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*For Rexnord Electronics & Controls Ltd.*

**Director,**

**BOARD OF DIRECTORS**

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

Chairman & Managing Director  
 Wholetime Director  
 Wholetime Director  
 Director  
 Wholetime Director

**AUDITORS**

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

**AUDIT COMMITTEE**

V. Shivaswamy Iyer  
 Ram Bahadur Roka  
 Nainy K. Talwar

**BANKERS**

Development Credit Bank Ltd.  
 Bank of Punjab Limited

**REGISTERED OFFICE & FACTORY I**

92-D, Govt. Industrial Estate,  
 Charkop, Kandivli (West),  
 Mumbai - 400 067

**FACTORY II**

Gala No.2/3, Plot No.10 / 11  
 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 16th Annual General Meeting of the members of REXNORD ELECTRONICS & CONTROLS LIMITED will be held on Tuesday, September 21, 2004 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 businesses :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2004 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 Mrs Sharda K. Talwar, who retires from office by rotation, and being eligible offers herself 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 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, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 to the re-appointment of Mr. K. C. Talwar, Chairman and Managing Director of the Company for a period of Five Years w.e.f. April 1, 2004 on the terms and conditions including the remuneration payable to him as the Chairman and Managing Director and the minimum remuneration payable to him in the event of absence or inadequacy of profits in any year, as set out in the agreement entered into by the company with Mr. K. C. 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."

By order of the Board  
**REXNORD ELECTRONICS & CONTROLS LIMITED**

**Kishore Chand Talwar**  
 Chairman & Managing Director

Place : Mumbai  
 Dated : 30th June 2004

### 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 16/09/2004 to 21/09/2004 (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 Stock Exchange, Bangalore and The Stock Exchange, Delhi.
- 6 a. 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.
- 6 b. 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 Limited]  
 E/2, Ansa Industrial Estate, Sakivihar Road,  
 Saki Naka, Andheri (East), Mumbai - 400 072  
 Tel: 022-28470653 / 3474
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 Client ID and DP ID Numbers.
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):

A. Name	: MRS. SHARDA K. TALWAR.
Age	: 40 [24.08.1964]
Qualification	: B.A.

Mrs. Sharda K. Talwar is associated with the Company since July 1988. She is looking after the day to day administrative activities of the company. She has an experience of over 16 years in different fields.

Other Directorships	: NIL
Committee Memberships	: NIL

B. Name	: MISS NAINY K. TALWAR
Age	: 23 [24.09.1981]
Qualifications	: M. Com., M.B.A. in Marketing from NMIMS, Diploma in Import & Export Mgmt.

Miss. Nainy K. Talwar is associated with the company since August 2001. She has an experience of more there 3 years in the field of Marketing, Finance, Import and Export.

Other Directorships	: NIL
Audit Committee	: Rexnord Electronics & Controls Limited.

Share Holders	: Rexnord Electronics & Controls Limited.
Grievances Committee	: Rexnord Electronics & Controls Limited.
Remuneration Committee	: 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 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, 1999 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 April 19, 2004 has re-appointed him w.e.f. April 1, 2004 for a period of 5 [Five] years on the following terms. 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 Rs. 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.

The Board is authorized 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 or 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.

The Board recommends the resolution as above for the approval of members.

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

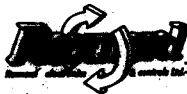
Mr. K. C. Talwar may be deemed to be interested in the resolution as the same is related to his own appointment. Mrs. Sharda K. Talwar and Ms. Nainy K. Talwar may be deemed to be interested being related to Mr. K. C. Talwar.

By order of the Board  
**REXNORD ELECTRONICS & CONTROLS LIMITED**

**Kishore Chand Talwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 30th June 2004





## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting 16th Annual Report together with the Audited accounts for the year ended March 31, 2004.

