



BOARD OF DIRECTORS Kishore Chand Talwar Chairman & Managing Director
Nainy K. Tanna Wholetime Director
Ram Sanehi Director
Ayyaswami Sunderam Director

AUDITORS R. S. Agrawal & Associates
Chartered Accountants
Mumbai

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

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

WORKS Unit No. 12-15, Sarswati Building,
Tungareshwar Industrial Estate,
Sativali, Vasai (East), Thane

**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 22nd Annual General Meeting of the members of REXNORD ELECTRONICS AND CONTROLS LIMITED will be held on Thursday September 30, 2010 at 11.00 A. M. at the registered office of the Company at 92-D, Govt. Industrial Estate, Charkop, Kandivli [West], Mumbai - 400 067 to transact, with or without modification(s) the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2010 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. Nainy K. Tanna, who retires from office by rotation, and being eligible offers herself for re-appointment.
3. To appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

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

4. AS AN ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Ram Sanahi who was appointed as an Additional Director of the Company with effect from 03/03/2010 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of the Annual General Meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

5. AS AN ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Ayyaswami Sundram who was appointed as an Additional Director of the Company with effect from 03/03/2010 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of the Annual General Meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member under Section 257 and other applicable provisions, if any, of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company.”

6. AS A SPECIAL RESOLUTION: “RESOLVED THAT the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mr. Kundan K. Talwar relative of a Director of the Company as Vice President [Production] of the Company w.e.f. October 1, 2009 at a consolidated Salary upto Rs. 50,000/- p. m, together with usual allowances, benefits and perquisites as applicable to other employees of the Company.

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

7. AS A SPECIAL RESOLUTION:

“RESOLVED THAT the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mr. Kunal Dilip Tanna relative of a Director of the Company as Vice President [International Business] of the Company w.e.f. January 1, 2010 at a consolidated Salary upto Rs. 50,000/- p.m. together with usual allowances, benefits and perquisites as applicable to other employees of the Company.

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

8. AS A SPECIAL RESOLUTION:

“RESOLVED THAT the Company do hereby accord its consent under the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions of Law to the appointment of Mrs. Sharda K. Talwar a relative of Directors of the Company as Vice President [Facilities] of the Company w.e.f. March 3, 2010 at a consolidated Salary upto Rs. 50,000/- p.m. together with usual allowances, benefits and perquisites as applicable to other employees of the Company.

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

9. AS AN ORDINARY RESOLUTION:

“RESOLVED THAT in super session of earlier resolutions passed, the Consent of the Company be and is hereby accorded under the provision of Section 293 [1](d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company for borrowing from time to time any sum or sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may at its discretion think fit notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided however, that the total amount of such borrowing by the Board of Directors shall not at any time exceed Rs. 100 crores.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board of Directors be and is hereby authorised to take all steps and give directions as may be necessary or desirable and to settle any question or difficulty whatsoever that may arise herein as they may in their absolute discretion deem fit.”

10. AS AN ORDINARY RESOLUTION:

“RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293[1](a) and other applicable provisions, if any, of the Companies Act, 1956, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges and hypothecations created by the Company as the board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct to or in favour of all or any of the Financial Institutions/Banks/any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by all or any other person(s)/bodies corporate by way of private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding Rs. 100 crores together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under Agreement/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.

RESOLVED FURTHER THAT the Board be and is hereby authorised to finalise with the aforesaid parties or any of them, the documents for creating the mortgages/charges/hypothecations and accepting or making any alterations, changes, variations to or in the terms and conditions, to do all such acts, deeds, matters and things and to execute all such documents and writings as it may consider necessary, for the purpose of giving effect to this Resolution.”

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place: Mumbai
Dated: 30th August, 2010

**NOTES:**

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

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

2. The Register of Members and the Share Transfer Books of the company will remain closed from 28/09/2010 to 30/09/2010 (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, Ahemdabad, 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.
11. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items No. 4 -10 is annexed hereto.

LISTING REQUIREMENTS:

As required under Clause 49 (IV) (G) (i) of the Listing Agreement, given below are the details of the Director(s) who are seeking appointment/re-appointment/re-appointment as directors, managing director or wholetime directors (Resolution at Item Nos. 2, 4 & 5):

A. Name : Mrs. Nainy K. Tanna
Age : 29 [24.09.1981]
Qualifications : M. Com., M.B.A in Marketing from NMIMS, Diploma in Import & Export.

Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as director of the company. She looks after day to day administrative activities of the company and also looks after Finance, Import and Export related activities of the Company. She has an experience of over 8 years to her credit.

Other Directorships : Nil
Committee Memberships : Nil
No. of shares held in the company : 87,200
Relationship with other directors
Kishore Chand Talwar : Father
Ayyaswami Sundram : None
Ram Sanehi : None

B. Name : Mr. Ram Sanehi
Age : 72 [14.02.1938]
Qualifications : MA Sociology.

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

Other Directorships : Nil
Committee Memberships : Nil
Audit Committee Member : Rexnord Electronics and Controls Ltd.
Shareholders Grievance Committee Member : Rexnord Electronics and Controls Ltd.
Remuneration Committee Member: Rexnord Electronics and Controls Ltd.
No. of shares held in the company : Nil
Relationship with other directors
Kishore Chand Talwar : None
Ayyaswami Sundram : None
Nainy K. Tanna : None

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

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

Other Directorships : Nil
Committee Memberships : Nil
Audit Committee Member : Rexnord Electronics and Controls Ltd.
Shareholders Grievance Committee Member : Rexnord Electronics and Controls Ltd.
Remuneration Committee Member: Rexnord Electronics and Controls Ltd.
No. of shares held in the company : Nil
Relationship with other directors
Kishore Chand Talwar : None
Ram Sanehi : None
Nainy K. Tanna : None

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place: Mumbai
Dated: 30th August, 2010



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

Item Nos. 4-5.

Mr. Ram Sanehi and Mr. Ayyaswami Sundram were appointed as Additional Directors on the board of the Company w.e.f. March 03, 2010. Under Section 260 of the Companies Act, 1956, Mr. Ram Sanehi and Mr. Ayyaswami Sundram will hold Office till the conclusion of this Annual General Meeting.

The Company has received notices in writing from members together with requisite deposits under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. Ram Sanehi and Mr. Ayyaswami Sundram as a candidate for the Office of Directors.

Mr. Ram Sanehi and Mr. Ayyaswami Sundram are widely experienced in different fields. Therefore, it will be in the interest of the Company to draw on the valuable expertise and guidance of Mr. Ram Sanehi and Mr. Ayyaswami Sundram by appointing them as regular Directors on the Board of the Company.

The Board recommends the Resolutions mentioned at item No. 4 & 5 for the approval of the members.

None of the Directors except Mr. Ram Sanehi and Mr. Ayyaswami Sundram are concerned or interested in the said resolution.

Item Nos. 6.

Mr. Kundan K. Talwar was appointed as a Manager [Production] of the Company w.e.f. April 1, 2009 at a remuneration of Rs. 9500/- p.m.

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

Mr. Kundan K. Talwar is a B. Com., Diploma in Electronics and considering his experience of over 5 years and looking on his performance of past 6 months, the Board decided to promote him as Vice President [Production] of the Company for a remuneration as mentioned in the resolution w.e.f. October 1, 2009.

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

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

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

Item Nos. 7.

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

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

Mr. Kunal Dilip Tanna is a M. Com., MBA in HR and Mphil and currently pursuing his PHD and considering his experience of over 10 years, the Board has decided to appoint him as Vice President [International Business] of the Company for a remuneration as mentioned in the resolution.

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

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

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

Item Nos. 8.

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

Mrs. Sharda K. Talwar is based at Mumbai.

Mrs. Sharda K. Talwar has considerable experience of over 30 years, the Board has decided to appoint her as Vice President [Facilities] of the Company at a remuneration as mentioned in the resolution.

