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For Rexnord Electronics & Controls Ltd.

Kil h wal
Director.



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ANNUAL REPORT 1998-99

**BOARD OF DIRECTORS**

Kishore Chand Talwar

Chairman & Managing Director

Sharda K. Talwar

Wholetime Director

V. Shivaswamy Iyer

Director

AUDITORS

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

BANKERS

Development Credit Bank Ltd.

**REGISTERED OFFICE &
FACTORY I**

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

FACTORY II

Gala No. 2, Plot No. 10
Premier Industrial Estate
Kachigam, Daman - 396210
(U. T. of Daman & Diu)

**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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For Rexnord Electronics & Controls Ltd.

Kishore Chand Talwar
Director.

CONTENTS	PAGE NO.
Notice to Shareholders	2-3
Directors' Report	4-5
Auditors' Report	6-7
Balance Sheet	8
Profit & Loss Account	9
Schedules 1 to 19	10-19
Cash Flow Statement	20



NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of **REXNORD ELECTRONICS & CONTROLS LTD.** will be held on Saturday, the 27th November, 1999 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, 1999 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 Smt. Sharda K. Talwar who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. V. Shivaswamy Iyer be and is hereby appointed as director of the Company."

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

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 20th October, 1999.

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 Friday, 19th November, 1999 to Saturday, 27th November, 1999 (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.

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ANNEXURE TO THE NOTICE

THE EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956)

ITEM NO. 4 OF THE NOTICE :

Shri V. Shivaswamy Iyer was appointed by the Board of Directors as additional director on 28th September, 1998. He holds office upto the date of the ensuing Annual General Meeting. In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member alongwith requisite deposit, proposing the candidature of Shri V. Shivaswamy Iyer for the office of the director.

Accordingly the directors recommend the resolution for approval of the shareholders.

None of the directors except Shri V. Shivaswamy Iyer himself, is concerned or interested in the said resolution.

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

Place : Mumbai
Dated : 20th October, 1999.

Kishore Chand Talwar
Chairman & Managing Director

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DIRECTORS' REPORT

To

The Members,

REXNORD ELECTRONICS & CONTROLS LTD.

Your Directors present the Eleventh Annual Report of the Company along with the audited Statements of Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

<u>PARTICULARS</u>	<u>For the year ended 31st Mar. 99</u>	<u>For the year ended 31st Mar. 98</u>
Sales & Other Income	758.21	607.83
Profit before depreciation & Mis. Expenditure W/off	64.30	22.31
Depreciation	45.31	42.98
Mis. Expenditure W/off	3.15	3.15
Net Profit/(Loss)	15.84	(23.82)

DIVIDEND

In view of insufficient profits, the Board of Directors does not recommend any dividend for the year ended 31st March, 1999.

OPERATION

The Company achieved, during the year under review, sales and other income of Rs. 758.21 lacs with a net profit of Rs. 15.84 lacs against sales and other income of Rs. 607.83 Lacs and net loss of Rs.23.82 Lacs during the previous year. The Company has achieved the turnover inspite of recession in electronic industry. In general recession in the industrial activities have adversely effected the electronic industry and generation of capital goods. However due to international quality standard of products, your company succeeded to maintain its turnover. The board expects better results for the current year.

During the year under review, the Company has shifted its bankers from The Saraswat Co-Op. Bank Ltd. to Development Credit Bank Limited for availing the working capital facilities at better terms.

During the year under review, the Company has also disposed off the MIDC Plot and paid off long term borrowings to reduce interest cost. This step will effect profitability of your company in long term.

During the current year, the Company has started the manufacturing facilities at Daman which will help the company in improving its turnover and profitability.

DIRECTORS

Smt. Sharda K. Talwar retires from the Board of Directors by rotation and being eligible offer herself for re-appointment, the member are requested to appoint the director.

Shri V. Shivaswamy Iyer was appointed as an additional director of the company at the Board Meeting held on 28th September, 1998. Shri V. Shivaswamy Iyer being additional director of the company will hold office upto the date of ensuing Annual General Meeting of the Company. The Company has received a notice from a shareholder proposing his candidature as a director of the company. Accordingly the Board has taken it in the agenda of the ensuing AGM.

Shri Pukhraj Bhansali and Shri Ravi Shankar Rath has resigned from the Board due to their pre-occupancy. The Board accepted their resignation with gratitude.

Y2K COMPLIANCE

The company has taken necessary steps on Y2K hardware & software problems and the same have been verified as Y2K Compliant. The total cost to be Y2K compliant has not become significant.

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 the 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 will bring 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	294103	382503
Total Amount	In Rs.	1336314	1533149*
Average Rate	Rs.per unit	4.54	4.01
b. Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	1225	1370
Instrument Cooling Fans DC	Units/Thousand	192	178

*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, Consultants, Employees and you, the members for their valuable support.

By Order of the Board,
REXNORD ELECTRONICS & CONTROLS LIMITED

Place : Mumbai
Dated : 20th October, 1999.

Kishore Chand Talwar
Chairman and Managing Director