



MD	✓	BKC	✓
DPY	✓	DPY	✓
DIV	✓	DIV	✓
AC	✓	AC	✓
SHI	✓	SHI	✓

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ANNUAL REPORT
1997-98

**BOARD OF DIRECTORS**

Kishore Chand Talwar	Chairman & Managing Director
Sharda K. Talwar	Director
Ravi Shankar Rath	Director
Pukhraj Bhansali	Director

COMPANY SECRETARY

Kailash Jatwala

AUDITORS

R. S. Agrawal & Associates,
Chartered Accountants,
Mumbai

BANKERS

The Saraswat Co-operative Bank Ltd.

REGISTERED OFFICE & FACTORY

92-D, Government Industrial Estate,
Charkop, Kandivli [West]
Mumbai - 400 067.

FACTORY PLOT

Plot No. EL-26,
TTC Industrial Area,
Electronics Zone,
MIDC, Mahape, Navi Mumbai.

REGISTRARS & SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.,
J/12, Ansa Industrial Estate,
Sakivihar Road,
Sakinaka, Andheri (East)
Mumbai - 400 072.

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of REXNORD ELECTRONICS & CONTROLS LTD. will be held on Monday, the 28th September, 1998 at 11.30 A.M. at the Registered Office of the Company, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date alongwith Directors' & Auditors' Reports thereon.
2. To appoint a Director in place of Shri Ravi Shankar Rathi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Pukhraj Bhansali, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of sections 198, 269, 309, 314 and schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) approval of the members be and is hereby accorded to re-appoint Shri Kishore Chand Talwar as Managing Director of the Company for a further period of 5 years with effect from 1st April, 1999, on expiry of his existing tenure on 31st March, 1999, upon following principal terms and conditions:

(i) Salary : Rs. 20,000/- per month with an annual increment of Rs. 2000/- monthly or such increased salary as may be payable as per schedule XIII attached to the Companies Act, 1956.

(ii) House Rent Allowance : @ 60% of the salary.

(iii) Commission : @ 1% of the net profits.

In addition to the above salary and perks the appointee shall be entitled to the following perquisites:

(a) Contribution to provident fund, superannuation fund and/or annuity fund to such extent as allowable under the Income Tax Act, 1961,

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) Encashment of leave at the end of the tenure.

Provision of car for use on Company's business and telephone at the residence will not be considered as perquisites. Cost of personal long distance calls on telephone and use of car for personal purpose will be born by the appointee.

FURTHER RESOLVED THAT the above remuneration, except commission, is to be considered as minimum remuneration in case of absence or inadequacy of profits in any accounting year during the currency of the appointment.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to take all necessary steps as may be required to give effect to the appointment of the Managing Director and also to vary, alter, modify any terms and conditions of the appointment as agreed to the appointee, as the Board deem appropriate its own or suggested by any authority while approving the appointment, if any."

6. To Consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that in accordance with the provisions of sections 198, 269, 309, 314 and schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) approval of the members be and is hereby accorded to appoint Smt. Sharda K. Talwar as whole time Director of the Company for a period of 5 years with effect from 1st October, 1998, upon following principal terms and conditions:

(i) Salary : Rs. 10,000/- per month with an annual increment of Rs. 1000/- monthly or such increased salary as may be payable as per schedule XIII attached to the Companies Act, 1956.

(ii) House Rent Allowance : @ 60% of the salary.

(iii) Commission : @ 1% of the net profits.

In addition to the above salary and perks the appointee shall be entitled to the following perquisites:

(a) Contribution to provident fund, superannuation fund and/or annuity fund to such extent as allowable under the Income Tax Act, 1961,

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

(c) Encashment of leave at the end of the tenure.

Provision of car for use on Company's business and telephone at the residence will not be considered as perquisites. Cost of personal long distance calls on telephone and use of car for personal purpose will be born by the appointee.



FURTHER RESOLVED THAT The above remuneration, except commission, is to be considered as minimum remuneration in case of absence or inadequacy of profits in any accounting year during the currency of the appointment.

