

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 25th Annual General Meeting of the members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Thursday, July 18, 2013 at 10.00 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 2013 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 Mrs. Nainy K. Tanna, who retires from office by rotation, and being eligible offers herself 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 authorize the Board to fix their remuneration.

By order of the Board
For **REXNORD ELECTRONICS AND CONTROLS LIMITED**

M.K. SHAH
Company Secretary

Place : Mumbai
Dated : 30th May, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16/07/2013 to 18/07/2013 (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 and Delhi Stock Exchanges. The shares of the Company got delisted from Bangalore Stock Exchange during the year and process for delisting from Ahmedabad & Delhi Stock Exchanges is on.
- 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. **Important Communication to Members: (Green Initiative)**

The Ministry of Corporate Affairs (MCA) under "Green Initiative in the Corporate Governance" allowed paperless compliances by the companies. MCA had issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the Form and hand over the same along with Attendance Form at the Registration Counter of venue of Annual General Meeting for registration of Email address for receiving notice/ documents including Annual Report.

LISTING REQUIREMENTS:

As required under Clause 49 (IV) [G] (i) of the Listing Agreement, given below are the details of the Director who is seeking re-appointment (Resolution at Item Nos. 2):

DIRECTOR RETIRING BY ROTATION & SEEKING RE-APPOINTMENT:

Name	: Mrs. Nainy K. Tanna
Age	: 32 [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 12 years to her credit. She looks after Finance, Import and Export related activities of the Company.

Other Directorships	: NIL
---------------------	-------

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	: 332,200
-----------------------------------	-----------

Relationship with other directors	
-----------------------------------	--

Mr. Kishore Chand Talwar	: Father
--------------------------	----------

Mr. Ayyaswami Sundaram	: None
------------------------	--------

Mr. Ram Sanehi	: None
----------------	--------

By order of the Board
For **REXNORD ELECTRONICS AND CONTROLS LIMITED**

M.K. SHAH
Company Secretary

Place : Mumbai
Dated : 30th May, 2013

DIRECTORS' REPORT

To,

THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 25th Annual Report together with the audited accounts for the year ended March 31, 2013.

FINANCIAL PERFORMANCE:

(Amount in ₹)

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
Total revenue	306617650.88	272661972.80
Profit before depreciation and amortization	30016249.97	18765807.58
Depreciation and amortization	9039871.65	6095271.39
Profit before tax	20976378.32	12670536.19
Tax expense	6892460.00	4556846.29
Net profit after tax	14083918.32	8113689.90
Balance brought forward	25760054.66	17646364.76
Balance carried forward	39843972.98	25760054.66

OPERATIONS:

Total revenue of your Company, during the year under review, increased at ₹ 306617650.88 as against the total revenue of ₹ 272661972.80 in the previous year. Your Company has been able to earn net profit after tax of ₹ 14083918.32 for the year as against the net profit after tax of ₹ 8113689.90 in the previous year.

Financial 2012-13 proved to be a challenging year amidst global economic uncertainties and disturbances in many parts of the world. Factors like unmanageable inflation, higher cost of commodities, unprecedented depreciation of Indian rupee against US dollar, reined in liquidity and inflated cost of borrowing tested the much talked about strong fundamentals of Indian economy. Despite these constraints and challenging environment, your Company based on its core strengths and sincere efforts of all the Rexnord team members, performed well. 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, 2013.

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 9001:2008 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, Mrs. Nainy K. Tanna retires by rotation and being eligible offer herself 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(s). 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 judgements 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, 2013 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, 2014 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.

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.

COST AUDITORS:

The Company has appointed M/s. Krishna S. & Associates, Cost Accountants, as cost auditors of the Company for conducting cost audit of the Company for the financial year 2012-13.

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 (l) (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. The steps taken during the year for conservation of energy are as under:

1. Due consideration has been given to energy consumption while procuring equipments.
2. As a responsible Corporate Citizen and in adherence to our climate change strategy, Company is continuously taking effective steps to conserve energy.
3. Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimizing the energy consumption.

