

CERTIFIED TRUE COPY

*For Rexnord Electronics Controls Ltd.*

*[Handwritten signature]*  
Director.

# 21st Annual Report 2008-09

**BOARD OF DIRECTORS**

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

Chairman & Managing Director  
Wholetime Director  
Wholetime Director  
Wholetime Director  
Director

**AUDITORS**

R.S. Agrawal & Associates  
Chartered Accountants  
Mumbai

**AUDIT COMMITTEE**

Nainy K Tanna  
Pankaj Sanehi  
Ram Bahadur Roka

**BANKERS**

HDFC Bank Limited  
Development Credit Bank Ltd.  
Bank of Baroda .

**REGISTERED OFFICE & FACTORY I**

92-D, Govt. Industrial Estate,  
Charkop, Kandivli (West),  
Mumbai - 400 067

**FACTORY II**

Gala No.2/3, Plot No.10/11,  
Premier Industrial Estate,  
Kachigam, Daman – 396 210,  
(U.T. of Daman & Diu)

**REGISTRARS & SHARE  
TRANSFER AGENTS**

Bigshare Services Pvt. Ltd.,  
E/2, Ansa Industrial Estate,  
Sakivihar Road,  
Sakinaka, Andheri (East)  
Mumbai - 400 072

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## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of REXNORD ELECTRONICS AND CONTROLS LIMITED will be held on Saturday, September 26, 2009 at 1.00 P.M. at the registered office of the Company at 92-D, Govt. Industrial Estate, Charkop, Kandivli [West], Mumbai - 400 067 to transact, with or without modification(s) the following businesses :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2009 and the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Sharda K. Talwar, who retires from office by rotation, and being eligible offers herself for re-appointment.
3. To appoint a Director in place of Mr. Pankaj Sanehi, who retires from office by rotation, and being eligible offers himself for re-appointment.
4. To appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

By order of the Board

**REXNORD ELECTRONICS AND CONTROLS LIMITED**

**Kishore Chand Talwar**

*Chairman & Managing Director*

Place : Mumbai

Dated : 22<sup>nd</sup> August 2009

### 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 23/09/2009 to 26/09/2009 (both days inclusive).
3. Members desirous of seeking any information concerning the Accounts of the Company are requested to address their queries in writing to the Company at least seven days before the date of the meeting so that the requested information can be made available at the time of the meeting.
4. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting since copies of the Annual Report will not be distributed at the meeting.
5. The shares of the Company are listed on Mumbai, Ahmedabad, Bangalore and Delhi Stock Exchanges.
- 6a. In view of Circular issued by the SEBI for appointing common agency for both the modes of transfers i.e. physical as well as Demat, the company has already appointed M/s. BIG SHARE SERVICES PRIVATE LIMITED as Registrar & Transfer Agent for both the modes of transfer i.e. physical as well as Demat. Members are therefore requested to send their grievances to them for early disposal at the address given below.
- 6b. Members holding Shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in Demat, this information should be passed on directly to their respective Depository Participants and not to the company.

**M/s. BIG SHARE SERVICES PRIVATE LIMITED**

[Unit: Rexnord Electronics & Controls Limited]  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072  
Tel: 022-28473747 / 3474  
E-mail: info@bigshareonline.com

7. All documents referred to in the Notice are open for inspection at the registered office of the Company during office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
8. Members/Proxies holding their Shares in physical mode are requested to fill the enclosed attendance slip and handover the same at the entrance with signature. In the absence thereof, they may not be admitted to the meeting venue.
9. Members who are holding shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
10. In all correspondence with the company, members are requested to quote their Folio No. and in case their shares are held in Demat form, they must quote their Client ID and DP ID numbers.

### LISTING REQUIREMENTS:

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

A. Name : Mrs. Shrada K. Talwar  
Age : 45 [24.08.1964]  
Qualifications : B.A.

Mrs. Sharda K. Talwar is associated with the Company since 4<sup>th</sup> July 1988 as director of the company. She looks after day to day administrative activities of the company. She has an experience of over 20 years to her credit.

Other Directorships : Nil  
Committee Memberships : Nil  
No. of shares held in the Company : 6,17,600  
Relationship with other directors  
Kishore Chand Talwar : Spouse  
Nainy K. Tanna : Mother  
Ram Bahadur Roka : None  
Pankaj Sanehi : None

B. Name : Mr. Pankaj Sanehi  
Age : 36 [07.02.1973]  
Qualifications : B.A., Post Graduate in Computers.

Mr. Pankaj Sanehi is associated with the Company since 01/02/2005. He has an experience of over 14 years in the field of export. He provides guidance to the company from time to time for increasing the presence of the company in the international market.

Other Directorships : Klaxon Systems and Software Pvt. Ltd.  
Committee Memberships  
Audit Committee Member : Rexnord Electronics and Controls Ltd.  
Shareholders Grievance Committee Member : Rexnord Electronics and Controls Ltd.  
Remuneration Committee Member : Rexnord Electronics and Controls Ltd.  
No. of shares held in the company : 1000  
Relationship with other directors  
Kishore Chand Talwar : None  
Sharda K Talwar : None  
Nainy K. Tanna : None  
Ram Bahadur Roka : None

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

**Kishore Chand Talwar**

*Chairman & Managing Director*

Place : Mumbai

Dated : 22<sup>nd</sup> August 2009

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 21st Annual Report together with the Audited accounts for the year ended March 31, 2009.

(Rs. in lacs)

FINANCIAL RESULTS:	Year ended 31.03.2009	Year ended 31.03.2008
Sales & Other Income (Net of Excise)	1512.13	1623.35
Profit before depreciation	113.14	116.77
Depreciation	69.29	67.65
Net Profit before tax	43.85	49.12
Net Profit after tax	35.17	42.02

### OPERATIONS:

The year under review remained tough due to global recessionary conditions. The sales and other income of your company, during the year under review, remained at Rs. 1512.13 lacs as against sales and other income of Rs. 1623.35 lacs in the previous year. Increase in cost of imported raw materials due to exchange rate fluctuations have also put pressure on the margins of the company, however your company has been able to earn net profit before tax of Rs. 43.85 lacs for the year as against the net profit before tax of Rs 49.12 lacs in the previous year. The board expects better results for the current year.

### DIVIDEND:

Due to insufficient profit the Board does not propose any dividend for the year ended March 31, 2009.

### RESEARCH & DEVELOPMENT:

The R&D department of the company has been arduously working to provide quality and value for money to the customer in keeping with market trends.

### ISO CERTIFICATION:

The company's products were awarded as ISO 9001:2000 Certification.

### FIXED DEPOSITS:

Your Company has not accepted any deposit within the meaning of section 58A of the Companies Act, 1956 from the public and the rules made there under.

### BOARD OF DIRECTORS:

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mrs. Sharda K. Talwar and Mr. Pankaj Sanehi, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

### CORPORATE GOVERNANCE:

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

### DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departure.
- (ii) 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, 2009 and of the profit of the company for that year.

- (iii) 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.
- (iv) 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, 2010 as set out in the Notice convening the Meeting.

### AUDITORS' OBSERVATIONS:

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

- (a) Regarding composition of board of directors, audit committee, shareholders grievance committee and remuneration committee, the company is looking for some professional directors and will be appointed as and when suitable candidates are available.
- (b) Regarding the appointment of whole-time company secretary, the company is in process of appointing a whole time Company Secretary. In the mean time the company is availing services of a practicing company secretary.
- (c) Employees' benefits for gratuity and leave encashment are provided on cash basis and accounted for as and when the liability arises. The policy does not have any material impact on profit / loss of the company.
- (d) In view of considerable number of items of diverse size and numbers of the components manufactured and consumed, it is not practically feasible to comply with AS-2 for all the items of stock. Based on past experience and judgments, the board clarifies that there is no material impact on the profit/ loss of the company for non-compliance of the AS-2.
- (e) The statutory dues including excise duty and income tax are not paid on account of disputes pending with respective authorities.
- (f) The company has made the insurance claim of Rs. 39.30 lacs with the insurance company for loss of stocks due to flood at its factory at Daman. The company has filed a suit against the insurance company with the Consumer Dispute Redressal Commission, Maharashtra State. The company is fully confident for receipt of the claim. Loss on this account if any shall be accounted for on final decision of the said Commission.

Other observations of the auditors contained in their report have been adequately dealt with in the notes to the accounts given in Schedule '17' which are self-explanatory and, therefore, do not call for any further comments.

### AUDIT COMMITTEE:

In accordance with the provisions of the Companies Act, 1956 and Listing Agreement the Company has constituted an Audit Committee. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board.

### DEPOSITORY SERVICES:

The Company's Equity Shares have been admitted to the depository mechanism of the National Securities Depository Limited (NSDL) and also the Central Depository Services Limited (CDSL). As a result the



investors have an option to hold the shares of the Company in a dematerialised form in either of the two Depositories. The Company has been allotted ISIN No. INE687C01012.

Shareholders' therefore are requested to take full benefit of the same and lodge their holdings with Depository Participants [DPs] with whom they have their Demat Accounts for getting their holdings in electronic form.

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

The information pursuant to section 217 (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. 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	685609	724741
Total Amount	In Rs.	4193584 *	4153290 *
Average Rate	Rs. per unit	6.12	5.73

\* includes power charges Rs 24,17,847/- (Rs. 24,71,740/-) for 451104 Units (458947 Units) for processing of goods directly paid by the company.

(b) Consumption per unit of production  
Electricity (KWH)

Instrument Cooling Fans AC Units/Thousand	1181	1216
Instrument Cooling Fans DC Units/Thousand	295	304

**B. TECHNOLOGY ABSORPTION:**

(a) Research & Development

The Research & Development department of the company has been arduously working to provide quality and value for money to the customer in keeping with market trends. Research and Development is being carried out in the following areas.

- Making design modifications in the products so as to simplify the manufacturing process and enhance productivity.

- Developing Jigs, Fixtures and devices to increase productivity.
  - Improvements to tool design.
  - Upgradation of machines.
  - Design and development of special machines required for increasing capacity.
  - Development of equipment required for testing product reliability at various stages.
- (b) Technology absorption, adaptation and innovation.  
Technology for the manufacture of Instrument Cooling Fans of various sizes, has been successfully absorbed.

**C. FOREIGN EXCHANGE EARNED AND USED:**

The particulars regarding Foreign Exchange earning and expenditure appears at item nos. 26 (II), 27 and 28 of the Schedule '17' to the accounts.