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

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

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

Item Nos. 9 & 10.

The Company, from time to time, obtains loans and financial assistance from the Financial Institutions/Banks/other lending agencies and the same are required to be secured by creation of mortgage/charge on the assets of the Company.

Section 293[1](a) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a Public Limited Company shall not without the consent of the Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. Since creation of mortgage/charge by the Company in favor of the above entities may be regarded as disposal of the assets or undertaking of the Company, it is necessary for the members to pass a resolution under Section 293[1](a) of the Companies Act, 1956.

The company requires funds for day to day working and also for expansion. For these, new loans are proposed to be obtained. It is therefore necessary to increase the limit to which the company can borrow funds to Rs. 100 crores.

Therefore it is necessary for members to pass the resolution under Sections 293[1](a) and Section 293[1](d) of the Companies Act, 1956.

The Board recommends the resolution to be passed.

None of the Directors of the Company are concerned or interested in the Resolution.

By order of the Board
REXNORD ELECTRONICS AND CONTROLS LIMITED

Kishore Chand Talwar
Chairman & Managing Director

Place: Mumbai
Dated: 30th August, 2010



DIRECTOR'S REPORT

TO, THE SHAREHOLDERS

Your Directors have great pleasure in presenting their 22nd Annual Report together with the Audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS:

(Rs. in lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Other Income (Net of Excise Duty and Sales Tax)	2105.70	1503.53
Profit before depreciation	99.40	113.14
Depreciation	53.55	69.29
Net Profit before tax	45.85	43.85
Net Profit after tax	31.20	35.17
Balance Brought Forward	77.23	42.06
Balance Carried Forward	108.43	77.23

OPERATIONS:

The year under review remained better than previous year inspite of tough competition with low cost import of electronic goods. The sales and other income of your company, during the year under review, remained at Rs. 2105.70 lacs as against sales and other income of Rs. 1503.53 lacs in the previous year. Your company has been able to earn net profit before tax of Rs. 45.85 lacs for the year as against the net profit before tax of Rs. 43.85 lacs in the previous year. The board expects better results for the current year.

DIVIDEND:

To make the company financially sound, Board has decided not to recommend any dividend for the year ended March 31, 2010.

RESEARCH & DEVELOPMENT:

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

ISO CERTIFICATION:

The company's products were awarded as DIN EN ISO 9001:2008 Certification.

FIXED DEPOSITS:

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

BOARD OF DIRECTORS:

It is proposed to appoint Mr. Ram Sanahi and Mr. Ayyaswami Sundram as regular Directors of the Company. Necessary Resolutions are placed in the Notice calling Annual General Meeting.

As per the provisions of the Companies Act, 1956 and in terms of the Articles of Association of the Company, Mrs. Nainy K. Tanna retires by rotation and being eligible offer herself for reappointment.

During the year Mrs. Sharda K. Talwar, Mr. Ram Bahadur Roka and Mr. Pankaj Sanahi resigned due to their other preoccupations. Your board places its appreciations for the services rendered by them during the tenure of directorship.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

CORPORATE GOVERNANCE:

Your Company fully subscribes to the standards set out by the Securities And Exchange Board of India's Corporate Governance practices and has ensured compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance together with Auditors' Certificate on its compliance is included in this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with 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, 2010 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; and
- 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, 2011 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. The company has already appointed two independent directors on the Board during the year under review and also looking for more professional directors to appoint them as directors to compose the remuneration committee in conformity of requirement of Schedule XIII of the Companies Act, 1956.
- 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 and has obtained a certificate from him to the effect that the company is complying with the applicable provisions of the Companies Act, 1956.
- c. The statutory dues including excise duty and income tax are not paid on account of disputes pending with respective authorities.
- d. The company does not have internal audit system, however the company has internal check system commensurate with the size of the company and nature of its business.

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 (I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 are given as under.

Efficient use of energy in all form has been a consistent corporate trust in the Company. Better maintenance of equipments, improved operating practice and installation of most modern machinery has resulted in lot of saving in energy cost and consumption of raw materials.

A. CONSERVATION OF ENERGY:

The Company is consistently doing research in the field of saving energy by implementing new cost-effective ideas. Form for disclosure of particulars with respect of Consumption of Energy is enclosed herewith.

	Units	Current Year	Previous Year
a. Power & Fuel Consumption			
Electricity - Purchased			
Unit (KWH)	Units	817575	685609
Total Amount	In Rs.	4879458*	4193584*
Average Rate	Rs. per unit	5.97	6.12
*includes power charges Rs 32,63,575/- (Rs.24,17,847/-) for 5,49,109 Units (4,51,104 Units) for processing of goods directly paid by the company.			
b. Consumption per unit of production			
Electricity (KWH)			
Instrument Cooling Fans AC	Units/Thousand	1003	1181
Instrument Cooling Fans DC	Units/Thousand	251	295

B. TECHNOLOGY ABSORPTION:

a) Research & Development

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

- Making design modifications in the products so as to simplify the manufacturing process and enhance productivity.
- Developing Jigs, Fixtures and devices to increase productivity.
- Improvements to tool design.
- Up gradation of machines.

- Design and development of special machines required for increasing capacity.
- Development of equipment required for testing product reliability at various stages.

b) Technology absorption, adaptation and innovation.

Technology for the manufacture of Instrument Cooling Fans of various sizes has been successfully absorbed.

C. FOREIGN EXCHANGE EARNED AND USED:

The particulars regarding foreign exchange earnings and expenditure appear at item nos. 28 (II), 29 and 30 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 : 30th August, 2010

**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 manufacturing of the products like manpower cost, processing charges and rent etc. These are risks and matter of concern and may affect the profitability of the company.

The general outlook with respect to this industry in India is of caution under immense competitive pressure. However the intrinsic strength of your company has helped us to effectively overcome such pressure and the sales therefore should register a modest but definite growth.

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

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

EXPORTS:

The company is holding DIN EN ISO 9001:2008 Certificate by TUV NORD CERT GmbH for its quality systems which reflects your company's continuous commitment towards quality & standards. During the year under review your company could be able to achieve export turnover of around 8.09% 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. 2105.70 lacs as against the sales and other income of Rs. 1503.53 lacs in the previous year. The company has earned net profit before tax of Rs. 45.85 lacs during the year as against the net profit before tax of Rs 43.85 lacs in the previous year.

The challenges described above could not affect the company much and your company could be able to register net profit of Rs. 31.20 lacs as against net profit of Rs. 35.17 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 continuous 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 21 officers and other staff.

CAUTIONARY STATEMENT:

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

REPORT ON CORPORATE GOVERNANCE

A) MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

To implement the Corporate Governance practice, Rexnord Electronics And Controls Limited has a well defined policy which:

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

2. BOARD OF DIRECTORS:

The Company presently has Four Directors. Two of the Directors are Executive Directors & the remaining Two are Non Executive Directors. The Executive Directors include one Chairman and Managing Director and other whole time Director. The Two Non Executive Directors are Independent Directors and professionals with expertise and experience in general corporate management, finance and other allied fields.

As per clause 49 of the Listing Agreement, if the Chairman is the Executive Chairman at least half of the board should consist of Non Executive Directors & half of the Board shall comprise of Independent Directors. In case of Rexnord Electronics And Controls Limited, One half of the Directors are Non Executive. Two out of the Four Directors are Independent Directors and Non Executive which is very much in compliance of the Listing Agreement.

