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15TH ANNUAL REPORT 2002-2003

**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 TO THE MEMBERS

NOTICE is hereby given that the 15th Annual General Meeting of the members of REXNORD ELECTRONICS & CONTROLS LIMITED will be held on Saturday, the 23rd August, 2003 at 11 A.M. at the registered office of the Company at 92-D, Govt. 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 and Loss Account for the year ended March 31, 2003 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ram Bahadur Roka, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. V. Shivaswamy Iyer, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 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 modifications, the following resolution as an Ordinary Resolution;

"RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 for a partial modification of the Ordinary Resolution passed by the members at the Annual General meeting held on September 28, 1998 for the increase in remuneration of Mr. K. C. Talwar, Chairman and Managing Director of the Company w.e.f. April 1, 2003 till the expiry of his present term of office 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. K. C. Talwar so as not to exceed the limits as specified in schedule XIII read with other applicable provisions, if any, of the Act or any amendments thereto or enactment thereof.

FURTHER RESOLVED THAT the Board of Directors be and it 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."

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

"RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mrs. Sharda K. Talwar as Wholetime Director of the Company for a period of five years w.e.f. October 1, 2003 on the terms and conditions including the remuneration payable to her as the Wholetime Director and the minimum remuneration payable to her in the event of absence or inadequacy of profits in any year, as set out in the agreement entered into by the Company with Mrs. Sharda K. Talwar.

FURTHER RESOLVED THAT the Board of Directors be and it 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."

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

"RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the payment of remuneration to Ms. Nainy K. Talwar, Director of the Company for a period of five years w.e.f. April 1, 2003 on the terms and conditions including the remuneration payable to her as the Director and the minimum remuneration payable to her in the event of absence or inadequacy of profits in any year, as set out in the agreement entered into by the Company with Ms. Nainy K. Talwar.

FURTHER RESOLVED THAT the Board of Directors be and it 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."

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

"RESOLVED THAT subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and it is hereby accorded pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the payment of remuneration to Mr. Ram Bahadur Roka, Director of the Company for a period of five years w.e.f. April 1, 2003 on the terms and conditions including the remuneration payable to him as Director and the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year.



FURTHER RESOLVED THAT the Board of Directors be and it 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."

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

"RESOLVED THAT in accordance with the provisions of the Companies Act, 1956 and other Acts, if any, including any amendment thereto and subject to the consents, permissions, sanctions and approvals if any as may be necessary from the Stock Exchange Authorities and subject to conditions as were prescribed/ made applicable in granting such Listing approvals, the consent of the company be and is hereby accorded to the Board of Directors of the company to apply for delisting of Equity Shares of the Company from The Stock Exchanges, Ahmedabad, The Bangalore Stock Exchange and The Delhi Stock Exchange and that the Board of Directors of the Company be and is hereby authorised to take all steps necessary, do all acts, deeds, matters and things including executions of any documents for this purpose and attend to all statutory compliances to get the equity shares delisted from the said Stock Exchanges".

By order of the Board
REXNORD ELECTRONICS & CONTROLS LTD.

Kishore Chand Taiwar
Chairman & Managing Director

Place : Mumbai
Dated : 30th June 2003.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE 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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 19/08/2003 to 23/08/2003 (both days inclusive).
3. 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.
4. 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.
5. The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Bangalore Stock Exchange and The Delhi Stock Exchange.
- 6a. In view of Circular issued by the SEBI for appointing common agency for both mode 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 mode of transfers 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.
- 6b. 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 & Controls Ltd.]
E/2, Ansha Industrial Estate, Sakivihar Road,
Saki Naka, Andheri [East], Mumbai - 400 072.
Tel: 022-28560 852/53

7. All documents referred to in the Notice 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.
8. 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.
9. Members who are holding shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
10. 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 DP ID and client ID Number.
11. The relevant explanatory Statement pursuant to Section 173 [2] of the Companies Act, 1956 in respect of the special business is enclosed herewith.

