



Rexnord Electronics and Controls Ltd.



**26<sup>th</sup>**  
**Annual Report**  
**2013 - 2014**



<b>BOARD OF DIRECTORS</b>	Kishore Chand Talwar	Chairman & Managing Director
	Nainy K. Tanna	Whole time Director
	Ram Sanahi	Director
	Ayyaswami Sundaram	Director

<b>AUDITORS</b>	R.S. Agrawal & Associates
	Chartered Accountants
	Mumbai

<b>COMPANY SECRETARY</b>	Debabrata Guha Chaudhury
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<b>BANKERS</b>	HDFC Bank Limited
	Development Credit Bank Ltd.
	Bank of Baroda

<b>REGISTERED OFFICE</b>	92-D, Govt. Industrial Estate, Charkop, Kandivli (West), Mumbai – 400 067
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<b>WORKS</b>	Plot Survey No. 62, 74 & 75 Village – Devdal, Kaman Taluka - Vasai Dist - Thane
	Unit No. 12-15, Sarswati Building, Tungareshwar Industrial Estate, Sativali, Vasai (East), Thane

<b>REGISTRARS &amp; SHARE TRANSFER AGENTS</b>	Bigshare Services Pvt. Ltd., E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East) Mumbai – 400 072
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## NOTICE TO THE MEMBERS

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting (AGM) of the Members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Saturday, August 30, 2014 at 9.30 A. M. at Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai - 400 092 to transact, with or without modification(s) the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2014, including the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To elect and appoint Directors in place of those retiring by rotation.
3. To re-appoint, Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the fourth consecutive AGM and to fix their remuneration and to pass the following resolution thereof.

**"RESOLVED THAT,** pursuant to the provisions of Section 139 and all other relevant provisions of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. R. S. Agrawal & Associates, Chartered Accountants having firm Registration No. 100156W, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the fourth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, and that such remuneration may be paid on a progressive billing basis to be agreed upon between the Auditors and the Board of Directors."

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the resolution passed by the Shareholders at the AGM of the Company held on September 30, 2010, consent of the Company be and is hereby accorded to the Board of Directors under Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modifications or re-enactments thereof for the time being in force) and the Articles of Association of the Company for borrowing, whether by way of Term Loan / Equipment Finance / Cash Credit facilities / Loans or other borrowings, from time to time, any sum or sums at its discretion from Financial Institutions / Banks or from Others on such terms and conditions and with or without security as the Board of Directors may think fit, which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) shall not exceed in the aggregate at any time ₹ 150 Crores (Rupees One Hundred & Fifty Crores Only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalise, settle and execute such documents/ deeds/ writings/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard and also to delegate all or any of the above powers to the Directors or the Principal Officers of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 consent of the Company be and is hereby accorded to the Board of Directors of the Company to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties/assets, both present and future and in such manner as the Board may deem fit, together with the power to take over the substantial assets of the Company in certain events in favour of the Financial Institutions/Banks/ any other investing agencies/trustees for the holders of debentures/bonds/ other instruments which may be issued to and subscribed by all or any

other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans, shall not, at any time exceed ₹ 150 Crores (Rupees One Hundred & Fifty Crores Only).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and are hereby authorized to finalise, settle and execute such documents / deeds / writings / papers / agreements as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid and also to delegate all or any of the above powers to the Principal Officers of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

6. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT,** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ram Sanahi (DIN : 02992889), Director of the Company who retires by rotation at the AGM, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years commencing from April 1, 2014 to March 31, 2019, not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT,** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ayyaswami Sundaram (DIN : 02997721), Director of the Company who retires by rotation at the AGM, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 years commencing from April 1, 2014 to March 31, 2019, not liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders and pursuant to the provisions of Sections 149, 196, 197, Schedule V of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Mr. Kishore Chand Talwar, as Chairman & Managing Director of the Company for a period of 3 years, w.e.f. April 01, 2014 at a consolidated remuneration not exceeding ₹ 84,00,000/- per annum on the terms and conditions as specified in the Statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice.