**PARTICULARS OF EMPLOYEES:**

None of the employees of the company came within the purview of the information required u/s 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended.

**LISTING:**

Shares of the company are listed at the Stock Exchanges at Mumbai, Ahmedabad, Bangalore and Delhi. The company has not paid the listing fees for Ahmedabad, Bangalore and Delhi Stock Exchanges since the company is in process of getting the equity shares delisted from these stock exchanges.

**SAFETY, ENVIRONMENTAL CONTROL AND PROTECTION:**

The Company has taken all the necessary steps for safety and environmental control and protection at the plant.

**ACKNOWLEDGMENT:**

The Directors wish to convey their appreciation to the Company's shareholders, customers, suppliers, bankers and distributors for the support they have given to the Company and the confidence, which they have reposed in its management and the employees for the commitment and dedication shown by them.

For and on behalf of the Board  
**REXNORD ELECTRONICS AND CONTROLS LIMITED**

**Kishore Chand Talwar**  
Chairman & Managing Director

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2009

**ANNEXURE TO DIRECTORS' REPORT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**INDUSTRY STRUCTURE & DEVELOPMENT:**

The main business of the company is manufacturing and sale of instrument cooling fans, exhaust fans and motors used in industrial and domestic purposes. The industry is directly related to the growth of the user industry in which the products find applications. The instrument cooling fans /motors are mainly used in the computer hardware equipments, power supply equipments, textile machines, refrigeration industry, injection moulding machines, photocopying machines etc.

**OPPORTUNITIES, THREATS, OUTLOOK, RISKS AND CONCERNS:**

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

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

There is also pressure from rising cost of imported raw materials due to exchange fluctuations, manpower costs and power costs etc. These are risks and matter of concern and may affect the profitability of the company.

The general outlook with respect to this industry in India is of caution under immense competitive pressure. However the intrinsic strength of your company has helped us to effectively overcome such pressure

and the sales therefore should register a modest but definite growth.

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

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

**EXPORTS:**

The company is holding ISO 9001: 2000 Certificate by NQAQSR Certification Private Limited for its quality systems which reflects your company's continuous commitment towards quality & standards. During the year under review your company could be able to achieve export turnover of around 6.80% of total sales. The company is putting its best efforts to increase the export. The company is consolidating its resources to build a market presence in the international arena.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Internal Control Systems are designed to ensure the reliability of financial and other record and accountability of executive action to the management's authorisation. The internal control systems are reviewed by the top management and by the audit committee of the board and proper follow up action is ensured wherever required.

The Statutory Auditors have evaluated the system & procedures of internal controls of the company and have reported the need to strengthen the same. The management is putting its best efforts to strengthen the internal control systems commensurate with the size of the company and nature of its business.

#### FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the company has achieved the sales and other income of Rs.1512.13 lacs as against the sales and other income of Rs.1623.35 lacs in the previous year. The company has earned net profit before tax of Rs.43.85 lacs during the year as against the net profit before tax of Rs 49.12 lacs in the previous year.

The challenges described above could not affect the company much and your company could be able to register net profit of Rs.35.17 lacs as against net profit of Rs.42.02 lacs last year in spite of global recessionary trends. During the current financial year, the company is working towards further improvement in its profitability.

#### HUMAN RESOURCES:

Development of skills and updating of knowledge are essential for continues growth of any organization. Your Company considers human resources as a key asset. Therefore, your Company not only implemented many in house training programs but also sent selected employees to suitable outside programs to keep them abreast of the latest developments in the industry and economy.

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

The Company has, under its employment 63 officers and workmen.

#### CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

### REPORT ON CORPORATE GOVERNANCE

#### INTRODUCTION

Corporate Governance is the system by which Companies are directed and controlled by the management in the best interest of the Stakeholders and others; ensuring greater transparency and better and timely financial reporting. Corporate Governance therefore generates long term economic value for its Shareholders.

Your Company believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, your Company has initiated significant measures for compliance with Corporate Governance.

The disclosures required by clause 49 of the listing Agreements are as under:

### (A) MANDATORY REQUIREMENTS

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Rexnord Electronics and Controls Limited believes in the following the practice beyond the just letter of law. We, in Rexnord, follow the best Corporate Governance practice aiming at maximizing value for Shareholders while ensuring fairness to all segments of Stakeholders viz. Customers, Employees, Investors, Vendors, State and Central Government and Society at large. We perceive good Corporate Governance as a key driver of sustainable corporate growth and long term shareholder value creation.

We, always believes in principle of Integrity, Fairness, Equity & Transparency. The traditional values of honesty, integrity, ethical business conduct, customer orientation and commitment to service have struck deep routes across the organization. Over the years governance process and system have been strengthened at Rexnord Electronics and Controls Limited. The Company recognizes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all the Stakeholders.

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

- Ensure that the quality and frequency of financial and managerial information, which the Management shares with the Board, fully placed before the Board Members in control of the Company's affairs.
- Ensure that the Board exercises its fiduciary responsibilities towards shareholders and creditors, thereby ensuring high accountability.
- Ensure that the extent to which the information is disclosed to present and potential investors is maximized.
- Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committees thereof.
- Ensure that the Board, the Management, the Employees and all the other stakeholders are fully committed to maximizing long-term value to the shareholders and to the company.
- Ensure that the core values of the company are protected.
- Ensure that the company positions itself from time to time to be at par with any other world-class company in operating practices.

#### 2. BOARD OF DIRECTORS:

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

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

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

The details of composition of the Board, Category, attendance of directors at board meetings and last Annual General Meeting, number of other directorships and other committee memberships are given below:

Name of Director	Designation	Category	No. of Board Meeting Attended	Atten.at last AGM	No. of Other Directorships Held		Outside Committee Position held	
					Public	Private	Mem.	Chmn.
Mr. K. C. Talwar	CMD	Executive	8	YES	—	—	—	—
Mrs. Sharda K. Talwar	WTD	Executive	8	YES	—	—	—	—
Mrs. Nainy K. Tanna	WTD	Executive	8	YES	—	—	—	—
Mr. Ram Bahadur Roka	WTD	Executive	8	YES	—	—	—	—
Mr. Pankaj Sanahi	Director	Non Executive	8	NO	—	1	—	—
Mr. V. Shivaswamy Iyer *	Director	Non Executive	2	N.A.	—	2	—	—

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

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

During the financial year ended March 31, 2009, 8 [Eight] Board meetings were held on 30/04/2008, 18/07/2008, 31/07/2008, 25/08/2008, 31/10/2008, 17/11/2008, 31/01/2009 and 28/03/2009.

### INFORMATION SUPPLIED TO BOARD:

Among others, this includes:

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

### 3. COMMITTEES OF BOARD:

Non-executive directors provide guidance to operating management on policy matters as well as in monitoring the actions of operating management. This involvement is formalized through constitution of designated committees of the board. The Committees are intended to provide regular exchange of information and ideas between the non-executive directors and the operating management.

To conform to the requirements of clause 49 of the Listing Agreement with the Stock Exchanges and Companies Act, 1956, the Board has constituted the required committees.

#### 3.1 AUDIT COMMITTEE:

The Company has an Audit Committee comprising of 3 directors out of which one director is a non executive director and two directors are executive directors. The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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

The Audit Committee has the following powers:

- 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 appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- 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. V. Shivaswamy Iyer*	Chairman	1
Mrs. Nainy K. Tanna	Chairperson	4
Mr. Ram Bahadur Roka	Member	5
Mr. Pankaj Sanehi	Member	5

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

The General Manager - Accounts of the company and the statutory auditors of the company are invitees to Audit Committee Meetings.

The Company is in process of appointing a full time Company Secretary to act as Secretary to the Committee.

#### 3.2. REMUNERATION & REMUNERATION COMMITTEE:

The Company has set up a Remuneration Committee as required under the provisions of the Companies Act, 1956 and all matters relating to review and approval of compensation payable to the executive and non executive directors are considered by the Remuneration Committee and necessary recommendations are made by the Committee to the Board for the approval within the overall limits approved by the Members and as per Schedule XIII to the Companies Act, 1956.

The Company pays remuneration to its Chairman and Managing Director and its Directors by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders and as per Schedule XIII to the Companies Act, 1956. The Board approves all the revisions in salary, perquisites and allowances subject to the overall ceiling prescribed by Section 198 and 309 of the Companies Act, 1956.

The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of meetings Attended
Mrs. Nainy K. Tanna	Chairperson	1
Mr. Ram Bahadur Roka	Member	1
Mr. Pankaj Sanehi	Member	1

The details of remuneration paid to executive directors during the financial year 2008-09 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Sharda K. Talwar	Mrs. Nainy K. Tanna	Mr. Ram Bahadur Roka
Salary (Rs.)	420000/-	240000/-	240000/-	102000/-
Allowances & Perquisites (Rs.)	600000/-	151500/-	411000/-	168000/-
Bonus	Nil	Nil	Nil	Nil
Pension	Nil	Nil	Nil	Nil
Fixed Components: Contribution to Provident Fund (Rs.)	50400/-	28800/-	28800/-	Nil
Performance linked Incentive	Nil	Nil	Nil	Nil
Commission	Nil	Nil	Nil	Nil
Service Contract	5 Years	5 Years	5 Years	5 Years
Severance Fees	Nil	Nil	Nil	Nil
Stock Options	Nil	Nil	Nil	Nil
<b>Total (Rs.)</b>	<b>1070400/-</b>	<b>420300/-</b>	<b>679800/-</b>	<b>270000/-</b>

The details of remuneration paid to non executive directors during the financial year 2008-2009 are given below:

Particulars	Mr. Pankaj Sanehi	Mr. V Sivaswamy Iyer*
Sitting Fees	Nil	Nil
Shareholding in Company	1000	Nil

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

### 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, 2009.

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. V. Shivaswamy Iyer*	Chairman	1
Mrs. Nainy K Tanna	Chairperson	4
Mr. Ram Bahadur Roka	Member	5
Mr. Pankaj Sanehi	Member	5

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

Mr. Anand Patkar, General Manager -Accounts is the Compliance Officer and attended all the meetings of the Shareholders' Grievances Committee held during the year ended March 31, 2009.

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

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non receipt of Annual Report	1	1	Nil
2.	Non Receipt of Share Certificates after transfer	4	4	Nil
3.	Non Receipt of Demat Rejected S/C's	2	2	Nil
4.	Others	2	2	Nil
	<b>Total</b>	<b>9</b>	<b>9</b>	

There were no shares pending for transfer as on 31<sup>st</sup> March 2009.