**LISTING REQUIREMENTS:**

As required under Clause 49 [vi](A) of the Listing Agreement, given below are the details of the Director(s) who retire by rotation and are eligible for re-appointment (Resolution at Item Nos. 2 & 3) :

- | | | |
|----------------|---|-------------------------|
| 1. Name | : | MR. RAM BAHADUR ROKA. |
| Age | : | 39 Years [04.04.1964] |
| Qualifications | : | Matriculate. |
- Mr. Ram Bahadur Roka is associated with the company since August 1, 2001 as director of the company. Earlier to that he has served the company as an employee. He is looking after the production activities of the company. He has an experience of over 10 years in the same field.
- | | | |
|--------------------------------|---|---|
| Other Directorships | : | NIL. |
| Committee Memberships | : | |
| Audit Committee Member | : | Rexnord Electronics & Controls Limited. |
| Shareholders' Committee Member | : | Rexnord Electronics & Controls Limited. |
| Remuneration Committee Member | : | Rexnord Electronics & Controls Limited |

- | | | |
|----------------|---|------------------------|
| 2. Name | : | MR. V. SHIVASWAMY IYER |
| Age | : | 39 [25.01.1964] |
| Qualifications | : | B.E. |
- Mr. V. Shivaswamy Iyer is associated with the company since September 28, 1998. He is an Engineer and has experience of over 15 years in the field of Marketing & Finance.
- | | | |
|----------------------------------|---|---|
| Other Directorships | : | Vaghul Alloys Private Limited
Gorich Consultants Private Limited |
| Committee Membership/Chairman | : | |
| Audit Committee Chairman | : | Rexnord Electronics & Controls Limited. |
| Shareholders' Committee Chairman | : | Rexnord Electronics & Controls Limited. |
| Remuneration Committee Chairman | : | Rexnord Electronics & Controls Limited |

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

U/S. 173(2) OF THE COMPANIES ACT, 1956 :

Item No. 5

Mr. K. C. Talwar was re-appointed as Chairman & Managing Director of the Company by the Board and by the members at the Annual General meeting of the Company held on September 28, 1998 for a period of 5 years w.e.f. April 1, 1999 and his remuneration was approved by the members.

The Board at its meeting held on June 30, 2003 has revised the remuneration of Mr. K. C. Talwar w.e.f. April 1, 2003 till the expiry of his present term of office as below. Mr. K. C. Talwar looks after day to day affairs of the company and is working for the Company since inception.

Salary in the scale of Rs. 25,000/- to 50,000/- per month as may be decided by the board from time to time. In addition to salary Mr. K. C. Talwar shall be entitled to:

1. Conveyance allowance Rs. 800/- per month.
2. Bonus / exgratia as may be announced by the Company.
3. Medical allowance including reimbursement as per the rules of the Company.
4. Leave with full pay and all allowances as per the rules of the Company.
5. Leave Travel Concession as per the rules of the Company.
6. Yearly encashment of leave as per the rules of the Company.
7. Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
8. Provision of car with driver.
9. Free telephone facility at residence. Personal long distance calls to be billed by the Company.

MINIMUM REMUNERATION :

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.



This may be treated as an abstract of the terms of the appointment pursuant to section 302 of the Companies Act, 1956.

Mr. K. C. Talwar may be deemed to be interested in the resolution as the same is related to his own appointment. Mrs. Sharda K. Talwar and Ms. Nainy K. Talwar may be deemed to be interested being related to Mr. K. C. Talwar.

Item No. 6

Mrs. Sharda K. Talwar was appointed as Wholetime Director of the Company by the Board and by the members at the Annual General meeting of the Company held on September 28, 1998 for a period of 5 years w.e.f. October 1, 1998 and her remuneration was approved by the members.

The Board at its meeting held on June 30, 2003 has re-appointed Mrs. Sharda K. Talwar as Wholetime Director of the Company for a further period of 5 [Five] years w.e.f. October 1, 2003 on the terms and conditions as below. Mrs. Sharda K. Talwar looks after day to day affairs of the Company and is working for the Company since inception.

Salary in the scale of Rs. 15,000/- to Rs. 50,000/- per month as may be decided by the board from time to time. In addition to salary Mrs. Sharda K. Talwar shall be entitled to :

1. Conveyance allowance Rs. 800/- per month.
2. Bonus/exgratia as may be announced by the Company.
3. Medical allowance including reimbursement as per the rules of the Company.
4. Leave with full pay and all allowances as per the rules of the Company.
5. Leave Travel Concession as per the rules of the Company.
6. Yearly encashment of leave as per the rules of the Company.
7. Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
8. Provision of car with driver.
9. Free telephone facility at residence. Personal long distance calls to be billed by the Company.