**FURTHER RESOLVED THAT** specific powers be and are hereby given to the Board of Directors of the Company to decide his remuneration from time to time within the overall ceiling not exceeding ₹ 84,00,000/- p.a. 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 the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments 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.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided, however, that the remuneration payable shall not exceed the limits mentioned above and the limits specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof from time to time and further in the event of sufficient profits in any year during the tenure of his appointment to pay maximum permissible remuneration as provided in Section 197 of the Companies Act, 2013."

9. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders and pursuant to the provisions of Sections 149, 196, 197, Schedule V of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded for the appointment of Mrs. Nainy K. Tanna, as a Whole time Director of the Company for a period of 3 years, w.e.f. April 01, 2014 at a consolidated remuneration not exceeding ₹ 84,00,000/- per annum on the terms and conditions as specified in the Statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice.

**FURTHER RESOLVED THAT** specific powers be and are hereby given to the Board of Directors of the Company to decide her remuneration from time to time within the overall ceiling not exceeding ₹ 84,00,000/- p.a. 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 the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments 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.

**FURTHER RESOLVED THAT** the Board be and is hereby authorised to fix, alter and vary the terms and conditions of the appointment provided, however, that the remuneration payable shall not exceed the limits mentioned above and the limits specified in the Schedule V, Part II, Section II read with other applicable provisions, if any, of the Companies Act, 2013, or any amendments thereto or enactments thereof from time to time and further in the event of sufficient profits in any year during the tenure of her appointment to pay maximum permissible remuneration as provided in Section 197 of the Companies Act, 2013.”

10. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Krishna S. & Associates, Cost Accountants appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 23, 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the Securities And Exchange Board Of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “SEBI (ICDR) Regulations”) and other Regulations/Guidelines issued by the Securities and Exchange Board of India (SEBI) and other applicable laws, as may be required, and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, SEBI and/or any other competent authorities and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and the Listing Agreement entered into by the Company with Stock Exchanges where the shares of the Company are listed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and which may be agreed to by the Board of Directors of the Company and subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any Committee which the Board may constitute to exercise its powers including powers conferred by this Resolution), the consent and approval of the Company be and is hereby accorded to the Board and the Board be and is hereby authorized in its absolute discretion to offer, issue and allot, on preferential basis upto 34,78,800 (Thirty Four Lacs Seventy Eight Thousand Eight Hundred Only) Warrants carrying an entitlement to subscribe to an equivalent number of equity shares of face value of

₹ 10/- each at a price being not lower than the minimum price calculated in accordance with the Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as “SEBI (ICDR) Regulations”) as amended, to the allottees mentioned below on a preferential basis.

Sr. No.	Name of Applicant (Proposed Allottee)	Maximum No. of warrants proposed to be allotted
<b>Promoter/ Promoter Group</b>		
1.	Mr. Kishor Chand Talwar	18,00,000
2.	Mrs. Sharda Talwar	8,08,800
3.	Total (1+2)	26,08,800
<b>Non-Promoter Group</b>		
4.	Mr. Nandkishore Soni	2,20,000
5.	Mr. Purushottam R. Soni	2,20,000
6.	Pawan Kumar Soni HUF	2,20,000
7.	Nandkishore Soni HUF	2,10,000
8.	Total (4+5+6+7)	8,70,000
	Total (3+8)	34,78,800

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue and also to vary, alter or modify any of the terms and conditions in the proposal as may be required by the agencies/authorities involved in such issues but subject to such conditions as the Reserve Bank of India (RBI)/Securities and Exchange Board of India (SEBI)/Financial Institutions/Investment Institutions and/or such other appropriate authority may impose at the time of their approval and as agreed to by the Board;

**RESOLVED FURTHER THAT** each of the aforesaid Warrants be converted at the option of the holder at any time within 18 months from the date of issue, in one or more than one trench, into one fully paid-up Equity Share of ₹ 10/- each at a price being not lower than the minimum price determined in accordance with the SEBI (ICDR) Regulations as amended and an amount equivalent to at least 25% of the price fixed as above, shall be received against each warrant on the date of the allotment of aforesaid Warrants.

**RESOLVED FURTHER THAT** the warrants and the equity shares on conversion of the aforesaid warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

**RESOLVED FURTHER THAT** the warrants and the equity shares allotted on conversion of the aforesaid warrants shall rank pari passu in all respects with the existing equity shares of the Company including Dividend;

**RESOLVED FURTHER THAT** in the event of the Company making a bonus issue of shares or making rights issue of shares or any other securities in whatever proportion or any corporate action prior to the exercise of the rights attached to the warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequence of such bonus/rights issues or any corporate action and that the exercise price of the warrant be adjusted accordingly, subject to such approvals as may be required.

