

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 23rd Annual General Meeting of the members of REXNORD ELECTRONICS AND CONTROLS LIMITED will be held on Friday, September 30, 2011 at 11.00 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, 2011 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Ram Sanahi, who retires from office by rotation, and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Ayyaswami Sundram, 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:

To consider and if thought fit, to pass with or without modification (s), the following Resolutions:

5. AS A SPECIAL RESOLUTION:

“RESOLVED THAT in supersession of all earlier resolutions passed in this regards, the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mr. Kundan K. Talwar relative of Directors of the Company as Vice President [Production] of the Company w.e.f. April 1, 2011 at a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, commission, benefits and perquisites.

RESOLVED FURTHER THAT the board is authorized to finalise his remuneration within the consolidated Salary upto ₹ 2,50,000/- p.m. from time to time.”

6. AS A SPECIAL RESOLUTION:

“RESOLVED THAT in supersession of all earlier resolutions passed in this regards, the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mr. Kunal Dilip Tanna relative of Directors of the Company as Vice President [International Business] of the Company w.e.f. April 1, 2011 at a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, commission, benefits and perquisites.

RESOLVED FURTHER THAT the board is authorized to finalise his remuneration within the consolidated Salary upto ₹ 2,50,000/- p.m. from time to time.”

7. AS A SPECIAL RESOLUTION:

“RESOLVED THAT in supersession of all earlier resolutions passed in this regards, the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mrs. Sharda K. Talwar a relative of Directors of the Company as Vice President [Facilities] of the Company w.e.f. April 1, 2011 at a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, benefits and perquisites.

RESOLVED FURTHER THAT the board is authorized to finalise her remuneration within the consolidated Salary upto ₹ 2,50,000/- p.m. from time to time.”

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place: Mumbai

Dated: 31st August, 2011

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 28/09/2011 to 30/09/2011 (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 shares of the Company are listed on Mumbai, Ahmedabad, Bangalore and Delhi Stock Exchanges.
- 6a. In view of Circular issued by the SEBI for appointing common agency for both the modes 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 the modes of transfer 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 And Controls Limited]
E/2, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri [East], Mumbai - 400 072.
Tel: 022-28473747 / 3474
E-mail: info@bigshareonline.com

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 dematerialized 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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items No. 5 - 7 is annexed hereto.

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 as directors (Resolutions at Item Nos. 2 & 3):

A. Name : Mr. Ram Sanehi
Age : 73 [14.02.1938]
Qualifications : MA Sociology.

Mr. Ram Sanehi is associated with the Company since 03/03/2010. He is Ex Director Ministry of Commerce, Government of India and has an experience of over 40 years. He provides guidance to the Company from time to time for increasing the presence of the Company in the international market.

Other Directorships : Nil

Committee Memberships

Audit Committee Member : Rexnord Electronics and Controls Ltd.

Shareholders Grievance Committee Member : Rexnord Electronics and Controls Ltd.

Remuneration Committee Member : Rexnord Electronics and Controls Ltd.

No. of shares held in the Company : Nil

Relationship with other directors

Kishore Chand Talwar : None

Ayyaswami Sundram : None

Nainy K. Tanna : None

B. Name : Mr. Ayyaswami Sundram
Age : 50 [18.01.1961]
Qualifications : MSC in Physics

Mr. Ayyaswami Sundram is associated with the Company since 03/03/2010. He has an experience of over 20 years as Business Innovation Consultant. He provides guidance to the Company from time to time in the field of overall Product Quality management.

Other Directorships : Nil

Committee Memberships

Audit Committee Member : Rexnord Electronics and Controls Ltd.

Shareholders Grievance Committee Member : Rexnord Electronics and Controls Ltd.

Remuneration Committee Member : Rexnord Electronics and Controls Ltd.