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

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

Name of Director	Designation	Category	No. of Board Meeting Attended	Atten at last AGM	No. of Other Directorships Held		Outside Committee Position held	
					Public	Private	Mem.	Chmn
Mr. K. C. Talwar	CMD	Executive	15	YES	--	--	--	--
Mrs. Sharda K. Talwar**	WTD	Executive	13	YES	--	--	--	--
Mrs. Nainy K. Tanna	WTD	Executive	15	YES	--	--	--	--
Mr. Ram Bahadur Roka**	WTD	Executive	13	YES	--	--	--	--
Mr. Pankaj Sanehi**	Director	Non Executive	13	NO	--	1	--	--
Mr. Ram Sanehi*	Director	Non Executive	2	N.A.	--	--	--	--
Mr. Ayyaswami Sunderam*	Director	Non Executive	2	N.A.	--	--	--	--

CMD stands for Chairman & Managing Director.

WTD stands for Wholetime Director

* appointed w.e.f. 03/03/2010.

** resigned w.e.f. 03/03/2010.

During the financial year ended March 31, 2010, 15 [Fifteen] Board meetings were held on 08/04/2009, 30/04/2009, 01/06/2009, 31/07/2009, 22/08/2009, 11/09/2009, 18/09/2009, 26/09/2009, 31/10/2009, 31/12/2009, 22/01/2010, 31/01/2010, 27/02/2010, 03/03/2010 and 31/3/2010.

INFORMATION SUPPLIED TO BOARD:

Among others, this includes:

- Review of annual operating plans of business, capital budgets and updates.
- Quarterly results of the company and its operating units
- Minutes of meeting of audit committee and other committees.
- Information on recruitment and remuneration of senior officers just below the board level.
- General notices of interests.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accidents or dangerous occurrences.
- Any materially significant effluent or pollution problem.
- Any material default in financial obligations to and by the company. Any issue which involves possible public or product liability claims of a substantial nature.
- Details of any joint venture of collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in the human resource and industrial relations fronts.
- Sale of material nature of investments, 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.

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

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

3. COMMITTEES OF BOARD:

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

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

3.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of three Directors. Two members of the committee are independent and non executive directors and one member is executive director. All the members have financial and accounting knowledge and have related financial management expertise. The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors of the Company. The Committee focus its attention on monitoring the financial reporting system within the company, considering quarterly & Annual Financial Results of the company and submitting its observations to the Board of Directors before its adoption by the Board, review of internal control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

The Senior Manager - Finance of the company and representative of the statutory auditors are always invited to attend these meetings.

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 6 [Six] meetings of the committee during the year. The names of member of committee and their attendance are as follows:

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundram**	Chairman	1
Mr. Ram Sanehi**	Member	1
Mrs. Nainy K. Tanna	chairperson # / Member	6
Mr. Ram Bahadur Roka*	Member	5
Mr. Pankaj Sanehi*	Member	5

** appointed w.e.f. 03/03/2010.

* resigned w.e.f. 03/03/2010.

chairperson upto 02/03/2010.

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

3.2. REMUNERATION & REMUNERATION COMMITTEE:

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

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

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

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundram**	Chairman	1
Mr. Ram Sanehi**	Member	1
Mrs. Nainy K. Tanna	chairperson # / Member	2
Mr. Ram Bahadur Roka*	Member	1
Mr. Pankaj Sanehi*	Member	1

** appointed w.e.f. 03/03/2010.

* resigned w.e.f. 03/03/2010.

chairperson upto 02/03/2010.

The details of remuneration paid to executive directors during the financial year 2009-10 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Sharda K. Talwar	Mrs. Nainy K. Tanna	Mr. Ram Bahadur Roka
Salary (Rs.)	353250/-	189290/-	203850/-	83746/-
Allowances & Perquisites (Rs.)	666530/-	221830/-	492785/-	178167/-
Bonus	Nil	Nil	Nil	Nil
Pension	Nil	Nil	Nil	Nil
Fixed Components: Contribution to Provident Fund (Rs.)	42390/-	22715/-	24462/-	869/-
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
Total (Rs.)	1062170/-	433835/-	721097/-	262782/-

*resigned w.e.f. 03/03/2010

The details of remuneration paid to non executive directors during the financial year 2009-2010 and their shareholding in the company are given below:

Particulars	Mr. Pankaj Sanehi*	Mr. Ram Sanehi	Mr. Ayyaswami Sundram
Sitting Fees	Nil	Nil	Nil
Shareholding in company	1000	Nil	Nil

*resigned w.e.f. 03/03/2010



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 6 [Six] times during the year ended March 31, 2010.

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

Name of the Members	Status	No. of Meetings attended
Mr. Ayyaswami Sundram**	Chairman	1
Mr. Ram Sanehi**	Member	1
Mrs. Nainy K. Tanna	chairperson #/ Member	6
Mr. Ram Bahadur Roka*	Member	5
Mr. Pankaj Sanehi*	Member	5

** appointed w.e.f. 03/03/2010.

* resigned w.e.f. 03/03/2010.

chairperson upto 02/03/2010.

Mr. Anand Patkar, Senior Manager – Finance is the Compliance Officer and attended all the meetings of the Shareholders Grievances Committee held during the year ended March 31, 2010.

Details of Investors Complaints received during the year:

Sr. No.	Nature of Complaints	Received	Disposed Off	Pending
1.	Non receipt of Demat Credit	2	2	Nil
2.	Others	4	4	Nil
	Total	6	6	

There were no shares pending for transfer as on 31st March 2010.

4. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
31.03.2009	26.09.2009	1.00 P.M.	Registered Office
31.03.2008	29.09.2008	11.00 A.M.	-- As above --
31.03.2007	29.09.2007	12.00 P.M.	-- As above --

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

5. DISCLOSURES:

- During the year, the company did not enter into any materially significant related party transactions with its promoters, directors 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. 17, 21 and 22 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. It is always the

- The company has a periodic review and reporting to the Board of Directors of the company of risk assessment by senior executives with a view to minimize risk.
- Certificate from Mr. Kishore Chand Talwar, Managing Director in terms of clause 49 (V) of the listing agreements with the stock exchanges for the financial year ended 31st March 2010 was placed before the board of directors of the company in its meeting held on 30th August, 2010.

6. MEANS OF COMMUNICATION

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

7. GENERAL SHAREHOLDERS INFORMATION:

7.1. ANNUAL GENERAL MEETING : 22nd Annual General Meeting.

DAY & DATE : Thursday, September 30, 2010.
TIME : 11.00 A.M.
VENUE : Registered Office.

7.2. FINANCIAL CALENDAR:

* Financial reporting for the quarter ended June 30, 2010 : End of July, 2010
* Financial reporting for the quarter ended Sept.30, 2010 : End of Oct., 2011
* Financial reporting for the quarter ended Dec. 31, 2010 : End of Jan., 2011
* Financial reporting for the year ended March 31, 2011 : End of Apr., 2011
* Annual General Meeting for the year ended March 31, 2011 : End of Sep., 2011

7.3. DATE OF BOOK CLOSURE : 28/09/2010 TO 30/09/2010 [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 PRICES DATA & PERFORMANCE IN COMPARISON TO BSE SENSEX: [AS OBTAINED FROM BSE WEBSITE]

Month	Company's Share		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April, 2009	5.73	3.80	11492.10	9546.29
May, 2009	7.35	4.76	14930.54	11621.30
June, 2009	8.25	5.75	15600.30	14016.95
July, 2009	7.70	6.00	15732.81	13219.99
August, 2009	8.00	6.63	16002.46	14684.45
Sept., 2009	7.54	6.50	17142.52	15356.72
October, 2009	7.26	6.04	17493.17	15805.20
November, 2009	7.71	6.10	17290.48	15330.56
December, 2009	7.24	6.22	17530.94	16577.78
January, 2010	8.91	6.65	17790.33	15982.08
February, 2010	9.78	7.75	16669.25	15651.99
March, 2010	9.40	6.66	17793.01	16438.45

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, Senior Manager - Finance

7.10. DEPOSITORY CONNECTIVITY: NSDL and CDSL.

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

7.12. SHAREHOLDING PATTERNS AS ON 31ST MARCH, 2010:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	27,83,171	42.94
Mutual Funds /UTI	NIL	NIL
Financial Institutions / Banks	2,000	0.03
Bodies Corporate	2,12,014	3.27
Indian Public	31,71,915	48.94
NRI / OCBs	3,12,100	4.82
Total	64,81,200	100.00

7.13. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto 500	3894	640155	9.88
501-1000	373	326524	5.04
1001-2000	179	283842	4.38
2001-3000	69	181025	2.79
3001-4000	28	99864	1.54
4001-5000	19	91490	1.41
5001-10000	41	282492	4.36
10001 & above	44	4575808	70.60
Total	4647	64,81,200	100.00

7.14. DEMATERIALISATION OF SHARES:

As on March 31, 2010, 53,63,580 shares representing 82.76% of total equity shares were held in dematerialised form with NSDL and CDSL.