**RESOLVED FURTHER THAT** the relevant date, as stipulated in the Regulation 73(4) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 for determination of the Issue Price of Warrants, shall be thirty (30) days prior to the date of this Meeting or in the case where the Relevant Date falls on Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the Relevant Date;

**RESOLVED FURTHER THAT** the warrants and the equity shares allotted on conversion of the aforesaid warrants on preferential basis shall be locked in for such period as prescribed in Regulation 78 of SEBI (ICDR) Regulations;

**RESOLVED FURTHER THAT** for the purpose of creating, issuing, offering and allotting the warrants and the equity shares on conversion of the aforesaid warrants of the Company, the Board be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing and allotting of warrants and the equity shares on conversion of the aforesaid warrants of the Company, as it may, in its absolute discretion, deem fit and proper.

**RESOVLED FURTHER THAT** the Board be and is hereby authorized, to list the equity shares on all the Stock Exchanges where the shares of the Company are listed and also to authorize, at its discretion, any other member of the Board or Committee, to do all the necessary, deeds, matters



and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this Resolution."

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

**Debabrata Guha Chaudhury**  
Company Secretary

Place : Mumbai

Dated : July 19, 2014

#### NOTES:

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 26/08/2014 to 30/08/2014 (both days inclusive).
6. 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.
7. 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.
8. The shares of the Company are listed on Mumbai and Delhi Stock Exchanges. The shares of the Company got delisted from Ahmedabad Stock Exchange during the year and process for delisting from Delhi Stock Exchange is on.
- 9a. 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.
- 9b. 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
10. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the AGM.
11. 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.
12. 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.
13. 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.
14. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with the Depository Participant to enable us to send you the quarterly reports and other communications via email.
15. Pursuant to the provision of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering e-voting facility to its members in respect of the business to be transacted at the AGM scheduled to be held on Saturday, August 30, 2014 at 9.30 A. M. with a request to follow the instructions for voting electronically as under:-  
The voting period begins on August 25, 2014 at 9.00 a.m. and ends on August 27, 2014 at 6.00 p.m.. During this period shareholders of the Company, holding

shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 25, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (ii) Click on "Shareholders" tab
- (iii) Now, select the "Rexnord Electronics and Controls Limited" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for REXNORD ELECTRONICS AND CONTROLS LIMITED.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

The Company has appointed Mr. Mahesh Kumar Soni of M/s GMJ & Associates, Company Secretaries, Mumbai (C.P. No.2324) to act as Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

In case of members receiving the physical copy, please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

- The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of July 25, 2014.
- A copy of this Notice has been placed on the website of the Company and the website of CDSL.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witness not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's/ CDSL's website within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

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

**Debabrata Guha Chaudhury**  
Company Secretary

Place : Mumbai

Dated : July 19, 2014

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:**

##### **Item No. 4 & 5:**

The Shareholders of the Company had, by an Ordinary Resolution at the Annual General Meeting of the Company held on September 30, 2010, authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹ 100 Crores for the business of the Company.

At the same AGM of the Company, the shareholders had accorded consent to the Board of Directors for creation of mortgages, charges and hypothecations etc. to secure aforesaid borrowings.

However, Section 180(1) of the Companies Act, 2013, provides that the Board of Directors of the Company shall exercise the said powers only with the consent of the Company by a Special Resolution. Hence, the Special Resolution at Item No.4 and 5 is intended for this purpose. Also the Board thought it fit to enhance the said limits not exceeding ₹ 150 Crores in view of expansion of business.

It may be noted that Directors and Key Managerial Personnel of the Company and their relatives who are members of the Company, may be deemed to be concerned or interested in this Resolution only to the extent of their respective shareholding in the Company to the same extent as that of every other member of the Company. The Board recommends the Special Resolutions as set out at item no. 4 and 5 for approval of the members.