	(Rs. in lacs)	
FINANCIAL RESULTS:	Year ended 31.03.2004	Year ended 31.03.2003
Sales & Other Income (Net of Excise)	769.83	757.87
Profit before depreciation	75.90	66.35
Depreciation	56.23	60.77
Net Profit/(Loss) before tax	19.67	5.58
Net Profit/(Loss) after tax	10.72	1.57

### OPERATIONS:

Despite recession in the electronic industry your company, during the year under review, has achieved the sales and other income of Rs. 769.83 lacs as against the sales and other income of Rs. 757.87 lacs in the previous year. The company has earned net profit before tax of Rs. 19.67 lacs during the year as against the net profit before tax of Rs. 5.58 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 maintain the turnover. The board expects better results for the current year.

### DIVIDEND:

Due to carry forward losses, the Board does not propose any dividend for the year ended March 31, 2004.

### 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:

The company's products were awarded as ISO 9001:2000 Certification.

### FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from the 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, Mrs. Sharda K. Talwar and Ms. Nainy K. Talwar, 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 Exchanges 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departure.
- 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, 2004 and of the profit of the company for that year.
- 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.
- 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 (1B) 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, 2005 as set out in the Notice convening the Meeting.

### AUDITORS' OBSERVATIONS:

As pointed out by the Statutory Auditors, the Board hereby clarifies as under:

- Regarding composition of Board of Directors, Audit Committee and Remuneration Committee, the company is looking for some professional directors and will be appointed as and when the suitable candidates are available.
- Regarding the appointment of Whole-time Company Secretary, the company is in process of appointing a Whole-time Company Secretary. An advertisement for recruitment of a suitable candidate has already been given.
- Gratuity and Leave Encashment are provided on cash basis and accounted for as when the liability arises. The policy does not have any material impact on profit/loss of the company.
- In view of the considerable number of items of diverse size and numbers of the component manufactured and consumed, it is not practically feasible to comply with AS2 for all the item of stocks. Based on the past experience and judgments, the board clarifies that there is no material impact on the profit/loss of the company for non compliance of the AS2. The provision for non-moving / slow moving / obsolete inventory of raw materials is reasonable and sufficient.
- The statutory dues including Sales Tax, Excise Duty and Income Tax etc, are not paid on account of dispute pending with respective authorities.

Other 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, 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.

Shareholders are therefore 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 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
<b>a. Power &amp; Fuel Consumption</b>			
Electricity - Purchased			
Unit (KWH)	Units	135954	159022
Total Amount	In Rs.	854316	866856
Average Rate	Rs. per unit	6.28	5.45
<b>b. Consumption per unit of production Electricity (KWH)</b>			
Instrument Cooling Fans AC	Units/Thousand	427	514
Instrument Cooling Fans DC	Units/Thousand	107	129
<b>B. TECHNOLOGY ABSORPTION:</b>			
<b>a) Research &amp; Development</b>			
Research and Development is being carried out in the following areas.			
<ul style="list-style-type: none"> <li>- Making design modifications in the products so as to simplify the manufacturing process and enhance productivity.</li> <li>- Developing Jigs, Fixtures and devices to increase productivity.</li> <li>- Improvements to tool design.</li> <li>- Upgradation of machines.</li> <li>- Design and development of special machines required for increasing capacity.</li> <li>- Development of equipment required for testing product reliability at various stages.</li> </ul>			
<b>b) Technology absorption, adaptation and innovation.</b>			
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. 24 (ii), 25 & 26 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 Stock Exchange, Bangalore and The Stock Exchange, Delhi. The company has not paid the listing fees for Ahmedabad, Bangalore and Delhi Stock Exchanges since the company is in process of getting the equity shares delisted from these stock exchanges.

**SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:**

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

**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 LIMITED**

**Kishore Chand Taiwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 30th June 2004

## ANNEXURE TO DIRECTORS' REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS

**INDUSTRY STRUCTURE & DEVELOPMENT:**

The main business of the company is manufacturing and sale of instrument cooling fans, exhaust fans and motors used in industrial and domestic purposes. The industry is directly related to the growth of the user industry in which the products find applications. The instrument cooling fans /motors are mainly used in the computer hardware equipments, power supply equipments, textile machines, refrigeration industry, injection moulding machines, photocopying machines etc.

