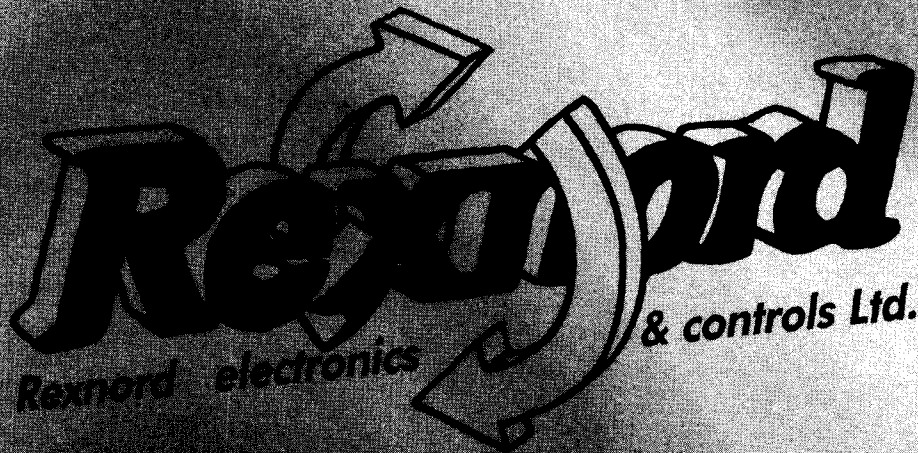


R-253



# 20th Annual Report

## 2007 - 08



**BOARD OF DIRECTORS**

Kishore Chand Talwar  
Sharda K. Talwar  
Nainy K. Tanna  
Ram Bahadur Roka  
Pankaj Sanehi

Chairman & Managing Director  
Wholetime Director  
Wholetime Director  
Wholetime Director  
Director

**AUDITORS**

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

**AUDIT COMMITTEE**

Nainy K. Tanna  
Pankaj Sanehi  
Ram Bahadur Roka

**BANKERS**

Centurian Bank of Punjab Limited  
Development Credit Bank Ltd.  
Bank of Baroda

**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 - 396 210,  
(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 20th Annual General Meeting of the members of REXNORD ELECTRONICS & CONTROLS LIMITED will be held on Monday, September 29, 2008 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, 2008 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. Kishore Chand Talwar, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rambahadur Roka, 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.

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

**Kishore Chand Talwar**  
*Chairman & Managing Director*

Place : Mumbai

Dated : 25<sup>th</sup> August 2008

### 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 25/09/2008 to 29/09/2008 (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: 022-28473747 / 3474  
E-mail: bigshare@bom7.vsnl.net.in

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.

### LISTING REQUIREMENTS:

As required under Clause 49 (iv) [G] (i) of the Listing Agreement, given below are the details of the Director(s) who are seeking appointment/re-appointment/re-appointment as Managing or wholtime directors (Resolution at Item Nos. 2 & 3):

A. Name : MR. KISHORE CHAND. TALWAR  
Age : 55 [03.09.1953]  
Qualifications : B.A. [Diploma in Export Marketing]  
Mr. Kishore Chand Talwar is associated with the Company since inception. He has an experience of over 30 years to his credit. He looks after overall affairs of the company.  
Other Directorships : NIL  
Committee Memberships  
Audit Committee Member : NIL  
Shareholder's Committee : NIL  
Member  
No. of shares held in the : 18,52,000  
company

A. Name : MR. RAMBAHADUR ROKA  
Age : 44 [04.04.1964]  
Qualifications : Matriculate  
Mr. Rambahadur Roka is associated with the company since August 1, 2001 as director of the company. He has an experience of over 12 years to his credit. He looks after the production activities of the company.  
Other Directorships : NIL  
Committee Memberships  
Audit Committee : Rexnord Electronics & Controls Ltd.  
Member  
Shareholder's Committee : Rexnord Electronics & Controls Ltd.  
Member  
Remuneration Committee : Rexnord Electronics & Controls Ltd.  
Member  
No. of shares held in the : 25600  
company

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

**Kishore Chand Talwar**  
*Chairman & Managing Director*

Place : Mumbai

Dated : 25<sup>th</sup> August 2008



## DIRECTORS' REPORT

TO,

THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 20th Annual Report together with the Audited accounts for the year ended March 31, 2008.

