



# AC DC & ENERGY SAVING FANS & MOTORS

## For Ventilation & Air Circulation



*Cooling System to Rely On*

# 28<sup>th</sup>

# Annual Report 2015 - 2016



**BOARD OF DIRECTORS**                      Kishore Chand Talwar                      Chairman & Managing Director  
Nainy K. Tanna                              Wholetime Director  
Ram Sanehi                                    Director  
Ayyaswami Sundaram                      Director  
Ganapathy Dharmarajan                      Director

**AUDITORS**                                      R. S. Agarwal & Associates  
Chartered Accountants  
Mumbai

**COMPANY SECRETARY**                      Krunal S. Wala

**BANKERS**                                        HDFC Bank Limited  
Bank of Baroda

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

**WORKS**    Plot Survey No. 62, 74 & 75  
Village - Devadal, Kaman  
Taluka - Vasai,  
Dist - Palghar  
  
Unit No. 12-15, Sarswati Building,  
Tungareshwar Industrial Estate,  
Sativali, Vasai (East), Palghar

**REGISTRAR & 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 28<sup>th</sup> Annual General Meeting (AGM) of the Members of REXNORD ELECTRONICS AND CONTROLS LIMITED will be held on Thursday, the 11<sup>th</sup> August, 2016 at 10.30 a. m. at Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai – 400 092 to transact, with or without modification(s) the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2016, including the Audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss & Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Nainy Kunal Tanna (DIN 00351762) who retires by rotation and being eligible, offers herself for re-appointment.
3. To ratify the appointment of Statutory Auditors, M/s. R. S. Agrawal & Associates, Chartered Accountants and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of M/s. R. S. Agrawal & Associates, Chartered Accountants, Mumbai (Firm Registration Number 100156W with the Institute of Chartered Accountants of India), as Statutory Auditors of the Company, by resolution passed at the 26<sup>th</sup> AGM until the conclusion of the 29<sup>th</sup> AGM, be and is hereby ratified to hold office from the conclusion of 28<sup>th</sup> AGM till the conclusion of the 29<sup>th</sup> AGM on such remuneration as may be agreed upon by the Board of Directors in consultation with the Statutory Auditors.”

### SPECIAL BUSINESS:

4. Regularisation of Additional Director, Mr. Ganapathy Dharmarajan in Independent Capacity

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ganapathy Dharmarajan (holding DIN: 02707898), Additional Director of the Company, who vacates office at the conclusion of the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for one term of five consecutive years upto the conclusion of the Annual General Meeting of the Company to be held in the year 2021.”

5. **Approval of Related Party Transactions:**

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

**“RESOLVED THAT** pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 188 and other applicable provisions, if any of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded for the Company to enter into Material Related Party transaction(s)

with M/s. Excelum Enterprises for Sale & Purchase, payment of Commission on Sales (including Overseas Sales) and reimbursement of expenses for an aggregate value of ₹ 6 Crores, on annual basis, on such terms and conditions as may be agreed by the Board.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be necessary, for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or anyone or more Directors of the Company.”

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

**KISHORECHAND TALWAR**  
(DIN: 00351751)  
CHAIRMAN & MANAGING DIRECTOR

### Registered Office:

92-D Govt. Ind. Estate,  
Charkop, Kandivli (W),  
Mumbai- 400 067  
Dated: May 30, 2016

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY 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.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 18. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.
3. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
4. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
6. A statement giving the details of the Directors seeking reappointment, nature of their expertise in specific functional areas, names of the companies in which they hold Directorships, memberships / chairmanships for Board / Committees, shareholding and relationship between Directors inter-se as stipulated in Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements), 2015, are provided in the Annexure.

7. The Register of Members and the Share Transfer Books of the Company will remain closed from 5th August, 2016 to 10th August, 2016 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar /Company.
9. 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.
10. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting.
11. The Company's shares are listed on BSE Limited, Mumbai.
12. Members holding shares in physical form are requested to notify immediately any change in their address with PIN CODE to the Registrar and Transfer Agent of the Company at the address given below AND in case their shares are held in demat, this information should be passed on directly to their respective Depository Participants and not to the Company.
- M/S. BIG SHARE SERVICES PRIVATE LIMITED**  
Unit: [Rexnord Electronics and Controls Limited]  
E/2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072  
Tel: 022-40430200  
Email: info@bigshareonline.com
13. Relevant documents referred to in the Notice and in the Explanatory Statements 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.
14. 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.
15. Members who are holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification at the meeting.
16. In all correspondence with the Company, members are requested to quote their Folio Number and in case their shares are held in demat form, they must quote their DP ID and Client ID Number.
17. Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
18. Voting through electronic means:
- (i) Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the Company will be providing members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Securities Limited (CDSL). The detailed procedure to be followed in this regard has been given below. The members are requested to go through them carefully.
- (ii) The Board of Directors of the Company has appointed Shri Mahesh Soni, Partner, GMJ & Associates, Company Secretaries, Mumbai as Scrutinizer to scrutinise the e-voting and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
- (iii) The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.
- (iv) The Company has engaged the services of Central Depository Services Limited (CDSL) as the Agency to provide e-voting facility.
- (v) Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 4th August, 2016.
- (vi) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. 4<sup>th</sup> August, 2016, only shall be entitled to avail the facility of e-voting / remote e-voting.
- (vii) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 4th August, 2016, may obtain the User ID and password from BIG SHARE SERVICES PRIVATE LIMITED (Registrar & Transfer Agents of the Company).
- (viii) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company ([www.rexnordindia.in](http://www.rexnordindia.in)) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com). The results shall simultaneously be communicated to the Stock Exchange.
- (ix) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 11th August, 2016.
- (x) The instructions for shareholders voting electronically are as under:
- i. The voting period begins at 9.00 a.m. (IST) on 8th August, 2016 and ends at 5.00 p.m. (IST) on 10th August, 2016. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 4th August, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii. Click on Shareholders.
- iv. Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.

vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</li> </ul>

viii. After entering these details appropriately, click on "SUBMIT" tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN for "REXNORD ELECTRONICS AND CONTROLS LIMITED" on which you choose to vote.

xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

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

xviii. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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



## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

#### ITEM NO. 4:

The Board of Directors based on the recommendation of Nomination and Remuneration Committee has appointed Mr. Ganapathy Dharmarajan as an Additional Director of the Company, who vacates office at the conclusion of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member along with requisite deposit u/s 160 of the Companies Act 2013 proposing his candidature for the office of a Director.

Mr. Ganapathy Dharmarajan an eminent Professional brings in rich and varied experience to the Board and is independent of the management. The Board proposes to appoint Mr. Ganapathy Dharmarajan as an Independent Director of the Company to hold office for one term of five consecutive year's upto the conclusion of the Annual General Meeting of the Company to be held in the year 2021.

Mr. Ganapathy Dharmarajan is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has also received declaration from Mr. Ganapathy Dharmarajan that he meets with the criteria of independence as prescribed both under Section 149(6) of the Act and under Regulation 25 of the Listing Regulations.

None of the Directors of the Company, except Mr. Ganapathy Dharmarajan, are in any way concerned or interested in this resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

#### ITEM No. 5:

In compliance with the SEBI (LODR) Regulations, 2015 (effective from December 1, 2015), Section 188 of the Companies Act, 2013 & Rules made thereunder and for the purpose of good corporate governance, the Company seeks the approval of the members for entering into transactions with M/s. Excelum Enterprises, a 'Related Party' as defined under Section 2 (76) of Companies Act, 2013 and Regulation 2 (zb) of the Listing Regulations as per the limits specified at Resolution No.5 of the accompanying Notice.

The particulars of the contracts / arrangements / transactions are as under:

Particulars	Information
Name of the Related Party	M/s. Excelum Enterprises
Nature of Relationship	Proprietary Firm of Mr. Kunal Tanna (Close relative of Mr. Kishorechand Talwar and Mrs. Nainy K. Tanna)
Name of Director(s) or Key Managerial Personnel who is related, if any	None except Mr. Kishorechand Talwar, Mrs. Nainy K. Tanna and Mr. Kundan Talwar
Nature and Particulars of transactions	Purchase of raw materials, Sale of goods, payment of Commission on Sales (including Overseas Sales) and reimbursement of expenses
Material terms of the Contracts/ Arrangement/ Transactions	The transactions are in ordinary course of business and on arm's length basis
Duration of these Related Party Transactions	These transactions are ongoing and depending upon the needs of the business
Value of Related Party Transactions for the financial year 2016-17	₹ 6 Crores
Any other information relevant or important for the Members to make a decision	None

In the light of above, you are requested to accord your approval to the Ordinary Resolution as set out at Item No.5 of the accompanying Notice. Mr. Kishorechand Talwar, Chairman & Managing Director, Mrs. Nainy K. Tanna, Whole-time Director, and Mr. Kundan Talwar, CFO and their relatives may be deemed to be concerned or interested in the said resolution. Except the above, none of the Directors and Key Managerial Personnel of the Company and their relatives has any concern or interest, financial or otherwise, in the proposed resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

### LISTING REQUIREMENTS

Brief profile of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India read with disclosures made in the Notice of 28<sup>th</sup> AGM.