No. of shares held in the Company : Nil

Relationship with other directors

Kishore Chand Talwar : None

Ram Sanehi : None

Nainy K. Tanna : None

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 31st August, 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item Nos. 5

Mr. Kundan K. Talwar was appointed as a Manager [Production] of the Company w.e.f. April 1, 2009.

Mr. Kundan K. Talwar is based at Mumbai and look after overall productions of the Company at Vasai Factory.

Mr. Kundan K. Talwar is a B. Com., Diploma in Electronics and considering his experience of over 6 years and looking on his performance, the Board has decided to increase his remuneration as per amended provisions of the Companies Act, 1956 upto a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, commission, benefits and perquisites.

The Selection Committee has also recommended the same.

As Mr. Kundan K. Talwar is relative of Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors of the Company, approval of members is sought under Section 314 of the Companies Act, 1956.

In the interest of the Company, the Board recommends the resolution.

Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors may be deemed to be concerned or interested in this resolution being related to Mr. Kundan K. Talwar. None of the other Directors of the Company are concerned or interested in the resolution.

Item Nos. 6

Mr. Kunal Dilip Tanna was appointed as a Vice President [International Business] of the Company w.e.f. January 1, 2010.

Mr. Kunal Dilip Tanna is based at Mumbai and look after overall International Business of the Company.

Mr. Kunal Dilip Tanna is a M. Com., MBA in HR and Mphil and currently pursuing his PHD and considering his experience of over 11 years, the Board has decided to increase his remuneration as per amended provisions of the Companies Act, 1956 upto a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, commission, benefits and perquisites.

The Selection Committee has also recommended the same.

As Mr. Kunal Dilip Tanna is relative of Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors of the Company, approval of members is sought under Section 314 of the Companies Act, 1956.

In the interest of the Company, the Board recommends the resolution.

Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors may be deemed to be concerned or interested in this resolution being related to Mr. Kunal D. Tanna. None of the other Directors of the Company are concerned or interested in the resolution.

Item Nos. 7

Mrs. Sharda K. Talwar was appointed as a Vice President [Facilities] of the Company w.e.f. March 3, 2010.

Mrs. Sharda K. Talwar is based at Mumbai. Mrs. Sharda K. Talwar has considerable experience of over 30 years, the Board has decided to increase her remuneration as per amended provisions of the Companies Act, 1956 upto a consolidated Salary not exceeding ₹ 2,50,000/- p.m. together with usual allowances, commission, benefits and perquisites.

The Selection Committee has also recommended the same.

As Mrs. Sharda K. Talwar is relative of Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors of the Company, approval of members is sought under Section 314 of the Companies Act, 1956.

In the interest of the Company, the Board recommends the resolution.

Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna, Directors may be deemed to be concerned or interested in this resolution being related to Mrs. Sharda K. Talwar. None of the other Directors of the Company are concerned or interested in the resolution.

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 31st August, 2011

DIRECTORS' REPORT

To, THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 23rd Annual Report together with the Audited accounts for the year ended March 31, 2011.

(₹ in lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Sales & Other Income (Net of Excise duty and Sales Tax)	2759.00	2105.70
Profit before depreciation	160.25	99.40
Depreciation	55.37	53.55
Net Profit before tax	104.87	45.85
Net Profit after tax	68.03	31.20
Balance Brought Forward	108.43	77.23
Balance Carried Forward	176.46	108.43

OPERATIONS:

The year under review remained better than previous year inspite of tough competition. The sales and other income of your Company, during the year under review, remained at ₹ 2759.00 lacs as against sales and other income of ₹ 2105.70 lacs in the previous year. Your Company has been able to earn net profit before tax of ₹ 104.87 lacs for the year as against the net profit before tax of ₹ 45.85 lacs in the previous year. The board expects better results for the current year.

DIVIDEND:

To consolidate the financial position of the Company, the Board does not propose any dividend for the year ended March 31, 2011.