(Rs. in lacs)

FINANCIAL RESULTS:	Year ended 31.03.2008	Year ended 31.03.2007
Sales & Other Income (Net of Excise)	1623.35	1164.31
Profit before depreciation	116.77	112.18
Depreciation	67.65	71.69
Net Profit before tax	49.12	40.49
Net Profit after tax	42.02	23.74

### OPERATIONS:

The year under review continued to be better than previous year inspite of heavy competition with low cost import of electronic goods from neighboring countries and steep increase in cost of raw materials. Your company has been able to achieve 39% growth in sales. The sales and other income of your company, during the year under review, remained at Rs.1623.35 lacs as against sales and other income of Rs.1164.31 lacs in the previous year. Increase in cost of raw materials has also put pressure on the margins of the company however your company has earned the net profit before tax of Rs.49.12 lacs for the year as against the net profit before tax of Rs 40.49 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, 2008.

### 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 there under.

### BOARD OF DIRECTORS:

Mr. V. Shivaswamy Iyer resigned from the board of the company w.e.f. 31<sup>st</sup> July 2008, the board appreciates for the services rendered by him during his tenure of directorship.

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Kishore Chand Talwar and Mr. Rambahadur Roka, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

### CORPORATE GOVERNANCE:

The Company is in process of complying with the provisions as stipulated in the amended Clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on compliance of Corporate Governance together with auditors' certificate on its compliance is 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, 2008 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.

### CODE OF CONDUCT:

The company is committed to conduct its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity.

### 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, 2009 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 suitable candidates are available.
- Regarding the appointment of whole-time company secretary, the company is in process of appointing a whole time Company Secretary. However the company is availing services of a practicing company secretary.
- Employee benefits for 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 statutory dues including 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 company has filed a suit against the insurance company with the Consumer Dispute Redressal Commission, Maharashtra State. The company is fully confident for receipt of the claim. Loss on this account if any shall be accounted for on final decision of the said Commission.

Other observations of the auditors contained in their report have been adequately dealt with in the notes to the accounts given in Schedule '16' 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.

Shareholders' 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	724741	620054
Total Amount	In Rs.	4153290 *	3107390 *
Average Rate	Rs. per unit	5.73	5.01
* includes power charges Rs.2471740/-, (Rs.2049130/-) for 458947 Units (412006 Units) for processing of goods directly paid by the company.			
(b) Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	1216	1335
Instrument Cooling Fans DC	Units/Thousand	304	334

##### 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 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 '16' 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:

Shares of the company are listed at the Stock Exchanges at Mumbai, Ahmedabad, Bangalore and 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 : 25<sup>th</sup> August, 2008

## 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:

In spite of tough competition with low cost import from the neighboring countries and steep increase in cost of raw materials, your company could be able to achieve 39% growth in the sales of the company as compared to 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 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. During the year under review your company could be able to achieve export turnover of around 7% of total sales. 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.1623.35 lacs as against the sales and other income of Rs.1164.31 lacs in the previous year. The company has earned net profit before tax of Rs.49.12 lacs during the year as against the net profit before tax of Rs 40.49 lacs in the previous year.

The challenges described above could not affect the company much and your company could be able to register net profit of Rs.42.02 as against net profit of Rs.23.74 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 continues growth of any organization. Your Company considers human resources as a key asset. Therefore, your Company not only implemented many in house training programs but also sent selected employees to suitable outside programs to keep them abreast of the latest developments in the industry and economy.

To establish direct link between performance and reward, your Company has been steadily increasing the weight age of actual performance in remuneration packages.

The Company has, under its employment 26 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

The Securities and Exchanges Board of India (SEBI) stipulates Corporate Governance Standards for listed companies through Clause 49 of the Listing Agreement of the Stock Exchanges. SEBI, through circulars dated 29<sup>th</sup> October 2004 and 29<sup>th</sup> March 2005, has revised the existing Clause 49 and has mandated listed companies to which the said Clause applies to comply with the revised Clause 49.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders information, reports compliance with Clause 49 of the Listing Agreement and highlights initiatives taken for following the best Corporate Governance Practice.

Corporate Governance is based on the principal of integrity, fairness,

equity, transparency, accountability and commitment to values. Good governance practices stems from culture and mindset of the organization.

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:

We, in the REXNORD, follow the best Corporate Governance practice aiming at maximizing value for shareholders while ensuring fairness to all segments of stakeholders viz. customers, employees, investors, vendors, State and Central Government and society at large. We perceive good Corporate Governance as a key driver of sustainable corporate growth and long term shareholder value creation.