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	1007790	822545
Total Amount	In ₹	8288541.01	6633486*
Average Rate	₹ per unit	8.22	8.06
b. Consumption per unit of production Electricity (KWH)			
Instrument Cooling Fans/Motors AC	Units/Thousand	890	788
Instrument Cooling Fans DC	Units/Thousand	223	197

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 earnings and expenditure appear at note nos. 35, 36 and 39 in the notes to the financial statements.

PARTICULARS OF EMPLOYEES:

None of the employees of the Company come 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 and Delhi. The shares of the Company got delisted from Bangalore Stock Exchange during the year. The company has not paid the listing fees for Ahmedabad and Delhi Stock Exchanges as the process for delisting from Ahmedabad and Delhi Stock Exchanges is on.

SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:

The Company is committed to:

- Maintain an organizational culture of Health, Safety & Environmental excellence by conducting its business in a manner that will promote consistent development.
- Safe work, resource conservation, waste management and emergency response measures for continual improvement in performance.
- Design, construct, operate & maintain its facilities while assuring the best material and service quality and operate in a way that mitigates and minimizes risks and hazards.
- Prevention of ill-health, injuries and pollution by adopting best practices, carrying out periodic risk assessments, reviews, inspections and providing awareness to employees and concerned stakeholders.

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 : 30th May, 2013

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:

The global economic environment though coming out of the worst possible times, is still faced with the crisis in certain European Countries and the uncertainty continues to remain.

The Indian economy has been more sluggish, but we are hopeful that the new initiatives by the Government of India, to bolster growth and attract investment will have encouraging results. The roller coaster ride of Indian economy turned on downward slope in FY 2012-13. Factors like unmanageable inflation, higher cost of commodities, unprecedented depreciation of Indian rupee against US dollar, reined in liquidity and inflated cost of borrowing tested the much talked about strong fundamentals of Indian economy.

For the Indian economy, this was a year of unfulfilled expectations owing to both domestic and external factors. India's Gross Domestic Product (GDP) is estimated to grow by 6-7% in FY 2013-14.

With agriculture and services continuing to perform well, the slowdown can be attributed mostly to weak industrial growth. Rising cost of credit prompted by an activist monetary policy to check inflation added to the decline in the investment climate arising out of governance issues.

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 pricing across our business is under risk due to competition from international players. We have been providing good quality products to the customers to retain them. 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, power cost, processing charges etc. These are risks and matter of concern and may affect the profitability of the Company.

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

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 our product range. The Company will continue its focus on better cost management, reducing inefficiency, improving supply chain and improving productivity so that it can continue to improve its operating performance.

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

EXPORTS:

The Company is holding 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 13.58% of total sales as against the export turnover of around 16.02% 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 ₹ 306617650.88 as against total revenue of ₹ 272661972.80 in the previous year. The Company has earned profit before tax of ₹ 20976378.32 during the year as against the profit before tax of ₹ 12670536.19 in the previous year.

The challenges described above could not affect the Company much and your Company was able to register net profit of ₹ 14083918.32 as against net profit of last year ₹ 8113689.90 in spite of global recessionary trends. During the current financial year, the Company is working for increasing its 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 including executive directors.

The Focus of the Company for the next financial year is:

✓ Market Leadership

To provide quality, reliability and good value in the products we sell. To be sensitive and responsive to changing customer needs right from product development stage to after-sales-service. To aim to become market leaders in whatever we take up.

✓ Price Competitiveness

To improve our competitiveness by constantly enhancing the performance of our manufacturing, development, marketing and administrative functions. We would like to improve our profits by higher market share rather than by higher margin.

✓ Customer Satisfaction

To develop the right relationship between the Company and all its customers so that customer's needs are met simply and effectively.

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 about commitment to values and ethical business conduct. It is about how an organization is managed. The Company firmly believes in and has consistently practiced good Corporate Governance for the past several years for the efficient conduct of its business and in meeting its obligations towards all its stakeholders including amongst others, shareholders, customers, employees and the community in which the Company operates.

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.