Name of Director	Mrs. Nainy Tanna	Mr. Ganapathy Dharmarajan
Date of Birth	September 24, 1981	January 28, 1939
Date of Appointment	August 1, 2001	November 4, 2015
Brief resume of the Director	Mrs. Nainy K. Tanna is associated with the Company since August 01, 2001 as Director of the Company and has an experience of over 14 years to her credit. She looks after Finance, Import and Export related activities of the Company.	Mr. Ganapathy Dharmarajan is Working as Human Resource Consultant and Advising Corporates on Human Resource Matters.
Qualification	M.Com., MBA in Marketing from NMIMS and Diploma in Export & Import	M.A.(Industrial Economics-Special Subject), LL.B. Postgraduate Diploma In Industrial Relations And Personnel Management – Recognised by Govt. for Senior Positions In Govt.
Nature of his expertise in specific functional areas	Business Management & Marketing	Personnel Management
Disclosure of relationships between Directors inter-se;	Mr. Kishore chand Talwar & Mr. Kundan Talwar are close relatives of Mrs. Nainy K Tanna	None
Names of listed / other entities in which the person also holds the Directorship and the membership of Committees of the Board	NIL	1. D C W Limited 2. Doubledot Finance Limited 3. Mira India Hydraulic Cylinders Private Limited 4. Crescent Finstock Limited
Shareholding in the Company	362200 shares	NIL

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

**KISHORECHAND TALWAR**  
(DIN: 00351751)  
CHAIRMAN & MANAGING DIRECTOR

**Registered Office:**  
92-D Govt. Ind. Estate,  
Charkop, Kandivli (W),  
Mumbai- 400 067.  
Dated: May 30, 2016

## DIRECTORS' REPORT TO THE SHAREHOLDERS

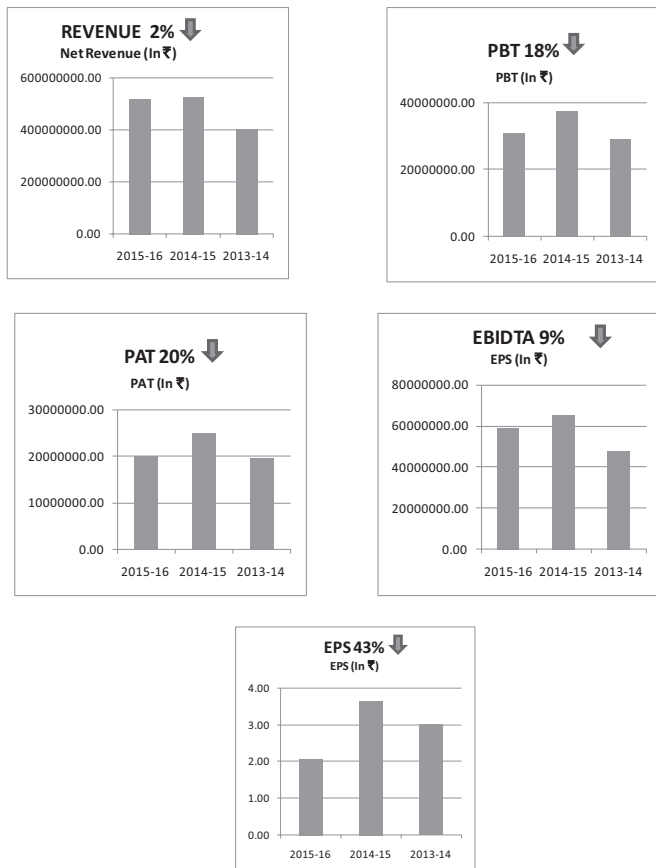
Your Directors have great pleasure in presenting the 28<sup>th</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2016.

### 1. FINANCIAL PERFORMANCE / HIGHLIGHTS :

(Amount in ₹)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Total revenue	518077093.40	528193369.30
Profit before depreciation and amortization	43774919.42	50136082.29
Depreciation and amortization	12941473.52	12692753.53
Profit before exceptional items & tax	30833445.90	37443328.76
Exceptional items	0.00	0.00
Profit before tax	30833445.90	37443328.76
Tax expense	10814718.01	12446257.49
Net profit after tax	20018727.89	24997071.27
Balance brought forward	83097099.97	59355978.49
Balance carried forward	103115827.86	83097099.97

GRAPH OF THE FINANCIAL HIGHLIGHTS FOR THE LAST FEW YEARS



### 2. COMPANY OVERVIEW:

Rexnord Electronics and Controls Ltd is one of the leading manufacturers of Fans and Motors in India, having its corporate headquarters in Mumbai.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act 2013 and the Generally Accepted Accounting Principles (GAAP) in India.

### 3. FINANCIAL REVIEW:

The Year 2015-2016 was tough but despite the global slowdown of economy your Company managed to achieve total revenue of ₹ 518077093.40 as against the total revenue of ₹ 528193369.30 in the previous year.

Despite the drop in the demand of the refrigeration industry your Company has been able to earn net profit after tax of ₹ 20018727.89 for the year 2015-2016 as against the net profit after tax of ₹ 24997071.27 in the previous year.

The Company aims at increasing its marketing strengths and its global identity in order to boost its export sales and thereby increase its sales volume. The Company also aims at developing strategies in making the product reach global requirements by setting up distribution channels and branding techniques.

The current year looks promising with the Company investing in new marketing strategies and has taken appropriate measures in order to achieve sale targets.

### 4. DIVIDEND & TRANSFER TO RESERVES:

To consolidate the financial position of the Company, the Board does not propose any dividend for the year ended March 31, 2016. The Board does not propose to transfer any amount to General Reserves for the aforesaid Financial Year.

### 5. SHARE CAPITAL OF THE COMPANY:

The Paid up Equity Share Capital, as at 31st March, 2016 was ₹ 9,95,91,000/- divided into 99,59,100 Equity shares, having face value of ₹ 10/- each fully paid up. During the year 2015-16, your Company has converted 23,80,500 warrants into equal number of Equity Shares each at a price of ₹ 13.40 to Promoters & Non-Promoters. A detailed table containing the same is mentioned below:

Sr. No.	Name of the Applicant	Nos. of Warrants issued during FY 2014-15	Warrants O/s as on 31.03.2015	Date of Conversion of Warrants into Equity during the year	Nos. of Equity Shares allotted on 12.06.2015	Balance Warrants as on 31.03.2016
1.	Mr. Kishore Chand Talwar	25,00,000	19,00,500	12.06.2015	12,00,500	7,00,000
2.	Mrs. Sharda Talwar	13,08,800	10,20,000	12.06.2015	5,20,000	5,00,000
3.	Mr. Nandkishore Soni	2,20,000	2,20,000	12.06.2015	2,20,000	-
4.	Mr. Purushottam R. Soni	2,20,000	2,20,000	12.06.2015	2,20,000	-
5.	Pawan Kumar Soni HUF	2,20,000	2,20,000	12.06.2015	2,20,000	-
6.	Nandkishore Soni HUF	2,10,000	Nil	-	-	-
	<b>TOTAL</b>	<b>46,78,800</b>	<b>35,80,500</b>		<b>23,80,500</b>	<b>12,00,000</b>

### 6. SUBSIDIARIES & ASSOCIATE COMPANIES:

The Company does not have any subsidiary or associate companies.

### 7. CHANGE IN THE NATURE OF BUSINESS:

There was no change in the nature of business activities during the Financial Year 2015-16.

### 8. BOARD OF DIRECTORS:

In accordance with the provisions of Section 152 of the Companies Act 2013 and the Articles of Association of the Company, Mrs. Nainy K. Tanna, Whole-time Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.



The Board has appointed Mr. Ganapathy Dharmarajan as an Additional Director of the Company in independent capacity w.e.f. 4<sup>th</sup> November, 2015. The Board proposes to appoint Mr. Ganapathy Dharmarajan as a Regular Independent Director of the Company in accordance with Section 149 of the Companies Act, 2013 and under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) for one term of Five (5) years.

## 9. DECLARATION OF INDEPENDENT DIRECTORS:

The Company has received Declarations from all the Independent Directors stating that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

## 10. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3)(c) of the Companies Act, 2013 the Directors confirm that:

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11. KEY MANAGERIAL PERSONNEL:

The details of the Key Managerial Personnel of the Company, including the appointments / resignations during the year are as under:

Sr. No.	Name of the Key Managerial Personnel as on 31.03.2016	Designation
1.	Mr. Kishore Chand Talwar	Managing Director
2.	Mr. Kundan Talwar	Chief Financial Officer
3	Mr. Debabrata Guha Chaudhury*	Company Secretary
4	Ms. Swati Sureka**	Company Secretary
5.	Mr. Krunal S. Wala***	Company Secretary

\*Mr. Debabrata Guha Chaudhury resigned w.e.f. June 1, 2015.

\*\*Ms. Swati Sureka was appointed w.e.f. August 13, 2015 and resigned w.e.f. February 29, 2016.

\*\*\*Mr. Krunal S. Wala appointed w.e.f. March 1, 2016.

## 12. COMMITTEES OF THE BOARD:

### 12.1 AUDIT COMMITTEE:

The Company has a qualified and independent Audit Committee comprising of Independent & Executive Directors in compliance with the Regulation 18 of Listing Regulations and Companies Act, 2013. The Audit Committee acts in accordance with the terms of reference specified from time to time by the Board. During the year under review, the Company has reconstituted the Audit Committee. The details of the terms of reference of Audit Committee and other details are explained in the Corporate Governance Report.

