



13TH ANNUAL REPORT 2000-2001

**BOARD OF DIRECTORS**

Kishore Chand Talwar
Sharda K. Talwar
V. Shivaswamy Iyer
Ram Bahadur Roka
Nainy Talwar

Chairman & Managing Director
Wholetime Director
Director
Director
Director

AUDIT COMMITTEE

V. Shivaswamy Iyer
Ram Bahadur Roka
Nainy Talwar

AUDITORS

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

BANKERS

Development Credit Bank Ltd.

REGISTERED OFFICE & FACTORY I

92-D, Govt. 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)

REGISTRAR & SHARE TRANSFER AGENT

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

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NOTICE

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the Members of M/s. Rexnord Electronics & Controls Limited will be held on Thursday the 27th day of September, 2001 at 10.30 A.M. at the registered office of the Company at 92-D, Government Industrial Estate, Charkop, Kandivli [West], Mumbai - 400 067 to transact, with or without modification(s), the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31st March, 2001 and the audited Balance Sheet as on that date, together with the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. V. Shivaswamy Iyer who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. Sharda K. Talwar who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification(s), the following resolution AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Ms. Nainy Talwar, who was appointed as an Additional Director of the Company w.e.f. 01/08/2001 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and being eligible offers herself for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit to pass, with or without modification(s), the following resolution AS AN ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Ram Bahadur Roka, who was appointed as an Additional Director of the Company w.e.f. 01/08/2001 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting and being eligible offers himself for appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company."

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 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification/s or re-enactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII to the said Act, the Company hereby approve a remuneration to Mr. Ram Bahadur Roka, Director of the Company of not exceeding Rs. 12,500/- [Rs. Twelve Thousand Five Hundred Only] per month w.e.f. 01/08/2001 and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force or any amendments or modification that may hereafter be made thereto by the Central Government), as may be agreed to between the Board of Directors and Mr. Ram Bahadur Roka."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites and other allowances within such prescribed limit or ceiling."

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

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 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification/s or re-enactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII to the said Act, the Company hereby approve an increase in remuneration to Mr. Kishore Chand Talwar, Chairman and Managing Director of the Company from Rs. 20,000/- [Rs. Twenty Thousand Only] per month to Rs. 25,000/- [Rs. Twenty Five Thousand Only] per month w. e. f. 01/08/2001 and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies



Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force or any amendments or modification that may hereafter be made thereto by the Central Government), as may be agreed to between the Board of Directors and Mr. Kishore Chand Talwar."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites and other allowances within such prescribed limit or ceiling."

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

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 Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification/s or re-enactment thereof, for the time being in force), and subject to the limits specified in Schedule XIII to the said Act, the Company hereby approve an increase in remuneration to Mrs. Sharda K. Talwar, Whole time Director of the Company from Rs. 10,000/- [Rs. Ten Thousand Only] per month to Rs. 12,500/- [Rs. Twelve Thousand Five Hundred Only] per month w.e.f. 01/08/2001 and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force or any amendments or modification that may hereafter be made thereto by the Central Government), as may be agreed to between the Board of Directors and Mrs. Sharda K. Talwar."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including salary, commission, perquisites and other allowances within such prescribed limit or ceiling."

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

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

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 25th August, 2001

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
Proxies duly stamped and executed must reach the Registered Office of the Company not less than 48 hours before the time of the Annual General Meeting.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 20/09/2001 to 27/09/2001 (both days inclusive).
4. Members are requested to intimate changes in their addresses if any to the Company's Share Transfer Agents:
BIG SHARE SERVICES PRIVATE LIMITED,
[Unit: Rexnord Electronics & Controls Limited]
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri [East], Mumbai - 400 072.
5. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. As a measure of economy, Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of the Annual Report to the Meeting.
7. The securities of the Company are in demat mode w.e.f. 15/03/2001. The Company has entered into agreement with both the Depositories. Accordingly members have an option to hold the shares of the Company in a dematerialised form in either of the two Depositories through their Depository Participants. The ISIN number allotted to the Company is INE687C01012.



ANNEXURE TO THE NOTICE

THE EXPLANATORY STATEMENT

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

ITEM NO. 5 :

The Board of Directors had appointed Ms. Nainy Talwar w.e.f. 01/08/2001 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. She will hold office only upto the date of forthcoming Annual General Meeting of the Company.

The Company has received notice from a member under section 257 of the Companies Act, 1956, proposing her candidature for the office of the Director. She has got wide experience in different fields.

Keeping in view her vast experience and knowledge, it will be in the interest of the Company that Ms. Nainy Talwar be appointed as Director of the Company. Your Directors therefore recommend the resolution for your approval.

Ms. Nainy Talwar may be deemed to be considered as interested in the resolution as it pertains to his appointment.

Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar may be deemed to be considered as interested in the resolution being related to Ms. Nainy Talwar.