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 DIN EN ISO 9001:2008 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:

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mr. Ram Sanahi and Mr. Ayyaswami Sundram retire by rotation and being eligible offer themselves for reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

An analysis of the Company's performance is discussed in the Management Discussion and Analysis Report which forms part of this Directors Report.

CORPORATE GOVERNANCE:

Your Company fully subscribes to the standards set out by the Securities And Exchange Board of India's Corporate Governance practices and has ensured compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance together with Auditor's 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 along with 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, 2011 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, 2012 as set out in the Notice convening the Meeting.

AUDITORS' OBSERVATIONS:

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

- The Company is looking for professional directors to appoint them as directors to compose the remuneration committee in conformity of requirement of Schedule XIII of the Companies Act, 1956.
- Regarding the appointment of whole-time Company secretary, the Company is in process of appointing a whole time Company Secretary. In the mean time the Company is availing services of a practicing Company Secretary and has obtained a certificate from him to the effect that the Company is complying with the applicable provisions of the Companies Act, 1956.
- The statutory dues including excise duty and income tax are not paid on account of disputes pending with respective authorities.

- d. The Company has already appointed a firm of chartered accountants for internal audit of the transactions of the Company. The Company is also planning to enlarge the scope of work of the internal auditors of the Company for the current year.

Other observations of the auditors contained in their report have been adequately dealt with in the notes to accounts given in Schedule 20 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 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 (I) (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	817659	817575
Total Amount	In ₹	5794558*	4879458*
Average Rate	₹ per unit	7.09	5.97
*includes power charges			
₹ 57,94,558/- (₹ 32,63,575/-)			
for 8,17,659 Units (5,49,109 Units)			
for processing of goods directly paid by the Company.			
b. Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	752	1003
Instrument Cooling Fans DC	Units/Thousand	188	251

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.
- Up gradation 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 appear at item nos. 23(II), 24 and 25 of the Schedule 20 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, Ahmadabad, Bangalore and Delhi. The Company has not paid the listing fees for Ahmadabad, 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 AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated : 31st August 2011

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 molding machines, photocopying machines etc.

OPPORTUNITIES, THREATS, OUTLOOK, RISKS AND CONCERNS:

In spite of continuance of global recessionary trends during the year under review, your Company could not be much affected due to quality of its products.

The Company is experiencing pressure on margins due to immense competition from international competitors. However the Company is confident of adequately protecting its plans from the competition.

There is also pressure from rising cost of manufacturing of the products like manpower costs, processing charges and rent etc. These are risks and matter of concern and may affect the profitability of the Company.

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 Company is regularly investing in modernization and up-gradation of its production facilities which poised the Company to take maximum advantage of demand of its products.

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

EXPORTS:

The Company is holding DIN EN ISO 9001:2008 Certificate by TUV NORD CERT GmbH for its quality systems which reflects your Company's continuous commitment towards quality & standards. During the year under review your Company achieved export turnover of around 13.84% of total sales as against the export turnover of around 8.09% of the total sales in the previous year. 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 authorization. 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. Regular audit committee meetings are held where statutory auditors as well as internal auditors participate and internal audit reports are discussed and reviewed.

The Statutory auditors have evaluated the system and procedures of internal controls of the Company and have reported the need to strengthen the same. The management has appointed a firm of chartered accountants to carry out the internal audit of the transactions of the Company and planning to enlarge the scope of work of the internal auditors.

FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the Company has achieved the sales and other income of ₹ 2759.00 lacs as against the sales and other income of ₹ 2105.70 lacs in the previous year. The Company has earned net profit before tax of ₹ 104.87 lacs during the year as against the net profit before tax of ₹ 45.85 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 ₹ 68.03 lacs as against net profit of ₹ 31.20 lacs last year in spite of global recessionary trends. 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 weightage of actual performance in remuneration packages.

The Company has, under its employment 24 officers and other staff.

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

A) MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

REXNORD ELECTRONICS AND CONTROLS LIMITED ("the Company") is committed to adhere to the corporate governance code as prescribed by the SEBI and Stock Exchange and has accordingly implemented various aspects of the code.

