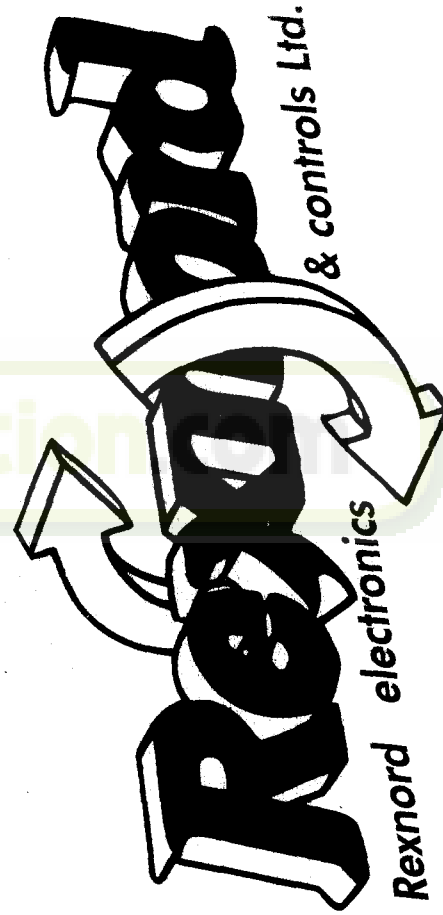


17th Annual Report 2004 - 05



**BOARD OF DIRECTORS**

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

Chairman & Managing Director
Wholetime Director
Wholetime Director
Wholetime 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 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

CONTENTS	PAGE NO.
Notice to the Members	2
Directors' Report & Corporate Governance Reports	4
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Cash Flow Statment	14
Schedules 1 to 18	15-24



NOTICE TO THE MEMBERS'

NOTICE is hereby given that the 17th Annual General Meeting of the members of REXNORD ELECTRONICS & CONTROLS LIMITED will be held on Thursday, September 29, 2005 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, 2005 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. K. C. Talwar, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Ms. 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 Mr. PANKAJ SANEHI who was appointed as an Additional Director of the Company with effect from February 1, 2005 pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of the 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."

By order of the Board
REXNORD ELECTRONICS & CONTROLS LIMITED

Kishore Chand Talwar
 Chairman & Managing Director

Place : Mumbai
 Dated : 27th August, 2005

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 22/09/2005 to 29/09/2005 (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.
- 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 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 are seeking appointment / re-appointment (Resolution at Item Nos. 2, 3 & 5) :

- | | |
|--|---------------------------------------|
| A. Name | : MR. KISHORE CHAND TALWAR. |
| Age | : 52 [03.09.1953] |
| Qualifications | : B.A. (Diploma in Export Marketing) |
| Mr. Kishore Chand Talwar is associated with the company since its inception. He has an experience of over 25 years in different fields. He looks after overall affairs of the company. | |
| Other Directorships | : NIL |
| Other Committee Memberships | : NIL |
| B. Name | : MR. V. SHIVASWAMY IYER |
| Age | : 41 [25.01.1964] |
| Qualifications | : B.E. in Electronics |
| 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 Electricals and Electronics. | |
| Other Directorships | : Vagul Alloys Private Limited |
| | : Grorich Consultants Pvt. Ltd |
| Other Committee Memberships | : NIL |
| C. Name | : MR. PANKAJ SANEHI |
| Age | : 32 [07.02.1973] |
| Qualifications | : B.A., Post Graduate in Computer |
| He has an experience of about 10 years in the field of Export Marketing | |
| Other Directorships | : Klaxon Systems & Software Pvt. Ltd. |
| Committee Memberships | : NIL |



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

Item No. 5.

Mr. Pankaj Sanehi was appointed as an additional director of the Company on February 1, 2005. He has an experience of about 10 years in the field of Export Marketing. The Company will be greatly benefitted from the guidance and supervision provided by Mr. Pankaj Sanehi. It is therefore, desirable to appoint Mr. Pankaj Sanehi as a Director of the Company.

In the interest of the company, the Board recommends the resolution for approval of members.

Mr. Pankaj Sanehi may be deemed to be interested in the resolution as the same is related to his own appointment. None of the other directors of the company are concerned or interested in the resolution.