**OPPORTUNITIES, THREATS, OUTLOOK, RISKS AND CONCERNS:**

The year under review experienced a global slow down in economic growth, which had its impact in India too. Despite recessionary trends in the industries using your company's products, your company could be able to maintain its sales.

The general outlook with respect to this industry in India is of caution under immense competitive pressure. However the intrinsic strength of your company has helped us to effectively overcome such pressure and the sales therefore should register a modest but definite growth.

The top & bottom lines will be under some pressures from international competitors. However the company is confident of adequately protecting its plans, from the competition.

The company's operations are predominantly comprises of only one business segment -Instrument Cooling Fans/ Motors.

**EXPORTS:**

The company is holding ISO 9001: 2000 Certificate by Underwriters Laboratory Inc., Chicago (USA) for its quality systems which reflects your company's continuous commitment towards quality & standards. The company is putting its best efforts to increase the export, which presently constitute around 2.25% of total sales of the company. The Company is consolidating its resources to build a market presence in the international arena.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the

management's authorisation. The internal control systems are reviewed by the top management and by the audit committee of the board and proper follow up action is ensured wherever required.

The Statutory Auditors have evaluated the system & procedures of internal controls of the company and have reported the need to strengthen the same. The management is putting its best efforts to strengthen the internal control systems commensurate with the size of the company and nature of its business.

**FINANCIAL AND OPERATIONAL PERFORMANCE:**

During the year under review, the company has achieved the sales and other income of Rs. 769.83 lacs as against the sales and other income of Rs. 757.87 lacs in the previous year. The company has earned net profit before tax of Rs. 19.67 lacs during the year as against the net profit before tax of Rs 5.58 lacs in the previous year.

The challenges described above did restrict the sales growth to a modest rate, however, your company could be able to register net profit of Rs. 10.72 lacs as against net profit of Rs. 1.57 lacs last year due to improved productivity and cost management measures. During the current financial year, the company is working towards further improvement in its profitability.

**HUMAN RESOURCES:**

Development of skills and updating of knowledge are essential for continuous growth of any organization. Your Company considers human resources as a key asset. Therefore, your Company implemented in house training programs to keep them abreast of the latest developments in the industry and economy.

The Company has, under its employment 15 officers and workmen.

**CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions



affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

## REPORT ON CORPORATE GOVERNANCE

The disclosures required by Clause 49 of the Listing Agreement are as under:

### A) MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The main object of Corporate Governance is to create transparency and full disclosure regarding the working of the Company. Corporate Governance's aim is to create long-term value for all stakeholders viz. investors, employees, creditors, customers, Government and society at large. It is crucial to the progress of every business enterprise as it builds confidence and trust, which eventually leads to a more stable and sustained resource flow and long-term partnership with its investors and other stakeholders.

The Company firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, Professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

#### 2. BOARD OF DIRECTORS:

The board of directors of your company consists of five directors. The chairman of the company is an executive director. The board of the company has 4 [Four] executive directors and 1 [one] non-executive director. The Board of the Company has 1 [one] independent non-executive director and 1 [one] independent executive director. There is no institutional/bank nominee on the board.

The company is approaching to the professional persons to appoint them as non-executive independent directors on the board and also as members and Chairman of the various committees to meet the requirements of corporate governance.

The details of composition of the board, category, attendance of directors at board meetings and last Annual General Meeting, number of other directorships and other committee memberships are given below:

Name of Director	Designation	Category	No. of Board Meeting attended	Atten. at last AGM	No. of Other Directorships held		Outside Committee Position held	
					Public	Private	Mem.	Chmn.
Mr. K. C. Talwar	CMD	Executive	7	YES	—	—	—	—
Mrs. Sharda K. Talwar	WTD	Executive	7	YES	—	—	—	—
Ms. Nainy K. Talwar	WTD	Executive	7	YES	—	—	—	—
Mr. Ram Bahadur Roka	WTD	Independent & Executive	7	YES	—	—	—	—
Mr. V. Shivaswamy Iyer	Director	Independent & Non-Executive	7	YES	—	2	—	—

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

During the financial year ended March 31, 2004, 7 [Seven] Board meetings were held on 17/04/2003, 19/06/2003, 30/06/2003, 31/07/2003, 31/10/2003, 12/01/2004 and 31/01/2004.