### 12.2 NOMINATION AND REMUNERATION COMMITTEE:

Pursuant to Regulation 19 of Listing Regulations and Companies Act, 2013 and provisions of Section 178 of the Companies Act 2013, the Company has reconstituted the Nomination & Remuneration Committee comprising of 3 Independent Directors. The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy lays down the criteria for selection and appointment of Board Members. The details of the policy are explained in the Corporate Governance Report.

### 12.3 STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Company has reconstituted the existing Stakeholders Relationship Committee in compliance with the Companies Act, 2013 & Listing Regulations. The Committee has been constituted to strengthen the investor relations and to specifically look into the mechanism of redressal of grievances of shareholders pertaining to transfer of shares, non-receipt of Annual Report, issues concerning de-materialization etc. The details regarding composition etc. are explained in the Corporate Governance Report.

### 13. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has a Vigil Mechanism / Whistle Blower policy to report genuine concerns, grievances, frauds and mismanagements, if any. The Vigil Mechanism /Whistle Blower policy has been posted on the website of the Company ([www.rexnordindia.in](http://www.rexnordindia.in))

### 14. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of evaluation criteria suggested by the Nomination and Remuneration Committee. Accordingly, the board has carried out an evaluation of its performance after taking into consideration various performance related aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, remuneration, obligations and governance. The performance evaluation of the Board as a whole and Chairperson and the Non-Independent Directors was also carried out by the Independent Directors at their meeting held on 25<sup>th</sup> January, 2016

Similarly, the performance of various committees, individual independent and Non independent Directors was evaluated by the entire Board of Directors (excluding the Director being evaluated) on various parameters like engagement, analysis, decision making, communication and interest of stakeholders.

The Board of Directors expressed its satisfaction with the performance of the Board, its committees and individual Directors.

### 15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the Financial Year ended March 31, 2016, 12 (Twelve) meetings of the Board of Directors were held. The details of the attendance of Directors at the Board Meeting are mentioned in the Corporate Governance Report annexed hereto.

### 16. CODE OF CONDUCT:

Your Company is committed to conducting 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, Senior Management Personnel and Employees of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity. The Code with revision made in accordance with the requirements of Listing Regulations has been posted on the Company's website [www.rexnordindia.in](http://www.rexnordindia.in)

All the Board Members and Senior Management Personnel have confirmed compliance with the Code.

**17. FIXED DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The Company has not given loans, or guarantees or made any investments, during the Financial Year 2015-16, therefore the provisions of Section 186 of the Companies Act, 2013 was not attracted.

**19. ISO CERTIFICATION:**

The Company's products were awarded as ISO 9001:2008 Certification.

**20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant and material orders passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

**21. EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as **Annexure 'A'** and forms an integral part of this Report.

**22. RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the Financial Year were on arm's length basis and were in the ordinary course of the business and as per the provisions of Section 188 of the Companies Act, 2013 and Listing Regulations. Thus the disclosure in AOC-2 is not required. Further, there are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large.

All related party transactions are placed before the Audit Committee and also before the Board for their approval in accordance with the Policy on Related Party Transactions formulated by the Board of Directors of the Company and has been posted on the website of the Company ([www.rexnordindia.in](http://www.rexnordindia.in)).

**23. STATUTORY AUDITORS:**

M/s. R. S. Agrawal & Associates, Chartered Accountants, (Firm Registration No 100156W) were appointed as the Statutory Auditors of the Company at the 26<sup>th</sup> Annual General Meeting held on August 30, 2014 to hold office until the conclusion of the 29<sup>th</sup> Annual General Meeting, are recommended for ratification of appointment for the Financial Year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. R. S. Agrawal & Associates that their appointment, if made, would be in conformity with the limits specified in the said Section and they are not disqualified.

The members are requested to ratify the appointment of M/s. R. S. Agrawal & Associates as Statutory Auditors of the Company from the conclusion of 28<sup>th</sup> Annual General Meeting to 29<sup>th</sup> Annual General Meeting of the Company.

**24. SECRETARIAL AUDIT:**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Rules made there under, the Company has appointed M/s. GMJ & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **Annexure 'B'** and forms an integral part to this Report.

**25. COST AUDIT:**

Pursuant to the provisions of Section 148 of the Companies Act 2013 read with Rules made thereunder, Cost Audit is not applicable to the Company for the Financial Year 2015-2016 and 2016-2017.

**26. AUDITORS' REPORT/ SECRETARIAL AUDIT REPORT:**

The Auditors Report and the Secretarial Audit Report for the Financial Year 2015-16 do not contain any qualifications, reservations or adverse remarks.

**27. PREVENTION OF SEXUAL HARASSMENT:**

The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

During the year under review, no complaints were reported.

**28. RISK MANAGEMENT:**

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner; your Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in the strategy, business and operational plans.

The Company has a Risk Management policy (a) to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management (b) to establish a framework for the Company's risk management process and to ensure its implementation (c) to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices (d) to assure business growth with financial stability.

There are no risks which threaten the existence of the Company.

**29. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal audit functions of the Company are carried out by a firm of Chartered Accountants. The scope and authority of the Internal Audit function is defined by the Audit Committee. The Internal Auditors reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal auditors, the Company undertakes corrective action in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

The Company has in place adequate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

**30. 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 dematerialized 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.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given as under:

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

#### A. CONSERVATION OF ENERGY:

The Company is consistently doing research in the field of saving energy by implementing new cost-effective ideas. The steps taken during the year for conservation of energy are as under:

1. Due consideration has been given to energy consumption while procuring equipments.
2. As a responsible Corporate Citizen and in adherence to our climate change strategy, Company is continuously taking effective steps to conserve energy.
3. Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimizing the energy consumption.
4. The Steps taken by the Company for utilizing alternate source of energy; The Company is constantly exploring avenues for cost saving as an ongoing process.
5. The Capital invested on energy equipments: Nil

#### B. TECHNOLOGY ABSORPTION:

##### a. Research & Development

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

- i. Making design modifications in the products so as to simplify the manufacturing process and enhance productivity.
- ii. Developing Jigs, Fixtures and devices to increase productivity.
- iii. Improvements to tool design.
- iv. Up gradation of machines.
- v. Design and development of special machines required for increasing capacity.
- vi. Development of equipment required for testing product reliability at various stages.

##### b. Technology absorption, adaptation and innovation.

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

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

The particulars regarding foreign exchange earnings and expenditure appear at note nos. 34, 35 and 38 in the notes to the financial statements.

#### 32. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure "C"** to this Report.

None of the employees have drawn remuneration more than ₹ 5,00,000/- p.m., if employed for the part of the year and ₹ 60,00,000/- p.a., if employed throughout the Year.

#### 33. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices, many of which have already been in place even before they were mandated by the law of the land. The company voluntarily complies with the requirement of the SEBI (LODR) regulations 2015.

The Board of Directors of the Company had also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company [www.rexnordindia.in](http://www.rexnordindia.in). A separate report on Corporate Governance and Management Discussion and Analysis Reports which is voluntarily adopted by the Company is included in this Annual Report as **Annexure 'D' & 'E'**.

#### 34. LISTING:

The Shares of the Company are listed on the Stock Exchange at Mumbai. The Company has paid the Listing fees for the year 2016-17 to the Stock Exchange at Mumbai.

#### 35. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There were no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements related and the date of the Report.

#### 36. CORPORATE SOCIAL RESPONSIBILITY:

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the net profit of the Company was below Rs. 5 Crores during the last three immediately preceding Financial Years. Accordingly, the provisions of CSR policy were not applicable for the Financial Year 2015-16.

#### 37. ENVIRONMENT AND SAFETY:

The Company is committed to:

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

#### 38. 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**

**KISHORECHAND TALWAR**  
(DIN: 00351751)  
CHAIRMAN & MANAGING DIRECTOR

**Registered Office:**  
92-D Govt. Ind. Estate,  
Charkop, Kandivli (W),  
Mumbai - 400 067

Dated: May 30, 2016

## ANNEXURES TO DIRECTORS REPORT 2015-2016

### ANNEXURE 'A'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN  
as on 31<sup>st</sup> March 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN:-	L31200MH1988PLC047946
ii) Registration Date:-	4th July, 1988
iii) Name of the Company:-	REXNORD ELECTRONICS AND CONTROLS LIMITED
iv) Category / Sub-Category of the Company:-	"Company limited by shares Indian Non-Government Company"
v) Address of the Registered office and contact details:-	92-D Govt Ind. Estate, Charkop, Kandivali (W) , Mumbai - 400067
vi) Whether listed company	YES
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. BIG SHARE SERVICES PRIVATE LIMITED [Unit: Rexnord Electronics and Controls Limited] E-2 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri [East], Mumbai - 400 072 Tel: 022-40430200 E-mail: info@bigshareonline.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing and sale of instrument cooling fans and shaded pole motors used for industrial purposes.	28199, 27103, 46699	100.00

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
.....NOT APPLICABLE.....					