##### **Item No.6 & 7:**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Ram

Sanehi and Mr. Ayyaswami Sundaram, Independent Directors retire at the ensuing AGM. The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five consecutive years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. In effect, the transition will be managed by re-appointing such Independent Directors for a period of one more term that does not exceed five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, as Independent Directors on the Board of the Company for one term of five consecutive years commencing from April 1, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is provided elsewhere in this Annual Report.

Notices have been received from Members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Mr. Ram Sanehi and Mr. Ayyaswami Sundaram, fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as Independent Directors of the Company.

The Company has received from each of them (i) consent in writing to act as a director in Form DIR 2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no.6 and 7 for approval of the Members.

##### **Item No.8:**

It is proposed to re-appoint Mr. Kishore Chand Talwar as Chairman & Managing Director for a period of 3 years w.e.f. April 01, 2014. 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 & ceiling of remuneration of ₹ 84,00,000/- p.a. as proposed have been cleared and approved by Remuneration Committee. This ceiling is on overall remuneration proposed and Board will be at liberty to vary the same within this aforesaid overall ceiling.

In addition to above Salary and allowances, he will be also entitled to the following perquisites:

- a) Gratuity payable at a rate of half month's salary for each completed year of service.
- b) Company's contribution towards Provident Fund as per Rules of the Company, but the same shall not exceed 25% of the salary, subject to the condition that the contribution to Provident Fund and Superannuation Fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.
- c) Leave unavailed of will be allowed to be encashed at the end of the tenure as per Company's Rules.
- d) Leave Travel Concession for self and family once a year incurred in accordance with the rules of the Company.
- e) Car and Telephone- Car for use of Company's business and telephone at residence and mobile phone expenses. Personal long distance calls and use of car for private purpose shall be billed by the Company.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the appointment of Mr.Kishore Chand Talwar as a Chairman and Managing Director for a period of 3 years commencing April 01, 2014.

Appointment of Mr. Kishore Chand Talwar has been done as per Section II to Part-II of Schedule-V of the Companies Act, 2013. The disclosures are as under:

## I. GENERAL INFORMATION:

1. Nature of Industry: The main business of the Company is manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes.
2. Date or expected date of commencement of commercial production: Not Applicable, as the Company is an existing Company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators:

Amount in ₹

Sr. No.	Particulars	2013-2014	2012-2013	2011-2012
1.	Total Revenue	400994598.99	306617650.88	272661972.80
2.	Profit before tax	29041487.51	20976378.32	12670536.19
3.	Profit after tax	19512005.51	14083918.32	8113689.90
4.	Dividend paid (including tax)	Nil	Nil	Nil
5.	Rate of dividend %	NA	NA	NA

5. Foreign Investments or collaborations, if any: NIL

## II. INFORMATION ABOUT THE APPOINTEE

1. Background details:  
Mr. Kishore Chand Talwar is on the Board of the Company since July 4, 1988 and looks after overall affairs of the Company.
2. Past remuneration: ₹ 15,00,000/- p.a.
3. Recognition or awards : Not Applicable
4. Job profile and his suitability : Looks after the overall affairs of the Company and plays an imperative role in the progress of the Company
5. Remuneration proposed: ₹ 84,00,000/- p.a. (This is proposed remuneration and actual will be decided from time to time within the overall ceilings by the Board.)
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Not possible being a unique nature of the industry. However as compared to the size of the Company, the remuneration to be paid is going to be very comparative as per the industry norms.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Being promoter, he is directly related to the Company.

## III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits: Because of market competition and higher overhead costs.
2. Steps taken or proposed to be taken for improvement: With steps taken by the management, now the company has started making profits and expected to improve further.
3. Expected increase in productivity and profits in measurable terms: The management expects about 10-15% increase in performance and profits.

## IV. DISCLOSURES:

Necessary disclosures shall be made in the Directors Report annually and Shareholders will be provided all the necessary information.

No other Director, Key Managerial Personnel or their relatives except Mr. Kishore Chand Talwar, to whom this resolution relates and Mrs. Nainy K. Tanna being close relative of Mr. Kishore Chand Talwar are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.8 for the approval of the Members.

### Item No. 9

It is proposed to re-appoint Mrs. Nainy K. Tanna as Whole time Director for a period of 3 years w.e.f. April 01, 2014. Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as a Director of the Company. She has an experience of over 13 years to her credit. She looks after Finance, Import and Export related activities of the Company. The terms of appointment & ceiling of remuneration of ₹ 84,00,000/- p.a. as proposed have been cleared and approved by Remuneration Committee. This ceiling is on overall remuneration proposed and the Board will be at liberty to vary the same within this aforesaid overall ceiling.

