



NOTICE TO THE MEMBERS

NOTICE is hereby given that the 24th Annual General Meeting of the members of REXNORD ELECTRONICS AND CONTROLS LIMITED will be held on Friday, September 28, 2012 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 Balance Sheet as at 31st March 2012 and the audited Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the 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 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:

4. ASAN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and is hereby accorded for re-appointment of MR. KISHORE CHAND TALWAR as Chairman & Managing Director of the Company for a period of 5 [Five] years w.e.f. April 1, 2012 at a consolidated remuneration not exceeding Rs. 125,000/- p.m.

FURTHER RESOLVED THAT specific powers be and is hereby given to the Board of Directors of the Company to decide his remuneration from time to time within the overall ceiling not exceeding Rs. 125,000/- p.m. and is hereby specifically approved with liberty to the board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the board and MR. KISHORE CHAND TALWAR so as not to exceed the limits as specified in schedule XIII read with other applicable provisions, if any, of the Act or any amendments thereto or enactment thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution."

5. ASAN ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents and sanctions as may be necessary and further subject to such terms, conditions, stipulations and restrictions as may be imposed by the authorities while granting such approvals, consents, and sanctions, the consent of the Members be and is hereby accorded for re-appointment of MRS. NAINY K. TANNA as Wholetime Director of the Company for a period of 5 [Five] years w.e.f. April 1, 2012 at a consolidated remuneration not exceeding Rs. 125,000/- p.m.

FURTHER RESOLVED THAT specific powers be and is hereby given to the Board of Directors of the Company to decide her remuneration from time to time within the overall ceiling not exceeding Rs. 125,000/- p.m. and is hereby specifically approved with liberty to the board of the Company to alter and vary the terms and conditions in such manner as may be agreed to between the board and MRS. NAINY K. TANNA so as not to exceed the limits as specified in schedule XIII read with other applicable provisions, if any, of the Act or any amendments thereto or enactment thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to take all such steps and do all such acts and deeds as may be necessary to give effect to the above Resolution."

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai
Dated: 1st September 2012

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 26/09/2012 to 28/09/2012 (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 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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items No. 4 -5 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/re-appointment as Managing or Wholtime directors (Resolution at Item Nos. 2, 4 & 5):

DIRECTOR SEEKING RE-APPOINTMENT / RE-APPOINTMENT AS CHAIRMAN & MANAGING DIRECTOR:

A. Name : MR. KISHORE CHAND. TALWAR
Age : 59 [03.04.1953]
Qualifications : B.A. [Diploma in Export Marketing]

Mr. Kishore Chand Talwar is associated with the Company since inception. He has an experience of over 35 years to his credit. He looks after overall affairs of the Company.

Other Directorships : NIL

Committee Memberships

Audit Committee Member : NIL

Shareholders Grievance Committee Member : NIL

Remuneration Committee Member : NIL

Relationship with other directors

Mr. Ayyaswami Sunderam : None

Mrs. Nainy K. Tanna : Daughter

Mr. Ram Sanehi : None

No. of shares held in the Company : 18,52,000

Other Directorships : NIL

Committee Memberships
Audit Committee Member : Rexnord Electronics and Controls Limited

Shareholders Grievance Committee Member : Rexnord Electronics and Controls Limited

Remuneration Committee Member : Rexnord Electronics and Controls Limited

No. of shares held in the Company : 237200

Relationship with other directors

Mr. Kishore Chand Talwar : Father

Mr. Ayyaswami Sunderam : None

Mr. Ram Sanehi : None

By order of the Board

REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place : Mumbai

Dated: 1st September 2012

DIRECTOR RE-APPOINTMENT AS WHOLE TIME DIRECTOR:

B. Name : Mrs. Nainy K. Tanna
Age : 31 [24.09.1981]
Qualifications : M. Com., MBA in marketing from NMIMS and Diploma in Export & Import

Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as director of the Company. She has an experience of over 10 years to her credit. She looks after Finance, Import and Export related activities of the Company.



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

Item No. 4

It is proposed to re-appoint Mr. Kishore Chand Talwar as Chairman & Managing Director for a period of 5 years w.e.f. April 01, 2012.

Mr. Kishore Chand Talwar is on the board of the Company since July 4, 1988 and looks after overall affairs of the Company. The terms of appointment have been cleared and approved by Remuneration Committee.

In the overall interest of the Company, your board recommends the resolution for approval of the members.

Mr. Kishore Chand Talwar is interested in the resolution as the same is for his own appointment. Mrs. Nainy K. Tanna is interested being close relative of Mr. Kishore Chand Talwar.