### 4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2008	29.09.2008	11.00 A.M.	Registered Office
31.03.2007	29.09.2007	12.00 P.M.	— As above —
31.03.2006	30.09.2006	11.00 A.M.	— As above —

All the matters as set out in the respective notices were passed by the shareholders. No special resolution was required to be put through postal ballot at last Annual General Meeting nor is proposed for ensuing Annual General Meeting.

### 5. DISCLOSURES:

- During the year, the company did not enter into any materially significant related party transactions with its promoters, directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the company at large. However the related party transactions are disclosed in Note No. 21, 22 and 23 of Schedule '17' to the accounts.
- No funds have been raised through issue of equity or debt in the form of public or rights or preferential issues during the year under review.
- A brief resume, nature of expertise in specific functional areas, names of companies in which the person already hold directorship and membership of committees of the Board and his shareholding in the company forms part of the notice of the Annual General Meeting, annexed to this Annual Report for the directors seeking appointment/ reappointment.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authority on all matters relating to capital markets during the last three years. No penalties or strictures were imposed on the company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during last three years.
- Though there is no formal Whistle Blower Policy, the company takes cognizance of complainants made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employees of the company have been denied access to the Audit Committee of the Board of Directors of the company.

- The financial statements of the company are qualified and company is moving towards a regime of unqualified financial statements.
- The company has a periodic review and reporting to the Board of Directors of the company of risk assessment by senior executives with a view to minimize risk.
- Certificate from Mr. Kishore Chand Talwar, Managing Director in terms of clause 49 (V) of the listing agreements with the stock exchanges for the financial year ended 31<sup>st</sup> March 2009 was placed before the board of directors of the company in its meeting held on 22<sup>nd</sup> August 2009.

### 6. MEANS OF COMMUNICATION

- Quarterly results are submitted to the stock exchanges where the shares of the company are listed.
- All items required to be covered in the Management Discussion and Analysis has been included in the Annexure to the Directors' Report.
- No formal presentations were made to the institutional investors and analysts during the year under review.
- The Company has its own website i.e. [www.rexnordindia.com](http://www.rexnordindia.com) and all the vital information relating to the Company and its products are displayed on the web site.

### 7. GENERAL SHAREHOLDERS INFORMATION:

#### 7.1 ANNUAL GENERAL MEETING : 21<sup>st</sup> Annual General Meeting.

DAY & DATE : Saturday, September 26, 2009.  
TIME : 1.00 P.M.  
VENUE : Registered Office

#### 7.2. FINANCIAL CALENDAR:

- Financial reporting for the quarter ended June 30, 2009 : End of July, 2009
- Financial reporting for the quarter ended Sept.30, 2009 : End of Oct., 2009
- Financial reporting for the quarter ended Dec. 31, 2009 : End of Jan., 2010
- Financial reporting for the year ended March 31, 2010 : End of Apr., 2010
- Annual General Meeting for the year ended March 31, 2010 : End of Sep. 2010

#### 7.3. DATE OF BOOK CLOSURE: 23/09/2009 TO 26/09/2009 [Both days inclusive].

#### 7.4. LISTING:

The Stock Exchange, Mumbai  
The Stock Exchange, Ahmedabad.  
The Stock Exchange, Bangalore.  
The Stock Exchange, Delhi.

#### 7.5. STOCK CODE OF THE COMPANY:

The Stock Exchange, Mumbai  
Scrip Name : Rexnord Electronics & Controls Limited  
Scrip Code : 531888.  
Electronic Mode : INE687C01012.

#### 7.6 STOCK PRICE DATA & PERFORMANCE IN COMPARISON TO BSE SENSEX: [AS OBTAINED FROM BSE WEBSITE]

Month	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2008	10.50	6.51	17480.74	15297.96
May, 2008	10.00	7.65	17735.70	16196.02
June, 2008	9.10	6.24	16632.72	13405.54
July, 2008	9.50	6.77	15130.09	12514.02
August, 2008	9.70	7.03	15579.78	14002.43
Sept., 2008	8.80	6.00	15107.01	12153.55
October, 2008	7.30	3.48	13203.86	7697.39
November, 2008	6.11	3.91	10945.41	8316.39
December, 2008	5.60	4.27	10188.54	8467.43
January, 2009	5.58	5.06	10469.72	8631.60
February, 2009	5.35	4.00	9724.87	8619.22
March, 2009	4.40	3.81	10127.09	8047.17



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

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

**7.8. SHARE TRANSFER SYSTEM:**

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

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

**7.9. COMPLIANCE OFFICER:**

Mr. Anand Patkar, General Manager - Accounts

**7.10 DEPOSITORY CONNECTIVITY: NSDL and CDSL.**

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

**7.12 SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2009:**

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	28,12,716	43.40
Mutual Funds /UTI	NIL	NIL
Financial Institutions / Banks	2,000	0.03
Bodies Corporate	1,87,560	2.89
Indian Public	31,66,845	48.86
NRI / OCBs	3,12,079	4.82
<b>Total</b>	<b>64,81,200</b>	<b>100.00</b>

**7.13 DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2009**

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500	4007	667669	10.30
501-1000	416	363122	5.60
1001-2000	190	302313	4.67
2001-3000	78	204312	3.15
3001-4000	26	94780	1.46
4001-5000	29	137551	2.12
5001-10000	40	278454	4.30
10001 & above	41	4432999	68.40
<b>Total</b>	<b>4827</b>	<b>64,81,200</b>	<b>100.00</b>

**7.14 DEMATERIALISATION OF SHARES:**

As on March 31, 2009, 53,49,880 shares representing 82.54% 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 PLANT LOCATIONS:**

- 92-D, Govt. Industrial Estate, Charkop, Kandivli (West), Mumbai - 400 067
- Gala No. 2, Plot No.10, Premier Industrial Estate, Kachigam, Daman - 396 210.

**7.17 ADDRESS FOR CORRESPONDENCE:**

REXNORD ELECTRONICS AND CONTROLS LIMITED  
92-D, Govt. Industrial Estate, Charkop,  
Kandivli [West], Mumbai - 400 067  
Telephone Nos: 2868 3087 / 2868 4715

**7.18 COMPLIANCE:**

A certificate has been obtained from the Statutory Auditors of the company regarding compliance of conditions of Corporate Governance and is attached to this report. The reasons for non-compliance of some of the conditions of corporate governance have been mentioned in the respective heads of the corporate governance.

**8. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT:**

The board of directors has laid down the Code of Conduct for all the board members and members of senior management of the company. Certificate from the Managing Director affirming compliance of the said code by all the board members and members of senior management of the company to whom the code is applicable is annexed separately to this report.

**9. STEPS FOR PREVENTION OF INSIDE TRADING**

In compliance of the SEBI (Prevention of Inside Trading) Regulations as amended in 2002, the Company has issued a comprehensive guidelines advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in equity shares of company and disclosure requirements in this regard. Company believes that "The Code of Internal Procedure and Conduct" and "The Code of Corporate Disclosures Policies" framed by it in this regard will help in ensuring compliance of the amended SEBI regulations.

**(B) NON-MANDATORY REQUIREMENTS**

**1. CHAIRMAN OF THE BOARD:**

The company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a non-executive chairman does not arise.

**2. REMUNERATION COMMITTEE:**

Please refer item no. 3.2 under Mandatory Requirements.

**3. SHAREHOLDERS RIGHTS:**

The company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

**4. POSTAL BALLOT:**

The provision relating to Postal Ballot will be complied with in respect of matters, wherever applicable.

For and on Behalf of the Board  
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar  
Chairman & Managing Director

Place : Mumbai  
Dated : 22<sup>nd</sup> August, 2009

**ANNEXURE TO CORPORATE GOVERNANCE REPORT**

**Declaration regarding affirmation of Code of Conduct**

In terms of the requirements of the amended clause 49 I (D) (ii) of the listing agreement, this is to confirm that all the members of the Board and the senior managerial personnel have affirmed compliance with

the code of conduct for the year ended 31<sup>st</sup> March 2009.

Kishore Chand Talwar  
Chairman & Managing Director

Place : Mumbai  
Dated : 22<sup>nd</sup> August, 2009

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

The Board of Directors  
Rexnord Electronics and Controls Limited  
92-D, Govt. Industrial Estate, Charkop,  
Kandivli (West), Mumbai - 400 067

I, the undersigned, in my capacity as Chief Executive Officer of **Rexnord Electronics and Controls Limited** ("the Company"), to the best of my knowledge and belief certify that:

- (a) I have reviewed the financial statements and the cash flow statement of the company for the year ended March 31, 2009 and that to the best of my knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - (ii) these statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept the responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal

control systems of the company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.

- (d) I have indicated, based on my most recent evaluation, wherever applicable, to the Auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2009

**Kishore Chand Talwar**  
Managing Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members

**REXNORD ELECTRONICS AND CONTROLS LIMITED,**

We have examined the compliance of conditions of Corporate Governance by REXNORD ELECTRONICS AND CONTROLS LIMITED, for the year ended on 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the abovementioned Listing Agreement subject to followings:

- (a) *The composition of board of directors of the company is not in conformity with the requirements of clause 49 of the listing agreements with the stock exchanges being:*
  - (i) *the company does not have the requisite number of non executive directors in the composition of its board; and*
  - (ii) *the company also does not have any independent director in the composition of its board.*

- (b) *The composition of audit committee is not in conformity with the requirements of clause 49 of the listing agreements with the stock exchanges being :*
  - (i) *no member of the committee is independent director;*
  - (ii) *two members of the committee are not financially literate;*
  - (iii) *no member of the committee has accounting or related financial management expertise; and*
  - (iv) *whole time company secretary is not with the company to act as the secretary of the committee.*
- (c) *The chairman of the Shareholders Grievance Committee is not a non executive director.*
- (d) *The code of conduct has not been posted on the website of the company.*

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **R. S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

**O.P. Agrawal**  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22<sup>nd</sup> August, 2009

## AUDITORS' REPORT

To  
The Members

**REXNORD ELECTRONICS AND CONTROLS LIMITED**

We have audited the attached Balance Sheet of REXNORD ELECTRONICS AND CONTROLS LIMITED ("the Company") as at 31<sup>st</sup> March 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of the section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matters specified in the paragraph 4 & 5 of the said order.