In addition to above Salary and allowances, she will be also entitled to the following perquisites:

- a) Gratuity payable at a rate of half month's salary for each completed year of service.
- b) Company's contribution towards Provident Fund as per Rules of the Company, but the same shall not exceed 25% of the salary, subject to the condition that the contribution to Provident Fund and Superannuation Fund to the extent that these, either singly or put together are not taxable under the Income Tax Act, 1961.

- c) Leave unavailed of will be allowed to be encashed at the end of the tenure as per Company's Rules.
- d) Leave Travel Concession for self and family once a year incurred in accordance with the rules of the Company.
- e) Car and Telephone- Car for use of Company's business and telephone at residence and mobile phone expenses. Personal long distance calls and use of car for private purpose shall be billed by the Company.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mrs. Nainy K. Tanna as a Whole time Director for a period of 3 years commencing April 01, 2014.

Appointment of Mrs. Nainy K. Tanna has been done as per Section II to Part-II of Schedule-V of the Companies Act, 2013. The disclosures are as under:

## I. GENERAL INFORMATION:

1. Nature of Industry: The main business of the Company is manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes
2. Date or expected date of commencement of commercial production: Not Applicable, as the Company is an existing Company
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators:

Amount in ₹

Sr. No.	Particulars	2013-2014	2012-2013	2011-2012
1.	Total Revenue	400994598.99	306617650.88	272661972.80
2.	Profit before tax	29041487.51	20976378.32	12670536.19
3.	Profit after tax	19512005.51	14083918.32	8113689.90
4.	Dividend paid (including tax)	Nil	Nil	Nil
5.	Rate of dividend %	NA	NA	NA

5. Foreign Investments or collaborations, if any: NIL

## II. INFORMATION ABOUT THE APPOINTEE

1. Background details: Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as a Director of the Company. She has an experience of over 13 years to her credit. She looks after Finance, Import and Export related activities of the Company.
2. Past remuneration: ₹ 15,00,000/- p.a.
3. Recognition or awards : Not Applicable
4. Job profile and her suitability : She looks after Finance, Import and Export related activities of the Company and plays a vital role in the growth of the Company
5. Remuneration proposed: ₹ 84,00,000/- p.a. (This is proposed remuneration and actual will be decided from time to time within the overall ceilings by the Board.)
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Not possible being a unique nature of the industry. However, as compared to the size of the Company, the remuneration to be paid is going to be very comparative as per the industry norms.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Being promoter, she is directly related to the Company.

## III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits: Because of market competition and higher overhead costs.
2. Steps taken or proposed to be taken for improvement: With steps taken by the management, now the Company has started making profits and expected to improve further.
3. Expected increase in productivity and profits in measurable terms: The management expects about 10-15% increase in performance and profits.

## IV. DISCLOSURES:

Necessary disclosures shall be made in the Directors Report annually and Shareholders will be provided all the necessary information.

No other Director, Key Managerial Personnel or their relatives except Mrs. Nainy K. Tanna, to whom this resolution relates and Mr. Kishore Chand Talwar being close relative of Mrs. Nainy K. Tanna are interested or concerned in the resolution. The Board recommends the resolution set forth in Item No.9 for the approval of the Members.

### Item No. 10

The Board, on the recommendation of the Audit Committee, has approved the appointment of the Cost Auditors, M/s. Krishna S. & Associates, Cost



Accountants to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 at an Audit Fee of ₹ 65000/- and service tax as applicable.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.10 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

#### Item No. 11

The following disclosure is made in accordance with the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended thereof (hereinafter referred to as "SEBI (ICDR) Regulations").

#### 1) OBJECTS OF THE ISSUE:

In order to meet with its long term working capital requirements, raise funds for the expansion of activities mentioned in the object clause of the Company and general corporate purposes, it is proposed to raise funds by issue of warrants on preferential basis. The Board of Directors of the Company has decided to issue and allot upto 34,78,800 equity shares of face value of ₹ 10/- each at a price being not lower than the minimum price calculated in accordance with the Regulations for Preferential Issue contained in Chapter VII of the SEBI (ICDR) Regulations as amended.