To implement the Corporate Governance practice, Rexnord Electronics And

Controls Limited has a well defined policy which:

- Ensures that the Quality and frequency of Financial and Managerial Information's, which the Management shares with the Board, fully placed before the Board Members in control of the Company's affairs.
- Ensures that the Board exercises its Fiduciary responsibilities towards Shareowners and Creditors, thereby ensuring high accountability.

- Ensures that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensures that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committees thereof.
- Ensures that the Board, the Management, the Employees and all the other stakeholders are fully committed to maximizing long-term value to the shareowners and to the Company.
- Ensures that the core values of the Company are protected.
- Ensures that the Company positions itself from time to time to be at par with any other world-class Company in operating practices.

2. BOARD OF DIRECTORS:

The Company presently has four directors. Two of the directors are executive directors and the other two are non executive directors. The Executive directors are comprised of the Chairman and Managing Director and a whole time Director. The two non executive directors are independent directors and professionals with expertise and experience in general corporate management, finance and other allied fields.

As per clause 49 of the Listing Agreement, if the Chairman is an Executive Chairman at least half of the board should consist of non executive directors and half of the Board shall comprise of independent directors. In case of Rexnord Electronics and Controls Limited, One half of the directors are non executive. Two out of the four directors are independent and non executive directors, which is very much in compliance of the Listing Agreement.

Composition of the Board of Directors has a healthy mix of Executive & Non Executive Directors and ensures the desired level of independence, functioning and decision making.

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	Attendance at last AGM	No. of other companies in which directorships is held		No. of outside committee position held	
					Public	Private	Mem.	Chmn
Mr. K. C. Talwar	CMD	Executive	12	YES	—	—	—	—
Mrs. Nainy K. Tanna	WTD	Executive	12	YES	—	—	—	—
Mr. Ram Sanehi	Director	Non Executive and Independent	12	NO	—	—	—	—
Mr. Ayyaswami Sundaram	Director	Non Executive and Independent	12	YES	—	—	—	—

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

During the financial year ended March 31, 2011, 12 [twelve] board meetings were held on 19/04/2010, 14/05/2010, 15/05/2010, 4/6/2010, 29/6/2010, 31/7/2010, 14/8/2010, 30/8/2010, 3/11/2010, 18/12/2010, 31/12/2010, 11/2/2011.

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.

- Any materially significant effluent or pollution problem.
- Any material default in financial obligations to and by the Company. Any issue which involves possible public or product liability claims of a substantial nature.
- Details of any joint venture of collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in the human resource and industrial relations fronts.
- Sale of material nature of investments and 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.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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.

As mandated by the revised Clause 49, the independent directors on the board of the Company:

- apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates that may affect independence of the director;
- are not related to promoters or persons occupying management positions at the board level or at one level below the board;
- have not been an executive of the Company in the immediately preceding three financial years;
- are not partners or executives or were not partners or executives during the preceding three financial years of any of the following:
 - Statutory audit firm or the internal audit firm that is associated with the Company; and
 - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- are not material suppliers, services providers or customers or lessors or lessees of the Company, which may affect their independence;
- are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

3. COMMITTEES OF BOARD:

To focus effectively on the issues and ensure expedient resolution of the diverse matters, the Board has constituted a set of Committees of independent Directors with specific terms of reference / scope. The committee operates as empowered agents of the board. The inputs and details required for the decision is provided by the operating managers. The Minutes of the Meeting of the all Committees of the board are placed before the board for discussions / noting.

Details of the committee of the board and other related information are as follows:

3.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of three Directors. Two members of the committee are independent and non executive directors and one member is executive director. All the members have financial and accounting knowledge and have related financial management expertise. 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 Internal Auditors, the Statutory Auditors and the Board of Directors of the Company. The Committee focus its attention on monitoring the financial reporting system within the Company, considering quarterly & Annual Financial Results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, review of internal control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

The Senior Manager – Finance of the Company and the representative of the internal and statutory auditors is always invited to attend these meetings.