By order of the Board
REXNORD ELECTRONICS & CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 27th August, 2005

Report  junction.com



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have great pleasure in presenting 17th Annual Report together with the Audited accounts for the year ended March 31, 2005.

FINANCIAL RESULTS:

	(Rs. in lacs)	
	Year ended 31.03.2005	Year ended 31.03.2004
Sales & Other Income (Net of Excise)	627.11	761.24
Profit before depreciation	67.80	75.90
Depreciation	59.87	56.23
Net Profit/(Loss) before tax	7.93	19.67
Net Profit/(Loss) after tax	2.40	10.72

OPERATIONS:

Due to tough competition with low cost import of electronic goods from neighboring countries and increase in cost of raw materials, the sales and other income of your company, during the year under review, remained lower at Rs. 627.11 lacs as against sales and other income of Rs. 761.24 lacs in the previous year. Increase in cost of raw materials has also put pressure on the margins of the company. The company has earned the net profit before tax of Rs. 7.93 lacs for the year as against the net profit before tax of Rs. 19.67 lacs in the previous year. The board expects better results for the current year.

DIVIDEND:

Due to non availability of sufficient profit the Board does not propose any dividend for the year ended March 31, 2005.

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, Mr. K. C. Talwar and Mr. V. Shivswamy Iyer, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

The Board appointed Mr. Pankaj Sanahi as an additional Director of the Company with effect from February 1, 2005. His term will expire at the forthcoming Annual General Meeting of the Company. He, being eligible, offers himself for re-appointment and the Board recommends his reappointment.

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:

- 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, 2005 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, 2006 as set out in the Notice convening the Meeting.

AUDITORS' OBSERVATIONS:

As pointed out by the Statutory Auditors, the board hereby clarify 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 suitable candidates has already been given.
- Gratuity and Leave Encashment are provided on cash basis and accounted for as and when the liability arises. The policy does not have any material impact on profit / loss of the company.
- In view of considerable number of items of diverse size and numbers of the components manufactured and consumed, it is not practically feasible to comply with AS2 for all the items of stock. Based on past experience and judgements, 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 are not paid on account of disputes pending with respective authorities.
- The company has made the insurance claim of Rs. 39.30 lacs with the Insurance Company for loss of stocks due to flood at its factory at Daman. The insurance claim is under consideration with the Insurance Company and will be shortly settled. The company does not expect any loss on this account.
- As regards to the custom duty dues, the company has fulfilled 50% export obligation for respective EPCG licences and have approached to the concerned authorities for regularization of average export obligation, thus the company expects that there will not be any liability payable on this account.

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 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	477371	135954
Total Amount	In Rs.	1971043*	854316
Average Rate	Rs. per unit	4.13	6.28

* includes power charges Rs. 1135211/- (317467 Units) for job processing directly paid by the company.

b. Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	1680	427
Instrument Cooling Fans DC	Units/Thousand	420	107

B. TECHNOLOGY ABSORPTION:

a) Research & Development

The Research & Development department of the company has been arduously working to provide quality and value for money to the customer in keeping with market trends. 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.

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 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 LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 27th August, 2005

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:

Due to tough competition with low cost import from the neighboring countries and increase in cost of raw materials, the sales of the company remained lower than the sales of last year.

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.

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. 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. 627.11 lacs as against the sales and other income of Rs. 761.24 lacs in the previous year. The company has earned net profit before tax of Rs. 7.93 lacs during the year as against the net profit before tax of Rs. 19.67 lacs in the previous year.

The challenges described above did compelled to go down sales of the company, however, your company could be able to register net profit of Rs. 2.40 lacs as against net profit of Rs. 10.72 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 21 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

INTRODUCTION:

REXNORD is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire and reflected in our strategic thought process.