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

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

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

7.16. WORKS :

The company has shifted its manufacturing facilities from Kandivali and Daman to Vasai at the address given below:

Unit No. 12-15, Sarswati Building,
Tungareshwar Industrial Estate,
Sativali, Vasai (East), Thane

7.17. ADDRESS FOR CORRESPONDENCE:

REXNORD ELECTRONICS & 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 Company is in process of complying with the some of the conditions of 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.

5. TRAINING OF BOARD MEMBERS:

Directors are fully briefed about all business related matters risks assessment market conditions of the product manufactured by the company, competition and new initiative proposed by the company.

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

Place : Mumbai. Kishore Chand Talwar
Dated : 30th August, 2010 Chairman & Managing Director

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 31st March 2010.

Place : Mumbai.
Dated : 30th August, 2010

Kishore Chand Talwar
Chairman & Managing Director



**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, 2010 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 : 30th August, 2010

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 31st March, 2010 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 compliance of the composition of board of directors of the company as regards to requisite number of non executive directors and also independent directors was made on 3rd March 2010;*

- b. *The compliance of the composition of audit committee as regards to requisite number of independent directors, their literacy and expertise in the related financial management was made on 3rd March 2010. However the company does not have the wholetime company secretary to act as secretary to the committee;*
- c. *The compliance of the appointment of a non executive director to act as chairman of the Shareholders Grievance Committee was made on 3rd March 2010; and*
- 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
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai
Dated : 30th August, 2010

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 31st March 2010 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 referred to in sub section (3C) of Section 211 of the Companies Act, 1956;
- 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 31st March 2010 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 that the composition of the remuneration committee, is not in conformity with the requirements of Schedule XIII to the Companies Act, 1956;*
- 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 31st March, 2010;
 - 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
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai
Dated : 30th August, 2010



ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED IN PARAGRAPH (2) OF AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010 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 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 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 Nil;
- (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, was 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. *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 and 22 (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 any 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:

Name of Statute	Nature of Dues	Amount (Rs.)	Period which amount relates	to Forum where dispute is the pending
The Income Tax Act	Income Tax on disallowances of expenses	Nil	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 Pringe 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

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 loans were applied for the purpose for which the loans were 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.

For R. S. AGRAWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai.
Dated : 30th August, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	Sched.	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS' FUND			
Share Capital	1	64803000.00	64803000.00
Reserves and Surplus	2	10843751.24	7723503.55
		75646751.24	72526503.55
LOAN FUNDS			
Secured Loans	3	10515473.71	25020446.69
Unsecured Loans	4	0.00	100000.00
		10515473.71	25120446.69
DEFERRED TAX LIABILITY (NET) (See Note No. '20' of Schedule '17')		2769504.00	3050077.00
TOTAL		88931728.95	100697027.24
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	126909485.85	118733581.58
Less: Depreciation		82535778.22	77944988.57
Net Block		44373707.63	40788593.01
Add : Capital Work in Progress		10003610.50	4101195.00
		54377318.13	44889788.01
INVESTMENTS	6	116380.00	116380.00
CURRENT ASSET, LOANS & ADVANCES			
Inventories	7	44068259.73	44414476.41
Sundry Debtors	8	37689636.12	28575687.61
Cash and Bank Balances	9	22457679.71	7889838.35
Loans and Advances	10	18096830.63	17441680.05
		122312406.19	98321682.42
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	82656169.37	39229930.19
Provisions	12	5218206.00	3400893.00
		87874375.37	42630823.19
NET CURRENT ASSETS		34438030.82	55690859.23
TOTAL		88931728.95	100697027.24
NOTES FORMING PART OF THE ACCOUNTS	17		

The schedules referred to above form an integral part of the Balance Sheet

As per our attached Report of even date :
For R. S. Agrawal & Associates
Chartered Accountants
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai
Dated : 30th August, 2010

For and on behalf of the Board

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundram
Director

Place : Mumbai
Dated : 30th August, 2010

Nainy K. Tanna
Wholetime Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schd	For the year ended 31-03-2010 Rs.	For the year ended 31-03-2009 Rs.
INCOME			
Sales and Other Income	13	210570273.87	150353113.39
Increase / (Decrease) in Finished Stock	14	804384.00	1774094.98
		<u>211374657.87</u>	<u>152127208.37</u>
EXPENDITURE			
Manufacturing and Other Expenses	15	196586211.96	134582178.43
Depreciation	5	5355082.65	6929313.00
Interest and Finance Charges	16	3863812.57	6099328.41
Loss on sale of Fixed Assets		635406.00	131470.00
Prior Period Items (See Note No. '15 (2) (6)' of Schedule '17')		348869.00	0.00
		<u>206789382.18</u>	<u>147742289.84</u>
PROFIT BEFORE TAX		4585275.69	4384918.53
Less : Provision for Taxation			
For the year		1710800.00	1531400.00
For earlier years		34801.00	(473304.00)
Deferred tax charge		(280573.00)	(304645.00)
Fringe benefit tax		0.00	271593.00
		<u>1465028.00</u>	<u>1025044.00</u>
PROFIT AFTER TAX		3120247.69	3359874.53
Add :Excess depreciation written back for earlier years		0.00	157563.00
		<u>3120247.69</u>	<u>3517437.53</u>
Add :Balance brought forward from previous year		7722801.77	4205364.24
BALANCE CARRIED OVER TO BALANCE SHEET		10843049.46	7722801.77
Earning per share (Basic & Diluted) (See Note No. '19' of Schedule '17')		0.48	0.54
NOTES FORMING PART OF THE ACCOUNTS		17	

The schedules referred to above form an integral part of the Profit and Loss Account

As per our attached Report of even date :
For R. S. Agrawal & Associates
Chartered Accountants
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai
Dated : 30th August, 2010

For and on behalf of the Board
Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundram
Director

Place : Mumbai
Dated : 30th August, 2010

Nainy K. Tanna
Wholetime Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	For the year ended 31-03-2010	(Rs.) For the year ended 31-03-2009
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	4585275.69	4384918.53
Adjustments for		
Depreciation	5355082.65	6929313.00
Provision for Doubtful debts	0.00	0.00
(Profit)/ Loss on sale of fixed assets	635406.00	123033.00
Provision for Doubtful debts no longer required	(5273.00)	(56889.00)
Interest	(739403.55)	(564370.42)
Dividend	(18006.00)	(16914.00)
Interest Expenses	3863812.57	6099328.41
Operating Profit before Working Capital Changes	<u>13676894.36</u>	<u>16898419.52</u>
Adjustments for :		
Trade and other Receivables	(7546296.01)	17472390.25
Inventories	346216.68	3106812.28
Trade Payables	43755686.24	(21381056.92)
Cash generated from operations	<u>50232501.27</u>	<u>16096565.13</u>
Direct Taxes Paid	(1215733.83)	(1939612.95)
Cash flow before extraordinary items	<u>49016767.44</u>	<u>14156952.18</u>
Extraordinary Items	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	49016767.44	14156952.18
B) CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase)/Sale of Fixed Assets (Net)	(15478018.77)	(8038588.10)
(Purchase)/Sale of Investments	0.00	(1000.00)
(Increase)/Decrease in Deposits	(1308190.25)	(401383.00)
Interest Received	739403.55	564370.42
Dividend Received	18006.00	16914.00
NET CASH FROM INVESTING ACTIVITIES	(16028799.47)	(7859686.68)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	0.00	0.00
Proceeds from Long Term Borrowings	2276191.00	4129000.00
Repayment of Long Term Borrowings	(7446448.63)	(3864975.62)
Proceeds from Short Term Borrowings	0.00	100000.00
Repayment of Short Term Borrowings	(100000.00)	0.00
Change in Working Capital Borrowings from Banks	(9334715.35)	(1091885.08)
Interest Paid	(3815153.63)	(6998914.30)
Dividend Paid	0.00	0.00
NET CASH FROM FINANCING ACTIVITIES	(18420126.61)	(7726775.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	14567841.36	(1429509.50)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	7889838.35	9319347.85
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	22457679.71	7889838.35