FURTHER RESOLVED THAT The Board of Directors of the Company be and is hereby authorised to take all necessary steps as may be required to give effect to the appoint of the whole time Director and also to vary, alter, modify any terms and conditions of the appointment as agreed to the appointee, as the Board deem appropriate its own or suggested by any authority while approving the appointment, if any."

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

"RESOLVED THAT in accordance with the provisions of section 61 and all other applicable provisions of the Companies Act, 1956 and Securities Contracts (Regulation) Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) enabling provisions of the Memorandum & Articles of Associations of the Company; the Prospectus dated 18th May 1995 issued by the Company for offering equity share capital to the public and listing agreements entered into with the Stock Exchanges where the security of the Company is listed, the security of the Company i.e. equity shares be got delisted with the Stock Exchanges at Delhi, Ahmedabad and Bangalore, due to non-trading or/and very thin trading at these stock exchanges, as it serve no purpose of servicing to the shareholders. After the above referred delisting, the security of the Company be listed at the regional stock exchange, i.e. The Stock Exchange, Mumbai only.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds or thing required and apply the concerned Stock exchange for delisting; get approval of required authority and take all necessary steps as and when it deem appropriate to get delisted the equity share with Stock Exchanges at Delhi, Ahmedabad & Bangalore".

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

"RESOLVED THAT in accordance with the provisions of section 31 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Associations of the Company, The Articles of Association of the Company be altered by adding Article No. 66A, after Article 66 the following new Article:

Sub-Heading: Buyback of shares.

- (66A) The Company is authorised to buy back its own shares & securities i.e Equity Shares, Preference shares, Convertible part of Debentures, Warrants, Options etc. from open market, through negotiated deal or public offer as treasury operations or for restructure of share capital or otherwise. The Board of Directors or a duly authorised committee thereof, of the Company, is authorised to buy back, dispose off such bought shares or otherwise deal in with shares from time to time, subject to provisions of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force, in such quantity, in such manner, by complying such procedure as may be permitted for the time being. Such buy back of its own shares will not be treated as reduction in share capital under section 100 of the Companies Act, 1956".

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

"RESOLVED THAT in accordance with the provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Associations of the Company, the Company be and is hereby authorised to buy back, dispose off such bought shares or otherwise deal in with its own shares & securities i.e Equity shares, Preference shares, Convertible part of debentures, Warrants, options or any other nature security from open market, through negotiated deal or public offer as treasury operations or for restructure of capital or otherwise to such extent, such quantity and in such manner as may be permitted by the Companies Act, 1956 or any statutory modification or re-enactment thereof. Such buy back of its own shares & securities will not be treated as reduction in share capital under section 100 of the Companies Act, 1956.

FURTHER RESOLVED THAT the Board or its duly authorised committee of the Company be and is hereby authorised to buy back its own Company's shares and securities, dispose off such bought shares and securities or otherwise deal in or treat the same in accordance with provisions of the Companies Act, 1956, for the time being, to take all necessary steps, acts, deeds, things as may be required in this regard".

By Order of the Board,
REXNORD ELECTRONICS & CONTROLS LTD.

Kailash Jatwala
Company Secretary

Place : Mumbai
Dated : 31st July, 1998.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy should be lodged with the Company 48 hours before the commencement of the meeting .
2. The Registers of Members and Share Transfer Books of the Company will remain closed from Tuesday, 15th September 1998 to Monday, 28th Septemeber, 1998 (both days inclusive).
3. The Memorandum and Articles of Associations of the Company is available for inspection of the members on all working days till the date of Annual General Meeting.



ANNEXURE TO THE NOTICE

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 SETTING OUT THE MATERIAL FACTS IN RESPECT OF THE SPECIAL BUSINESS TO BE TRANSACTED UNDER ITEM NO. 5 TO 7 OF THE NOTICE

- 1) Shri Kishore Chand Talwar was appointed Managing Director for a period of 5 years, his tenure of the appointment is expiring on 31st March, 1999. It was deemed appropriate to reappoint him as Managing Director for a further period of 5 years effective from 1st April, 1999, on the terms and conditions set out in the resolution proposed under item No. 5 of the Notice.

Accordingly consent of the members is being sought and the Board recommend the resolution under item No. 5 of the Notice for approval of the members.