The role of Audit Committee includes the following:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the board the appointment, reappointment and if required replacement of statutory auditors and fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual and quarterly financial statements before submission to the Board.
- Reviewing with management, performance of statutory and internal auditors, and the adequacy of internal control systems.
- To recommend the board the appointment, removal and terms of remuneration of internal auditors and review of adequacy of internal audit function.
- Discussion with internal auditors any significant finding and follow up thereon.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

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. Ayyaswami Sundram	Chairman	5
Mr. Ram Sanehi	Member	5
Mrs. Nainy K. Tanna	Member	5

The Company is in process of appointing a whole 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 Whole time 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. Ayyaswami Sundram	Chairman	1
Mr. Ram Sanehi	Member	1
Mrs. Nainy K. Tanna	Member	1

The details of remuneration paid to executive directors during the financial year 2010-11 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary (₹)	3,00,000/-	3,00,000/-
Allowances & Perquisites (₹)	11,64,000/-	11,64,000/-
Bonus	Nil	Nil
Pension	Nil	Nil
Fixed Components:		
Contribution to Provident Fund (₹)	36,000/-	36,000/-
Performance linked Incentive	Nil	Nil
Commission	Nil	Nil
Service Contract	5 Years	5 Years
Severance Fees	Nil	Nil
Stock Options	Nil	Nil
Total (₹)	15,00,000/-	15,00,000/-

The details of remuneration paid to non executive directors during the financial year 2010-2011 are given below:

Particulars	Mr. Ram Sanehi	Mr. Ayyaswami Sundram
Sitting Fees (₹)	60,000/-	60,000/-
Shareholding in the Company	—	—

3.3. SHAREHOLDERS GRIEVANCE COMMITTEE:

The Company has constituted a Shareholders Grievance 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 Grievance Committee met 5 [five] times during the year ended March 31, 2011.

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

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundram	Chairman	5
Mr. Ram Sanehi	Member	5
Mrs. Nainy K. Tanna	Member	5

Mr. Anand Patkar, Senior Manager – Finance is the compliance officer and attended all the meetings of the Shareholders' Grievances Committee held during the year ended March 31, 2011.

Details of Investors Complaints received during the year:

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non Receipt of Share Certificates after transfer	4	4	Nil
2.	Non Receipt of Demat Rejected S/C's	1	1	Nil
3.	Others	2	2	Nil
	Total	7	7	

There were no shares pending for transfer as on 31st March 2011.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2010	30.09.2010	11.00 A.M.	Registered Office
31.03.2009	26.09.2009	1.00 P.M.	— As above —
31.03.2008	29.09.2008	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, management or their 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 nos. 14 of Schedule 20 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. It is always the companies endeavor to present unqualified financial statements and Company is moving towards a regime 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 31st March 2011 was placed before the board of directors of the Company in its meeting held on 31st August, 2011.

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.
- No formal presentations were made to the institutional investors and analysts during the year under review.
- The Company has its own website i.e. 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** : 23rd Annual General Meeting.
DAY & DATE : Friday, September 30, 2011.
TIME : 11.00 A.M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR:

- * Financial reporting for the quarter ended June 30, 2011 : Mid of Aug., 2011
- * Financial reporting for the quarter ended Sept.30, 2011 : Mid of Nov., 2011
- * Financial reporting for the quarter ended Dec. 31, 2011 : Mid of Feb., 2012
- * Financial reporting for the year ended March 31, 2012 : Mid of May, 2012
- * Annual General Meeting for the year ended Mar 31, 2012 : End of Sep., 2012

7.3. DATE OF BOOK CLOSURE: 28/09/2011 TO 30/09/2011 [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 and Controls Ltd.
Scrip Code : 531888
Electronic Mode : INE687C01012