As per our attached Report of even date :
For R. S. Agrawal & Associates
Chartered Accountants
Firm Registration No. 100156W

O. P. Agrawal
Partner
M. No. 045862

Place : Mumbai
Dated : 30th August, 2010

For and on behalf of the Board

Kishore Chand Talwar
Chairman & Managing Director

Ayyaswami Sundram
Director

Place : Mumbai
Dated : 30th August, 2010

Nainy K. Tanna
Wholetime Director



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED :		
10000000 Equity Shares of Rs.10/- each	100000000.00	100000000.00
	<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)	9000.00	9000.00
	<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>
SCHEDULE 2		
RESERVES & SURPLUS		
CAPITAL RESERVE :		
Revaluation Reserve as per last Balance Sheet	701.78	701.78
SURPLUS IN PROFIT AND LOSS ACCOUNT		
	10843049.46	7722801.77
TOTAL	<u>10843751.24</u>	<u>7723503.55</u>
SCHEDULE 3		
SECURED LOANS		
TERM LOANS		
From NKGSB Co-Operative Bank Ltd. (Repayable within one year N.A., Previous year Rs.17.48 lacs)	0.00	3124566.90
From HDFC Bank Limited (Repayable within one year N.A., Previous year Rs.20.82 lacs)	0.00	3580714.00
VEHICLE LOANS		
From ICICI Bank Limited (Repayable within one year N.A., Previous year Rs.1.40 lacs)	0.00	244170.41
From Reliance Capital Limited (Repayable within one year Rs. 2.82 lacs, Previous year Rs.2.51 lacs)	1048999.12	1300388.31
From Kotak Mahindra Prime Limited (Repayable within one year Rs. 1.47 lacs, Previous year Rs. 0.88 lacs)	747422.00	0.00
From Axis Bank Limited (Repayable within one year Rs. 1.82 lacs, Previous year Rs. 1.33 lacs)	916512.00	0.00
From Mahindra & Mahindra Financial Services Limited (Repayable within one year Rs. 0.61 lacs, Previous year Rs. 0.24 lacs)	366648.87	0.00
	<u>3079581.99</u>	<u>8249839.62</u>
WORKING CAPITAL FACILITIES		
From HDFC Bank Limited Cash Credit Facilities (Includes converted into FCNR B Loan Rs. 162.39 lacs (Pr. Yr. Rs. Nil) equivalent to \$ 3.54 lacs (Pr. Yr. \$ Nil)	7435891.72	16770607.07
TOTAL	<u>10515473.71</u>	<u>25020446.69</u>

NOTES :

On nature of security on loans :

1. Vehicle loans are secured by hypothecation of specific vehicles acquired from the loans.
2. Working Capital facilities are secured by hypothecation charge of stock and book debts of the company.
3. Working capital facilities 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.
4. Working capital facilities are further secured by the Personal Guarantee of two directors of the company and three relatives of chairman and managing director of the company.



**SCHEDULE 4
UNSECURED LOANS**

From a director

TOTAL

**As at
31-03-2010
Rs.**

**As at
31-03-2009
Rs.**

0.00

100000.00

0.00

100000.00

**SCHEDULE 5
FIXED ASSETS**

(Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2009	Additions during the year	Deduction during the year	As on 31.03.2010	Total upto 31.03.2009	Provided for the year	Written back during the year	Total upto 31.03.2010	Total as on 31.03.2010	Total as on 31.03.2009
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	2200597.61	264856.00	0.00	2465453.61	5464337.71	5729193.71
Residential Flat	283190.00	1047932.00	0.00	1331122.00	17341.00	38624.00	0.00	55965.00	1275157.00	265849.00
Plant & Machinery	62134284.83	2511270.49	183289.00	64462266.32	45572765.18	2440184.00	25918.00	47987031.18	16475235.14	16561519.65
Moulds & Dies	31148399.95	390350.50	0.00	31538750.45	23574191.16	1572359.65	0.00	25146550.81	6392199.64	7574208.79
Furniture & Fixtures	1945602.85	946503.00	0.00	2892105.85	1668863.69	103792.00	0.00	1772655.69	1119450.16	276739.16
Office Equipments	2390144.89	707859.62	0.00	3098004.51	1397202.69	126957.00	0.00	1524159.69	1573844.82	992942.20
Vehicles	4487425.00	3172538.51	1548695.00	6111268.51	1323089.00	552599.00	738375.00	1137313.00	4973955.51	3164336.00
Computers	1902051.00	364704.00	0.00	2266755.00	1525698.20	143431.00	0.00	1669129.20	597625.80	376352.80
Factory Equipments	1933491.74	766730.15	0.00	2700221.89	665240.04	112280.00	0.00	777520.04	1922701.85	1268251.70
TOTAL AS AT 31.03.2010	118733581.58	9907888.27	1731984.00	126909485.85	77944988.57	5355082.65	764293.00	82535778.22	44373707.63	40788593.01
TOTAL AS AT 31.03.2009	112583724.48	6848607.10	698750.00	118733581.58	71308005.57	6929313.00	292330.00	77944988.57	40788593.01	
Capital Work in Progress (Site Development & Factory Building) (See Note No. '13' of schedule '17')									10003610.50	4101195.00

**SCHEDULE 6
INVESTMENTS (At Cost)**

Long Term Investments

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

1000.00

1000.00

TOTAL

116380.00

116380.00

**SCHEDULE 7
INVENTORIES**

Raw Materials

16061419.55

6047907.70

Raw Material Stock in transit

1269491.00

6465074.00

Work-in- Process

20516515.02

26577322.23

Finished Goods

5316425.00

4512041.00

Packing Materials

712753.70

534105.99

Stores & Spares

191655.46

278025.49

TOTAL

44068259.73

44414476.41

**SCHEDULE 8
SUNDRY DEBTORS**

Debts outstanding for a period exceeding six months

Unsecured, Considered Good

803852.81

7455213.43

Unsecured, Considered Doubtful

0.00

48544.00

Other Debts

Unsecured, Considered Good

36885783.31

21120474.18

Less : Provision for Doubtful Debts

37689636.12

28624231.61

(See Note No. 21 of Schedule '17')

0.00

48544.00

TOTAL

37689636.12

28575687.61



SCHEDULE 9

CASH AND BANK BALANCES

Cash on hand
Bank balances with scheduled banks
 In Fixed Deposit Accounts
 In Current Accounts

	For the year ended 31-03-2010 Rs.	For the year ended 31-03-2009 Rs.
	711587.00	373642.00
	13377883.33	6454706.55
	8368209.38	1061489.80
TOTAL	21746092.71	7516196.35
	22457679.71	7889838.35

SCHEDULE 10

LOANS AND ADVANCES

(Unsecured, Considered good)

Advances recoverable in cash or
in kind or for value to be received
Balances with excise department
Deposits
(See note no. '12' of Schedule '17')
Income tax & tax deducted at source
Advances to suppliers