The Board is authorised to alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

MINIMUM REMUNERATION :

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.

This may be treated as an abstract of the terms of the appointment pursuant to section 302 of the Companies Act, 1956.

Mrs. Sharda K. Talwar may be deemed to be interested in the resolution as the same is related to her own appointment. Mr. K. C. Talwar and Ms. Nainy K. Talwar may be deemed to be interested being related to Mrs. Sharda K. Talwar.

Item No. 7

Ms. Nainy K. Talwar was appointed an additional Director of the Company w.e.f. August 1, 2001 by the Board and the same was confirmed by the members at the Annual General meeting of the Company held on September 27, 2001.

The Board at its meeting held on June 30, 2003 has decided and approved payment of remuneration and other terms and conditions to Ms. Nainy K. Talwar, Director of the Company as below.

Ms. Nainy K. Talwar is B.Com and is pursuing MBA in marketing. She is providing her service to the company since August 1, 2001.

Salary in the scale of Rs. 20,000/- to Rs. 50,000/- per month as may be decided by the board from time to time. In addition to salary Ms. Nainy K. Talwar shall be entitled to:

1. Conveyance allowance Rs. 800/- per month.
2. Bonus/exgratia as may be announced by the Company.
3. Medical allowance including reimbursement as per the rules of the Company.
4. Leave with full pay and all allowances as per the rules of the Company.
5. Leave Travel Concession as per the rules of the Company.
6. Yearly encashment of leave as per the rules of the Company.
7. Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.
8. Provision of car with driver.
9. Free telephone facility at residence. Personal long distance calls to be billed by the Company.

The Board is authorised to alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.



MINIMUM REMUNERATION :

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.

Ms. Nainy K. Talwar may be deemed to be interested in the resolution as the same is related to her own appointment. Mr. K. C. Talwar and Mrs. Sharda K. Talwar may be deemed to be interested being related to Ms. Nainy K. Talwar.

Item No. 8

Mr. Ram Bahadur Roka was appointed an additional Director of the Company w.e.f. August 1, 2001 by the Board and the same was confirmed by the members at the Annual General meeting of the Company held on September 27, 2001.

The Board at its meeting held on June 30, 2003 has decided and approved increase in payment of remuneration and other terms and conditions to Mr. Ram Bahadur Roka, Director of the Company as below.

Mr. Ram Bahadur Roka is a matriculate and looks after the production activities of the company and is working for the company since August 1, 2001. He has an experience of over ten years in the same field.

Salary in the scale of Rs. 12,500/- to Rs. 25,000/- per month as may be decided by the board from time to time. In addition to salary Mr. Ram Bahadur Roka shall be entitled to:

1. Conveyance allowance Rs. 800/- per month.
2. Bonus/exgratia as may be announced by the Company.
3. Medical allowance including reimbursement as per the rules of the Company.
4. Leave with full pay and all allowances as per the rules of the Company.
5. Leave Travel Concession as per the rules of the Company.
6. Yearly encashment of leave as per the rules of the Company.
7. Contribution to provident fund, superannuation fund and gratuity fund as per the rules of the Company.

The Board is authorised to alter and vary the terms and conditions of the appointment provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

MINIMUM REMUNERATION :

The remuneration as above including perquisites shall nevertheless be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year subject to the condition that the remuneration shall not without the approval of the Central Government, if required, exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 computed on the basis of the effective capital of the Company as defined in the explanation under Para 3 of Section II to Schedule XIII of the Companies Act 1956 as in force for the time being or as amended in the future.

The Remuneration Committee has also cleared the above remuneration.

Except Mr. Ram Bahadur Roka, none of the directors are interested in the said resolution.

