.18	9216224.52
(b) Export sales bills discounted with the bankers of the company	11468000.88	0.00
(c) Disputed demand in the matters of Income tax	528937.00	364467.00
(d) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	66950000.00	28473000.00
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	221255.72	361800.00

		(Amount in ₹)
	2013-2014	2012-2013
NOTE 27: PAYMENT TO AUDITORS*		
Statutory audit fees	230000.00	210000.00
Tax audit fees	90000.00	75000.00
Cost audit fees	72416.00	60000.00
Sales tax audit fees	45000.00	35000.00
Certification work	85000.00	160000.00
Taxation matters	70000.00	107700.00
Other services	60000.00	25000.00
Out of pocket expenses	21800.00	21800.00
	674216.00	694500.00

* excluding service tax wherever cenvat credit taken

NOTE 28: EMPLOYEE BENEFITS EXPENSE

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the companies (Accounting Standards) Rules 2006, are given below:

		(Amount in ₹)
	2013-2014	2012-2013
(a) Defined contribution plan		
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	263517.00	206157.00
(b) Defined benefit plan:		
<u>Compensated absences:</u>		
₹ 129051.00 (previous year ₹ 50300.00) is charged off to the statement of profit and loss for the cost of compensated absences for the year.		
<u>Gratuity :</u>		
The employee's gratuity scheme is non -fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.		
I) Reconciliation of defined benefit obligation		(Amount in ₹)
	2013-2014	2012-2013
Present value of defined benefit obligation at start of year	801340.00	721166.00
Current service cost	255046.00	67425.00
Interest cost	73162.00	61299.00
Benefits paid	0.00	0.00
Actuarial loss /(gain)	41855.00	(48550.00)
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year	1171403.00	801340.00
II) Net liability / (asset) recognised in the balance sheet		(Amount in ₹)
	2013-2014	2012-2013
Present value of defined benefit obligation	1171403.00	801340.00
Fair value of plan assets	0.00	0.00
Net liability / (asset)	1171403.00	801340.00
Less: Unrecognised past service cost	0.00	0.00
Liability / (asset) recognised in the balance sheet	1171403.00	801340.00
Of which short term defined benefit obligation at end of the year	117141.00	118709.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

III) Expenses recognized during the year				(Amount in ₹)
	2013-2014	2012-2013		
Current service cost	255046.00	67425.00		
Interest cost	73162.00	61299.00		
Actuarial loss / (gain)	41855.00	(48550.00)		
Employer expense	370063.00	80174.00		
IV) Actuarial assumptions				
	2013-2014	2012-2013		
Salary growth rate	7.00%	7.00%		
Discount rate	9.13%	7.90%		
Withdrawal / attrition rate	10% p.a. to 2% p.a. Age related on graduated scale	15.00%		
Mortality Rate	IALM 2006-08 (Ult.)	IALM 2006-08 (Ult.)		
Expected average remaining working life (years)	18 years	5 years		
V) Experience Adjustments				(Amount in ₹)
	2013-2014	2012-2013	2011-12	2010-11
Defined benefit obligation	1171403.00	801340.00	721166.00	677800.00
Fair value of plan assets	—	—	—	—
Surplus/ (deficit)	(1171403.00)	(801340.00)	(721166.00)	(677800.00)
Experience adjustment on plan liabilities: (Gain)/ Loss	41855.00	(64872.00)	(84454.00)	187667.00
Experience adjustment on plan assets: (Gain)/ Loss	NA	NA	NA	NA

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

NOTE 29: SEGMENT REPORTING

The segment reporting as required under Accounting Standard 17 "Segment Reporting" is not applicable to the company as the company's operations are predominantly comprises of only one business segment - Instrument cooling fans/ motors.

NOTE 30: RELATED PARTY DISCLOSURES:

- I) Names of related parties and description of relationships
 - a) Individuals owning directly or indirectly, an interest in the voting power of the Company that gives him significant influence over the Company.
Shri Kishore Chand Talwar
 - b) Key management personnel :
Shri Kishore Chand Talwar (Chairman & Managing Director)
Smt. Nainy K. Tanna (Whole time Director)
 - c) Relatives of persons referred in a) and b) above
Smt. Sharda Talwar (Wife of Chairman and Managing Director of the company)
Shri Kundan Talwar (Son of Chairman and Managing Director of the company)
Shri Kunal Tanna (Spouse of Smt. Nainy K. Tanna, Whole time Director of the company)