TOTAL

	3973977.76	8598179.31
	791355.00	44411.00
	6333969.25	5025779.00
	3548287.78	2638947.95
	3449240.84	1134362.79
TOTAL	18096830.63	17441680.05

SCHEDULE 11

CURRENT LIABILITIES

Acceptances
Sundry Creditors
(See note no. '11' & '22' of Schedule '17')
Buyers Credit (Foreign Currency)
Creditors for Capital Goods
Advance from Customers
Other Liabilities
Interest Accrued but not due

TOTAL

	14891165.00	14564888.33
	32881436.41	8924817.10
	19499852.85	6055514.00
	5081429.96	5146683.00
	1872510.27	2427017.65
	8310233.83	2040128.00
	119541.05	70882.11
TOTAL	82656169.37	39229930.19

SCHEDULE 12

PROVISIONS

For Taxation
For Employee benefits

TOTAL

	4840100.00	3400893.00
	378106.00	0.00
TOTAL	5218206.00	3400893.00

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 13

SALES AND OTHER INCOME

Sales :
 Local (Gross)
 Less :
 Sales Tax
 Excise Duty

 Export

Interest (Gross), (TDS Rs. 68,259/-, Pr. Yr. Rs. 1,01,742/-)
Dividend
Profit on sale of fixed assets
Provision for doubtful debts no longer required written back
Sundry balances written back / off (Net)
Miscellaneous Income
(includes exchange fluctuations Rs. 5,77,210.04, Pr. Yr.
Rs 4,55,766.47)

TOTAL

	For the year ended 31-03-2010 Rs.	For the year ended 31-03-2009 Rs.
	216332454.28	157571026.00
	7644601.00	859580.00
	16387147.00	17793889.00
	192300706.28	138917557.00
	16929675.00	10197851.00
	209230381.28	149115408.00
	739403.55	564370.42
	18006.00	16914.00
	0.00	8437.00
	5273.00	56889.00
	0.00	88108.50
	577210.04	502986.47
TOTAL	210570273.87	150353113.39

SCHEDULE 14

INCREASE (DECREASE) IN FINISHED STOCK

Closing Stock
Less : Opening Stock

TOTAL

	5316425.00	4512041.00
	4512041.00	2737946.02
TOTAL	804384.00	1774094.98



**SCHEDULE 15
MANUFACTURING AND OTHER EXPENSES**

1. COST OF INVENTORIES CONSUMED AND SOLD

Opening Stock

Raw Material
Stock in process

12512981.70
26577322.23

**For the
year ended
31-03-2010
Rs.**

For the
year ended
31-03-2009
Rs.

11054108.08
32501066.37

39090303.93

43555174.45

Add: Cost of Purchases

Raw Materials
Direct Expenses
(includes exchange fluctuation credit Rs. 17,43,763.40
Pr. Yr. Rs. 50,75,755.00)

103413057.00
3003746.32

67674621.15
8898223.92

106416803.32

76572845.07

Less: Closing Stock

Raw Material
Stock in process

17330910.55
20516515.02

12512981.70
26577322.23

37847425.57

39090303.93

107659681.68

81037715.59

2. PAYMENTS TO & PROVISION FOR EMPLOYEES

Salaries, Wages and Bonus
Contribution to PF & ESI Schemes
Staff & Labour Welfare

6493217.00
68519.00
1372467.00

7157719.00
67199.00
1110251.08

7934203.00

8335169.08

3. MANUFACTURING EXPENSES :

Power Charges
Stores, Spares & Tools consumed
Packing Materials consumed
Process charges
Repairs & Maintenance to
Factory Building
Plant & Machineries
Moulds & Dies
Others
Rent

4879458.00
4967233.10
8368677.29
27383823.00
2215097.00
933667.00
327815.50
520454.50
2135746.00

4193584.00
3432590.97
4701013.27
15929831.00

51731971.39

1256620.00
31032399.58

4. ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Directors' Remuneration
Printing & Stationery
Postage, Telegram & Telephone
Clearing & Forwarding Charges
Insurance Premium
Electricity Charges
Bank Commission & Charges
Auditors' Remuneration
(See Note No. '4' of Schedule '17')
Professional Charges
Travelling & Conveyance
Repair & Maintenance
Rates & Taxes
Advertisement & Business Promotion
Brokerage & Commission
Rebate & Discount
Bad Debts
Insurance Claim Receivable written off
(See Note No. '26' of Schedule '17')
Quality Certification Expenses
Exchange Fluctuations
Miscellaneous Expenses

2479884.00
398240.20
937955.74
1260572.00
233080.00
178277.15
821960.31
200000.00
1113941.00
3174614.59
2255508.53
367007.00
1449246.73
1229186.00
0.00
6652586.03
3930341.84
212613.00
117249.04
2248092.73

2440500.00
304381.00
785144.30
973866.57
175850.00
186957.00
331710.13
150000.00

717087.00
2043096.60
490440.50
178256.50
1059166.19
811130.00
322712.85
0.00

278392.00
1463538.00
1464665.54

29260355.89

14176894.18

196586211.96

134582178.43

TOTAL

**SCHEDULE 16
INTEREST AND FINANCE CHARGES**

On term loans
On working capital
Other interest and financial charges

823715.76
1109065.79
1931031.02

1193821.49
2029045.04
2876461.88

TOTAL

3863812.57

6099328.41

SCHEDULE 17

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

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 AND EXPENSES

All income and expenses are accounted for on accrual 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) INTANGIBLE ASSETS:

Intangible assets are measured at cost and amortized so as to reflect the pattern in which the asset's economic benefits are consumed.

E) CAPITAL WORK IN PROGRESS

The cost incurred for fixed assets, the construction of which is not completed, are included under "capital work -in progress" and the same are classified and added to the respective assets on the completion.

F) 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.

G) INVESTMENTS

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

H) INVENTORIES

- a) Inventories are valued at lower of cost and net realizable value
- b) Cost of inventories is assigned by using the FIFO formula.
- c) Goods in transit, if any are stated at actual cost incurred upto the date of the balance sheet.

I) 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.

J) EMPLOYEE BENEFITS

- a) Employees' benefits under defined contribution plan such as contribution to provident fund and employees' benefits under defined benefit plan for cost of compensated absences are charged of at the undiscounted amount in the year in which the related service provided.
- b) Post employment benefits under defined benefit plan such as gratuity are charged off in the year in which the employee has rendered services at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain and/or losses in respect of post employment benefits are charged to profit and loss account.

K) BORROWING COSTS

The company capitalises interest and other costs incurred by it in connection with funds borrowed for the acquisition of fixed assets. Where specific borrowings are identified to a fixed asset or a new unit, the company uses the interest rates applicable to that specific borrowing as the capitalisation rate. Capitalisation of borrowing costs ceases when all the activities necessary to prepare the fixed assets for their intended use are substantially complete. Other borrowing costs are charged to Profit & Loss Account.

L) 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.

M) 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.

N) 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.

O) 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 inter divisional transfers.

P) 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.

Q) 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 the capital goods as per the provisions of Cenvat Credit Rules, has been accounted for by reducing the cost of such input services.

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.

R) 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.