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

	Category of Shareholders	No. of Shares held at the beginning of the year (01.4.2015)				No. of Shares held at the end of the year (31.3.2016)				% Change during the year
		Demat	Physical	Total	% of the Total Shares	Demat	Physical	Total	% of the Total Shares	
<b>A.</b>	<b>Promoters</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual / HUF	3900100	0	3900100	51.46	5620600	0	5620600	56.43	4.97
b)	Central/State Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bank / FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A) (1)</b>	<b>3900100</b>	<b>0</b>	<b>3900100</b>	<b>51.46</b>	<b>5620600</b>	<b>0</b>	<b>5620600</b>	<b>56.43</b>	<b>4.97</b>
<b>(2)</b>	<b>Foreign</b>									
a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bank / FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>3900100</b>	<b>0</b>	<b>3900100</b>	<b>51.46</b>	<b>5620600</b>	<b>0</b>	<b>5620600</b>	<b>56.43</b>	<b>4.97</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
a)	Mutual Funds/ UTI	0	0	0	0.00	0	0	0	0.00	0.00
b)	Bank / FI	1000	1000	2000	0.03	1000	1000	2000	0.02	(0.01)
c)	Central/State Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	Venture Capital fund	0	0	0	0.00	0	0	0	0.00	0.00
e)	Insurance companies	0	0	0	0.00	0	0	0	0.00	0.00
f)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
g)	Foreign Venture Capital fund	0	0	0	0.00	0	0	0	0.00	0.00
h)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total(B)(1)</b>	<b>1000</b>	<b>1000</b>	<b>2000</b>	<b>0.03</b>	<b>1000.00</b>	<b>1000.00</b>	<b>2000.00</b>	<b>0.02</b>	<b>(0.01)</b>
<b>(2)</b>	<b>Non-Institutions</b>									
<b>a)</b>	<b>Bodies Corp.</b>									
	i) Indian	318894	32000	350894	4.63	206321	32000	238321	2.39	(2.24)
	ii) Overseas	-	300000	300000	3.96	0	300000	300000	3.01	(0.95)
<b>b)</b>	<b>Individual shareholders holding</b>									
	i) upto ₹ 2 lacs	942275	642820	1585095	20.91	1250239	622620	1872859	18.80	(2.11)
	ii) Excess of 2 Lacs	1382948	10100	1393048	18.38	1842047	10100	1852147	18.60	0.22
c)	Clearing Member	30418	0	30418	0.40	32640	0	32640	0.33	(0.07)
d)	NRI	8245	9700	17945	0.24	31733	9700	41433	0.42	0.18
	<b>Sub Total(B)(2)</b>	<b>2682780</b>	<b>994620</b>	<b>3677400</b>	<b>48.52</b>	<b>3362980</b>	<b>974420</b>	<b>4337400</b>	<b>43.55</b>	<b>(4.97)</b>
	<b>Total shareholding of Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>2683780</b>	<b>995620</b>	<b>3679400</b>	<b>48.54</b>	<b>3363980</b>	<b>975420</b>	<b>4339400</b>	<b>43.57</b>	<b>(4.97)</b>
<b>C.</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>
	<b>Grand Total (A + B + C)</b>	<b>6583880</b>	<b>995620</b>	<b>7579500</b>	<b>100.00</b>	<b>8984580</b>	<b>975420</b>	<b>9960000</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (01.4.2015)			Shareholding at the end of the year (31.3.2016)			% Change during the year
		No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of shares Pledged / encumbered to total shares	
1)	Kishorechand Talwar	2,451,500	32.35	-	3,652,000	36.67	0.00	4.32
2)	Sharda Talwar	906,400	11.96	-	1,426,400	14.32	0.00	2.36
3)	Nainy Kunal Tanna	362,200	4.78	-	362,200	3.63	0.00	(1.15)
4)	Kundan Talwar	180,000	2.37	-	180,000	1.81	0.00	(0.56)
	<b>TOTAL</b>	<b>3,900,100</b>	<b>51.46</b>		<b>5,620,600</b>	<b>56.43</b>	<b>0.00</b>	<b>4.97</b>

**iii) Changes in Promoters Shareholding**

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 01-04-2015)		Cumulative Shareholding during the year (As on 01-04-2015 to 31-03-2016)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	3,900,100.00	51.46	3,900,100.00	51.46
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc.	See details below	See details below	See details below	See details below
3	At the end of the year	5,620,600.00	56.43	5,620,600.00	56.43

Sr. No.	Name	Shareholdings		Date	Increase / Decrease in share-holding	Reason	Cumulative shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2014) / end of the year (31.03.2016)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Kishorechand Talwar	2451500	32.35	01.04.2015			0	0.00
				17.07.2015	1200500	Allotment	3652000	36.67
		3652000	36.67	31.03.2016			3652000	36.67
2	Sharda Talwar	906400	11.96	01.04.2015			0	0.00
				17.07.2015	520000	Allotment	1426400	14.32
		1426400	14.32	31.03.2016			1426400	14.32

**iv) Shareholding pattern of top ten share holders (other than, Director Promoters and holdings of GDRs, ADRs)**

Sr. No.	Name	Shareholdings		Date	Increase / Decrease in share-holding	Reason	Cumulative shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1.	SANGEETHA S	304,900	4.02	01.04.2015			0	0.00
		300000	3.96	29.05.2015	(4500)	Sell	300,400	3.02
				12.06.2015	(161)	Sell	300,239	3.01
		300,239	3.01	31.03.2016			300,239	3.01
2.	COSMOS TRADING LTD	300,000	3.96	01.04.2015				
		300,000	3.01	31.03.2016	0	0	300,000	3.01
3.	SATHYA S	229,580	3.03	01.04.2015				
				29.05.2015	-1990	Sell	227,590	2.29
		227,590	2.29	31.03.2016	0	0	227,590	2.29
4.	NAND KISHORE SONI	0	0	01.04.2015				
				17.07.2015	220000	Allotment	220000	2.21
		220000	2.21	31.03.2016	0	0	220000	2.21
5	PURUSHOTTAM R SONI	0	0	01.04.2015				
				17.07.2015	220000	Allotment	220000	2.21
		220000	2.21	31.03.2016	0	0	220000	2.21



Sr. No.	Name	Shareholdings		Date	Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) end of the year 31.03.2016)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
6	PAWAN KUMAR SONI (HUF)	0	0	01.04.2015				
				17.07.2015	220000	Allotment	220000	2.21
		220000	2.21	31.03.2016	0	0	220000	2.21
7	NAND KISHORE SONI (HUF)	210000	2.77	01.04.2015				
		210000	2.11	31.03.2016	0	0	210000	2.11
8	SAVITHA S	101590	1.34	01.04.2015				
		101590	1.02	31.03.2016	0	0	101590	1.02
9	L.S.E. SECURITIES LIMITED	95,196		01.04.2015				
				10.04.2015	-3159	Sell	92,037	0.92
				24.04.2015	51	Purchase	92,088	0.92
				24.07.2015	-721	Sell	91,367	0.92
				31.07.2015	-5305	Sell	86,062	0.86
				28.08.2015	-2000	Sell	84,062	0.84
				18.09.2015	100	Purchase	84,162	0.85
				23.09.2015	500	Purchase	84,662	0.85
				23.10.2015	685	Purchase	85,347	0.86
				30.10.2015	150	Purchase	85,497	0.86
				13.11.2015	-1086	Sell	84,411	0.85
				20.11.2015	-2557	Sell	81,854	0.82
				27.11.2015	-9770	Sell	72,084	0.72
				04.12.2015	-2888	Sell	69,196	0.69
				18.12.2015	200	Purchase	69,396	0.70
				25.12.2015	-1700	Sell	67,696	0.68
				31.12.2015	-300	Sell	67,396	0.68
				15.01.2016	100	Purchase	67,496	0.68
				22.01.2016	-300	Sell	67,196	0.67
				05.02.2016	-3169	Sell	64,027	0.64
11.03.2016	100	Purchase	64,127	0.64				
			31.03.2016	0	0	64,127	0.64	
10	LEXICON SECURITIES LTD	37,700	0.5	01.04.2015				
		37,700	0.38	31.03.2016	0	0	37,700	0.38

v) Shareholding of Director and Key Managerial Personnel

Sr. No.	Name	Shareholdings		Date	Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year 31.03.2016)	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Kishorechand Talwar	2,451,500	32.35	01.04.2015			0	0.00
				17.07.2015	1,200,500	Allotment	3,652,000	36.67
		3,652,000	36.67	31.03.2016	0	0	3,652,000	36.67
2	Nainy Kunal Tanna	362,200	4.78	01.04.2015				
		362,200	3.63	31.03.2016	0	0	362,200	3.63
3	Kundan Talwar	180,000	2.78	01.04.2015				
		180,000	1.81	31.03.2016	0	0	180,000	1.81

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	41,364,460.73	54,838,037.00	-	96,202,497.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	297,630.29	166,745.00	-	464,375.29
<b>Total (i+ii+iii)</b>	<b>41,662,091.02</b>	<b>55,004,782.00</b>	<b>-</b>	<b>96,666,873.02</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	25,245,816.44	149,275,588.00	-	174,521,404.44
• Reduction	19,658,055.87	171,709,144.00	-	191,367,199.87
<b>Net Change</b>	<b>5,587,760.57</b>	<b>(22,433,556.00)</b>	<b>-</b>	<b>(16,845,795.43)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	46,952,221.30	32,404,481.00	-	79,356,702.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	215,025.47	176,356.00	-	391,381.47
<b>Total (i+ii+iii)</b>	<b>47,167,246.77</b>	<b>32,580,837.00</b>	<b>-</b>	<b>79,748,083.77</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Kishore Chand Talwar (Chairman & Managing Director)	Mrs. Nainy K. Tanna (Whole-time Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3864000.00	3864000.00	7728000.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4000.00	17098.15	21098.15
	(c) Profits in lieu of salary under	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	as % of profit	-	-	-
	Contribution to PF	36,000.00	36,000.00	72,000.00
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>3,904,000.00</b>	<b>3,917,098.15</b>	<b>7,821,098.15</b>
	Ceiling as per the Act	<b>8,400,000.00</b>	<b>8,400,000.00</b>	<b>16,800,000.00</b>