#### 3. COMMITTEES OF DIRECTORS:

Non-executive Directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement is formalized through constitution of designated committees of the board. The Committees are intended to provide regular exchange of information and ideas between the non-executive Directors and the operating management.

To conform to the requirements of clause 49 of the Listing Agreement with the Stock Exchange and Companies Act, 1956, the Board has constituted the required Committees.

#### 3.1 AUDIT COMMITTEE:

The Company has an Audit Committee comprising of 3 directors out of which one director is non executive director and other two are executive directors. The chairman is an independent director. The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

There were 3 [three] meetings of the committee during the year. The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings attended
Mr. V. Shivaswamy Iyer	Chairman	3
Mr. Ram Bahadur Roka	Member	3
Ms. Nainy K. Talwar	Member	3

The General Manager of the company and the statutory auditors of the company are invitees to Audit Committee Meetings.

The company is in process of appointing a full time Company Secretary to act as Secretary to the Committee.

#### 3.2. REMUNERATION & REMUNERATION COMMITTEE:

The Company has set up a Remuneration Committee as required under the provisions of the Companies Act, 1956 and all matters relating to review and approval of compensation payable to the Executive and Non Executive Directors are considered by the Remuneration Committee and necessary recommendations are made by the Committee to the Board for the approval within the overall limits approved by the Members and as per Schedule XIII to the Companies Act, 1956.

The Company pays remuneration to its Chairman and Managing Director and its Directors by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders and as per Schedule XIII to the Companies Act, 1956. The Board approves all the revisions in Salary, perquisites and allowances subject to the overall ceiling prescribed by Section 198 and 309 of the Companies Act, 1956.

The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of meetings Attended
Mr. V. Shivaswamy Iyer	Chairman	1
Mr. Ram Bahadur Roka	Member	1
Ms. Nainy K. Talwar	Member	1





The details of remuneration paid to executive directors during the financial year 2003-04 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Sharda K. Talwar	Ms. Nainy K. Talwar	Mr. Ram Bahadur Roka
Salary (Rs.)	300000/-	180000/-	240000/-	140400/-
Allowances & Perquisites (Rs.)	24600/-	24600/-	24600/-	9600/-
Bonus	Nil	Nil	Nil	Nil
Pension	Nil	Nil	Nil	Nil
Fixed Components: Contribution to Provident Fund (Rs.)	36000/-	21600/-	28800/-	Nil
Performance linked Incentive	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Service Contract	5 Years	5 Years	5 Years	5 Years
Severance Fees	Nil	Nil	Nil	Nil
Stock Options	Nil	Nil	Nil	Nil
<b>Total (Rs.)</b>	<b>360600/-</b>	<b>226200/-</b>	<b>293400/-</b>	<b>150000/-</b>

The details of remuneration paid to non executive directors during the financial year 2003-2004 is given below:

Particulars	Mr. V. Shivaswamy Iyer
Sitting Fees	Nil

### 3.3. SHAREHOLDERS' COMMITTEE:

The Company has constituted a Shareholders' Committee to specifically look into Investors' complaints, if any, and to redress the same expeditiously. The Committee redresses complaints of investors like transfer of shares, non-receipt of balance sheet etc. The Investors' Grievance Committee met 2 [Two] times during the year ended March 31, 2004.

The composition of the Shareholders' Grievances Committee and details of the meetings attended by the Directors are given below:

Names of Members	Status	No. of meetings attended
Mr. V. Shivaswamy Iyer	Chairman	2
Mr. Ram Bahadur Roka	Member	2
Ms. Nainy K. Talwar	Member	2

Mr. Sanjay Mehta, General Manager is the Compliance Officer and attended all the meetings of the Investors' Grievance Committee held during the year ended March 31, 2004.