Roles of various constituents of Corporate Governance in the Company

a) Board of Directors (Board):

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of stakeholder value. The Board reviews and approves management's strategic business plan & business objectives and monitors the Company's strategic direction.

b) Chairman & Managing Director (CMD):

The CMD is the Chairman of the Board and also the Chief Executive Officer of the Company. His primary role is to provide leadership to the Board and the Corporate Management Committee for realizing the approved strategic business plan and business objectives. He presides over the meetings of the Board and the Shareholders.

c) Non-Executive Directors (NED):

The Non-Executive Directors play a vital role in improving the Board effectiveness with their independent judgment on issues of strategy, performance, resources, standards of conduct etc., besides providing the Board with valuable inputs.

2. BOARD OF DIRECTORS:

The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman & Managing Director is assisted by the executive and non-executive directors.

The Board has constituted three standing Committees, namely Audit Committee, Remuneration Committee and Shareholders' Grievance Committee. The Board is authorized to constitute additional functional committees, from time to time, depending on the business needs.

As on March 31, 2013, the composition of Board of the Company is an optimum mix of executive and non executive & independent directors and ensures the desired level of independence, functioning and decision making. The Board's current strength is four members, who are eminent personalities from various walks of life having rich experience in the field of production, marketing, finance, corporate management and administration.

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 Wholtime 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.

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	-	1	-	-

CMD stands for Chairman & Managing Director. WTD stands for Wholtime Director

During the financial year ended March 31, 2013, 12 [Twelve] board meetings were held on:

Sr. No	Date of the Board Meeting
1.	15/05/2012
2.	31/05/2012
3.	21/06/2012
4.	14/08/2012
5.	01/09/2012
6.	26/09/2012
7.	09/11/2012
8.	26/11/2012
9.	31/12/2012
10.	22/01/2013
11.	13/02/2013
12.	25/03/2013

INFORMATION SUPPLIED TO BOARD:

Among others, this includes:

- General notices of interest of directors.
- Appointment, remuneration and resignation of directors.
- Formation/Reconstitution of board committees.
- Terms of reference of board committees.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Declaration of independent directors at the time of appointment/ annually.
- Review of Annual operating plans of businesses, capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Annual Financial results of the Company, Auditors' Report and the Report of the Board of Directors.
- Quarterly Secretarial Audit reports submitted by the Secretarial Auditors.
- Dividend declaration.
- Information on recruitment and remuneration of senior officers just below the board level.

- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee.
- Show cause, demand, prosecution and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front.
- Details of any joint venture of collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Sale of material nature of investments and assets which is not in the normal course of business.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue which involves possible public or product liability claims of a substantial nature.
- 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; and
- are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS:

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/ Board Committee for their comments. The minutes are entered in the Minutes Book within 30 days from conclusion of the meeting.

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 all the Committees of the Board are placed before the Board for discussions / noting.

Details of the Committees 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 terms of reference of the Audit Committee, include review of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of statutory auditors, fixation of audit fees and approval for payment of any other services; review of periodical and annual financial statements before submission to the Board; review of related party transactions; risk assessment and minimization procedure; review of adequacy of internal control systems; review of performance of statutory and internal auditors and review of adequacy of internal audit system and structure of internal audit department; discussing with internal auditors any significant findings and follow-up on such issues; looking into the reasons for substantial default in payments to depositors, shareholders, creditors etc., and review of the appointment, removal and remuneration of Internal Auditor.

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

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 Sundaram	Chairman	5
Mr. Ram Sanehi	Member	5
Mrs. Nainy K. Tanna	Member	5

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 Wholtime Director 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 Sundaram	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 2012-13 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 2012-2013 are given below:

Particulars	Mr. Ram Sanehi	Mr. Ayyaswami Sundaram
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, 2013.

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 Sundaram	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, 2013.

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	0	0	Nil
2.	Non Receipt of Demat Rejected S/C's	0	0	Nil
3.	Non Receipt of Annual Report	1	1	Nil
4.	Others	0	0	Nil
	Total	1	1	Nil

There were no shares pending for transfer as on 31st March 2013.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2012	28.09.2012	11.00 A.M.	Registered Office
31.03.2011	30.09.2011	11.00 A.M.	Registered Office
31.03.2010	30.09.2010	11.00 A.M.	Registered Office

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 no. 31 of note 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 the complaints 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 2013 was placed before the Board of Directors of the Company in its meeting held on 30th May, 2013.