### B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors			Total
		Ram Sanehi	Ayyaswami Sundaram	D. Ganapathy	
1	Independent Directors				
	• Fee for attending board committee meetings	60,000.00	60,000.00	25,000.00	145,000.00
	• Commission				
	• Others, please specify				
	<b>Total (1)</b>	<b>60,000.00</b>	<b>60,000.00</b>	<b>25,000.00</b>	<b>145,000.00</b>
2	Other Non-Executive Directors				
	• Fee for attending board committee meetings	-	-	-	
	• Commission	-	-	-	
	• Others, please specify	-	-	-	
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	<b>Total (B) = (1+2)</b>	<b>60,000.00</b>	<b>60,000.00</b>	<b>25,000.00</b>	<b>145,000.00</b>
	<b>Total Managerial Remuneration</b>	<b>60,000.00</b>	<b>60,000.00</b>	<b>25,000.00</b>	<b>145,000.00</b>
	Overall Ceiling as per the Act				

**C. Remuneration to key managerial personnel other than MD / MANAGER / WTD**

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel				Total
		Mr. Debabrata Guha Chaudhury (Company Secretary resigned w.e.f. 01.06.2015)	Ms. Swati Sureka (Company Secretary resigned w.e.f. 29.02.2016)	Mr. Krunal Wala (Company Secretary w.e.f. 01.03.2016)	Mr. Kundan Talwar (Chief Financial Officer)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,006.00	121,600.00	15,200.00	24,84,000.00	26,38,806.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					
2	Stock Option					
3	Sweat Equity					
4	Commission as % of profit					
	Contribution to PF	1,994.00	-	-	36,000.00	37,994.00
5	Others, please specify					
	<b>Total</b>	<b>20,000.00</b>	<b>121,600.00</b>	<b>15,200.00</b>	<b>2,520,000.00</b>	<b>2,676,800.00</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

## ANNEXURE 'B'

Form No.MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,  
The Members,  
M/s. REXNORD ELECTRONICS AND CONTROLS LIMITED  
92-D Govt Ind Estate Charkop,  
Kandivli (West),  
Mumbai -400 067

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Rexnord Electronics And Controls Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions of the applicable Acts listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent applicable.
- iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015);
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client. **[Not applicable during the period of audit]**
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **[Not applicable during the period of audit]**
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations. 2008; **[Not applicable during the period of audit]**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **[Not applicable during the period of audit]**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not applicable during the period of audit]**

We further report that the Company has a compliance system in place and we have examined the relevant documents and records with respect to other Acts applicable to the Company, which are as under:

- i. The Factories Act, 1948
- ii. The Employee State Insurance Act, 1948
- iii. The Employees Provident fund and Miscellaneous Provisions Act, 1952
- iv. The Payment of Bonus Act, 1965
- v. The Payment of Gratuity Act, 1972
- vi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- vii. Central Sales Tax Act, 1956 and Central Sales Tax (Registration and Turnover) Rule, 1957
- viii. The Income Tax Act, 1961
- ix. The Maharashtra Value Added Tax Act, 2002
- x. The Central Excise Act 1944
- xi. Chapter V of the Finance Act, 1994

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India and made effective 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective 1st December, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting.

Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For GMJ & ASSOCIATES**  
**Company Secretaries**

S/d-  
**[SONIA CHETTIAR]**  
**PARTNER**  
**ACS : 27582 COP : 10130**  
**PLACE: MUMBAI**  
**DATE: 30.05.2016**

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

**ANNEXURE A**

To,  
The Members,  
M/s. REXNORD ELECTRONICS AND CONTROLS LIMITED  
92-D GovtInd Estate Charkop,  
Kandivli (West),  
Mumbai -400 067.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For GMJ & ASSOCIATES**  
**Company Secretaries**

S/d-  
**[SONIA CHETTIAR]**  
**PARTNER**  
**ACS : 27582 COP : 10130**  
**PLACE: MUMBAI**  
**DATE: 30.05.2016**

## ANNEXURE 'C'

Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014				
1. The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16				
Director's Name	Ratio to median Remuneration			
Mr. Kishorechand Talwar	20.27:1			
Mrs. Nainy Kunal Tanna	20.34:1			
Mr. Ram Sanehi	00.31:1			
Mr. Ayyaswami Sundaram	00.31:1			
Mr. D. Ganapathy	00.13:1			
2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the financial year 2015-16 compared to 2014-15 means part of the year				
Director's / CFO / CEO / CS / Mgr Name	% age increase in remuneration			
Mr. Kishorechand Talwar	39.22%			
Mrs. Nainy Kunal Tanna	44.63%			
Mr. Ram Sanehi	0.00%			
Mr. Ayyaswami Sundaram	0.00%			
Mr. D. Ganapathy	0.00%			
Mr. Debabrata G. Chaudhury	0.00%			
Ms. Swati Surekha	0.00%			
Mr. Krunal Sanjaykumar Wala	0.00%			
Mr. Kundan Talwar	14.74%			
3. Percentage increase in the median remuneration of employees in the financial year 2015-16 compared to 2014-15 : 8.89%				
4. Number of permanent employees on the rolls of the company : 69 employees as on 31.03.2016				
5. Explanation on the relationship between average increase in remuneration and the company performance : - The Profit before Tax for the financial year ended March 31, 2016 Decreased by 18% whereas the increase in median remuneration was 8.89% in line with industry standard and the performance of the Company				
6. Comparison of the remuneration of Key Managerial Personnel against the performance of the company : - The total remuneration of Key Managerial Personnel increased by 34% from ₹ 10497898.15 in 2015-16 to ₹ 7828874.00 in 2014-15 whereas the Profit before Tax Decreased by 18% to ₹ 30833445.90 in 2015-16 (₹ 37443328.76 in 2014-15)				
7. Variation in				
Details	31.03.2016	31.03.2015		
Market Capitalization 35.45/23.20 (in ₹)	353082000	175844400		
Price Earning Ratio	17.04	6.37		
Percentage Increase/ Decrease of Market Quotations	52.80 % (Increase)	224 % (Increase)		
Net worth of the Company ( in ₹)	214544449.64	162618021.75		
8. Average percentile increase in salaries of Employees other than managerial personnel : 30%				
9. Comparison of each remuneration of Key Managerial Personnel against the performance of the company :				
Name of the Key Managerial Personnel	Remuneration for the years ended			Reason against performance of the Company
	31.03.2016	31.03.2015	% age Change	
Mr. Kishorechand Talwar	3904000.00	2804200.00	39.22%	Profit before Tax Decreased by 18% and Profit after Tax Decreased by 20% in Financially Year 2015-16.
Mrs. Nainy Kunal Tanna	3917098.15	2708392.00	44.63%	
Mr. Kundan Talwar	2520000.00	2196282.00	14.74%	
Mr. Debabrata Chaudhary	20000.00	120000.00	0.00%	
Ms. Swati Surekha	121600.00	0.00	0.00%	
Mr. Krunal Sanjaykumar Wala	15200.00	0.00	0.00%	
10. Key parameter for any variable component of remuneration availed by the Director : - Considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.				
11. Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess the highest paid director during the year : - Not Applicable				



## ANNEXURE “D”

### VOLUNTARY REPORT ON CORPORATE GOVERNANCE:

IN ACCORDANCE WITH THE SEBI (LODR) REGULATIONS, 2015 (LISTING REGULATIONS) ON CORPORATE GOVERNANCE, THE REPORT CONTAINING THE DETAILS IS AS UNDER:

**CORPORATE GOVERNANCE AND STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

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

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

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

**Roles of various constituents of Corporate Governance in the Company**

##### a) Board of Directors (Board):

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

##### b) Chairman & Managing Director (CMD):

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

##### c) Non-Executive Independent Directors:

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

#### 2. BOARD OF DIRECTORS:

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

As on March 31, 2016, the structure of the Board of the Company maintained an optimum mix of Executive, Non-Executive and Independent Directors and the same is in conformity with the Listing Regulations. The Board's current strength is 5 members, who are eminent personalities from various walks of life having rich experience in the field of marketing, finance, human resources, industry, business and management.

Besides the Chairman & Managing Director, who is an Executive Director, the Board comprises of 1 Woman Executive Director and 3 Non-Executive, Independent Directors.

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:

**Table 1: Composition of the Board of Directors as on March 31, 2016:**

The details of composition of the Board, category, attendance of Directors at Board Meetings during the Financial Year and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below:

Sr. No.	Name of Director	Category	No. Of Board Meeting attended during the year 2015-16	Attendance at last AGM held on 30 <sup>th</sup> September, 2015	No. Of Other Directorships of Companies Held As on 31 <sup>st</sup> March, 2016		No. of Membership of Outside Committees Held As on 31 <sup>st</sup> March, 2016	
					Public	Private	Mem.	Chmn
1.	Mr. Kishore Chand Talwar	Promoter & Executive (CMD)	12	Yes	-	-	-	-
2.	Mrs. Nainy Kunal Tanna	Promoter & Executive (WTD)	12	Yes	-	-	-	-
3.	Mr. Ram Sanehi	Non- Executive and Independent	12	No	-	-	-	-
4.	Mr. Ayyaswami Sundaram	Non- Executive and Independent	12	Yes	-	1	-	-
5	*Mr. Ganapathy Dharmarajan	Non- Executive and Independent	5	-	3	1	3	-

\*Appointed on 4th November, 2015.