ITEM NO. 6 :

The Board of Directors had appointed Mr. Ram Bahadur Roka w.e.f. 01/08/2001 as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956. He will hold office only upto the date of forthcoming Annual General Meeting of the Company.

The Company has received notice from a member under section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director. He has got wide experience in different fields.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Ram Bahadur Roka be appointed as Director of the Company. Your Directors therefore recommend the resolution for your approval.

Mr. Ram Bahadur Roka may be deemed to be considered as interested in the resolution as it pertains to his appointment.

ITEM NO. 7 :

As the activities of the Company is growing day by day and looking at the future and increased activities, the board considered necessary that Mr. Ram Bahadur Roka, Director be paid a salary of Rs. 12,500/- per month from the date of his appointment.

Accordingly the Board of Directors at their meeting held on 25/08/2001 has approved the salary of Rs. 12,500/- per month to Mr. Ram Bahadur Roka, Director of the Company.

Mr. Ram Bahadur Roka may be deemed to be considered as interested in the resolution as it pertains to his appointment.

Your Board recommends the resolution for your approval.

ITEM NO. 8 & 9 :

In view of the increased activities of the company and required attention on day to day basis the Board considered it necessary to increase the salary payable to Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar from Rs. 20000/- per month to Rs. 25000/- per month and Rs. 10,000/- per month to Rs. 12,500/- per month respectively w.e.f. 01/08/2001.

Accordingly the Board of Directors at their meeting held on 25/08/2001 has approved the salary of Rs. 25,000/- per month and Rs. 12,500/- per month to Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar respectively w.e.f. 01/08/2001.

Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar may be deemed to be considered as interested in the resolutions as it pertains to their appointment.

Ms. Nainy Talwar may be deemed to be considered as interested in the resolution being related to Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar.

Your Board recommends the resolutions for your approval.

By Order of the Board,

REXNORD ELECTRONICS & CONTROLS LTD.

Kishore Chand Talwar

Chairman & Managing Director

Place : Mumbai

Dated : 25th August, 2001



DIRECTORS' REPORT

To

The Members,

REXNORD ELECTRONICS & CONTROLS LTD.

Your directors have great pleasure in presenting their 13th Annual Report along with the audited annual accounts for the year ended on 31st March, 2001 and report that :

FINANCIAL PERFORMANCE:

The table below gives a summary of your company's financial performance for the year ended 31st March 2001:

PARTICULARS	(Rs. in Lacs)	
	For the year ended 31st March 2001	For the year ended 31st March 2000
Sales & Other Income	919.21	996.06
Profit before depreciation & Mis. Exp. W/off.	39.78	73.71
Depreciation	56.50	51.77
Misc. Expenditure W/off	11.45	11.45
Net Profit /(Loss)	(28.17)	10.49

OPERATIONS:

Despite the recession in the electronic industry, your company during the year under review has achieved the sales and other income of Rs. 919.21 lacs as against the sales and other income of Rs. 996.06 lacs in the previous year. The company has suffered net loss of Rs. 28.17 lacs during the year as against the net profit of Rs 10.49 lacs in the previous year due to tough competition with the international market. In general recession in the industrial activities have adversely affected the electronic industry and generation of capital goods. However due to international quality standard of products, your company succeeded in maintaining its turnover. The board expects better results for the current year.

The bankers of the company have reduced the rate of interest being charged to the company, which will help the company to improve its working results.

DIVIDEND:

In view of losses suffered for the year under review, the Board regrets its inability to recommend any dividend for the year ended 31st March 2001.

BOARD OF DIRECTORS:

The board has appointed Mr. Ram Bahadur Roka and Ms. Nainy Talwar as Additional Directors of the Company w.e.f. 01/08/2001 whose term will expire at the forthcoming Annual General Meeting of the Company and are eligible for re-appointment and in respect of whom the company has received notices in writing from members under Section 257 and other applicable provisions, if any of the Companies Act, 1956.

It is proposed to pay a monthly salary of Rs. 12,500/- per month to Mr. Ram Bahadur Roka from the date of his appointment. It is also proposed to hike the salary payable to Mr. Kishore Chand Talwar and Mrs. Sharda K. Talwar from Rs. 20000/- per month to Rs. 25000/- per month and Rs. 10,000/- per month to Rs. 12,500/- per month respectively w.e.f. 01/08/2001.

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. V. Shivaswamy Iyer and Mrs. Sharda K. Talwar, Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment.

AUDIT COMMITTEE:

As required under Section 292A of the Companies Act, 1956 the Board of Directors has constituted an audit committee comprising of Mr. V. Shivaswamy Iyer, Mr. Ram Bahadur Roka and Ms. Nainy Talwar as members of the Committee. Mr. V. Shivaswamy Iyer has been appointed as the Chairman of the said Committee.