Item No. 9

The Equity Shares of the Company are at present listed with the Ahmedabad, Bangalore and Delhi and Mumbai Stock Exchanges. The trading in the Equity Shares of the Company on Ahmedabad, Bangalore and Delhi Stock Exchanges is minuscule in quantum. The number of shareholders in these regions is also not significant. The Board of Directors of the Company therefore proposes that the Equity Shares of the company should be delisted from Ahmedabad, Bangalore and Delhi Stock Exchanges. The listing of the shares will however be continued with Mumbai Stock Exchange which is the regional Stock Exchange. With the expansion of BOLT terminals, Mumbai Stock Exchange now provides nationwide trading terminals and thereby considerable liquidity to the members and investors for sale and purchase of the Equity Shares of the company in all regions.

As per the new SEBI [DELISTING OF SECURITIES] GUIDELINES, 2003, it is necessary that approval of the shareholders of the company be obtained by passing a Special Resolution at a General meeting for voluntary delisting of shares.

None of the Directors of the Company is/are interested in the resolution. The Board of Directors therefore recommends the resolution.

By order of the Board
REXNORD ELECTRONICS & CONTROLS LTD.

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 30th June, 2003



DIRECTORS' REPORT

To
The Shareholders

Your Directors have great pleasure in presenting 15th Annual Report together with the Audited accounts for the year ended March 31, 2003.

	Year ended <u>31.03.2003</u>	(Rs. in lacs) Year ended <u>31.03.2002</u>
FINANCIAL RESULTS:		
Sales & Other Income [Net of Excise]	757.87	712.58
Profit before depreciation	66.35	38.56
Depreciation	60.77	57.92
Net Profit/Loss before tax	5.58	(17.37)
Net Profit /Loss after tax	1.57	(14.02)

OPERATIONS:

Despite recession in the electronic industry your company, during the year under review, has achieved the sales and other income of Rs. 757.87 lacs as against the sales and other income of Rs. 712.58 lacs in the previous year. The company has earned net profit before tax of Rs. 5.58 lacs during the year as against the net loss before tax of Rs. 17.37 lacs in the previous year. 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 has succeeded to increase the turnover. The board expects better results for the current year.

DIVIDEND:

Due to non availability of sufficient profits, the Board does not propose any dividend for the year ended March 31, 2003.

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:

Your company had applied for ISO 9001: 2000 Certification for quality systems for its products. The certifying agency namely Underwriters Laboratory Inc. (UL) has awarded the certificate during the year.

FIXED DEPOSITS:

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

BOARD OF DIRECTORS:

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Ram Bahadur Roka and Mr. V. Shivaswamy Iyer, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE:

The Company has taken proactive steps to ensure that the conditions of Corporate Governance stipulated in Clause 49 of the Agreement for Listing with the Stock Exchange are complied with. A separate report on Corporate Governance together with Auditors' Certificate on its compliance are included in this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) 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, 2003 and of the profit of the company for that year.

- (iii) 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.
- (iv) the annual accounts have been prepared on a going concern basis.

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 March 31, 2004 as set out in the Notice convening the Meeting.

AUDITORS' OBSERVATIONS:

The observations of the auditors contained in their report have been adequately dealt with in the notes to the accounts given in Schedule "18" which are self explanatory and, therefore, do not call for any further comments.

AUDIT COMMITTEE:

In accordance with the provisions of the Companies Act, 1956 and Listing Agreement and Corporate Governance the Company has constituted an Audit Committee. 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.

Shareholder's 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 (1) (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. 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	159022	197934
Total Amount	In Rs.	866856	798613
Average Rate	Rs. per unit	5.45	4.03
b. Consumption per unit of production			
Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	514	674
Instrument Cooling Fans DC	Units/Thousand	129	169



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 successfully absorbed.

C. FOREIGN EXCHANGE EARNED AND USED:

The particulars regarding Foreign Exchange earning and expenditure appears as item nos. 26(ii), 27 & 28 of the Schedule 18 to the accounts.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company came 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:

The Company has listed its shares on The Stock Exchange, Mumbai, The Stock Exchange, Ahmedabad, The Bangalore Stock Exchange and The Delhi Stock Exchnage. The Board has decided to delist shares of the company from the Ahmedabad, Bangalore and Delhi Stock Exchanges. Listing will however continue at the Mumbai Stock Exchange.

SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:

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

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 & CONTROLS LTD.

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 30th June, 2003