CMD stands for Chairman & Managing Director, WTD stands for Whole-time Director.

##### Relationships between Directors inter-se

Mr. Kishorechand Talwar is related to Mrs. Nainy Kunal Tanna as Father. None of the other Directors except as aforementioned, are related to each other.

##### Shareholding of Non-Executive Independent Directors

The shareholding in the Company by the Non-Executive Independent Directors in their own name is NIL.

##### **Number of Board Meetings**

The Board meets at regular intervals to discuss and decide on various issues, including strategy related matters pertaining to the business of the Company. The tentative calendar of Board Meetings is circulated to the Directors in advance to facilitate them and to ensure their active participation at the Meetings of the Company. Apart from this, the approval of the Board is obtained through Circulation of Resolution to all the Directors in case some urgent/special situation arises. Such Circular Resolution is also confirmed at the next Board Meeting.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to take informed decisions and to discharge its functions effectively. Where it is not practicable to attach the relevant information as a part of agenda papers, the same are tabled at the Meeting of the Board.

During the year 2015-2016, the Board met 12 (Twelve) times. Details of these Meetings are as follows:-

Sr. No.	Date of Board Meeting
1.	07.04.2015
2.	12.05.2015
3.	26.05.2015
4.	12.06.2015
5.	01.07.2015
6.	13.08.2015
7.	30.09.2015
8.	04.11.2015
9.	12.12.2015
10.	25.01.2016
11.	12.02.2016
12.	14.03.2016

The Company has held at least one Board meeting in every three months. The maximum gap between any two meetings was less than 120 days, as stipulated in Regulation 17 (2) of the Listing Regulations.

As mandated by Regulation 26 of Listing Regulations, none of the Directors are members of more than 10 Board level committees, nor are they Chairpersons of more than 5 committees in which they are members of such committees.

#### Information placed before Board of Directors

The Board has complete access to all information with the Company.

All Board meetings are governed by a structured agenda which is backed by comprehensive background information. Inter-alia, the following information is regularly provided to the Board, as part of the agenda papers well in advance of the Board meetings, or is tabled in the course of the Board meeting.

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Any transactions that involves substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- 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 has an effective post meeting follow up procedure. The Action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board.

The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the Company, prepared by the Company, as well as steps taken by the Company to rectify instances of non-compliance.

#### Obligations of Independent Directors:

As mandated by Regulation 25 of the Listing Regulations, the Independent Directors on the Company's Board held a meeting on 25/01/2016 without the presence of Non-Independent Directors and Members of the management to:

- (a) review the performance of non-independent Directors and the Board of Directors as a whole;
- (b) review the performance of the chairperson of the listed entity, taking into account the views of executive Directors and non-executive Directors;
- (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

Accordingly, the performance evaluation of the Chairman & Managing Director and Whole-time Director was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

#### Familiarisation Programme for Independent Directors:

The Company has in place a policy for Familiarization Programme for Independent Director and the details of the Familiarisation Programme conducted during the Financial Year 2015-16 is disclosed on the website of the Company i.e. [www.rexnordindia.in](http://www.rexnordindia.in)

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

Details of the Committees of the Board and other related information are as follows:

#### 3. AUDIT COMMITTEE:

The Company has reconstituted the existing Audit Committee comprising of three qualified members (i.e. 2 Independent Directors and 1 Executive Director). The broad terms of reference of the Audit Committee are in consonance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. All the members have financial and accounting knowledge.

The Committee acts as a link between the Management, the Statutory Auditors and the Board of Directors of the Company. The Committee focuses 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 the internal audit report & 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 terms of reference of the Audit Committee are as under:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-Section 3 of Section 134 of the Companies Act, 2013.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.

- e. Compliance with listing and other legal requirements relating to financial statements.
- f. Disclosure of any related party transactions.
- g. Modified opinions in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit functions;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 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;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management, if any;
- Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
- Internal audit reports relating to internal control weaknesses, if any.
- Statement of deviations, if any; in terms of Regulation 32(1) & 32(7) of the Listing Regulations.

All the members have financial and accounting knowledge.

Head of the Finance and Accounts Department, representative of the Statutory Auditors and other executives as are considered necessary, attend meetings of the Audit Committee.

The Committee met 5 times during the year on 07/04/2015, 26/05/2015, 13/08/2015, 04/11/2015 and 12/02/2016.

Attendance record at the meetings of the Audit Committee of Directors during Financial Year 2015-16:

Name of the Members	Status	Nos. of Meetings Attended
Mr. Ganpathy Dharmarajan*	Chairperson	1
Mr. Ayyaswami Sundaram**	Member	5
Mrs. Nainy K. Tanna	Member	5
Mr. Ram Sanehi ***	Member	4

\*Mr. Ganpathy Dharmarajan was appointed as Chairperson of the Audit Committee at the Meeting held on 12/02/2016.

\*\* Mr. Ayyaswami Sundaram was Chairperson of Audit Committee till 11/02/2016.

\*\*\* Mr. Ram Sanehi ceased to be a Member of the Committee w.e.f. 04/11/2015

The Chairperson of the Committee as on the date of AGM, Mr. Ayyaswami Sunderam was present at the Annual General Meeting held on 30/09/2015 to attend the shareholder's queries.

#### 4. NOMINATION AND REMUNERATION COMMITTEE:

The Company has reconstituted the existing "Nomination and Remuneration Committee" in accordance with Section 178 of Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Committee comprises of Mr. Ganpathy Dharmarajan, Independent Director as the Chairperson, Mr. Ram Sanehi and Mr. Ayyaswami Sunderam as Members. All matters relating to review and approval of compensation payable to the executive and non-executive Directors are considered by the Nomination and Remuneration Committee and necessary recommendations are made by the Committee to the Board for approval within the overall limits approved by the Members and as per Schedule V to the Companies Act, 2013.

Terms of Reference of the Nomination & Remuneration Committee, inter-alia are as follows:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on the Board diversity.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. Removal should be strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- To decide whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

The Committee met Five (5) times during the year on 07/04/2015, 13/08/2015, 04/11/2015, 05/11/2015 and 12/02/2016.

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

Name of the Members	Status	Nos. of Meetings Attended
Mr. Ganpathy Dharmarajan*	Chairperson	2
Mr. Ayyaswami Sundaram**	Member	5
Mrs. Nainy K. Tanna***	Member	3
Mr. Ram Sanehi	Member	5

\*Mr. Ganpathy Dharmarajan was appointed as Chairperson of the Committee at the Meeting held on 05/11/2015.

\*\* Mr. Ayyaswami Sundaram was Chairperson of the Committee till 04/11/2015.

\*\*\* Mrs. Nainy K. Tanna ceased to be a Member w.e.f. 04/11/2015

The performance evaluation of the Independent Directors has been carried out by the entire Board of Directors to its satisfaction. In the above evaluation process the Directors, who were subjected to evaluation did not participate.

## 5. REMUNERATION OF DIRECTORS:

The Company pays remuneration to its Chairman & Managing Director and Whole-time Director by way of Salary, perquisites and allowances. Salary is paid within the range as approved by the Shareholders and as per Schedule V to the Companies Act, 2013. The Board approves all the revisions in salary, perquisites and allowances subject to the overall ceiling prescribed by Section 197 and 198 of the Companies Act, 2013. The Non-Executive Independent Directors have not been paid any remuneration except sitting fees during the Financial Year 2015-16.

The details of remuneration paid to executive Directors during the Financial Year 2015-16 are given below:

Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary (₹)	300000.00	300000.00
Allowances & Perquisites (₹)	3568000.00	3581098.15
Bonus	-	-
Pension	-	-
Fixed Components:		
Contribution to Provident Fund (₹)	36000.00	36000.00
Performance linked Incentive		
Commission	-	-
Service Contract	3 years	3 years
Severance Fees	-	-
Stock Options	-	-
<b>Total (₹)</b>	<b>3904000.00</b>	<b>3917098.15</b>

The details of remuneration paid to non executive Directors during the Financial Year 2015-2016 are given below:

Particulars	Mr. Ram Sanehi	Mr. Ayyaswami Sundaram	Mr. Ganapathy Dharmarajan
Sitting Fees (₹)*	60000	60000	25000
Shareholding in the Company	Nil	Nil	Nil

\*Excluding the Swachh Bharat Cess for which cenvat credit not available.

The Company does not have any stock option plans and hence such instrument does not form part of the remuneration package payable to any Executive Director and / or Non-Executive Director.

During the period under review, none of the Directors were paid any performance linked incentive.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Company has reconstituted its existing 'Stakeholders Relationship Committee' in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Committee shall specifically look into the mechanism of redressal of grievances of shareholders & other security holders pertaining to transfer of shares, non- receipt of declared dividends, non-receipt of Annual Report, issues concerning de-materialization etc.