3. Further to our comments in the Annexure referred to above, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards (hereinafter referred as to "AS") referred to in sub section (3C) of Section 211 of the Companies Act, 1956, except:
  - (i) AS-2 for 'Valuation of Inventories' as referred to in note no. 1 (G) of schedule '17' to the Accounts; the financial impact, if any, in the absence of the complete cost records and other relevant information, is not ascertainable and therefore cannot be commented upon; and
  - (ii) AS-15 for 'Employee Benefits' for non-provision of gratuity and leave encashment as referred to in note no. 8 of schedule '17' to the Accounts; the financial impact of the same, as given in the said note, is not ascertainable and therefore cannot be commented upon.
- (e) based on the representations made by the directors of the Company and taken on record by the Board of Directors of the company, we report that none of the directors is prima-facie disqualified as on 31<sup>st</sup> March 2009 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- (f) attention of the members is invited to the following :
  - (i) The composition of the audit committee is not in conformity with the requirements of Section 292A of the Companies Act, 1956;
  - (ii) The composition of the remuneration committee is not

in conformity with the requirements of Schedule XIII to the Companies Act, 1956;

- (iii) Sundry debtors Rs.47.87 lacs as referred to in note no. 9 of schedule '17' for recovery of which the company has filed legal suits; since irrecoverable amount cannot be ascertained till the conclusion of the legal suits, financial impact of the same, presently, is not ascertainable and therefore cannot be commented upon; and
- (iv) The insurance claim of Rs.39.30 lacs as referred to in note no. 10 of schedule '17' has been rejected by the insurance company. The Company has filed a suit with the Consumer Dispute Redressal Commission, Maharashtra State; since irrecoverable amount cannot be ascertained till the conclusion of the suit, financial impact of the same, presently, is not ascertainable and therefore cannot be commented upon.
- (g) Subject to the forgoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 ;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For R.S. AGRAWAL & ASSOCIATES  
Chartered Accountants

O.P. Agrawal  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22<sup>nd</sup> August, 2009

## ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED IN PARAGRAPH (2) OF AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009 OF REXNORD ELECTRONICS AND CONTROLS LIMITED ON THE BASIS OF SUCH CHECKS/TEST CHECKS AS WE CONSIDER APPROPRIATE AND IN TERMS OF THE INFORMATION AND EXPLANATIONS GIVEN TO US, WE STATE THAT: -

1. (i) the Company has maintained records, showing particulars including quantitative details and situation of its fixed assets;
- (ii) as explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. We were informed that no material discrepancy have been noticed by the management on such verification as compared to the aforesaid records of fixed assets; and
- (iii) there was no substantial disposal of fixed assets during the year.
2. (i) as certified by the management, physical verification was conducted by the management at the close of the year in respect of finished goods, stores, spare parts and raw materials;
- (ii) the procedures of physical verification of stocks followed by the management are, in our opinion, need to be strengthened in relation to the size of the Company and the nature of its business; and
- (iii) the Company is maintaining proper records of inventory. As certified by the management, there were no material discrepancies noticed on physical verification of stocks as compared to book records and the same have been properly dealt with in the books of account.
3. (i) the Company has, during the year, not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956;
- (ii) as the Company has not granted any loans, therefore, the provisions of sub clauses (b), (c) and (d) of the clause 4 (iii) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company;
- (iii) the Company has, during the year, taken interest free unsecured loan from one party covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.1.00 lac and balance of loan taken from such party at the end of the year was Rs.1.00 lac;
- (iv) the terms and conditions of the aforesaid unsecured loan taken were prima facie not prejudicial to the interest of the company; and
- (v) since the aforesaid loan, as informed, is repayable on demand, we are not in the position to comment whether the payment of principal amount on the aforesaid unsecured loan taken was regular.
4. on the basis of selective checks carried out during the course of audit, we are of the opinion that the internal control system followed by the Company need to be strengthened commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. As informed to us, the company has initiated steps to ensure strengthening such controls.

5. (i) in our opinion, the particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section; and
- (ii) in our opinion, the transactions made in pursuance of contracts or arrangements entered in the register required to be maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available. However in respect of certain transactions of purchase of services, in the absence of similar transactions with other parties, we are unable to comment upon reasonableness of the prices thereof. Further the Company has not complied with provisions of section 297 of the Companies Act, 1956 in respect of contracts referred to in note no. 21 (2) A to C, 22 and 23 1(a) of Schedule '17'.
6. as explained to us, the company has not accepted any deposit from public.
7. we are informed that the company does not have an internal audit system.
8. we are informed that the cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, are under preparation. Hence for want of such records, we are unable to comment on the same.
9. (i) on the basis of books and records examined by us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance (ESI), Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases. There are no arrears of undisputed statutory dues as at the last day of financial year concerned, outstanding for a period of more than six months from the date they became payable.
- (ii) on the basis of books and records examined by us, the statutory dues outstanding on account of any dispute are as follows:
10. the Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both in the financial year under report and in the immediately preceding financial year.
11. on the basis of selective checks carried out during the course of audit, we are of the opinion that the Company has not defaulted in the repayment of dues to banks. There are no dues payable to the financial institutions and debenture holders.
12. the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore provisions of clause 4 (xii) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
13. in our opinion, the Company is not a chit or a nidhi / mutual benefit fund or a society. Therefore provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
14. in our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
15. the company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore provisions of clause 4 (xv) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
16. as explained, in our opinion, the term loan was applied for the purpose for which the loan was obtained.
17. on the basis of an overall examination of the financial statements of the Company, we are of the opinion that funds raised on short term basis have not been utilized for long term investments.
18. the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year. Therefore provisions of clause 4 (xviii) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
19. the Company did not have any outstanding debenture during the year. Therefore provisions of clause 4 (xix) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
20. the Company has not raised any money through a public issue during the year. Therefore provisions of clause 4 (xx) of the Companies (Auditors' Report) Order 2003 are not applicable to the Company.
21. Based on the audit procedures performed and the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act	Income Tax on disallowances of expenses	2,89,648/-	1999-00*	The Commissioner of Income Tax (Appeal)
The Income Tax Act	Non Credit of TDS	47,308/-	2006-07*	Rectification Application with the Assessing Officer
The Income Tax Act	Interest on Fringe Benefit Tax	13,430/-	2007-08*	Rectification Application with the Assessing Officer
The Central Excise Act	Excise Duty and Penalty	2,84,005/-	1999-00	The Custom, Excise, & Service Tax Appellate Tribunal

\* Assessment Year

For **R. S. AGRAWAL & ASSOCIATES**  
Chartered Accountants

**O.P. Agrawal**  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22<sup>nd</sup> August, 2009



## BALANCE SHEET AS AT 31ST MARCH, 2009

		SCHEDULE		As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUND</b>					
Share Capital	1	64803000.00		64803000.00	
Reserves & Surplus	2	<u>7723503.55</u>		<u>4206066.02</u>	
			<b>72526503.55</b>	<b>69009066.02</b>	
<b>LOAN FUNDS</b>					
Secured Loans	3	25020446.69		25848307.39	
Unsecured Loans	4	<u>100000.00</u>		<u>0.00</u>	
			<b>25120446.69</b>	<b>25848307.39</b>	
DEFERRED TAX LIABILITY (NET) (See Note No. '20' of schedule '17')			<b>3050077.00</b>	<b>3354722.00</b>	
<b>TOTAL</b>			<b><u>100697027.24</u></b>	<b><u>98212095.41</u></b>	
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>	5				
Gross Block		118733581.58		112583724.48	
Less: Depreciation		<u>77944988.57</u>		<u>71308005.57</u>	
Net Block		40788593.01		41275718.91	
Add : Capital Work in Process		<u>4101195.00</u>		<u>2470264.00</u>	
			<b>44889788.01</b>	<b>43745982.91</b>	
<b>INVESTMENTS</b>	6		<b>116380.00</b>	<b>115380.00</b>	
<b>CURRENT ASSET, LOANS &amp; ADVANCES</b>					
Inventories	7	44414476.41		47521288.69	
Sundry Debtors	8	28575687.61		41625833.51	
Cash & Bank Balances	9	7889838.35		9319347.85	
Loans & Advances	10	<u>17441680.05</u>		<u>21142718.45</u>	
		<b>98321682.42</b>		<b>119609188.50</b>	
<b>Less: CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	11	39229930.19		61510573.00	
Provisions	12	<u>3400893.00</u>		<u>3747883.00</u>	
		<b>42630823.19</b>		<b>65258456.00</b>	
<b>NET CURRENT ASSETS</b>			<b>55690859.23</b>	<b>54350732.50</b>	
<b>TOTAL</b>			<b><u>100697027.24</u></b>	<b><u>98212095.41</u></b>	
<b>NOTES FORMING PART OF THE ACCOUNTS</b>	17				

As per our attached Report of even date:

**For R. S. Agrawal & Associates**  
Chartered Accountants

**O. P. Agrawal**  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22nd August 2009

For and on behalf of the Board

**Kishore Chand Talwar**  
Chairman & Managing Director

**Ram Bahadur Roka**  
Wholetime Director

Place : Mumbai  
Dated : 22nd August 2009

**Nainy K. Tanna**  
Wholetime Director

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCHEDULE	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
<b>INCOME</b>			
Sales & Other Income	13	151212693.39	162334854.88
Increase / (Decrease) in Finished Stock	14	1774094.98	177591.37
		<b>152986788.37</b>	<b>162512446.25</b>
<b>EXPENDITURE</b>			
Manufacturing & Other Expenses	15	135441758.43	143179824.41
Depreciation	5	6929313.00	6764610.00
Interest & Finance Charges	16	6099328.41	7534719.41
Loss on sale of Fixed Assets		131470.00	120764.08
		<b>148601869.84</b>	<b>157599917.90</b>
<b>PROFIT BEFORE TAX</b>		<b>4384918.53</b>	<b>4912528.35</b>
Less : Provision for Taxation			
For the year		1531400.00	1597900.00
For earlier years		(473304.00)	0.00
Deferred tax charge		(304645.00)	(905498.00)
Fringe benefit tax		271593.00	234840.00
		<b>1025044.00</b>	<b>927242.00</b>
<b>PROFIT AFTER TAX</b>		<b>3359874.53</b>	<b>3985286.35</b>
Add : Excess depreciation written back for earlier years		157563.00	217023.00
		<b>3517437.53</b>	<b>4202309.35</b>
Add : Balance b/f from previous year		4205364.24	3054.89
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>7722801.77</b>	<b>4205364.24</b>
Weighted average number of Equity Shares		<b>6481200</b>	<b>6481200</b>
<b>Earning per share (Basic &amp; Diluted)</b>		<b>0.54</b>	<b>0.65</b>
Nominal Value of Share		<b>10.00</b>	<b>10.00</b>
<b>NOTES FORMING PART OF THE ACCOUNTS</b>	<b>17</b>		