6. MEANS OF COMMUNICATION

- (i) Quarterly results are submitted to the Bombay Stock Exchange.
- (ii) All items required to be covered in the Management Discussion and Analysis have been included in the Annexure to the Directors' Report.
- (iii) No formal presentations were made to the institutional investors and analysts during the year under review.
- (iv) 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 : 25th Annual General Meeting.

DAY & DATE : Thursday, July 18, 2013.
TIME : 10.00 A.M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2013 : Mid of Aug., 2013
* Financial reporting for the quarter ended Sept.30, 2013 : Mid of Nov., 2013
* Financial reporting for the quarter ended Dec. 31, 2013 : Mid of Feb., 2014
* Financial reporting for the year ended March 31, 2014 : End of May, 2014
* Annual General Meeting for the year ended March 31, 2014 : End of Sep., 2014

7.3. DATE OF BOOK CLOSURE: 16/07/2013 TO 18/07/2013 [Both days inclusive].

7.4. LISTING:

The shares of the Company are listed on Mumbai, Ahmedabad and Delhi Stock Exchanges. The shares of the Company got delisted from Bangalore Stock Exchange during the year and process for delisting from Ahmedabad and Delhi Stock Exchanges is on.

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 (₹)	Low (₹)	High	Low
April, 2012	8.29	7.27	17664.10	17010.16
May, 2012	8.17	6.00	17432.33	15809.71
June, 2012	7.68	6.33	17448.48	15748.98
July, 2012	7.27	6.36	17631.19	16598.48
August, 2012	6.99	5.84	17972.54	17026.97
September, 2012	7.39	6.07	18869.94	17250.80
October, 2012	9.50	7.62	19137.29	18393.42
November, 2012	7.70	6.19	19372.70	18255.69
December, 2012	8.85	6.40	19612.18	19149.03
January, 2013	9.81	8.16	20203.66	19508.93
February, 2013	9.81	7.61	19966.69	18793.97
March, 2013	9.39	7.42	19754.66	18568.43

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

M/S. Big Share Services Private Limited,
[Unit: Rexnord Electronics and Controls Limited]
E/2, Ansha Industrial Estate, Sakivihar Road,
Saki Naka, Andheri [East], Mumbai - 400 072
Tel: 022-28473747 / 3474
Email: info@bigshareonline.com

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 the 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 authorized 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 15 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.

7.9. COMPLIANCE OFFICER:

Mr. Anand Patkar, Senior Manager – Finance

7.10. DEPOSITORY CONNECTIVITY: NSDL and CDSL.

7.11. ISIN NO. FOR THE COMPANY'S SECURITY: INE687C01012.

7.12 SHAREHOLDING PATTERN AS ON 31ST MARCH, 2013:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	30,70,771	47.38
Mutual Funds /UTI	NIL	NIL
Financial Institutions / Banks	2,000	0.03
Bodies Corporate	1,71,397	2.64
Indian Public	29,25,032	45.13
NRI / OCBs	3,12,000	4.82
Total	64,81,200	100.00

7.13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2013:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500	3794	6,17,113	9.52
501-1000	330	2,85,374	4.40
1001-2000	139	2,20,150	3.40
2001-3000	66	1,70,666	2.63
3001-4000	24	87,937	1.36
4001-5000	19	91,367	1.41
5001-10000	30	2,06,982	3.19
10001 & above	41	48,01,611	74.09
Total	4443	64,81,200	100.00

7.14. DEMATERIALISATION OF SHARES:

As on March 31, 2013, 54,21,580 shares representing 83.65% of total equity shares were held in dematerialised form with NSDL and CDSL.

Member can hold shares in electronic forms and trade the same in Depository System. However, they may hold the same in physical form also.

7.15 OUTSTANDING GDRs / ADRs / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS:

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

7.16 WORKS:

- (i) Plot Survey No. 62, 74 & 75
Village – Devadal, Kaman
Taluka Vasai, Thane
- (ii) Unit No. 12-15, Sarswati Building,
Tungareshwar Industrial Estate,
Sativali, Vasai (East), Thane