Shri Kishore Chand Talwar himself and Smt. Sharda Talwar, his spouse be deemed as interested in or concerned with the resolution, except those no other director is interested in or concerned with the resolution.

The terms and conditions as set out in the said resolution be also taken as "Disclosure of interest of directors in contract appointing managing director" under section 302 of the Companies Act, 1956.

- 2) The activities of the Company is expanding and the Board thought it appropriate to appoint Smt. Sharda K. Talwar as whole time Director of the Company to share some of day-to-day responsibilities of Shri Kishore Chand Talwar. She is a graduate having business experience. It is proposed to appoint her whole time Director for a period of 5 years w.e.f. 1st October, 1998 on the principal terms and conditions set out in the resolution proposed under item No. 6 of the Notice.

Accordingly consent of the members is being sought and the Board recommend the resolution under item No. 6 of the Notice for approval of the members.

Smt. Sharda K. Talwar herself and Shri. Kishore Chand Talwar, her spouse be deemed as interested in or concerned with the resolution, except those no other director is interested in or concerned with the resolution.

The terms and conditions as set out in the said resolution be also taken as "Disclosure of interest of directors in contract appointing whole time director" under section 302 of the Companies Act, 1956.

- 3) The Company offered its equity shares to the public in 1995 and got listed the security at the Stock Exchange, Mumbai as regional stock exchange and also at the stock exchanges at Delhi, Ahmedabad and Bangalore to provide liquidity and efficient services to the investing public. It was observed that the basic purpose of liquidity and servicing is not achieved by multiple listing, as there is no or very rare tradings in the Company's shares at those Stock Exchanges. It was thought appropriate to get delisted the security with the Stock Exchanges at Delhi, Ahmedabad and Bangalore atleast to save cost.

Accordingly consent of the members is being sought and the Board recommend the resolution under item No.7 of the notice for approval of the members.

None of the Directors is interested in or concerned with the resolution.

- 4) The economic scenario is changing rapidly to meet international standard. The Government expected to allow shortly the companies to buy-back their own shares. It was thought appropriate to amend the Articles of Association of the Company with enabling provisions of buy back its own shares and authorise the Company and its Board to buy back its own shares as and when deem appropriate.

Accordingly, consent of the members is being sought and the Board recommend resolutions No. 8 & 9 for alteration in the Articles of Association of the Company and authority to the Company and its Board to buy back its own shares.

None of the Directors is interested in or concerned with the resolution.

By Order of the Board,
REXNORD ELECTRONICS & CONTROLS LTD.

Place : Mumbai
Dated : 31st July, 1998.

Kailash Jatwala
Company Secretary



DIRECTORS' REPORT

To

The Members,

REXNORD ELECTRONICS & CONTROLS LTD.

Your Directors present the Tenth Annual Report of the Company along with the audited Statements of Accounts for the year ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

<u>PARTICULARS</u>	<u>For the year ended</u> <u>31st Mar. 98</u>	<u>For the year ended</u> <u>31st Mar. 97</u>
Sales & Other Income	607.83	438.34
Profit before depreciation & Mis. Expenditure W/off	22.31	2.62
Depreciation	42.98	39.49
Mis. Expenditure W/off	3.15	3.15
Net Profit/(Loss)	(23.82)	(40.02)

DIVIDEND

The Board of Directors is not recommending any dividend for the year ended 31st March, 1998.

OPERATION

The Company achieved, during the year under review, sales and other income of Rs.607.83 Lacs and incurred net loss Rs.23.82 Lacs against sales and other income of Rs.438.34 Lacs and net loss of Rs.40.02 Lacs during the previous year. The Company achieved higher turnover and better performance inspite of recession in electronic industry. All consumer 'White good' i.e refrigerators, air conditioners, coolers, T.Vs, computers etc faced a set back and consequently adversely effected electronic industrial activities and generation of capital goods. However due to international quality standard of products your Company succeeded in performing good compared to the previous year. The Company could not get clicked deal of cheaper finance due to sluggish financial markets in India and abroad. However the Company is trying hard to arrange the cheaper finance to expand activities.