We, always believes in principle of integrity, fairness, equity & transparency. The traditional values of honesty, integrity, ethical business conduct, customer orientation and commitment to service have struck deep routes across the organization. Over the years governance process and system have been strengthened at REXNORD. The company recognizes that good Corporate Governance is a continuous exercise and reiterates that it commitment to pursue highest standards of Corporate Governance in the overall interest of all the Stakeholders.

To implement the Corporate Governance practice, REXNORD has a well defined policy consisting of the following:

- Compliance beyond just the letter of law, but reaching out to the true spirit of the law.
- The protection of the rights and interests of all stakeholders.
- Equality in treating all shareholders.
- Timely and proper disclosure of all material information concerning the company to the board of directors & all the stakeholders.
- Transparency and accountability in all business dealings.

##### 2. BOARD OF DIRECTORS:

As per the amended provisions of the Listing Agreement of the Stock Exchange, the composition of the Board of Directors is not in compliance with the provisions of Listing Agreement of the Stock Exchange.

Now the Company is in vigorous search of new persons who are learned and also independent within the meaning of new definition of independent director. The board is hopeful that the Company will find suitable persons and the company would be shortly complying with the required provisions of the Listing Agreement.

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

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	10	YES	—	—	—	—
Mrs. Sharda K. Talwar	WTD	Executive	10	YES	—	—	—	—
Ms. Nainy K. Tanna	WTD	Executive	10	YES	—	—	—	—
Mr. Ram Bahadur Roka	WTD	Executive	10	YES	—	—	—	—
Mr. V. Shivaswamy Iyer *	Director	Non Executive	10	YES	—	2	—	—
Mr. Pankaj Sanahi	Director	Non Executive	10	NO	—	1	—	—

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

\* resigned w.e.f. 31<sup>st</sup> July 2008

During the financial year ended March 31, 2008, 10 [Ten] Board meetings were held on 30/04/2007, 11/07/2007, 31/07/2007, 24/08/2007, 08/10/2007, 31/10/2007, 12/12/2007, 15/01/2008, 31/01/2008 and 26/03/2008.

**INFORMATION SUPPLIED TO BOARD:**

Among others, this includes:

- Review of annual operating plans of business, capital budgets and updates.
- Quarterly results of the company and its operating units
- Minutes of meeting of audit committee and other committees.
- Information on recruitment and remuneration of senior officers just below the board level.
- General notices of interests.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Details of any joint venture of collaboration agreement.
- Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
- Foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement.
- Any materially significant effluent or pollution problem.
- Any issue which involves possible public or product liability claims of a substantial nature.
- Significant development in the human resource and industrial relations fronts.

The Board is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda of board meeting or are placed during the course of the meeting.

**3. COMMITTEES OF BOARD:**

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 Exchanges 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 two directors are non executive directors and one director is executive 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.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors and oversees the financial reporting process of the company.

There were 5 [Five] 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	5
Mr. Ram Bahadur Roka	Member	5
Mr. Pankaj Sanahi	Member	5

\* Resigned w.e.f. 31<sup>st</sup> July 2008 and Mrs. Nainy K. Tanna was appointed in his place as Chairman of the Committee.

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
Mr. Pankaj Sanahi	Member	1

\* Resigned w.e.f. 31<sup>st</sup> July 2008 and Mr. Nainy K. Tanna was appointed in his place as Chairman of the Committee.

The details of remuneration paid to executive directors during the financial year 2007-08 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Sharda K. Talwar	Mrs. Nainy K. Tanna	Mr. Ram Bahadur Roka
Salary (Rs.)	460000/-	240000/-	240000/-	102000/-
Allowances & Perquisites (Rs.)	529000/-	120000/-	401000/-	168000/-
Bonus	Nil	Nil	Nil	Nil
Pension	Nil	Nil	Nil	Nil
Fixed Components: Contribution to Provident Fund (Rs.)	55200/-	28800/-	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>1044200/-</b>	<b>388800/-</b>	<b>669800/-</b>	<b>270000/-</b>

The details of remuneration paid to non executive directors during the financial year 2007-2008 are given below:

Particulars	Mr. Pankaj Sanahi	Mr. V. Shivaswamy Iyer
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 dematerialization etc. The Shareholders' Grievances Committee met 4 [four] times during the year ended March 31, 2008.

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

Name of the Members	Status	No. of Meetings attended
Mr. V. Shivaswamy Iyer*	Chairman	4
Mr. Ram Bahadur Roka	Member	4
Mr. Pankaj Sanahi	Member	4

\* Resigned w.e.f. 31<sup>st</sup> July 2008 and Mrs. Nainy K. Tanna was appointed in his place as Chairman of the Committee.