S) CONTINGENT LIABILITIES

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

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. 24,79,884/- (excluding the provision for gratuity for which separate figures are not available) (Previous Year Rs. 24,40,500/-), 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:

	<u>Current Year*</u> (Rs.)	<u>Previous Year*</u> (Rs.)
a) Statutory Audit Fees	165450/-	99270/-
b) Tax Audit Fees	55150/-	49635/-
c) Out of pocket expenses	---	16545/-
Total	220600/-	165450/-

Payment to Auditors in other capacities:

	<u>Current Year*</u> (Rs.)	<u>Previous Year*</u> (Rs.)
a) Sales Tax Audit Fees	27575/-	22060/-
b) Certification Work	47429/-	35913/-
c) Taxation Matters	151112/-	97992/-
d) Other services	16545/-	-
Total	242661/-	155965/-

*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 31st 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 31st August 1999. The Company is in process of appointing a full time company secretary.
8. The Sales Tax Assessments of the company have been completed upto financial year 2006-2007 for its Daman Unit and upto financial year 2004-05 for its Kandivali Unit.
9. The Income Tax Assessments of the company have been completed upto Assessment Year 2008-2009.
10. Contingent Liabilities not provided for –
 - a. Guarantees given by the banks on behalf of the Company Rs. 30,372/- (Previous year Rs.30,372/-)
 - b. Letter of Credit issued by the bankers of the company Rs. 2,54,27,099.96 (Previous year Rs.2,58,10,324.23)
 - c. Disputed Income Tax demands of Rs. Nil (Previous Year Rs. 289,648/-) for the Assessment year 1999-2000 against which the company has preferred an appeal with the Commissioner of Income Tax (Appeals), which is yet to be decided by the said authority.
 - 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 the Central Excise & Service Tax Appellate Tribunal (the SESTAT) challenging the order of the Commissioner (Appeal). The company has also preferred a further appeal with the CESTAT against the order of the Commissioner (Appeal). The CESTAT has stayed the recovery of the said demand. 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.
11. 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.

12. Deposit includes deposit given to Mr. Kishore Chand Talwar, Chairman and Managing Director and Mrs. Sharda K. Talwar, Vice President- Facilities Rs. 18,25,000/- each as lease deposit for the premises taken on lease from them.

13. 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 and pre-operative expenses	8749436.50	4050195.00
Advance to suppliers	1254174.00	51000.00

14. 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.

15. Disclosure as required under Accounting Standard 15 "Employee Benefits".

1. Defined Contribution Plan :

Contribution to defined contribution plans recognized, are charged off for the year as under:

	Rs.
Employer's Contribution to Provident Fund	134615.00
Employer's Contribution to superannuation Fund	-
Employer's Contribution to Pension Fund	-

2. Defined Benefit Plans :

Compensated absences:

During the year 2009-10, Rs. 31901/- are charged off to the profit and loss account for the cost of compensated absences.

Gratuity:

The employee's gratuity scheme is non fund based. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

1. Change in present value of obligation

Particulars	Gratuity (Unfunded)	
	Current year (Rs)	Previous year (Rs)
Defined Benefit Obligation at beginning of the year	Nil	NA
Current Service Cost	34,000	NA
Past Service Cost - Vested	3,41,074	NA
Interest Cost	Nil	NA
Actuarial (gain) / loss	Nil	NA
Benefits paid	(21,074)	NA
Settlement Cost	Nil	NA
Defined Benefit Obligation at year end	3,54,000	NA

2. Change in fair value of plan assets

Particulars	Gratuity (Unfunded)	
	Current year (Rs)	Previous year (Rs)
Fair value of plan assets at beginning of the year	Nil	NA
Expected return on plan assets	Nil	NA
Actuarial gain / (loss)	Nil	NA
Employer contribution	21,074	NA
Benefits paid	(21,074)	NA
Fair value of plan assets at the year end	Nil	NA
Actual return on plan assets	Nil	NA

3. Amount recognized in Balance Sheet

Particulars	Gratuity (Unfunded)	
	Current year (Rs)	Previous year (Rs)
Present value of Defined Benefit Obligation	3,54,000	NA
Fair value of plan assets	Nil	NA
Amount recognized in balance sheet	3,54,000	NA

4. Expense recognized during the year

Particulars	Gratuity (Unfunded)	
	Current year (Rs)	Previous year (Rs)
Current Service Cost	34,000	NA
Past Service Cost - Vested	3,41,074	NA
Interest Cost	Nil	NA
Expected return on plan assets	NA	NA
Actuarial (gain) / loss	Nil	NA
Net Cost	3,75,074	NA

5. Actuarial assumption

Particulars	Gratuity (Unfunded)	
	Current year	Previous year
Discount rate (per annum)	7.8%	NA
Expected return on plan assets (per annum)	NA	NA
Rate of escalation in salary (per annum)	6%	NA
Withdrawal / Attrition Rate :		
Employee in service for more than 5 years.	1%	NA
Employee in service upto 5 years	6%	NA
Mortality Rate	LIC 94-96 (Ult.)	NA
Expected average remaining working life of employee.	22 years	NA

The estimates of future salary growth considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

6. (a) The company, for the first time, made provision for gratuity on actuarial valuation method which was, till earlier year, charged off to profit and loss account on cash basis, therefore, gratuity pertaining to earlier years Rs. 3,41,074/- has been taken under the head "Prior period items"; and
- (b) A sum of Rs. 7,795/-, representing payment towards compensated absences which was, till earlier year, charged off to profit and loss account on cash basis, being pertaining to earlier years, has also been taken under the head "Prior period items".

16. The segment reporting as required under Accounting Standards 17 "Segment Reporting" is not applicable to the company, as the company's operations are predominantly comprises of only one business segment - Instrument Cooling Fans/ Motors.

17. Disclosures as required under Accounting Standard 18 "Related Party Disclosure".

1. Relationships:
(a) Key Management Personnel and their relatives:

Shri Kishore Chand Talwar (Chairman & Managing Director)
Smt. Sharda K. Talwar (Wholetime Director till 2nd March 2010)
Smt. Nainy K. Tanna (Wholetime Director)
Shri Ram Bahadur Roka (Wholetime Director till 2nd March 2010)
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 during the year and balances outstanding as at the year end with the related parties:

	Current Year (Rs.)	Previous Year (Rs.)
A Sales		
(i) Sagar Engineering Works	Nil	1,92,175/-
B Processing charges & reimbursement paid		
(i) Sagar Engineering Works	Nil	55,74,623/-
(ii) Shree Engineering Works	Nil	8,32,105/-
(iii) Subham Electronics	Nil	5,92,501/-
C Managerial Remuneration		
(i) Shri Kishore Chand Talwar	10,62,170/-	10,70,400/-
(ii) Smt. Sharda K. Talwar till 2/3/2010	4,33,835/-	4,20,300/-
(iii) Smt. Nainy K. Tanna	7,21,097/-	6,79,800/-
(iv) Shri Ram Bahadur Roka till 2/3/2010	2,62,782/-	2,70,000/-
D Salary including PF contribution		
(i) Shri Kundan Talwar	3,27,000/-	Nil
(ii) Shri Kunal Tanna	1,47,000/-	Nil
(iii) Smt. Sharda Talwar	28,065/-	Nil
E Lease Rentals		
(i) Shri Kishore Chand Talwar	1,92,000/-	1,92,000/-
(ii) Smt. Sharda K. Talwar	1,08,000/-	1,08,000/-
(iii) Shri Kundan Talwar	1,20,000/-	1,20,000/-
F Unsecured Loan taken		
(i) Shri Ram Bahadur Roka	(1,00,000/-)	1,00,000/-
G Deposits		
(i) Shri Kishore Chand Talwar	18,25,000/-	18,25,000/-
(ii) Smt. Sharda K. Talwar	18,25,000/-	18,25,000/-
H Payables (Rent)		
(i) Shri Kishore Chand Talwar	2,89,544/-	1,54,665/-
(ii) Smt. Sharda K. Talwar	2,97,000/-	1,89,000/-
(iii) Shri Kundan Talwar	2,36,190/-	1,31,460/-
I Payables (Directors Remuneration)		
(i) Shri Kishore Chand Talwar	Nil	Nil
(ii) Sharda K. Talwar	1,900/-	7200/-
(iii) Nainy K. Tanna	15,092/-	Nil
(iv) Ram Bahadur Roka	1,825/-	21500/-
J Payables (Salary)		
(i) Shri Kundan Talwar	28,680/-	Nil
(ii) Shri Kunal Tanna	47,036/-	Nil
(iii) Smt. Sharda Talwar	15,820/-	Nil
K Unsecured Loans		
(i) Shri Ram Bahadur Roka	Nil	1,00,000/-