#### 2) PROPOSAL OF THE PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONNEL TO SUBSCRIBE TO THE OFFER:

None of the Promoter/ Director/ Key Managerial Persons are subscribing to the offer except the following:

Name of Applicant (Proposed Allottee)	Category	Maximum No. of Equity Shares proposed to be allotted
Mr. Kishore Chand Talwar	Promoter/ Promoter Group	18,00,000
Mrs. Sharda Talwar	Promoter/ Promoter Group	8,08,800

#### 3) NO CHANGE IN CONTROL:

The existing promoters of the Company will continue to be in control of the Company and there will not be any changes in the management/control of the Company as a result of the proposed preferential allotment.

#### 4) SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE:

Category	Pre-Issue Equity Holdings		Preferential Allotment of equity shares on conversion of warrants	Post-Issue Equity Holdings *	
	No. of Shares	% of Share Holding	No. of Shares	No. of Shares	% of Share Holding
<b>1) Promoter Holdings</b>					
a. Indian Promoters	3011800	46.47	2608800	5620600	56.43
b. Foreign Promoters	0	0.00	0	0	0.00
<b>Sub-total</b>	<b>3011800</b>	<b>46.47</b>	<b>2608800</b>	<b>5620600</b>	<b>56.43</b>
<b>2) Non-Promoters Holding</b>					
a. Resident Indians (Individuals)	2962860	45.71	870000	3832860	38.48
b. Bodies Corporate	190525	2.94	0	190525	1.92
c. NRI/FII/NRR/OCB	314015	4.85	0	314015	3.15
d. Others (Clearing Members)	2000	0.03	0	2000	0.02
<b>Sub-Total</b>	<b>3469400</b>	<b>53.53</b>	<b>870000</b>	<b>4339400</b>	<b>43.57</b>
<b>Total</b>	<b>6481200</b>	<b>100</b>	<b>3478800</b>	<b>9960000</b>	<b>100</b>

\* On assumption that entire 34,78,800 warrants will be converted into equity shares.

#### 5) LOCK-IN PERIOD:

The warrants and the equity shares allotted on conversion of the aforesaid warrants allotted on preferential basis shall be locked in, for such period as prescribed in Regulation 78 of SEBI (ICDR) Regulations.

The entire pre preferential holding of the allottees, if any shall be locked in from the Relevant Date upto a period of six months from the date of trading approval granted by the BSE Limited.

#### 6) PROPOSED TIME WITHIN WHICH ALLOTMENT SHALL BE COMPLETED:

In accordance with Regulation 74 of the SEBI (ICDR) Regulations, the

Company shall complete the allotment of the warrants within a period of 15 days from the date of passing of the special resolutions by the shareholders. However, in the absence of requisite approval or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the last date of such approvals including approvals from all the stock exchanges, where the shares of the company are listed.

The allotment of upto 34,78,800 equity shares resulting from exercise of the option attached to the said warrant will be completed in dematerialized form, within 18 months from the date of issue of warrant.

#### 7) CERTIFICATE FROM AUDITORS:

The certificate from the Statutory Auditors of the Company, certifying that the issue of securities on the above terms is in accordance with the SEBI (ICDR) Regulations on Preferential Issues as in force as on date and shall be laid before the shareholders at the Annual General Meeting.

#### 8) IDENTITY OF ALLOTTEES WITH PERCENTAGE OF EXPANDED CAPITAL THAT MAY BE HELD BY THEM:

The proposed allottees of 34,78,800 equity shares issued pursuant to the Special Resolution at Item No.11 of the Notice and the percentage of the expanded capital to be held by them after the proposed allotment of the said equity shares on conversion of warrants to them are as under:

Identity of Proposed allottees	Identity of Natural Persons Who are the Ultimate Beneficial Owners	Before Preferential Issue		No. of equity shares proposed to be issued on conversion of warrants	Post- Holding (*)	
		No. of Shares	% of Pre Issue Capital		No. of Equity Shares	% of Post Issue Capital
Promoter / Promoter Group						
Mr. Kishore Chand Talwar	Mr. Kishore Chand Talwar	18,52,000	28.57	18,00,000	36,52,000	36.67%
Mrs. Sharda Talwar	Mrs. Sharda Talwar	6,17,600	9.53	8,08,800	14,26,400	14.32%
Public						
Mr. Nandkishore Soni	Mr. Nandkishore Soni	Nil	Nil	2,20,000	2,20,000	2.21%
Mr. Purushottam R. Soni	Mr. Purushottam R. Soni	Nil	Nil	2,20,000	2,20,000	2.21%
Pawan Kumar Soni Huf	Pawan Kumar Soni Huf	Nil	Nil	2,20,000	2,20,000	2.21%
Nandkishore Soni Huf	Nandkishore Soni Huf	Nil	Nil	2,10,000	2,10,000	2.11%

\* On assumption that entire 34,78,800 warrants will be converted into equity shares.

The consent of the Members is sought for the issue of warrants convertible in to equal number of equity shares, in terms of Section 62 of the Companies Act, 2013, and all other applicable provisions of the Companies Act, 2013 and in terms of the provisions of the ICDR Regulations and the listing agreements entered into by the Company with the stock exchanges, where the Company's equity shares are listed.

#### 9) PERSONS TO WHOM ALLOTMENT ON PREFERENTIAL BASIS HAVE BEEN MADE DURING THE YEAR:

During the year, the Company has not issued any shares on preferential basis or Private Placement basis other than mentioned above.

#### 10) PRICING:

The warrants convertible into equal number of equity shares will be issued at a price being not lower than the minimum price calculated in accordance with Regulations 76 of the SEBI (ICDR) Regulations as amended for Preferential Issue.

#### 11) RELEVANT DATE:

"Relevant Date" will be 30 days prior to the date of this meeting of the Shareholders of the Company or in the case where the Relevant Date falls on Weekend/Holiday, the day preceding the Weekend/Holiday will be reckoned to be the Relevant Date i.e July 31, 2014.

The shareholders are, therefore, requested to accord their approval authorising the Board for the proposed Preferential Issue set out in the Special Resolution at Item No. 11 of the Notice.

Except Mr. Kishore Chand Talwar, Director, Mrs. Nainy K. Tanna and Mrs. Sharda Talwar, Relative of Director none of the Directors or Key Managerial Person (KMP) of the Company or their relatives, are in any way, concerned or interested in the above referred Resolution to the extent the warrants/Equity shares pursuant to conversion of warrants to be issued under this resolution.

By order of the Board  
For REXNORD ELECTRONICS AND CONTROLS LIMITED

Debabrata Guha Chaudhury  
Company Secretary

Place : Mumbai  
Dated : July 19, 2014



## LISTING REQUIREMENTS

As required under Clause 49 (IV) (G) (i) of the Listing Agreement, given below are the details of the Director(s) who are seeking appointment/re-appointment as directors / Chairman & Managing Director / Whole time director (Resolution at Item Nos. 2, 6, 7, 8 & 9):