As per our attached Report of even date:

**For R. S. Agrawal & Associates**  
Chartered Accountants

**O. P. Agrawal**  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22nd August 2009

For and on behalf of the Board

**Kishore Chand Talwar**  
Chairman & Managing Director

**Ram Bahadur Roka**  
Wholetime Director

Place : Mumbai  
Dated : 22nd August 2009

**Nainy K. Tanna**  
Wholetime Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	For the year ended 31.03.2009 <u>Rs.</u>	For the year ended 31.03.2008 <u>Rs.</u>
<b>(A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	4384918.53	4912528.35
Adjustments for		
Depreciation	6929313.00	6764610.00
Provision for Doubtful debts	0.00	105433.00
(Profit)/ Loss on sale of fixed assets	123033.00	120764.08
Provision for Doubtful debts no longer required	(56889.00)	0.00
Interest	(564370.42)	(612562.00)
Dividend	(16914.00)	(16588.00)
Interest Expenses	6099328.41	7534719.41
Operating Profit before Working Capital Changes	16898419.52	18808904.84
Adjustments for :		
Trade and other Receivables	17472390.25	(5258293.56)
Inventories	3106812.28	(15219892.39)
Trade Paybles	(21381056.92)	19756765.84
Cash generated from operations	16096565.13	18087484.73
Direct Taxes Paid	(1939612.95)	(518987.00)
Cash flow before extraordinary items	14156952.18	17568497.73
Extraordinary Items	0.00	0.00
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>14156952.18</b>	<b>17568497.73</b>
<b>(B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase) / Sale of Fixed Assets (Net)	(8038588.10)	(9096245.25)
(Purchase) / Sale of Investments	(1000.00)	0.00
(Increase) / Decrease in Deposits	(401383.00)	(3694280.00)
Interest Received	564370.42	612562.00
Dividend Received	16914.00	16588.00
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(7859686.68)</b>	<b>(12161375.25)</b>
<b>(C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	0.00	0.00
Proceeds from Long Term Borrowings	4129000.00	3355129.00
Repayment of Long Term Borrowings	(3864975.62)	(2255199.06)
Proceeds from Short Term Borrowings	100000.00	0.00
Repayment of Short Term Borrowings	0.00	0.00
Change in Working Capital Borrowings from Banks	(1091885.08)	1958666.21
Interest Paid	(6998914.30)	(6568611.41)
Dividend Paid	0.00	0.00
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(7726775.00)</b>	<b>(3510015.26)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1429509.50)</b>	<b>1897107.22</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>9319347.85</b>	<b>7422240.63</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>7889838.35</b>	<b>9319347.85</b>

As per our attached Report of even date:

**For R. S. Agrawal & Associates**  
Chartered Accountants

**O. P. Agrawal**  
Partner  
M. No. 045862

Place : Mumbai  
Dated : 22nd August 2009

For and on behalf of the Board

**Kishore Chand Talwar**  
Chairman & Managing Director

**Nainy K. Tanna**  
Wholetime Director

**Ram Bahadur Roka**  
Wholetime Director

Place : Mumbai  
Dated : 22nd August 2009

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED :		
10000000 Equity Shares of Rs.10/- each	<u>100000000.00</u>	<u>100000000.00</u>
	<u>100000000.00</u>	<u>100000000.00</u>
ISSUED, SUBSCRIBED & PAID UP :		
6481200 (6481200) Equity Shares of Rs.10/- each	64812000.00	64812000.00
Less:- Calls in arrears (other than Directors)	<u>9000.00</u>	<u>9000.00</u>
	<u>64803000.00</u>	<u>64803000.00</u>
(Out of the above shares 1250000 shares are allotted as fully paid-up bonus shares by capitalization of General Reserve and Capital Reserves)		
TOTAL	<u>64803000.00</u>	<u>64803000.00</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
CAPITAL RESERVE :		
Revaluation Reserve as per last Balance Sheet	701.78	701.78
SURPLUS IN PROFIT & LOSS ACCOUNT	<u>7722801.77</u>	<u>4205364.24</u>
TOTAL	<u>7723503.55</u>	<u>4206066.02</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
TERM LOANS		
From NKGSB Co-Operative Bank Ltd.		
Term Loan-I (Repayable within one year Rs.11.46 Lacs, Previous year Rs.10.45 lacs)	1701241.90	2896074.90
Term Loan-II (Repayable within one year Rs.6.02 Lacs, Previous year Rs. 5.35 Lacs)	1423325.00	2028437.00
From HDFC Bank Limited		
Term Loan-I (Repayable within one year Rs.13.04 lacs, Previous year Rs.11.40 lacs)	1832810.00	2649041.00
Term Loan-II (Repayable within one year Rs.4.16 lacs, Previous year NA)	984572.00	0.00
Term Loan-III (Repayable within one year Rs.3.62 lacs, Previous year NA)	763332.00	0.00
From ICICI Bank Limited		
Vehicle Loan-I (Repayable within one year Rs.0.63 lacs, Previous year Rs. 1.01 lacs)	62953.00	163889.00
Vehicle Loan-II (Repayable within one year Rs.0.77 lacs, Previous year 0.67 lacs)	181217.41	248373.34
From Reliance Capital Limited		
Vehicle Loan (Repayable within one year Rs.2.51 lacs, Previous year NA)	<u>1300388.31</u>	<u>0.00</u>
	<u>8249839.62</u>	<u>7985815.24</u>
WORKING CAPITAL FACILITIES		
From HDFC Bank Limited		
Cash Credit (Stocks & Book Debts) (Includes converted into FCNR B Loan Rs. Nil (Pr. Yr. Rs.171.17 lacs) equivalent to \$ Nil (Pr. Yr. \$ 4.26 lacs)	16770607.07	17862492.15
TOTAL	<u>25020446.69</u>	<u>25848307.39</u>

### NOTES :

On nature of security on loans :

- Term loans from NKGSB Co-Operative Bank Limited are secured by way of equitable mortgage of 4 Industrial Galas at Unit No. 12 to 15, Saraswati, Tungareshwar Industrial Complex No. 1, Vasai (East) Dist. Thane and hypothecation of plant & machinery and moulds acquired from the loans and personally guaranteed by three directors of the company.
- Term loans from HDFC Bank Limited are secured by hypothecation of plant & machinery and moulds acquired from the loans.
- Vehicle loans are secured by way of hypothecation of specific vehicles acquired from the loans. Vehicle loans from ICICI Bank Limited are further secured by personal guarantee of one director of the company.
- Cash Credit facilities (Stocks & Book Debts) from HDFC Bank Limited are secured by way of exclusive hypothecation charge of stocks of raw materials, work in process, finished goods and receivables of the company.
- Working capital facilities and term loans from HDFC Bank Limited are further secured by way of Equitable Mortgage of Factory Land and Building at Plot No. 92-D Govt. Industrial Estate, Charkop, Kandivli (W) , Mumbai 400067 and Commercial Property at Gala No. 2, Plot No. 10, Premier Industrial Estate, Kachigam, Daman 396210 and by way of hypothecation charge of entire plant & machinery, moulds and other fixed assets of the company except the plant & machinery acquired from the term loans by NKGSB Co-Op Bank Ltd. and exclusively charged to the said bank.
- Working capital facilities and term loans from HDFC Bank Limited are further secured by the personal guarantee of two directors and a relative of the directors of the company.



**SCHEDULE 4  
UNSECURED LOANS**

From a director

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
	100000.00	0.00
	<u>100000.00</u>	<u>0.00</u>

**SCHEDULE 5  
FIXED ASSETS**

(Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2008	Additions during the year	Deduction during the year	As on 31.03.2009	Total upto 31.03.2008	Provided for the year	Written back during the year	Total upto 31.03.2009	Total as on 31.03.2009	Total as on 31.03.2008
Leasehold Land	4579200.00	0.00	0.00	4579200.00	0.00	0.00	0.00	0.00	4579200.00	4579200.00
Factory Building	7929791.32	0.00	0.00	7929791.32	1935741.61	264856.00	0.00	2200597.61	5729193.71	5994049.71
Residential Flat	283190.00	0.00	0.00	283190.00	7882.00	9459.00	0.00	17341.00	265849.00	275308.00
Plant & Machinery	58431440.73	4377544.10	674700.00	62134284.83	42205298.18	3493528.00	126061.00	4552765.18	16561519.65	16226142.55
Moulds & Dies	31143809.95	4590.00	0.00	31148399.95	21249273.16	2324918.00	0.00	23574191.16	7574208.79	9894536.79
Furniture & Fixtures	1864598.85	81004.00	0.00	1945602.85	1752609.69	73817.00	157563.00	1668863.69	276739.16	111989.16
Office Equipments	2267787.89	137157.00	14800.00	2390144.89	1273522.69	126140.00	2460.00	1397202.69	992942.20	994265.20
Vehicles	2482638.00	2004787.00	0.00	4487425.00	944960.00	378129.00	0.00	1323089.00	3164336.00	1537678.00
Computers	1759298.00	152003.00	9250.00	1902051.00	1366642.20	165302.00	6246.00	1525698.20	376352.80	392655.80
Factory Equipments	1841969.74	91522.00	0.00	1933491.74	572076.04	93164.00	0.00	665240.04	1268251.70	1269893.70
<b>TOTAL AS AT 31.03.2009</b>	<b>112583724.48</b>	<b>6848607.10</b>	<b>698750.00</b>	<b>118733581.58</b>	<b>71308005.57</b>	<b>6929313.00</b>	<b>292330.00</b>	<b>77944988.57</b>	<b>40788593.01</b>	<b>41275718.91</b>
<b>TOTAL AS AT 31.03.2008</b>	<b>106941622.23</b>	<b>6663648.25</b>	<b>1021546.00</b>	<b>112583724.48</b>	<b>65623533.49</b>	<b>6764610.00</b>	<b>1080137.92</b>	<b>71308005.57</b>	<b>41275718.91</b>	

Capital Work in Progress

(Site Development & Factory Building)

(See Note No. '20' of schedule '17')

4101195.00 2470264.00

**SCHEDULE 6  
INVESTMENTS (At Cost)**

Long Term Investments (At Cost):

Others : Unquoted

1438 (1438) fully paid Equity Shares of Rs. 10/-  
each of Saraswat Co-op. Bank Ltd.

