



## 14TH ANNUAL REPORT 2001-2002

**BOARD OF DIRECTORS**

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

Chairman & Managing Director  
Wholetime Director  
Director  
Director  
Director

**AUDITORS**

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

**AUDIT COMMITTEE**

V. Shivaswamy Iyer  
Ram Bahadur Roka  
Nainy K. Talwar

**BANKERS**

Development Credit Bank Limited

**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)

**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

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of the Members of M/s. Rexnord Electronics & Controls Limited will be held on Friday, the 9th day of August, 2002 at 10.30 A. M. at the registered office of the Company at 92-D, Government Industrial Estate, Charkop, Kandivali [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, 2002 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. Kishore Chand Talwar who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Nainy K. Talwar who retires from office by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorise the Board to 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 pursuant to Section 31 and all other applicable provisions, if any of the Companies Act, 1956, the Articles of Association of the company be and is hereby amended, altered and/or substituted in the manner and to the extent set out herein below:

- A. Following be inserted in Article 2 at appropriate place

DIVIDEND : Dividend includes interim Dividend.

- B. The following new clause 4(c) be added after Article 4(b) :

4(c) The Share Capital of the Company shall be of two kinds only, namely:

- (I) Equity Share Capital:

(i) With Voting Rights ; or

(ii) With differential rights as to dividend, voting or otherwise as may be prescribed under the provisions of the section 86 or any other provision of the Companies Act, 1956 or such other rules, regulations governing the matter from time to time.

- (II) Preferential Share Capital.

- C. The following new clause 103(a) be added after Article 103 :

103 (a). POSTAL BALLOT

"The Company may and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company. Where the Company is required to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192 A of the Act shall be complied with. Any matter / issue pertaining to or arising out of the postal ballot shall be decided by the chairman of the meeting or in his absence by the Board."

- D. The following new clause (m) and (n) be added after clause (l) in Article 131:

(m) "He is already a director of a public company which,

(1) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999 ; or

(2) has failed to repay its deposit or interest thereon on due date or redeem its debenture on due date or pay dividend and such failure continues for one year or more :

Provided that he shall not be eligible to be appointed as a director for a period of five years from the date on which such other public Company, in which he is a director, failed to file annual accounts and annual returns or has failed to repay its deposits or interest or redeem its debentures on due date or pay dividend.





The above disqualification of a director shall be governed by the provisions of Sections 274 (1) (g) of the Companies Act, 1956 or such other rules and regulations governing the matter from time to time."

(n): "He becomes disqualified in terms of any of the provisions of Companies Act, 1956, amended from time to time."

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

**Kishore Chand Talwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 29th June, 2002

#### 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 OF THE COMPANY.  
THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE 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 06/08/2002 to 09/08/2002 (both days inclusive).
4. Members desirous of seeking any information concerning the Account 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.
5. 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, Ansha Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072
6. 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.
7. 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.

### ANNEXURE TO THE NOTICE

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

#### ITEM NO. 5 :

The Companies (Amendment) Act, 2000 has brought out several changes in the Companies Act, 1956 by inserting inter-alia Equity Share Capital with differential rights, voting by postal ballot, disqualification of directors, transfer of unpaid Dividend etc.

The consequential changes are proposed to be made in the Articles of Association of the Company to ensure conformity with the provisions of the Companies Act, 1956 amended by the Companies (Amendment) Act, 2000.

None of the Directors of the Company is interested in the said resolution.

The Directors recommend the resolution set out in the notice for your approval.

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

**Kishore Chand Talwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 29th June, 2002.



## DIRECTORS' REPORT

### THE MEMBERS,

Your directors have great pleasure in presenting their 14th Annual Report along with the audited annual accounts for the year ended on 31st March, 2002 and report that :

### FINANCIAL PERFORMANCE:

The table below gives a summary of your company's financial performance for the year ended 31st March 2002:

<b>PARTICULARS</b>	<b>(Rs. in Lacs)</b>	
	<b>For the year ended 31st March 2002</b>	<b>For the year ended 31st March 2001</b>
Sales & Other Income	712.58	814.76
Profit before depreciation & Mis. Exp. W/off.	52.53	39.78
Depreciation	57.92	56.50
Misc. Expenditure W/off	11.45	11.45
Net Profit /(Loss) before tax	(17.37)	(28.17)
Net Profit /(Loss) after tax	(14.02)	(28.17)

### OPERATIONS:

Despite recession in the electronic industry your company, during the year under review, has achieved the sales and other income of Rs. 712.58 lacs as against the sales and other income of Rs. 814.76 lacs in the previous year. The company has suffered net loss before tax of Rs. 17.37 lacs during the year as against the net loss of Rs 28.17 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.