Mr. Anand Patkar, General Manager [Accounts] is the Compliance Officer and attended all the meetings of the Shareholders' Grievances Committee held during the year ended March 31, 2008.

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

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non receipt of Annual Report	01	01	Nil
2.	Non Receipt of Share Certificates after transfer / Demat Confirmation	NIL	NIL	Nil
3.	Others	NIL	NIL	Nil
<b>Total</b>		<b>01</b>	<b>01</b>	<b>Nil</b>

There were no shares pending for transfer as on 31<sup>st</sup> March 2008.

**4. GENERAL BODY MEETINGS:**

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2007	29.09.2007	12.00 P.M.	Registered Office
31.03.2006	30.09.2006	11.00 A.M.	— As above —
31.03.2005	29.09.2005	11.00 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:**

- 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 '16' to the accounts.
- No funds have been raised through issue of equity or debt in the form of public or rights or preferential issues during the year under review.
- A brief resume, nature of expertise in specific functional areas, names of companies in which the person already hold directorship and membership of committees of the Board and his shareholding in the company forms part of the notice of the Annual General Meeting, annexed to this Annual Report for the directors seeking appointment / reappointment.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authority on all matters relating to capital markets during the last three years. No penalties or strictures were imposed on the company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.
- Though there is no formal Whistle Blower Policy, the company takes cognizance of complainants made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employees of the company have been denied access to the Audit Committee of the Board of Directors of the company.
- The financial statements of the company are qualified and company is moving towards a resigne of unqualified financial statements.
- The company has a periodic review and reporting to the Board of Directors of the company of risk assessment by senior executives with a view to minimize risk.
- Certificate from Mr. Kishore Chand Talwar, Managing Director in terms of clause 49(V) of the listing agreements with the stock exchanges for the financial year ended 31<sup>st</sup> March 2008 was placed before the board of directors of the company in its meeting held on 25<sup>th</sup> August 2008.

**6. MEANS OF COMMUNICATION**

- Quarterly results are submitted to the stock exchanges where the shares of the company are listed.
- All items required to be covered in the Management Discussion and Analysis has been included in the Annexure to the Directors' Report.
- The Company has its own website i.e. [www.rexnordindia.com](http://www.rexnordindia.com) and all the vital information relating to the Company and its products are displayed on the web site.

**7. GENERAL SHAREHOLDERS INFORMATION:**

**7.1 ANNUAL GENERAL MEETING :** 20<sup>th</sup> Annual General Meeting  
**DAY & DATE :** Monday, September 29, 2008  
**TIME :** 11 A.M.  
**VENUE :** Registered Office

**7.2 FINANCIAL CALENDAR:**

- Financial reporting for the quarter ended June 30, 2008 : End of July, 2008
- Financial reporting for the quarter ended Sept. 30, 2008 : End of Oct., 2008
- Financial reporting for the quarter ended Dec. 31, 2008 : End of Jan., 2009
- Financial reporting for the year ended March 31, 2009 : End of Apr., 2009
- Annual General Meeting for the year ended March 31, 2009 : End of Sep. 2009

**7.3 DATE OF BOOK CLOSURE: 25/09/2008 TO 29/09/2008**  
**[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, 2007	6.20	4.75	14383.72	12425.52
May, 2007	7.44	5.45	14576.37	13554.34
June, 2007	7.24	6.15	14683.36	13946.99
July, 2007	8.20	6.01	15868.85	14638.88
August, 2007	7.90	5.76	15542.40	13779.88
Sept., 2007	11.03	6.00	17361.47	15323.05
October, 2007	10.04	7.30	20238.16	17144.58
November, 2007	12.08	7.63	20204.21	18182.83
December, 2007	18.50	8.75	20498.11	18886.40
January, 2008	18.40	9.75	21206.77	15332.42
February, 2008	11.50	8.50	18895.34	16457.74
March, 2008	10.18	5.91	17227.56	14677.24

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

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

**7.8. SHARE TRANSFER SYSTEM:**

Share transfer requests are received at the registered office of the company as well as directly at RTA's office. RTA does the verification and processing of documents. In order to comply with the requirements of SEBI's circular Nos. SMD/POLICY/CIR-10/02 dated May 7, 2002 to effect transfer of shares within one month, the RTA has been authorised to process, approve and effect transfer of shares on behalf of the company at fortnightly intervals. The share certificates duly endorsed for transfer are returned to shareholders within stipulated time of 30 days.

The turnaround time for completion of transfer of shares in physical mode is generally 15 days, if the documents are clear in all respects.