18. a) The Company has taken various residential premises / industrial galas under operating lease or on leave and license basis. These are generally not non-cancellable 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 cancellable, 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	5,67,315/-	4,05,540/-
Later than one year and not later than 5 years	2,05,932/-	6,25,747/-
Later than five years	Nil	Nil

19. Earning per share (EPS):

Particulars	Current year	Previous Year
Profit attributable to equity shareholders (Rupees)	31,20,247.69	35,17,437.53
Weighted average numbers of shares	64,81,200	64,81,200
Face value per shares (rupees)	10	10
Basic and diluted earnings per share (Rupees)	0.48	0.54

20. Deferred Taxation:

Deferred Tax Liability on account of: (Rs.)			
	Accumulated as at 31.03.2009	Charge/(Credit) during the year	As at 31.03.2010
Depreciation	30,65,077/-	(2,44,566/-)	28,20,511/-
Total	30,65,077/-	(2,44,566/-)	28,20,511/-

Deferred Tax Assets on account of: (Rs.)			
	Accumulated As at 31.03.2009	Charge/(Credit) during the year	As at 31.03.2010
Deferment of allowance under IT Act, 1961	15,000/-	36,007/-	51,007/-
Total	15,000/-	36,007/-	51,007/-

Net Deferred Tax Liability /(Assets)			
	30,50,077/-	(2,80,573/-)	27,69,504/-

21. 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 31.03.2010 (Rs.)	Maximum Outstanding during the year (Rs.)
Klaxon Systems & Software Pvt. Ltd. till 2nd March 2010.	a) Sales	3,10,19,677/- (2,15,12,641/-)	N.A. (36,85,230/-)	64,07,277/- (44,73,730/-)
	b) Balances written back	Nil (12,989/-)		

22. Sundry creditors include balances due to a director/relative of 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 31.03.2010 (Rs.)
1	Pankaj Sanahi	a) Brokerage & Commission b) Reimbursement of Expenses	4,01,509/- (3,30,150/-) Nil (30,156/-)	3,61,358/- (3,26,301/-)
2	Klaxon Systems & Software Pvt. Ltd. till 2nd March 2010.	Reimbursement of Expenses	Nil (16,517/-)	Nil (16,347/-)

23. Un-hedged Foreign Currency Exposure :

Sr. No.	Particulars	Current Year		Previous Year	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees
1	Receivables – USD	53177.93	2367481.84	32523.00	1635557.00
2	Payables – USD	657950.43	30160447.71	263259.00	13594695.00
3	Payable – Singapore Dollars	19000.00	630040.00	Nil	Nil

24. Financial and derivative contracts:

- a) The Forward Exchange Contract (the "FEC") entered into by the company and outstanding on 31st March 2010 is as under:

Particulars	Type	As on 31 st March 2010			As on 31 st March 2009		
		No. of contracts	US \$	Rupees in lacs	No. of contracts	US \$	Rupees in lacs
Forward contract	Buy	1	354521	162.51	0	0	0

- b) Premium (difference between the exchange rate at the date of the inception of the forward exchange contract and forward rate specified in the contract), paid to hedge the risk associated with foreign currency fluctuations relating to certain firm commitment, of FEC amortised over the life of the contract, pertaining to the year under review has been accounted for under the head Interest and Financial Charges;
- c) A sum of Rs. 0.52 lacs representing deferred premium on the FEC, adjustable against the profit and loss account of subsequent year, has been clubbed under Loans and Advances; and
- d) Net of, Forward Contracts Receivable amounting to Rs. 162.51 lacs and Forward Contracts Payable amounting to Rs. 179.74 lacs, has been clubbed under Current Liabilities.

25. The company has, during the year, shifted its Kandivali and Daman manufacturing facilities at Vasai.

26. Insurance claim receivable Rs. 39,30,341.84, on account of loss of inventories due to flood on 3rd August 2004, being, in the opinion of the management, irrecoverable, written off to profit and loss account.

27. Previous year figures have been regrouped, rearranged and recasted wherever necessary to make them comparable with the current year figures.

28. 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 : Instrument Cooling Fan 1602000 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./Purchase Qty.	Reprocessed @/Res. Qty.	Sales #		Closing Stock	
			Qty	Value			Qty	Value	Qty	Value
1	Instrument/ Equipment Cooling Fan/Motor Accessories, Components & Misc. Items**	Nos	23265 (15434)	44.79 (24.17)	839724 (596790)	99 (3375)	825491 (585584)	2257.02 (1599.25)	37399 (23265)	51.69 (44.79)
2		Nos	1353 (15362)	0.33 (3.21)	376399 (284696)	611 (9306)	354209 (289399)	75.60 (78.44)	22932 (1335)	1.47 (0.33)
TOTAL				45.12 (27.38)				2332.62 (1677.69)		53.16 (45.12)

Sales value is inclusive of excise duty and sales tax

** 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
Aluminum	Kgs.	165516	164.62	116826	130.70
PBT/Plastic Powders	Kgs.	44386	51.12	30949	34.60
Copper Wire	Kgs.	72459	280.39	46663	205.67
CRNGO	Kgs.	12974	4.91	111318	49.95
Stator Lamination	Nos.	870251	154.65	477072	69.32
Rotor Lamination	Nos.	781242	90.14	431748	33.86
Others #			330.77		286.28
			1076.60		810.38

#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.

II. C.I.F. VALUE OF IMPORTS	(Rs. in lacs)	
	Current Year	Previous Year
a) Raw Materials	477.43	375.57
b) Capital Goods	20.54	5.54
c) Stores & Spares	0.97	0.78

29. Expenditure in Foreign Exchange

a) Foreign Travel	12.19	3.10
b) Interest	11.87	12.44
c) Raw Material production expenses	Nil	4.75
d) Exhibition Charges	0.14	Nil

30. Earnings in Foreign Exchange

FOB Value of Exports	165.92	103.28
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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	31/03/2010		

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	176806	Total Assets	176806
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SOURCES OF FUNDS

Paid up Capital	64803
Reserves & Surplus	10844
Secured Loans	10515
Unsecured Loans	Nil
Deferred Tax Liability (Net)	2769

APPLICATION OF FUNDS

Net Fixed Assets	54377
Investments	116
Net Current Assets	34438
Miscellaneous Expenditure	Nil
Accumulated Losses	Nil

IV) PERFORMANCE OF THE COMPANY (Rs. In thousands)

Turnover	210570	Total Expenditure	205985
Profit before Tax	4585	Profit after Tax	3120
Earning per Share (Rs.)	0.48	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
Firm Registration No. 100156W

Kishore Chand Talwar
Chairman & Managing Director

Nainy K. Tanna
Wholetime Director

O. P. Agrawal
Partner
M. No. 045862

Ayyaswami Sundram
Director

Place : Mumbai,
Dated : 30th August, 2010

Place : Mumbai
Dated : 30th August, 2010



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 22nd ANNUAL GENERAL MEETING of the company to be held at 92-D, Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400 067 on Thursday, 30th September, 2010 at 11.00 A.M.

Name of the Attending Shareholder
[In Block Letters]

Name of the Proxy

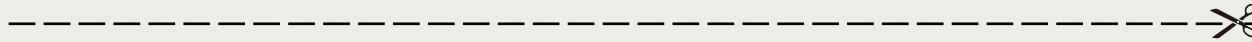
[If the Proxy attends instead
of the Shareholder]

[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 22nd ANNUAL GENERAL MEETING of the Company to be held at 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400 067 on Thursday, 30th September, 2010 at 11.00 AM. and at any adjournment thereof.

Signed this day of 2010



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.