### 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 2002.

### FIXED DEPOSITS:

Your Company has not accepted any fixed deposits within the meaning of section 58A of the Companies Act, 1956 from public and the rules made thereunder during the year.

### AMENDMENT IN ARTICLES OF ASSOCIATION:

The Companies (Amendment) Act, 2000 has brought out certain changes in the Companies Act, 1956, relating to equity share capital with differential voting rights, voting by postal ballots, disqualification of directors etc. These changes are proposed to be incorporated in the Articles of Association of the company.

### BOARD OF DIRECTORS:

As per the Provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company Mr. Kishore Chand Talwar and Ms. Nainy K. Talwar, Directors of the Company retire by rotation and being eligible, offers themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 [2AA] OF THE COMPANIES ACT, 1956:

The Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that year.



- iii. that the directors had taken proper and sufficient care 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.
- iv. that the directors had prepared the annual accounts on a going concern basis.

#### **CORPORATE GOVERNANCE:**

The Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by Companies listed on the Stock Exchanges.

Your company has already taken initiative to comply with the requirements of Clause 49 of the Listing Agreement i.e. Corporate Governance, although the date of implementation in case of your Company is March 31, 2003.

#### **AUDIT COMMITTEE :**

An Audit Committee comprising of Mr. V. Shivaswamy Iyer, Mr. Ram Bahadur Roka and Ms. Nainy Talwar has been formed in compliance with the requirements of section 292A of the Companies Act, 1956, and the Committee will have such additional functions as are required in terms of Clause 49 of the Listing Agreement with the Stock Exchanges within stipulated time.

#### **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 expressed their willingness to act as auditors, if re-appointed. The Company has received a certificate from them that they are qualified under section 224 (1) of the Companies Act, 1956, for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the financial year ending 31st March, 2003 as set out in the Notice convening the Meeting.

#### **AUDITORS REPORT:**

The observations made in the Auditor's Report are self-explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

#### **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) under ISIN No. INE687C01012. 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.

#### **PARTICULARS OF EMPLOYEES:**

The information required u/s. 217 (2A) of the Companies Act, 1956 with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, as the company has not employed any employees whose salary exceeds by the limits as laid down in the said section.

#### **PARTICULARS REQUIRED UNDER THE LISTING AGREEMENT:**

##### **LISTING:**

The Equity Shares of the Company are at present listed with the following Stock Exchanges:

1. The Stock Exchange, Mumbai.
2. The Stock Exchange, Ahmedabad.
3. The Stock Exchange, Bangalore.
4. The Stock Exchange, Delhi.

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

The information pursuant to section 217 (i) (a) 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 thrust 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. 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	197934	148794
Total Amount	In Rs.	798613	831298
Average Rate	Rs. per unit	4.03	5.59
b. Consumption per unit of production			
Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	674	467
Instrument Cooling Fans DC	Units/Thousand	169	117

**B. TECHNOLOGY ABSORPTION**

## a) Research &amp; 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 successfully absorbed.

**C. FOREIGN EXCHANGE EARNED AND USED:**

The particulars regarding Foreign Exchange earning and expenditure appears as item nos. 23(ii), 24 & 25 of the Schedule 18 to the accounts.

**SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:**

The Company has taken all the necessary steps for safety and environmental control and protection at all its plants.

**ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation and acknowledgement with gratitude for the support and assistance to the Company's Bankers, Shareholders and Customers. Your Directors place on record their deep sense of appreciation for the devoted services of the executives and staff at all levels of the Company.

For and on behalf of the Board,  
**REXNORD ELECTRONICS & CONTROLS LTD.**

**Kishore Chand Talwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 29th June, 2002