14380.00 14380.00

10000 (10000) fully paid Equity Shares of Rs. 10/-  
each of North Kanara GSB Co-op Bank Ltd.

100000.00 100000.00

100 (100) fully paid Equity Shares of Rs. 10/-  
each of Kandivli Co-operative Industrial Estate Ltd.

1000.00 1000.00

40 (Nil) fully paid Equity Shares of Rs.25/- each  
Punjab & Maharashtra Co-operative Bank Ltd.

1000.00 0.00

TOTAL

116380.00 115380.00

**SCHEDULE 7  
INVENTORIES**

Raw Materials

6047907.70 8256178.85

Raw Material Stock in transit

6465074.00 2797929.23

Work-in- Process

26577322.23 32501066.37

Finished Goods

4512041.00 2737946.02

Packing Materials

534105.99 917556.26

Stores & Spares

278025.49 310611.96

TOTAL

44414476.41 47521288.69

**SCHEDULE 8  
SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months

Unsecured, Considered Good

7455213.43 5677270.97

Unsecured, Considered Doubtful

48544.00 105433.00

Other Debts

Unsecured, Considered Good

21120474.18 35948562.54

28624231.61 41731266.51

48544.00 105433.00

Less : Provision for Doubtful Debts

(See Note No. 9, 21 (2) (i) & 22 of Schedule '17')

TOTAL

28575687.61 41625833.51

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	373642.00	616885.00
Balances with Scheduled Banks		
In Fixed Deposit Accounts	6454706.55	8608816.00
In Current Accounts	<u>1061489.80</u>	<u>93646.85</u>
	<u>7516196.35</u>	<u>8702462.85</u>
TOTAL	<u>7889838.35</u>	<u>9319347.85</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received (See note no. 10 of Schedule '17')	8598179.31	8851437.36
Balances with excise department Deposits (See note no. 15 of Schedule '17')	44411.00	65654.00
Income tax & tax deducted at source	5025779.00	4624396.00
Advances to suppliers (See Note No. 21 (2) (H) of Schedule '17')	2638947.95	2376014.00
	1134362.79	5225217.09
TOTAL	<u>17441680.05</u>	<u>21142718.45</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Acceptances	14564888.33	17831841.00
Sundry Creditors (See note no. 14 & 23 of Schedule '17')	8924817.10	17739442.70
Buyers Credit (Foreign Currency)	6055514.00	16722982.00
Bank Overdraft ( Due to cheques overdrawn)	0.00	827182.33
Creditors for Capital Goods	5146683.00	4039400.00
Advance received from Customers	2427017.65	1634685.65
Other Liabilities	2040128.00	2711750.32
Interest Accrued but not due	70882.11	3289.00
TOTAL	<u>39229930.19</u>	<u>61510573.00</u>
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
For Taxation	3400893.00	3747883.00
TOTAL	<u>3400893.00</u>	<u>3747883.00</u>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the year ended 31-03-2009 Rs.	For the year ended 31-03-2008 Rs.
<b>SCHEDULE 13</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sales :		
Local (Gross)	157571026.00	173984404.00
Less : Excise Duty	<u>17793889.00</u>	<u>24298578.00</u>
Export	139777137.00	149685826.00
	<u>10197851.00</u>	<u>11603350.00</u>
	149974988.00	161289176.00
Interest (Gross), (TDS Rs. 1,01,742/-, Pr. Yr. Rs. 1,26,087/-)	564370.42	612562.00
Dividend	16914.00	16588.00
Profit on sale of Fixed assets	8437.00	0.00
Provision for Doubtful Debts no longer required written back	56889.00	0.00
Sundry Balances Written Back / Off (Net)	88108.50	0.00
Miscellaneous Income (includes exchange fluctuation Rs.4,55,766.47, Pr. Yr. Rs.4,16,528.88)	502986.47	416528.88
TOTAL	<u>151212693.39</u>	<u>162334854.88</u>
<b>SCHEDULE 14</b>		
<b>INCREASE (DECREASE) IN FINISHED STOCK</b>		
Closing Stock	4512041.00	2737946.02
Less : Opening Stock	<u>2737946.02</u>	<u>2560354.65</u>
TOTAL	<u>1774094.98</u>	<u>177591.37</u>

**SCHEDULE 15  
MANUFACTURING & OTHER EXPENSES**

**1. COST OF INVENTORIES CONSUMED & SOLD**

Opening Stock

Raw Material	11054108.08	8524827.93
Stock in process	<u>32501066.37</u>	<u>19657067.86</u>

**43555174.45**      28181895.79

Add: Cost of Purchases

Raw Materials	67674621.15	97444210.00
Direct Expenses	<u>8898223.92</u>	<u>3536465.85</u>

(includes exchange fluctuation Rs.50,75,755/-  
Pr. Yr. credit Rs.3,42,457/-

**76572845.07**      100980675.85

Less: Closing Stock

Raw Material	12512981.70	11054108.08
Stock in process	<u>26577322.23</u>	<u>32501066.37</u>

**39090303.93**      43555174.45

**81037715.59**      85607397.19

**2. PAYMENTS TO & PROVISION FOR EMPLOYEES**

Salaries and Bonus	7157719.00	4436154.00
Contribution to PF & ESI Schemes	67199.00	60553.00
Staff & Labour Welfare	<u>1110251.08</u>	<u>1052094.75</u>

**8335169.08**      5548801.75

**3. MANUFACTURING EXPENSES :**

Power Charges	4193584.00	4153290.00
Stores, Spares & Tools consumed	3432590.97	3848848.09
Packing Materials consumed	4701013.27	4198606.71
Process charges	15929831.00	20243143.28
Repairs & Maintenance to		
Factory Building	308599.00	209619.00
Plant & Machineries	559858.84	1586909.46
Moulds & Dies	384182.50	1162091.00
Others	266120.00	500811.35
Rent	<u>1256620.00</u>	<u>754436.00</u>

**31032399.58**      36657754.89

**4. ADMINISTRATIVE, SELLING & OTHER EXPENSES**

Directors' Remuneration	2440500.00	2372800.00
Printing & Stationery	304381.00	306156.50
Postage, Telegram & Telephone	785144.30	1126980.17
Clearing & Forwarding Charges	973866.57	714572.55
Insurance Premium	175850.00	187758.00
Electricity Charges	186957.00	176357.00
Bank Commission & Charges	331710.13	311147.41
Auditors' Remuneration (See Note No. 4 of Schedule '17')	150000.00	150000.00
Professional Charges	717087.00	740769.00
Traveling & Conveyance	2043096.60	2153821.78
Repair & Maintenance	490440.50	681506.00
Rates & Taxes	178256.50	240456.50
Sales Tax	859580.00	809956.00
Advertisement & Business Promotion	1059166.19	1060469.82
Brokerage & Commission	811130.00	1190394.00
Rebate & Discount	322712.85	57427.00
Bad Debts	0.00	948468.57
Provision for Doubtful debts	0.00	105433.00
Quality Certification Expenses	278392.00	135873.00
Exchange Fluctuations	1463538.00	0.00
Miscellaneous Expenses	<u>1464665.54</u>	<u>1895524.28</u>

**15036474.18**      15365870.58

**135441758.43**      143179824.41

TOTAL

**SCHEDULE 16**

**INTEREST & FINANCE CHARGES**

On term loans	1193821.49	1055469.94
On working capital	2029045.04	2454121.21
Other Interest & Financial Charges	<u>2876461.88</u>	<u>4025128.26</u>

TOTAL

**6099328.41**      7534719.41

**SCHEDULE 17**

**NOTES FORMING PART OF THE ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(A) ACCOUNTING CONVENTION**

The accounts are prepared on historical cost basis on a going concern and adjusted by revaluation of certain plants & machineries, moulds & dies, office equipments and leasehold land. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

**(B) RECOGNITION OF INCOME & EXPENSES**

All income & expenses are accounted for on accrual basis except the gratuity & leave encashment benefits, which are accounted for on cash basis.

**(C) FIXED ASSETS**

Fixed assets are stated at cost of acquisition and subsequent improvement thereto inclusive of taxes, duties (net of cenvat), freight and other incidental expenses relating to acquisition, improvement and installation, except in cases of revaluation of such assets where it is stated at revalued amount.

**(D) DEPRECIATION**

Depreciation on all the assets is provided for on straight line method at the rates & manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the month in which such assets are acquired/ installed.

Depreciation on fixed assets sold, discarded or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, discarded or demolished.

**(E) INVESTMENTS**

Long-term investments are accounted and valued at cost. Short-term investments are being valued at cost or market value whichever is lower.

**(F) FOREIGN CURRENCY TRANSACTIONS**

(a) All the transactions including transactions of acquiring fixed assets, in foreign currency are recorded by applying the exchange rates at the date of the transactions.

(b) Monetary items denominated in foreign currency remaining unsettled at the end of the year, are reported using the closing rates. The exchange difference arising as a result of the above is recognised in the profit and loss account.

(c) In case the monetary items are covered by the foreign exchange contracts, the difference between the year end rate and the exchange rate at the date of the inception of the forward exchange contract is recognised as exchange difference.

(d) In respect of hedging transactions, the premium/discount represented by difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract is amortised as expense or income over the life of the contract.

**(G) INVENTORIES**

Inventories are valued at cost/estimated cost or market value whichever is lower.

**(H) EMPLOYEE BENEFITS**

(a) Employees' benefit under defined contribution plan towards contribution to provident fund is debited in the year in which the related services are provided.

(b) Employees' benefit under defined plan towards leave encashment is debited in the year in which the actual payment is made.

(c) Post employment benefit under defined plan towards gratuity is debited in the year in which the actual payment is made.

**(I) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)**

Expenditure carried forward under this head is amortised as under:

**(a) Preliminary Expenses**

The preliminary expenses incurred are amortised over the period of ten years.

**(b) Share Issue Expenses**

Expenditure incurred by the Company for its share issue are amortised over the period of ten years.

**(c) UL/ISO Certification Expenses**

Expenditure incurred by the company for continuing ISO Certification and UL/CE Marking on its products are debited in the year during which the expenses are incurred.

**(J) SALES**

Sales are gross inclusive of excise duty, sales tax and charges received from the customers except the export sales, which is accounted without the excise duty. In conformity with the requirements of Accounting Standard '9'-'Recognition of Revenue' the sales are presented in the financial statement as Gross Sales less Excise Duty. Sales are presented in the financial statement net of interdivisional transfers.