- II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	Volume of Transactions		Balances as on	
	2013-14	2012-13	31.03.2014	31.03.2013
			Debit / (Credit)	
Expenses:				
Director's Remuneration				
Shri Kishore Chand Talwar	1500000.00	1500000.00	(94800.00)	(121800.00)
Smt. Nainy K. Tanna	1500000.00	1500000.00	(100800.00)	(114200.00)
Salary				
Shri Kundan Talwar	964469.00	930250.00	(60000.00)	(62200.00)
Shri Kunal Tanna	2156792.00	1448100.00	(147300.00)	(113600.00)
Smt. Sharda Talwar	1103972.00	421534.00	(77000.00)	(12120.00)
Rent				
Shri Kundan Talwar	120000.00	120000.00	(366190.00)	(246190.00)
Reimbursement of expenses				
Shri Kishore Chand Talwar	89349.30	15056.34	0.00	0.00
Smt. Sharda Talwar	8749.48	0.00	0.00	0.00
Smt. Nainy K. Tanna	203436.41	167579.61	0.00	0.00
Shri Kunal Tanna	271761.91	374345.26	0.00	0.00
Shri Kundan Talwar	60300.78	96234.21	0.00	0.00
Long term borrowings:				
Unsecured loan taken / (Repayment)				
Shri Kishore Chand Talwar	0.00	3640000.00	0.00	(3640000.00)
Smt. Nainy K Tanna	0.00	3030000.00	0.00	(3030000.00)
Short term borrowings:				
Unsecured loan taken / (Repayment)				
Shri Kishore Chand Talwar	600000.00	500000.00	(3640000.00)	0.00
	(600000.00)	(1000000.00)		
Smt. Nainy K Tanna	(500000.00)		(2530000.00)	0.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 31: LEASES

The company has taken various residential premises / industrial galas under operating lease or on leave and license basis. These are generally not non-cancellable and for a period ranging between 11 months and above and are renewable at mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The rent paid in accordance with these agreements is debited to the statement of profit and loss for the year.

NOTE 32: DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on the information available, there are certain vendors who have confirmed that they are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as micro and small enterprises. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

		(Amount in ₹)	
Sl. No.	Particulars	As at 31.03.2014	As at 31.03.2013
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	3613907.00	2029762.00
	– interest thereon	3230.00	3410.00
2	The amount of interest paid in terms of section 16, along with the amount of the payment made to the suppliers beyond the appointed day:		
	– principal amount	5355280.00	4077637.50
	– interest thereon	0.00	0.00
3	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the act.	108839.00	35562.00
4	The amount of interest accrued and remaining unpaid.	237722.00	125653.00
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues about are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this act.	112069.00	38972.00

NOTE 33: TAXATION MATTERS:

- The sales tax assessments of the company have been completed upto financial year 2006-2007 for its Daman unit and upto financial year 2010-11 for its Kandivali unit.
- The income tax assessments of the company have been completed upto assessment Year 2011-2012.

NOTE 34: C. I. F. VALUE OF IMPORTS:

	(Amount in ₹)	
	2013-2014	2012-2013
Raw Materials and components including packing materials	101504312.01	100634743.00
Stores & Spares	211342.00	117755.00
Capital goods	2076892.00	2949005.20

NOTE 35: EXPENDITURE IN FOREIGN CURRENCY

	(Amount in ₹)	
	2013-2014	2012-2013
Interest	840241.40	784573.41
Exhibition charges	352155.80	259306.88
Foreign travelling	1229773.01	4293324.04
Commission	228488.00	0.00

NOTE 36: CLOSING WORK IN PROGRESS

	(Amount in ₹)	
	As at 31.03.2014	As at 31.03.2013
Alluminium brackets	282204.40	362496.00
Alluminium housing	6808175.24	6211880.00
Alluminium Impeller	502740.92	464671.10
Copper clip & springs	1211029.96	649611.48
Motors	1574118.38	1200834.80
Mounting brackets	467556.63	237644.50
Plastic Impeller	1604765.96	770710.00
Rotor diecast	2429305.78	1699607.10
Shafts	314762.17	318243.46
Others	962386.60	720396.13
	16157046.04	12636094.57

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 37: TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION

	2013-2014		2012-2013	
	Consumption in ₹	% to total consumption	Consumption in ₹	% to total consumption
(a) Raw materials:				
Indigenous	113277322.23	49.35%	82592300.90	46.90%
Imported	116280298.00	50.65%	93517515.05	53.10%
Total consumption and %	229557620.23	100.00%	176109815.95	100.00%
(b) Spare parts and components:				
Indigenous	1064791.77	80.77%	1320466.23	90.82%
Imported	253434.00	19.23%	133409.00	9.18%
Total consumption and %	1318225.77	100.00%	1453875.23	100.00%

NOTE 38: EARNING IN FOREIGN CURRENCY

	(Amount in ₹)	
	2013-2014	2012-2013
FOB value of exports realised	53619843.29	41519592.33

NOTE 39: UNHEDGED FOREIGN CURRENCY EXPOSURE

	As at 31.03.2014		As at 31.03.2013	
	US \$	Amount in ₹	US \$	Amount in ₹
Receivables	75525.69	4449212.39	150112.10	8037001.83
Payables	768718.51	46838020.00	825129.23	45588390.75

NOTE 40: (i) As per the consistent practice followed by the company in earlier years, the excise duty payable in respect of goods manufactured during the year but not cleared from factory premises at the end of year, are neither included in expenses nor considered in valuation of the inventories of such goods which is contrary to the guidance note "Accounting Treatment for Excise Duty" issued by the Institute of Chartered Accountant Of India. However the same does not have any impact on the profit of the year.