### DIRECTOR SEEKING REAPPOINTMENT / RE-APPOINTMENT AS DIRECTORS / CHAIRMAN & MANAGING DIRECTOR / WHOLE TIME DIRECTOR:

- A. Name : Mr. Ram Sanehi  
 Age : 76 [14.02.1938]  
 Qualifications : MA Sociology.  
 Mr. Ram Sanehi is associated with the Company since 03/03/2010. He was Director in Ministry of Commerce, Government of India and has an experience of over 40 years. He provides guidance to the company from time to time for increasing the presence of the company in the international market.  
 Other Directorships : Nil  
 Committee Memberships  
 Audit Committee Member : Rexnord Electronics and Controls Ltd.  
 Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.  
 Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.  
 No. of shares held in the company : Nil  
 Relationship with other directors  
 Kishore Chand Talwar : None  
 Nainy K. Tanna : None  
 Ayyaswami Sundaram : None
- B. Name : Mr. Ayyaswami Sundaram  
 Age : 53 [18.01.1961]  
 Qualifications : MSC in Physics.  
 Mr. Ayyaswami Sundaram is associated with the Company since 03/03/2010. He has an experience of over 20 years as Business Innovation Consultant. He provides guidance to the company from time to time in the field of overall Product Quality management.  
 Other Directorships : Qes Info Solutions Private Limited  
 Committee Memberships  
 Audit Committee Member : Rexnord Electronics and Controls Ltd.  
 Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.  
 Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.  
 No. of shares held in the company : Nil  
 Relationship with other directors  
 Kishore Chand Talwar : None  
 Nainy K. Tanna : None  
 Ram Sanehi : None
- C. Name : Mr. Kishore Chand Talwar  
 Age : 61 [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 38 years to his credit. He looks after overall affairs of the Company.  
 Other Directorships : NIL  
 Committee Memberships  
 Audit Committee Member : NIL  
 Stake holders Relationship Committee Member : NIL  
 Nomination & Remuneration Committee Member : NIL  
 No. of shares held in the Company : 18,52,000  
 Relationship with other directors  
 Mrs. Nainy K. Tanna : Daughter  
 Mr. Ram Sanehi : None  
 Mr. Ayyaswami Sundaram : None
- D. Name : Mrs. Nainy K. Tanna  
 Age : 33 [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  
 Committee Memberships  
 Audit Committee Member : Rexnord Electronics and Controls Ltd.  
 Stake holders Relationship Committee Member : Rexnord Electronics and Controls Ltd.  
 Nomination & Remuneration Committee Member : Rexnord Electronics and Controls Ltd.  
 No. of shares held in the Company : 362200  
 Relationship with other directors  
 Mr. Kishore Chand Talwar : Father  
 Mr. Ram Sanehi : None  
 Mr. Ayyaswami Sundaram : None

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

Place : Mumbai  
 Dated : July 19, 2014

**Debabrata Guha Chaudhury**  
 Company Secretary

## DIRECTORS' REPORT

To,

### THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 26<sup>th</sup> Annual Report together with the audited accounts for the year ended March 31, 2014.

### FINANCIAL PERFORMANCE:

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Total revenue	400994598.99	306617650.88
Profit before depreciation and amortization	33115235.24	30016249.97
Depreciation and amortization	9572172.48	9039871.65
Profit before exceptional items & tax	23543062.76	20976378.32
Exceptional items	5498424.75	—
Profit before tax	29041487.51	20976378.32
Tax expense	9529482.00	6892460.00
Net profit after tax	19512005.51	14083918.32
Balance brought forward	39843972.98	25760054.66
Balance carried forward	59355978.49	39843972.98

### OPERATIONS:

Total revenue of your Company, during the year under review, increased at ₹ 400994598.99 as against the total revenue of ₹ 306617650.88 in the previous year. Your Company has been able to earn net profit after tax of ₹ 19512005.51 for the year as against the net profit after tax of ₹ 14083918.32 in the previous year.

The financial year ended March 2014 was another successful year, where despite a challenging environment, our business grew well ahead of competition. Several innovations/ product lines were launched to meet the emerging needs and aspirations of our consumers. We expanded our reach and further strengthened our distribution to the Export market so that we can serve our consumers better with our wide range of product offerings.

### DIVIDEND:

To consolidate the financial position of the Company, the Board does not propose any dividend for the year ended March 31, 2014.

### 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:

The Companies Act, 2013 provides for appointment of Independent Directors. Section 149 (10) of the Companies Act, 2013 states that Independent Directors shall hold office for a term of upto 5 consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a Ordinary Resolution by the shareholders of the Company.

Pursuant to the provisions of Section 161 (1) of the Companies Act, 2013, Mr. Ram Sanehi and Mr.Ayyaswami Sundaram, both Non Executive (Independent) Directors retire by rotation and are proposed to be appointed for a term of 5 consecutive years (not liable to retire by rotation) i.e. upto March 31, 2019.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

It is proposed to re-appoint Mr. Kishore Chand Talwar and Mrs. Nainy K. Tanna as Chairman & Managing Director and Whole time Director respectively. 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(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 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, 2014 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 confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received letter from them to the effect that their re-appointment if made, would be within the prescribed limits under section 141 (3) (g) of the Companies Act, 2013 and they are not disqualified for re-appointment.

### 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 Nomination and Remuneration committee (earlier known as Remuneration Committee) in conformity of requirement of the Companies Act, 2013
- 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 2014-15.

### AUDIT COMMITTEE:

The Audit Committee's composition meets the requirement of the Companies Act, 1956, the Companies Act 2013 and Clause 49 of the Listing Agreement. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.