The Company has designated the e-mail ID info@rexnordindia.com exclusively for the purpose of registering complaint by investors electronically. This e-mail ID is displayed on the Company's website i.e. www.rexnordindia.in

During the year 2015-2016, the attendance of the 'Stakeholders Relationship Committee' is given below:

Name of the Members	Status	Nos. of Meetings Attended
Mr. Ganapathy Dharmarajan*	Chairperson	1
Mr. Ayyaswami Sundaram**	Member	4
Mr. Ram Sanehi ***	Member	3
Mrs. Nainy K. Tanna	Member	4

\*Mr. Ganapathy Dharmarajan was appointed as Chairperson of the Committee at the Meeting held on 12/02/2016.

\*\* Mr. Ayyaswami Sundaram was Chairperson of the Committee till 11/02/2016.

\*\*\* Mr. Ram Sanehi ceased to be a Member w.e.f. 04/11/2015

Details of Investors Complaints received during the year:

Nature of Complaints	No. of complaints received	No. of complaints resolved	No. of complaints pending
Non Receipt of Share Certificate after transfer	1	1	0
Non receipt of Annual Report	3	3	0
SEBI	1	1	0
<b>Total</b>	<b>5</b>	<b>5</b>	<b>0</b>

There were no complaints pending as on 31st March, 2016.

Mr. Krunal S Wala, the Company Secretary is the Compliance Officer.

## 7. GENERAL BODY MEETINGS:

(a) Location and time, where last 3 AGM's held:

The last three Annual General Meetings were held as under:

Financial Year ended on	Date	Time	Venue
31.03.2013	18.07.2013	10.00 A.M.	Registered Office
31.03.2014	30.08.2014	9.30 A.M.	Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite MangalMurti Hospital, Gorai-II, Borivali (West), Mumbai – 400 092
31.03.2015	30.09.2015	9.30 A.M.	Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite MangalMurti Hospital, Gorai-II, Borivali (West), Mumbai – 400 092

(b) Whether any Special Resolution passed in previous 3 AGM's :

Date of AGM	Description of Special Resolution
18.07.2013	No Special Resolution was passed
30.08.2014	(i) Special Resolution under 180(1)(c) for borrowing (ii) Special Resolution under 180(1)(a) for creation of security (iii) Special Resolution for re-appointment of Mr. Kishore Chand Talwar as Chairman and Managing Director of the Company. (iv) Special Resolution for appointment of Mrs. Nainy K. Tanna as Whole-Time Director of the Company. (v) Special Resolution under Sections 23, 42, 62 to offer, issue and allot warrants on preferential basis.
30.09.2015	i) Special Resolution for adoption of new set of Articles of Association ii) Special Resolution for entering into Related Party Transactions.

(c) Whether any Special Resolution passed last year through Postal Ballot – details of voting pattern: No special resolution was required to be put through postal ballot last year.

(d) Person who conducted the postal ballot exercise: Not Applicable

(e) Whether any special resolution is proposed to be conducted through postal ballot: No

(f) Procedure for Postal Ballot: Not Applicable



## 8. MEANS OF COMMUNICATION:

- Quarterly results: Results are submitted to Stock Exchanges electronically as provided by the respective exchange & published in newspapers and uploaded on the Company's website.
- Newspapers wherein results normally published: Navshakti and Free Press Journal
- Any website where displayed : www.rexnordindia.in
- Whether it also displays official news releases : No official news release was made.
- The presentations made to institutional investors or to the analysts: No presentations were made during the year.

## 9. GENERAL SHAREHOLDERS INFORMATION:

### 9.1 ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING :	28th Annual General Meeting.
DAY & DATE :	Thursday, 11 <sup>th</sup> August, 2016
TIME :	10:30 a.m.
VENUE :	Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangalmurti Hospital, Gorai-II, Borivali (West), Mumbai – 400 092

### 9.2 FINANCIAL YEAR:

- \* Financial reporting for the quarter ended June 30, 2016: Mid of August, 2016.
- \* Financial reporting for the quarter ended Sept.30, 2016: Mid of November, 2016.
- \* Financial reporting for the quarter ended Dec. 31, 2016: Mid of February, 2017.
- \* Financial reporting for the Year ended March 31, 2017: Audited Results by end of May, 2017.

### 9.3 DIVIDEND PAYMENT DATE: NOT APPLICABLE

### 9.4 LISTING ON STOCK EXCHANGES:

The Company's Shares are listed on the Stock Exchange of Mumbai. The annual listing fee for the year 2016-2017 has been paid.

### 9.5 STOCK CODE:

Scrip Name :	Rexnord Electronics and Controls Ltd.
Scrip Code :	531888
Electronic Mode :	INE687C01012

### 9.6 MARKET PRICE DATA: HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR AND PERFORMANCE IN COMPARASION TO BSE SENSEX:

Month	Company's Shares		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April, 2015	29	23.25	29094.61	26897.54
May, 2015	34.9	23	28071.16	26423.99
June, 2015	32.5	27.6	27968.75	26307.07
July, 2015	56	30	28578.33	27416.39
August, 2015	53	30	28417.59	25298.42
September, 2015	38.55	23.75	26471.82	24833.54
October, 2015	45.5	32.7	27618.14	26168.71
November, 2015	37	32.65	26824.3	25451.42
December, 2015	64.80	35	26256.42	24867.73
January, 2016	67.7	42.75	26197.27	23839.76
February, 2016	57.95	32	25002.32	22494.61
March, 2016	43.65	34.7	25479.62	23133.18

- 9.7 In case the securities are suspended from trading, the Directors report shall explain the reason thereof : Not Applicable

### 9.8 REGISTRAR AND TRANSFER AGENTS:

M/S. BIG SHARE SERVICES PRIVATE LIMITED,  
[Unit: Rexnord Electronics and Controls Limited]  
E/2, Ansha Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri [East], Mumbai - 400 072  
Tel: 022-40430200  
Email: info@bigshareonline.com

### 9.9 SHARE TRANSFER SYSTEMS:

Share Transfer Requests are received at the registered office of the Company as well as directly at RTAs office. RTA does the verification and processing of documents. In order to comply with the requirements of SEBI Circular Nos.CIR/MIRSD/8/2012 dated July 5, 2012 to effect transfer of shares within 15 days, 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 15 days.

### 9.10 (a) SHAREHOLDING PATTERN AS ON MARCH 31, 2016:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	56,20,600	56.43
Mutual Funds/UTI	-	-
Financial Institutions/Banks	2,000	0.02
Bodies Corporate	2,38,321	2.39
Indian Public	37,57,646	37.73
NRI/OCBs	3,41,433	3.43
<b>Total</b>	<b>99,60,000</b>	<b>100</b>

### 9.10 (b) DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto -5000	4207	695630	6.98
5001-10000	385	331205	3.33
10001-20000	186	293670	2.95
20001-30000	77	202796	2.04
30001-40000	23	83437	0.84
40001-50000	25	120356	1.21
50000-100000	41	315525	3.16
100001- 999999999	37	7917381	79.49
<b>Total</b>	<b>4981</b>	<b>9960000</b>	<b>100</b>

### 9.11 (a) DEMATERIALISATION OF SHARES:

As on March 31, 2016, 89,84,580 Shares representing 90.21% of total Equity Shares were held in dematerialized form with NSDL and CDSL.

### 9.11 (b) LIQUIDITY:

Average Monthly Trading of the Company's Shares on BSE during the year:

- Number of Trades: 1462
- Number of Shares: 240642 Equity Shares

### 9.12 OUTSTANDING GDRs / ADRs/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

The company has not issued any GDRs and ADRs. There are 12,00,000 warrants, carrying an entitlement to subscribe to an equivalent number of equity shares of face value of Rs. 10/- each within a period of 18 months from the date of issue, pending for conversion as on 31/03/2016. These warrants have been converted on 11/04/2016 which will increase the equity share capital of the company in the current year to the extent.

**9.13 Commodity price risk or foreign exchange risk and hedging activities:**

The Company carries the normal foreign exchange risk as no hedging is done by the Company in view of export made by the Company.

**9.14 PLANT LOCATIONS:**

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

**9.15 ADDRESS FOR CORRESPONDANCE:**

REXNORD ELECTRONICS AND CONTROLS LIMITED  
92D, Government Industrial Estate, Charkop,  
Kandivali (West), Mumbai - 400067  
E-mail : [info@rexnordindia.com](mailto:info@rexnordindia.com)  
Telephone No. 022-39911800

**10. OTHER DISCLOSURES:**

- a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;

All related party transactions that were entered into during the Financial Year were on arm's length basis and were in the ordinary course of the business. None of the transactions with any of the related parties were conflicting with the interests of the Company. All the related party transactions as per AS-18 have been disclosed in Note 30 to the Financial Statement.

- b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;

None

- c) Details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;

Pursuant to Section 177 (9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations the Company has adopted a Vigil Mechanism/Whistle Blower Policy. The Company believes in professionalism, transparency, integrity and ethical behaviour and had thus established a 'Whistle Blower Policy' to facilitate employees to report concerns of any unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Audit Committee.

- d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company has complied with all mandatory requirements of Listing Regulations and has implemented few non-mandatory requirements.

- e) web link where policy for determining 'material' subsidiaries is disclosed; Not Applicable

- f) web link where policy on dealing with related party transactions; <http://www.rexnordindia.in>

- g) Disclosure of commodity price risks and commodity hedging activities  
Market driven:

The Company carries the normal foreign exchange risk as no hedging is done by the Company in view of export made by the Company.