The above explanatory statement alongwith notice may be deemed to be an abstract under section 302 of the Companies Act, 1956.

Item No. 5

It is proposed to re-appoint Mrs. Nainy K. Tanna as Wholetime Director for a period of 5 years w.e.f. April 01, 2012.

Mrs. Nainy K. Tanna is on the board of the Company since August 1, 2001 and looks after Finance, Import and Export related activities of the Company. The terms of appointment have been cleared and approved by Remuneration Committee.

In the overall interest of the Company, your board recommends the resolution for approval of the members.

Mrs. Nainy K. Tanna is interested in the resolution as the same is for her own appointment. Mr. Kishore Chand Talwar is interested being close relative of Mrs. Nainy K. Tanna.

The above explanatory statement alongwith notice may be deemed to be an abstract under section 302 of the Companies Act, 1956.



DIRECTORS' REPORT

To,
THE SHAREHOLDERS,

Your Directors have great pleasure in presenting their 24th Annual Report together with the audited accounts for the year ended March 31, 2012.

(Amount in ₹)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Total revenue	272661972.80	276354766.80
Profit before depreciation and amortization	18765807.58	15589413.75
Depreciation and amortization	6095271.39	5537336.62
Profit before tax	12670536.19	10052077.13
Tax expense	4556846.29	3248761.83
Net Profit after tax	8113689.90	6803315.30
Balance brought forward	17646364.76	10843049.46
Balance carried forward	25760054.66	17646364.76

OPERATIONS:

Total revenue of your company, during the year under review, remained at ₹ 272661972.80 as against the total revenue of ₹ 276354766.80 in the previous year. Your company has been able to earn net profit after tax of ₹ 8113689.90 for the year as against the net profit after tax of ₹ 6803315.30 in the previous year.

The extremely challenging and prevailing recessionary economic conditions leading to slowdown in demand and inflation compounded by weak rupee pushed up the scale of manufacturing and finance cost resulting in an adverse environment for overall performance in 2011-12. Directors are pleased to inform that despite difficult times, your company based on its core strengths and sincere efforts of all the Rexnord team members, has resulted in sustainable performance. 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, 2012.

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. Kishore Chand Talwar retires by rotation and being eligible offer himself for reappointment.

As terms of appointment of Mr. Kishore Chand Talwar as Chairman & Managing Director and Mrs. Nainy K. Tanna as Wholetime Director expired, it is proposed to re-appoint them. Necessary resolutions are placed for member's approval.

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 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 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, 2012 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; and
- 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, 2013 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.
- The income tax dues have not been paid on account of disputes pending with respective authorities for granting the credit of TDS.
- The Company had applied for additional term loan for the investment already made by the Company out of its short term funds on setting up a factory at Village Devdal, Kaman Taluka Vasai, Thane and is expected to be sanctioned by the bankers which shall increase the long term funds of the Company.



Other observations of the auditors contained in their report have been adequately dealt with in the notes to the financial statements 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.

	Unit	Current Year	Previous Year
a. Power & Fuel Consumption			
Electricity - Purchased			
Unit (KWH)	Units	822545	817659
Total Amount	In ₹	6633486*	5794558*
Average Rate	₹ per unit	8.06	7.09
*includes power charges			
₹ 66,33,486/- (57,94,558/-) for			
8,22,545 Units (8,17,659 Units)			
for processing of goods directly			
paid by the Company.			
b. Consumption per unit of			
production Electricity (KWH)			
Instrument Cooling			
Fans/Motors AC	Units/Thousand	788	752
Instrument Cooling Fans DC	Units/Thousand	197	188

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 earnings and expenditure appear at note nos. 36, 37 and 40 in the notes to the financial statements.

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: 1st September 2012



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 and shaded pole motors used for industrial purposes. The industry is directly related to the growth of the user industry in which the products find applications. The instrument cooling fans and shaded pole 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 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. During the year under review the Company has set up a factory at village Devadal, Kaman, Taluka Vasai, Thane to bring all the manufacturing facilities under one roof.

The company has also aimed at increasing the profitability by introducing higher revenue generating products and also aimed at catering to a broad line of products & services by adding on the metal blade series in the product range.

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 17.58% of total sales as against the export turnover of around 13.84% 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 adequacy of the same. The internal audit functions of the Company are carried out by a firm of chartered accountants.

FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the Company has achieved total revenue of ₹ 272661972.80 as against total revenue of ₹ 276354766.80 in the previous year. The Company has earned profit before tax of ₹ 12670536.19 during the year as against the profit before tax of ₹ 10052077.13 in the previous year.