**(K) CUSTOMS & EXCISE DUTIES**

The custom duty payable, on imported materials lying at the custom bonded warehouses at the end of the year and excise duty payable, in respect of goods manufactured but not cleared from the factory premises at the end of the year, are neither included in expenses nor included in the valuation of the inventories of such materials / goods. Such duties are accounted for on actual payment on clearance of such materials/goods. This practice has no impact on the profits of the company.

**(L) CENVAT CREDIT**

Cenvat credit available on raw materials and packing materials, as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of respective material accounts.

Cenvat credit available on capital goods, as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of such capital goods.

Cenvat credit available on the input services as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of such input services.

**(M) EXPORT INCENTIVE**

The benefits, on account of entitlement to import duty free raw material under the Advance Licence Scheme in respect of goods already exported, are not valued and brought into the books in the year of export. The raw materials are recorded at cost at which they are procured in the year of import.

**(N) CONTINGENT LIABILITIES**

Contingent liabilities are not provided for and are disclosed by way of notes.

**(O) TAXATION**

Income tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the assessable income at the rate applicable to the relevant assessment year. The deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets arising mainly on account of unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each balance sheet date the carrying amount of deferred tax assets are reviewed to reassure realization. Provision for Fringe Benefit Tax (FBT) is made on the basis of applicable FBT on taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961.

**(P) IMPAIRMENT**

In accordance with AS 28 'Impairment of Assets' the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus where applicable.

**(Q) SEGMENT REPORTING**

Segments are identified in accordance with the AS 17 taking into account the organizational structure as well as differing risks and returns. The business segment is disclosed as primary segment.

2. In the opinion of Board, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of business. The provisions for all the known liabilities are adequate.
3. Managerial remuneration (salary) paid during the year Rs. 24,40,500/- (Previous Year Rs.23,72,800/-), which is minimum managerial remuneration payable, hence no computation of managerial remuneration under section 349 of the Companies Act, 1956, is given.
4. Remuneration to Auditors:

	Current Year* (Rs.)	Previous Year* (Rs.)
(a) Audit Fees	99270/-	101124/-
(b) Tax Audit Fees	49635/-	50562/-
(c) Out of pocket expenses	16545/-	16854/-
Total	<u>165450/-</u>	<u>168540/-</u>

Payment to Auditors in other capacities:

	Current Year* (Rs.)	Previous Year* (Rs.)
(a) Sales Tax Audit Fees	22060/-	22472/-
(b) Certification Work	35913/-	33707/-
(c) Taxation Matters	97992/-	95506/-
Total	<u>155965/-</u>	<u>151685/-</u>

\* inclusive of service tax wherever applicable however debited to profit & loss account net of cenvat credit of service tax wherever available.

5. The Company had revalued its fixed assets except furniture, factory building and vehicles on 31<sup>st</sup> March 1994, based on the report of an approved valuer at replacement value. The resultant increase in the book value of the said assets amounting to Rs.1,13,65,701.78 was credited to 'Revaluation Reserve.
6. The Company had one foreign national shareholder holding 300000 equity shares of Rs.10/- each during the year (Previous year – 300000 equity shares).

7. The office of the Company' Secretary has been vacant since 31<sup>st</sup> August 1999. The Company is in process of appointing a full time company secretary.
8. As per the accounting policy of the company for 'Employee benefits' no provision is made for accrued liability in respect of gratuity and leave encashment payable to employees. Therefore actuarial valuation has not been taken for present value of such future liabilities.
9. Sundry debtors are inclusive of Rs. 47,86,704/- for recovery of which the company has filed law suits. The management is confident that the said sum will be recovered fully. In view of this it has been considered good and therefore no provision is required to be made against it.
10. The company has filed a claim of Rs.39,30,341.84 lacs with the insurance company on account of loss of inventories due to flood on 3<sup>rd</sup> August 2004 at the factory premises of the company at Daman. The claim has been accounted for in the financial statements under loans and advances, which has been rejected by the insurance company vide their letter dated 21.06.2006. The company has filed a suit against the insurance company with the Consumer Dispute Redressal Commission, Maharashtra State. The company is fully confident for receipt of the claim. Loss on this account if any shall be accounted for on final decision of the said Commission.
11. The Sales Tax Assessments of the company for have been completed upto financial year 2004-2005.
12. The Income Tax Assessments of the company have been completed upto Assessment Year 2007-2008.
13. Contingent Liabilities not provided for –
  - (a) Guarantees given by a bank on behalf of the Company Rs. 30,372/- (Previous year Rs.1,02,162/-)
  - (b) Letter of Credit issued by the bankers of the company Rs. 2,58,10,324.23 (Previous year Rs. 2,22,94,800.37)
  - (c) Disputed Income Tax demands of Rs. 2,89,648/- (Previous Year Nil) for the Assessment year 1999-2000 against which the company has filed an application for rectification with the Assessing Officer and also an appeal with the Commissioner of Income Tax (Appeals), which are yet to be decided by the respective authorities.
  - (d) Disputed Income Tax demands of Rs. 47,308/- (Previous Year Rs. 47,308/-) for the Assessment year 2006-07 against which the company has filed an application for rectification with the Assessing Officer, which is yet to be decided.
  - (e) Disputed Fringe Benefit Tax demands of Rs. 13,430/- (Previous Year Nil) for the Assessment year 2007-08 against which the company has filed an application for rectification with the Assessing Officer, which is yet to be decided.
  - (f) Disputed Excise Demand of Rs. 5,49,010/- plus interest raised by the Excise Authorities reduced to Rs. 2,84,005/- by the Commissioner (Appeal). The excise authorities have preferred an appeal with CEGAT challenging the order of the Commissioner (Appeal). The company has also preferred a further appeal with the CEGAT against the order of the Commissioner (Appeal). The company has already provided and paid Rs. 2,59,005/- against the said demand.
  - (g) Liability, if any, arising on account of Bonds/Undertakings given by the company under concessional duty / exemption schemes to Custom and Excise authorities, pending fulfillment of specified export obligation.
  - (h) Bond executed in favour of Excise Authorities for exportable goods Rs. 10,85,214/- (Previous year Rs. 13,90,949/-.)
14. On the basis of information and record available with the Company, there are no Micro, Small or Medium enterprises, registered under "The Micro, Small and Medium Enterprises Development Act, 2006 with the competent authorities.

15. Deposit includes deposit given to Mr. Kishore Chand Talwar, Chairman and Managing Director and Mrs. Sharda K. Talwar, Wholetime director Rs. 18,25,000/- each as lease deposit for the premises taken on lease from them.
16. The company has taken a land at village Devdal Taluka Vasai Dist- Thane on lease for construction of its factory premises. Capital work in progress includes the following expenditure for site development and factory building on the said leasehold land:

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Capital expenditure incurred	39,00,195/-	9,31,520/-
Advance to suppliers	51,000/-	15,08,744/-
Pre-operative expenses	1,50,000/-	30,000/-

17. (a) As per the consistent practice followed by the company in earlier years, the excise duty payable in respect of goods manufactured during the year but not cleared from factory premises at the end of year, are neither included in expenses nor considered in valuation of the inventories of such goods which is contrary to the guidance note "Accounting Treatment for Excise Duty" issued by the Institute of Chartered Accountants of India. However the same does not have any impact on the profit of the year
- (b) As per the consistent practice followed by the company in earlier years, the custom duty payable in respect of imported materials lying at custom bonded warehouse at the end of year, are neither included in expenses nor considered in valuation of the inventories of such materials. However this practice does not have any impact on the profit of the year.
18. Previous year figures have been regrouped, rearranged and recasted wherever necessary to make them comparable with the current year figures.
19. The Segment Reporting as per Accounting Standards – 17 is not applicable to the company, as the company's operations are predominantly comprises of only one business segment -Instrument Cooling Fans/ Motors.

20. Deferred Taxation:

Deferred Tax Liability on account of: (Rs.)

	Accumulated as at 31.03.2008	Charge/(Credit) during the year	As at 31.03.2009
Depreciation	35,58,416/-	(4,93,339/-)	30,65,077/-
Total	35,58,416/-	(4,93,339/-)	30,65,077/-

Deferred Tax Assets on account of: (Rs.)

	Accumulated as at 31.03.2008	Charge/(Credit) during the year	As at 31.03.2009
Deferment of allowance under IT Act, 1961	2,03,694/-	(1,88,694/-)	15,000/-
Total	2,03,694/-	(1,88,694/-)	15,000/-
Net Deferred Tax Liability / (Assets)	33,54,722/-	(3,04,645/-)	30,50,077/-

21. Related Party Disclosures

1. Relationships:

(a) Key Management Personnel and their relatives:

Shri Kishore Chand Talwar (Chairman & Managing Director)  
 Smt. Sharda K. Talwar (Wholetime Director)  
 Smt. Nainy K. Tanna (Wholetime Director)  
 Shri Ram Bahadur Roka (Wholetime Director)  
 Shri Kundan Talwar (Son of Chairman and Managing Director of the company)  
 Shri Kunal Tanna (Spouse of Smt. Nainy K. Tanna, Wholetime Director of the company)

(b) Enterprises over which key management personnel and their relatives have significant influence.