(ii) As per the consistent practice followed by the company in earlier years, the custom duty payable in respect of imported materials lying at custom bonded warehouse at the end of year, are neither included in expenses nor considered in valuation of the inventories of such materials. However this practice does not have any impact on the profit of the year.

As per our attached report of even date

For R. S. Agrawal & Associates
Chartered Accountants
(Firm Registration No. 100156W)

O. P. Agrawal
Partner
Membership No. 045862

Place : Mumbai
Dated : May 30, 2014

For and on behalf of the Board of Directors

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundaram
Director

Place : Mumbai
Dated : May 30, 2014

Nainy K. Tanna
Whole time Director

Debabrata Guha Chaudhury
Company Secretary

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REXNORD ELECTRONICS AND CONTROLS LIMITED

Regd. Office: 92-D ovt. Industrial Estate, Charkop, Kandivli West, Mumbai - 400 067.

Tel. No. 022-39911800, Fax No. 022- 28687784

Website: www.rexnordindia.com Email Id: info@rexnordindia.com

Corporate Identity Number (CIN): L31200MH1988PLC047946

ATTENDANCE SLIP

DP ID*		Folio No.	
Client ID*		No. of Share(s)	

Name & Address of Shareholder:

I We hereby record my our presence at the 26th Annual eneral Meeting at Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, orai - II, Borivali (W), Mumbai 400 092 on Saturday, the 30th day of August, 2014 at 9.30 A.M.

Signature of Shareholder Proxy

*Applicable for investors holdings shares in electronic form.

FORM NO. MGT-11

PROXY FORM

Pursuant to the Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration), 2014

Corporate Identity Number (CIN): L31200MH1988PLC047946

Name of the Member(s):
Registered Address:
E-Mail Id:
Folio No. Client id:
DP ID:

I We being the member(s) of shares of RECL, hereby appoint:

- | | | | |
|----|----|-----------------|----------------|
| 1) | of | having email id | or failing him |
| 2) | of | having email id | or failing him |
| 3) | of | having email id | |

and whose signature(s) are appended below as my our proxy to attend and vote (on a poll) for me us and on my our behalf at the 26th Annual eneral Meeting of the Company, to be held on Saturday, 30th August, 2014 at 9.30 A.M. at Sangam Banquets, Plot No. 366-386 RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, orai-II, Borivali (W), Mumbai 400092 and at any adjournment thereof in respect of such resolution as are indicated below.

Resolution No.	Particulars	Optional	
Ordinary Business		For	Against
1	To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.		
2	To elect and appoint Directors in place of those retiring by rotation.		
3	To re-appoint, Auditors of the Company and to fix their remuneration.		
Special Business			
4	To borrow moneys upto Rs. 150 crores over and above the aggregate of the Paid-up Share Capital and Free Reserves of the company pursuant to Section 180(1)(c) of the Companies Act, 2013.		
5	To approve creation of charge hypothecation upto Rs.150 crores under Section 180(1)(a) of the Companies Act, 2013.		
6	To appoint Mr. Ram Sanahi as an Independent Director of the Company to hold office for a term of 5 years.		
7	To appoint Mr. Ayyaswami Sundaram as an Independent Director of the Company to hold office for a term of 5 years.		
8	To re-appoint Mr. Kishore Chand Talwar as Chairman and Managing Director of the Company for a term of 3 years.		
9	To re-appoint Mrs. Nainy K. Tanna as Whole time Director of the Company for a term of 3 years.		
10	To ratify the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015		
11	To issue Warrants on Preferential basis to the Promoters and other entities.		

Signed this . day of 2014.

Signature of Shareholder:

Signature of Proxy holder(s):

Affix
Revenue
Stamp of
₹ 1

Notes :

- (1) This form duly completed should be deposited at the Registered Office of the Company Not later than 48 hours before the commencement of Annual General Meeting of the Company.
- (2) For the resolution, Explanatory Statement and Notes, please refer to Notice of the 26th Annual General Meeting.
- (3) Please put ' ' in the appropriate column against a resolutions indicated in the box. If you leave the FOR or AGAINST column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (4) Please complete all details including details of Members (S) in above box before Submission.

BOOK POST



If undelivered, Please return to:



Rexnord Electronics and Controls Ltd.

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