The challenges described above could not affect the Company much and your Company was able to register net profit of ₹ 8113689.90 as against net profit of last year ₹ 6803315.30 in spite of global recessionary trends. During the current financial year, the Company is working for increasing the top line and bottom line.

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 22 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 due to external factors. 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:

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and social expectations. Good Corporate Governance practices stem from the culture and mindset of the organization and at Rexnord we are committed to meet the aspirations of all our stakeholders.

Rexnord Electronics and Controls Limited [Rexnord] is committed to adhere to the corporate governance code as prescribed by the SEBI and has accordingly

implemented various aspects of the code.

Rexnord maintains the highest standards of Corporate Governance; it is the Company's constant endeavor to adopt the best Corporate Governance practices keeping in view the prevailing codes of Corporate Governance and practices of well-known companies.

As Rexnord aspires to achieve its vision, its Corporate Governance standards must be globally benchmarked. The Company's philosophy is to constantly improve and create sustainable value through ethical business conduct. It envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and all its interactions with shareholders, employees, lenders and regulatory bodies.

The corporate governance structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the board of directors, the senior management, employees, etc. The Company's focus revolves around values based on transparency, integrity and professionalism.

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 & Managing Director and a Wholetime 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 comprise of non executive and independent directors. The composition of Board of directors is in compliance of the requirement 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	8	YES	--	--	--	--
Mrs. Nainy K. Tanna	WTD	Executive	8	YES	--	--	--	--
Mr. Ram Sanehi	Director	Non Executive and Independent	8	NO	--	--	--	--
Mr. Ayyaswami Sundaram	Director	Non Executive and Independent	8	YES	--	1	--	--

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

During the financial year ended March 31, 2012, 08 [Eight] board meetings were held on 04/05/2011, 30/06/2011, 13/08/2011, 31/08/2011, 10/11/2011, 10/01/2012, 30/01/2012 and 14/02/2012.

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 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 an 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 has appointed 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 & Managing Director and its Wholetime 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 2011-12 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 2011-2012 are given below:

Particulars	Mr. Ram Sanehi	Mr. Ayyaswami Sundram
Sitting Fees (₹)	40,000/-	40,000/-
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, 2012.

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, 2012.



Details of Investors Complaints received during the year:

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

There were no shares pending for transfer as on 31st March 2012.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2011	30.09.2011	11.00 A.M.	Registered Office
31.03.2010	30.09.2010	11.00 A.M.	-- As above --
31.03.2009	26.09.2009	1.00 P.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. 32 of notes to the financial statements.
- 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 and suggestions made 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 Company's endeavor to present unqualified financial statements and Company is moving towards a regime of unqualified financial statements.
- The Company has a periodic review and reports 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 2012 was placed before the board of directors of the Company in its meeting held on 1st September 2012.

6. MEANS OF COMMUNICATION

- Quarterly results are submitted to the Bombay Stock Exchange.
- 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** : 24th Annual General Meeting.
DAY & DATE : Friday, September 28, 2012.
TIME : 11.00 A.M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR:

- * Financial reporting for the quarter ended June 30, 2012 : Mid of Aug., 2012
- * Financial reporting for the quarter ended Sept.30, 2012 : Mid of Nov., 2012
- * Financial reporting for the quarter ended Dec. 31, 2012 : Mid of Feb., 2013
- * Financial reporting for the year ended March 31, 2013 : Mid of May, 2013
- * Annual General Meeting for the year ended March 31, 2013 : End of Sep., 2013

- 7.3. DATE OF BOOK CLOSURE:** 26/09/2012 TO 28/09/2012
 [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

7.6 STOCK PRICES 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, 2011	10.20	6.86	19,811.14	18,976.19
May, 2011	10.50	8.55	19,253.87	17,786.13
June, 2011	10.79	8.00	18,873.39	17,314.38
July, 2011	11.24	8.35	19,131.70	18,131.86
August, 2011	10.59	8.26	18,440.07	15,765.53
Sept., 2011	10.10	8.92	17,211.80	15,801.01
October, 2011	10.80	8.66	17,908.13	15,745.43
November, 2011	10.54	8.67	17,702.26	15,478.69
December, 2011	9.60	7.80	17,003.71	15,135.86
January, 2012	10.99	7.91	17,258.97	15,358.02
February, 2012	10.80	7.18	18,523.78	17,061.55
March, 2012	8.50	7.00	18,040.69	16,920.61