PROJECTIONS V/S ACTUALS

In terms of the Clause 43 of the listing agreement, the comparison between actual profitability for the year 1997-98 and utilisation of funds and those projected in the prospectus, are as follows:

	<u>Projections</u>	<u>Actuals</u>
A. PROFITABILITY		
Sales	2030.38	562.34
Profit before Tax	505.82	(23.82)
Net Profit after Tax	439.03	(23.82)

(Rs. in Lacs)

Reasons for variation between actual profitability and projected profitability are as under:

1. The Project could not be completed within time due to non materialisation of sources of finance other than equity finance, which were envisaged in the means of finance.
2. General recession in electronic industry.

B. UTILISATION OF FUNDS :

The funds raised through the Public Issue in June 1995 have been utilised in the objectives stated in the prospectus.

DELISTING OF SHARES

At the time of public issue the Company got listed its shares at the Stock Exchange, Mumbai, as regional stock exchange and also at the stock exchanges at Delhi, Ahmedabad and Bangalore to provide liquidity and efficient services to the public. It was observed that the basic purpose of liquidity and servicing is not achieved by multiple listing, as there is no very rare trading. It was thought appropriate to get delisted the security with the Stock Exchanges at Delhi, Ahmadabad and Bangalore atleast to save cost.

DIRECTORS

Shri Ravi Shankar Rathi and Shri Pukhraj Bhansali, Directors are retiring by rotation and being eligible offer themselves for re-appointment, the member are requested to appoint the directors. Shri Kim Joon resign from the Board due to his pre-occupancy. The Board accepted his resignation with gratitude.

Shri Kishore Chand Talwar, Managing Director's tenure is expiring on 31st March, 1999, it is proposed to reappoint him for a further period of five years. The activities of the Company is expanding and the Board thought it appropriate to appoint Smt. Sharda K. Talwar as wholtime director to share some of day-to-day responsibilities.



Her appointment proposed initially for five years. The terms and conditions of the both appointments are set out in the proposed resolutions recommended for approval of the members.

AUDITORS & AUDITORS' REPORT

M/s. R.S. Agrawal & Associates, Chartered Accountants, the Auditors of the Company are retiring at the forthcoming Annual General Meeting. The Auditors have informed that they are eligible for reappointment. The members are requested to appoint Auditors.

The observation of audit report is self explanatory, hence do not require further clarification.

PARTICULARS OF EMPLOYEES

Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not attached with this report as no employee comes under purview of these provisions.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

1. Modifications in lighting arrangement in factory and office have brought down the cost of energy to a certain extent.
2. The Company has made certain desirable changes in oven so as to give more heat and retain the heat level for a longer time even after switching off the power supply.
3. The Company is consistently doing research in the field of saving energy by implementing new cost effective ideas. Efficient use of energy in all forms has been a consistent corporate thrust in the Company. Form for disclosure of particulars with respect of Consumption of Energy is enclosed herewith.

	Units	Current Year	Previous Year
a) Power & Fuel Consumption			
Electricity - Purchased			
Unit (KWH)	Units	382503	275858
Total amount	In Rs.	1533149*	1118381
Average rate	Rs. per unit	4.01	4.05
b) Consumption per unit of Production			
Electricity (KWH)			
Instrument Cooling Fan AC	Units/Thousand	1370	1398.5
Instrument Cooling Fans DC	Units/Thousand	178	466.2

*Rs.699575/- power charges born by vendors.

B. TECHNOLOGY ABSORPTION

[a] Research & Development:

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 D.C. & A.C. of various sizes has been success fully absorbed.

C.FOREIGN EXCHANGE EARNED AND USED:

The particulars regarding Foreign Exchange earning and expenditure appears as item nos.15(iii), 16 & 17 of the Schedule 19 to the accounts.

ACKNOWLEDGEMENT

The Directors wish to take this opportunity to thank the Government of India, Custom, Excise and other Government Departments, Banks, SICOM, Consultants, Employees and you, the members for their valuable support.

By Order of the Board,
REXNORD ELECTRONICS & CONTROLS LIMITED

Place : Mumbai
Dated : 31st July, 1998

Kishore Chand Talwar
Chairman and Managing Director