Camy Electronics, Sagar Engineering Works, Shree Engineering Works, Subham Electronics (All proprietorship concern of Shri Kundan Talwar) Magnus International (Proprietorship Concern of Shri Kunal Tanna)

2. Transactions with related parties:

	Current Year (Rs.)	Previous Year (Rs.)
<b>A. Sales</b>		
(i) Magnus International	Nil	-64,447/-
(ii) Sagar Engineering Works	1,92,175/-	8,73,316/-
<b>B. Repairs &amp; Maintenance</b>		
(i) Magnus International	Nil	6,87,965/-
<b>C. Processing charges &amp; reimbursement paid</b>		
(i) Sagar Engineering Works	55,74,623/-	1,03,09,236/-
(ii) Shree Engineering Works	8,32,105/-	10,16,011/-
(iii) Subham Electronics	5,92,501/-	6,06,045/-
<b>D. Managerial Remuneration</b>		
(i) Shri Kishore Chand Talwar	10,70,400/-	10,44,200/-
(ii) Smt. Sharda K. Talwar	4,20,300/-	3,88,800/-
(iii) Smt. Nainy K. Tanna	6,79,800/-	6,69,800/-
(iv) Shri Ram Bahadur Roka	2,70,000/-	2,70,000/-
<b>E. Lease Rentals</b>		
(i) Shri Kishore Chand Talwar	1,92,000/-	1,44,000/-
(ii) Smt. Sharda K. Talwar	1,08,000/-	81,000/-
(iii) Shri Kundan Talwar	1,20,000/-	30,000/-
<b>F. Purchase of Fixed Assets</b>		
(i) Magnus International	Nil	39,250/-
<b>G. Unsecured Loan taken</b>		
(i) Shri Ram Bahadur Roka	1,00,000/-	Nil
<b>H. Advances to Suppliers</b>		
(i) Magnus International	Nil	17,816/-
(ii) Sagar Engineering Works	Nil	5,00,636/-
<b>I. Receivables</b>		
(i) Camy Electronics (Maximum outstanding during the year)	Nil (77,760/-)	77,760/- (77,760/-)
(ii) Magnus International (Maximum outstanding during the year)	Nil (1,58,577/-)	1,58,577/- (2,23,024/-)
(iii) Sagar Engineering Works (Maximum outstanding during the year)	Nil (10,65,491/-)	8,73,316/- (8,73,316/-)
<b>J. Deposits</b>		
(i) Shri Kishore Chand Talwar	18,25,000/-	18,25,000/-
(ii) Smt. Sharda K. Talwar	18,25,000/-	18,25,000/-
<b>K. Payables</b>		
(i) Sagar Engineering Works	Nil	1,99,551/-
(ii) Shree Engineering Works	Nil	1,95,777/-
(iii) Subham Electronics	Nil	46,141/-
(iv) Shri Kishore Chand Talwar	1,54,665/-	15,618/-
(v) Smt. Sharda K. Talwar	1,89,000/-	81,000/-
(vi) Shri Kundan Talwar	1,31,460/-	30,000/-
<b>L. Unsecured Loans</b>		
Shri Ram Bahadur Roka	1,00,000/-	Nil

22. Sundry debtors include a balance due from a company where one of the directors of the company is a director: (figures in the brackets indicate figures for previous year)

Name of the party	Nature of Transaction	Amount (Rs.)	Outstanding as at 31.03.2009 (Rs.)	Maximum Outstanding during the year (Rs.)
Klaxon Systems & Software Pvt. Ltd.	a) Sales	2,15,12,641/- (1,78,61,999/-)	36,85,230/- (27,40,675/-)	44,73,730/- (40,81,878/-)
	b) Balances written back	12,989/- (Nil)		

23. Sundry creditors include balances due to a director and companies where the director(s) of the company was/is director: (figures in the brackets indicate figures for previous year)

Sr. No.	Name of the party	Nature of Transaction	Amount (Rs.)	Outstanding as at 31.03.2009 (Rs.)
1.	Pankaj Sanehi	a) Brokerage & Commission b) Reimbursement of Expenses	3,30,150/- (1,68,384/-) 30,156/- (10000/-)	3,26,301/- (2,57,954/-)
2	Klaxon Systems & Software Pvt. Ltd.	Reimbursement of Expenses	16,517/- (86,495/-)	16347/- (1,76,696/-)
3.	Vaghul Alloys Private Limited till 31 <sup>st</sup> July 2009	Brokerage & Commission	Nil (3,83,801/-)	N.A. (2,32,786/-)

24. (a) The Company has taken various residential premises / industrial galas under operating lease or on leave and license basis. These are generally not non-cancelable and for a period ranging between 11 months and above and are renewable at mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The rent paid in

accordance with these agreements is debited to profit and loss account for the year.

- (b) The operating lease which are non cancelable, the maximum obligations for lease rentals as per the said agreements are as follows :

Lease rentals	Current year (Rs.)	Previous year (Rs.)
Not later than one year	4,05,540/-	2,40,475/-
Later than one year and not later than 5 years	6,25,747/-	Nil
Later than five years	Nil	Nil

25. Un-hedged Foreign Currency Exposure :

Sr. No.	Particulars	Current Year		Previous Year	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
1	Receivables - USD	32,523/-	16,35,557/-	62,442/-	24,62,693/-
2	Payables - USD	2,63,259/-	1,35,94,695/-	5,50,654/-	2,21,25,280/-

26. Additional information pursuant to the paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

I. Manufacturing Activities

- (a) Particulars of Capacity, Production, Sales and Stock

Licenced Capacity	: Not Applicable
Installed Capacity (Kandivli)	: Instrument Cooling Fan 11,22,000 Pieces
Installed Capacity (Daman)	: Instrument Cooling Fan 4,80,000 Pieces

**Note :** The licenced capacity and installed capacity as mentioned above has been certified by the directors on which auditors have relied without verifying the same.

Production, Sales and Stock (As taken and certified by the management)

(Value Rs. in Lacs)

Sr. No.	Class of goods	Unit	Opening Stock		Prod./Pur. Qty.	Reprocessed Rej.Etc.Qty.	Sales #		Closing Stock	
			Qty	Value			Qty	Value	Qty	Value
1.	Instrument/Equipment Cooling Fan/Motor	Nos	15434 (12013)	24.17 (23.18)	596790 (605352)	3375 (3567)	585584 (598364)	1599.25 (1717.73)	23265 (15434)	44.79 (24.17)
2.	Accessories, Components & Mis. Items**	Nos	15362 (7766)	3.21 (2.42)	284696 (406165)	9306 (242)	289399 (398327)	78.44 (138.15)	1353 (15362)	0.33 (3.21)
	TOTAL			27.38 (25.60)				1677.69 (1855.88)		45.12 (27.38)

# Sales value is inclusive of excise duty

\*\* Quantities do not include scrap and raw material quantities

(b) Particulars of Raw Material consumed

(Value in Rs. Lacs)

Items	Unit	Current Year		Previous Year	
		Qty.	Value	Qty.	Value
Aluminium	Kgs.	116826	130.70	114506	136.45
PBT/Plastic Powders	Kgs.	30949	34.60	31190	34.20
Copper Wire	Kgs.	46663	205.67	56178	225.96
CRNGO	Kgs.	111318	49.95	413657	151.53
Others #			389.46		307.93
			<u>810.38</u>		<u>856.07</u>

# It is impracticable to furnish quantitative information of components consumed in view of considerable number of items of diverse size & number.

(c) Separately percentage and value of imported and indigenous raw material, spare parts, components consumed are not exactly ascertainable.

(Rs. in lacs)

ii. C.I.F. VALUE OF IMPORTS	Current Year	Previous Year
(a) Raw Materials	375.57	404.75
(b) Capital Goods	5.54	0.99
(c) Stores & Spares	0.78	0.71
27. Expenditure in Foreign Exchange		
(a) Foreign Travel	3.10	1.37
(b) Interest paid	12.44	12.41
(c) Raw Material production expenses	4.75	8.59
28. Earnings in Foreign Exchange		
FOB Value of Exports	103.28	113.31



**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**I. REGISTRATION DETAILS**

Registration No.	11-47946	State Code	11
Balance Sheet date	31/03/2009		

**II. CAPITAL RAISED DURING THE YEAR**

(Rs. In thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

(Rs. In thousands)

Total Liabilities	143328	Total Assets	143328
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**SOURCES OF FUNDS**

**APPLICATION OF FUNDS**

Paid up Capital	64803	Net Fixed Assets	44890
Reserves & Surplus	7724	Investments	116
Secured Loans	25020	Net Current Assets	55691
Unsecured Loans	100	Miscellaneous Expenditure	Nil
Deferred Tax Liability (Net)	3050	Accumulated Losses	Nil

**IV. PERFORMANCE OF THE COMPANY**

(Rs. In thousands)

Turnover	151213	Total Expenditure	146828
Profit before Tax	4385	Profit after Tax	3517
Earning per Share (Rs.)	0.54	Dividend Rate %	Nil

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

Item Code No.	Production Description
84145109	Air Cooling Fan

Signatures to Schedules 1 to 17

As per our attached Report of even date:

For and on behalf of the Board

**For R. S. Agrawal & Associates**  
Chartered Accountants

**Kishore Chand Talwar**  
Chairman & Managing Director

**Nainy K. Tanna**  
Wholetime Director

**O. P. Agrawal**  
Partner  
M. No. 045862

**Ram Bahadur Roka**  
Wholetime Director

Place : Mumbai,  
Dated : 22<sup>nd</sup> August 2009

Place : Mumbai  
Dated : 22<sup>nd</sup> August 2009

# REXNORD ELECTRONICS & CONTROLS LIMITED

Registered Office: 92-D, Government Industrial Estate, Charkop  
Kandivli [West], Mumbai - 400 067.

## ATTENDANCE SLIP

I Certify that I am a Registered Member/Proxy for the Registered Member of the Company.

I hereby record my presence at the 21ST ANNUAL GENERAL MEETING of the company to be held at 92-D, Government Industrial Estate, Charkop, Kandivli (W), Mumbai - 400 067 on Saturday, September 26, 2009 at 1.00 P.M.

Name of the Attending Shareholder  
[In Block Letters]

\_\_\_\_\_

Name of the Proxy

\_\_\_\_\_

[If the Proxy attends instead]  
of the Shareholder]

\_\_\_\_\_

[Signature of the Shareholder/Proxy]

Ledger Folio Number/DP ID No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

### NOTES:

Shareholders/Proxyholders are requested to bring the attendance slips with them, duly completed when they come to meeting and hand them over at the gate, affixing their signatures on them.



# REXNORD ELECTRONICS & CONTROLS LIMITED

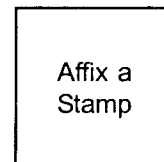
Registered Office: 92-D, Government Industrial Estate, Charkop  
Kandivli [West], Mumbai – 400 067.

## PROXY FORM

I/We ..... of .....  
appoint ..... of .....  
or failing him ..... of .....

as my/our proxy to attend and vote for me/us on my/our behalf at the 21ST ANNUAL GENERAL MEETING of the Company to be held at 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai - 400 067 on Saturday, September 26, 2009 at 1.00 P.M. and at any adjournment thereof.

Signed this ..... day of ..... 2009



Affix a  
Stamp

Member's Folio Number/DP ID No. .... Signature .....

**NOTE :** The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

# BOOK POST

*If undelivered, please return to:*

**REXNORD ELECTRONICS & CONTROLS LIMITED**  
92-D, Government Industrial Estate,  
Charkop, Kandivli (West),  
Mumbai - 400 067.