A detailed report on implementation of the Corporate Governance Code by the Company as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below:

The disclosures required by clause 49 of the listing Agreements 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 six directors. The chairman of the company is an executive director. The board of the company has 4 [Four] executive directors and 2 [two] non-executive director. The board of the company has 2 (two) 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	8	YES	—	—	—	—
Mrs. Sharda K. Talwar	WTD	Executive	8	NO	—	—	—	—
Ms. Nainy K. Talwar	WTD	Executive	8	NO	—	—	—	—
Mr. Ram Bahadur Roka	WTD	Independent & Executive	8	YES	—	—	—	—
Mr. V. Shivaswamy Iyer	Director	Independent & Non-Executive	8	YES	—	2	—	—
Mr. Pankaj Sanahi	Director	Independent & Non Executive	1	NO	—	1	—	—

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

During the financial year ended March 31, 2005, 8 [Eight] Board meetings were held on 19/04/2004, 19/05/2004, 30/06/2004, 31/07/2004, 30/10/2004, 07/12/2004, 31/01/2005 and 18/03/2005.

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-Accounts 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 2004-05 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/-	74600/-	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
Total (Rs.)	360600/-	226200/-	343400/-	150000/-

The details of remuneration paid to non executive directors during the financial year 2004-2005 is given below:

Particulars	Mr. V. Shivaswamy Iyer	Mr. Pankaj Sanehi
Sitting Fees	Nil	Nil

3.3. SHAREHOLDERS' GRIEVANCES COMMITTEE:

The Company has constituted a Shareholders' Grievances Committee at board level to strengthen the investor relations and to inter-alia look into issues relating to Shareholders Grievances pertaining to transfer of shares, non receipt of declared dividends, non receipt of Annual Report, issues concerning dematerialisation etc. The Shareholders' Grievance Committee met 2 [Two] times during the year ended March 31, 2005

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. Anand Patkar, General Manager [Accounts] is the Compliance Officer and attended all the meetings of the Shareholders' Grievance Committee held during the year ended March 31, 2005.

Details of Investors Complaints received during the year:

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non receipt of Annual Report	2	2	Nil
2.	Non Receipt of Share Certificates after transfer	4	4	Nil
3.	Others	2	2	Nil
	Total	8	8	Nil

There were no shares pending for transfer as on 31st March 2005.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2004	21.09.2004	11.00 A.M.	Registered Office
31.03.2003	23.08.2003	11.00 A.M.	— As above —
31.03.2002	09.08.2002	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 at last Annual General Meeting nor is proposed for ensuing Annual General Meeting.

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. '20' of Schedule '18' to the accounts.

- (ii) There is no material transaction with any non-executive as well as Independent Directors of the Company that requires a separate disclosure.
- (iii) No funds have been raised through issue of equity or debt in the form of public or right or preferential issues during the year under review.
- (iv) A brief resume, nature of expertise in specific functional areas and names of companies in which the person already hold directorship and membership of committees of the Board forms part of the notice of the Annual General Meeting, annexed to this Annual Report for the directors seeking appointment/reappointment.
- (v) 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 are generally published 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

7. GENERAL SHAREHOLDERS INFORMATION:

- 7.1. ANNUAL GENERAL MEETING : 17th Annual General meeting.

DAY & DATE : September 29, 2005.

TIME : 11 A. M.

VENUE : Registered Office.

7.2. FINANCIAL CALENDAR :

- * Financial reporting for the quarter ended : End of July, 2005
June 30, 2005
- * Financial reporting for the quarter ended : End of Oct., 2005
Sept.30, 2005
- * Financial reporting for the quarter ended : End of Jan., 2006
Dec. 31, 2005
- * Financial reporting for the Year ended : Audited by end June 2006.
March 31, 2006

- 7.3. DATE OF BOOK CLOSURE: 22/09/2005 TO 29/09/2005
[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 Sensesx	
	High (Rs.)	Low (Rs.)	High	Low
April, 2004	1.88	0.98	5,979.25	5,599.12
May, 2004	1.72	1.72	5,772.64	4,227.50
June, 2004	2.06	2.06	5,012.52	4,613.94
July, 2004	2.49	1.05	5,200.85	4,723.04
August, 2004	1.44	0.99	5,269.22	5,022.29
Sept., 2004	2.10	1.07	5,638.79	5,178.57
October, 2004	2.00	1.21	5,803.82	5,558.14
November, 2004	2.89	1.17	6,248.43	5,649.03
December, 2004	4.50	1.75	6,617.15	6,176.09
January, 2005	5.70	2.62	6,696.31	6,069.33
February, 2005	5.50	3.31	6,721.08	6,508.33
March, 2005	4.48	2.73	6,954.86	6,321.31

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