### Details of Investors Complaints received during the year:

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Change of Address	13	13	Nil
2.	Non Receipt of Share Certificates	08	08	Nil
3.	Others	04	04	Nil
	<b>Total</b>	<b>25</b>	<b>25</b>	<b>Nil</b>

There were no shares pending for transfer as on 31st March 2004.

### 4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2003	23.08.2003	11.00 A.M.	Registered Office
31.03.2002	09.08.2002	10.30 A.M.	— As above —
31.03.2001	27.09.2001	10.30 A.M.	— As above —

All the matters as set out in the respective notices were passed by the Shareholders. No special resolution was required to be put through postal ballot last year.

### 5. DISCLOSURES:

- (i) During the year, the Company did not enter into any materially

significant related party transactions with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large. However the related party transactions are disclosed in Note No. 21 of Schedule '18' to the accounts.

- (ii) The Company has complied with the requirements of the Stock Exchange, SEBI, and other Statutory Authority on all matters relating to Capital Markets during the last three years.

### 6. MEANS OF COMMUNICATION

- (i) Quarterly results were published during the year under review in prominent daily newspapers viz., The Free Press Journal [English] and The Navshakti [Marathi].
- (ii) All items required to be covered in the Management Discussion and Analysis have been included in the Annexure to the Director's Report.
- (iii) The Company has its own website and all the vital information relating to the Company and its products are displayed on the web site. Address of the website is [www.rexnordindia.com](http://www.rexnordindia.com)

### 7. GENERAL SHAREHOLDERS INFORMATION:

- 7.1. ANNUAL GENERAL MEETING : 16th Annual General meeting.  
DAY & DATE : September 21, 2004.  
TIME : 11 A. M.  
VENUE : Registered Office.

### 7.2. FINANCIAL CALENDAR :

- Financial reporting for the quarter ended : End of July, 2004  
June 30, 2004
- Financial reporting for the quarter ended : End of Oct., 2004  
Sept.30, 2004
- Financial reporting for the quarter ended : End of Jan., 2005  
Dec. 31, 2004
- Financial reporting for the Year ended : Audited by end June 2005.  
March 31, 2005

- 7.3. DATE OF BOOK CLOSURE: 16/09/2004 TO 21/09/2004  
[Both days inclusive].

### 7.4. LISTING :

The Stock Exchange, Mumbai  
The Stock Exchange, Ahmedabad.  
The Stock Exchange, Bangalore.  
The Stock Exchange, Delhi.

### 7.5. STOCK CODE OF THE COMPANY:

The Stock Exchange, Mumbai  
Scrip Name : Rexnord Electronics & Controls Limited  
Scrip Code : 531888.  
Electronic Mode : INE687C01012.

### 7.6. STOCK PRICE DATA & PERFORMANCE IN COMPARISON TO BSE SENSEX: [AS OBTAINED FROM BSE WEBSITE].

Month	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2003	1.40	1.20	3221.90	2904.44
May, 2003	1.90	1.00	3200.48	2934.78
June, 2003	1.86	1.09	3632.84	3170.38
July, 2003	1.52	1.00	3835.75	3534.06
August, 2003	4.40	1.21	4277.64	3722.08
September, 2003	3.00	1.56	4473.57	4097.55
October, 2003	1.80	1.00	4951.11	4432.93
November, 2003	1.50	0.89	5135.00	4736.70
December, 2003	3.50	1.30	5920.76	5082.82
January, 2004	2.97	1.20	6249.60	5567.68
February, 2004	1.44	1.00	6082.80	5550.17
March, 2004	2.34	1.20	5951.03	5324.78

### 7.7. REGISTRAR & TRANSFER AGENTS UNDER PHYSICAL AND DEMAT MODE:

M/s. Big Share Services Private Limited,  
[Unit: Rexnord Electronics & Controls Limited]  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072