11. Non Compliance Of Any Requirement Of Corporate Governance Report Of Sub-Paras (2) To (10) Of Para C Of Corporate Governance Report Of Schedule V Annual Report Of Listing Regulations: None

12. Disclosure To The Extent To Which The Discretionary Requirements As Specified In Part E Of Schedule II Have Been Adopted:

1. The Board: Not Applicable since the Company has an Executive Chairperson
2. Shareholders Rights: Presently the Company is not sending half yearly communication.
3. Modified opinion(s) in the Audit Report : It is always the company's endeavour to present unqualified financial statements. There are no audit modified opinions in the company's financial statement for the year under review.
4. Separate posts of Chairperson and CEO: Mr. Kishore Chand Talwar is the Chairperson and Managing Director of the Company.
5. Reporting of Internal Auditor: The Internal Auditor is directly reporting to Audit Committee

13. Disclosures Of The Compliance With Corporate Governance Requirements Specified In Regulation 17 To 27 And Clauses (B) To (I) Of Sub-Regulation (2) Of Regulation 46 shall be made in The Section On Corporate Governance Of The Annual Report.

The Company has complied with the Corporate Governance Requirements specified in Regulation 17 to 27 and in accordance with Regulation 46(2) of Listing Regulations, required information has been hosted on the Company's website [www.rexnordindia.in](http://www.rexnordindia.in)

**14. CODE OF CONDUCT & DECLARATION:**

The Company has adopted a Code of Conduct for the Directors, Senior Management Personnel and Employees of the Company. The members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the code for the effective period. Declaration 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.

**15. DISCLOSURE OF EVENTS OR INFORMATION:**

In accordance with Regulation 30(4)(ii) of Listing Regulations, the Company has framed a policy for determination of materiality, based on criteria specified in Regulation 30(4)(i), duly approved by the Board of Directors, which shall be disclosed on the Company's website [www.rexnordindia.in](http://www.rexnordindia.in).

Further, the Company has authorized KMP's for the purpose of determining the materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under the said regulation and the contact details of such personnel has been disclosed to the stock exchange(s) and as well is placed on the Company's website [www.rexnordindia.in](http://www.rexnordindia.in).

The Company has framed an Archival Policy for the disclosures posted on the website of the Company under Regulation 30 of the Listing Agreement which has been disclosed on the Company's website.

**16. CEO / CFO CERTIFICATION**

As required under Regulation 17 (8) of Listing Regulations, a Certificate duly signed Mr. K. C. Talwar, Chairman and Managing Director and CFO Mr. Kundan Talwar has been obtained and is annexed to this report.

**17. MANAGEMENT DISCUSSIONS & ANALYSIS**

Management Discussion and Analysis Report is given in a separate Section forming part of the Directors' Report in this Annual Report.

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

**KISHORECHAND TALWAR**  
(DIN: 00351751)

CHAIRMAN & MANAGING DIRECTOR

**Registered Office:**

92-D Govt. Ind. Estate,  
Charkop, Kandivli (W),  
Mumbai- 400 067.

Dated : May 30, 2016.



## ANNEXURE TO CORPORATE GOVERNANCE REPORT

### DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of Regulation 26 (3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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, 2016.

**Kishore Chand Talwar**  
(DIN : 00351751)  
Chairman & Managing Director

Place : Mumbai  
Dated : May 30, 2016

### 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

We, the undersigned, in our capacity as Chairman & Managing Director and Chief Financial Officer of **Rexnord Electronics and Controls Limited** ("the Company"), to the best of our knowledge and belief certify that:

- a. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2016 and that to the best of our 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. We further state that to the best of our 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. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee,

deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to take to rectify these deficiencies.

- d. We have indicated, based on our 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 we 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.

**Kishore Chand Talwar**  
(DIN : 00351751)  
Chairman & Managing Director

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2016

## ANNEXURE 'E'

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY STRUCTURE & DEVELOPMENT:

Your company is a leading manufacturer of instrument cooling fans and shaded pole motors used for industrial purposes. The core supply industry being refrigeration, power supply equipment's and telecommunication.

The strategy of Your Company is to engage in direct supply as well as Indirect supply through its distribution channels in order to ensure better customer management and widen the reach of our products.

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

The year 2015, has been yet another challenging year, with the currency depreciating further and the global economy struggling to gain momentum. In spite of the new policies being framed by the new government for boosting the manufacturing sector, the Indian economy has struggled to mark its place in the global scenario. In spite of key raw materials like steel and copper showing a drastic decline the effect has been diminished by the growing dollar to rupee struggle. The year 2015 also marked a slowdown in the refrigeration industry thereby affecting the growth of the company.

In spite of these challenges your company has managed to maintain a stable turnover and has successfully emerged out of the turmoil's faced by the slowdown of the refrigeration industry. The current financial year however looks promising with the company achieving its targets and looking at a steady growth.

With the current year showing signs of a stronger economy by a reducing debt ratio, the rupee looks to strengthen with the government taking appropriate measures.

#### Competition:

Your company faces stiff competition from the increasing import of cheaper honest substitutes. In spite of the government policies aiming to support the manufacturing industry in India there have been no signs of a slowdown in the import of similar fans and motors

Your company has always capitalized on its reach and presence in the Indian market. The following strategies have been adopted in order to suppress competition faced from imported products:

- 1) We have gradually aimed at widening our product base in order to include high profit making products and there thereby increase the turnover of the company.
- 2) We have also planned in investing in advanced technology in order to produce and provide Low cost and high efficiency products.
- 3) We also set customer satisfaction in the highest platform by providing customized products to suit the ever changing needs of the industry and our customers thereby proving an edge over the cheaper competition.
- 4) The technical competence of our engineers is the key success factor for your organization. Our comprehensive understanding of customer's business and his processes, deep know-how of key equipment and applications help us in designing and providing efficient and sustainable solutions far beyond a mere supply of products to our customers.
- 5) 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.
- 6) The Company aims at improving its cost management by providing focus on better cost management, reducing inefficiency, improving supply chain and improving productivity so that it can continue to improve its operating performance.

#### EXPORTS:

The financial year 2015-2016 was fruitful in terms of exports with a consistent performance and steady growth in our export customer base. Your company aims at making further inroads into the export market by expanding its distribution network. Your company also continues to focus on realizing global levels of productivity and quality to remain competitive in the market.

1. We continue to develop new products and expand our portfolio to get increased share with our customers in focus sectors.
2. We continued to expand our channel reach globally to facilitate brand recognition. Our initiative to enhance technical competence of our channel partners adds to our strength. Based on positive economic outlook for year 2015 and our successful strategy to invest in continued expansion of manufacturing and engineering footprint, your company is determined to maintain its growth approach.

3. We also aim at increasing brand awareness by participating in Trade Shows and through intensified advertisement at a global level.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal audit functions of the company are carried out by a firm of Chartered Accountants. The scope and authority of the Internal Audit function is defined by the Audit Committee. The Internal Auditors reports to the Chairman of the Audit Committee of the Board.

The Internal Auditors monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

Based on the report of internal auditors, the Company undertakes corrective action in their respective areas and thereby strengthens the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

The Company has in place adequate policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

#### FINANCIAL AND OPERATIONAL PERFORMANCE:

During the year under review, the Company has achieved total revenue of ₹ 518077093.40 as against total revenue of ₹ 528193369.30 in the previous year. The Company has earned profit before tax of ₹ 30833445.90 during the year as against the profit before tax of ₹ 37443328.76 in the previous year.

Taking into account the recessionary trends within the industry your company has managed to keep performing with a positive approach with a view to further expand in the current financial year.

#### HUMAN RESOURCES:

Your Company takes great pride in the commitment, competence and vigour shown by its workforce in all realms of business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. People development continues to be a key focus area at Rexnord. Your Company has implemented many in house training programs to keep them abreast of the latest developments in the industry and economy. To establish direct link between performance and reward, your Company has been steadily increasing the weightage of actual performance in remuneration packages.

The Company has, under its employment 69 officers and other staff including executive directors.

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

#### Market Leadership

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

#### Price Competitiveness

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

#### Customer Satisfaction

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

#### CAUTIONARY STATEMENT:

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

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**REXNORD ELECTRONICS AND CONTROLS LIMITED**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Rexnord Electronics and Controls Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) on the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 (i) (c) to the financial statements;
    - (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place: Mumbai  
Dated: May 30, 2016

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

In terms of information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) the Company has maintained records, showing particulars including quantitative details and situation of its fixed assets;
- (b) as explained to us, all the fixed assets have been physically verified by the management at the close of 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
- (c) According to the information and explanations given to us, in our opinion, the title deeds of immoveable properties are held in the name of the Company.
- (ii) as certified by the management, physical verification of inventories was conducted by the management at the close of the year. There were no material discrepancies noticed on physical verification of inventories as compared to book records and the same have been properly dealt with in the books of account;
- (iii) the Company has, during the year, not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly the provisions of clauses (a), (b) and (c) of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) as per the records of the company and according to the information and explanations given to us, the Company has not granted any loans, made any investments, given any guarantee or provided any security in connection with a loan during the year. Therefore the provisions of section 185 and 186 of the Act have not been applicable to the Company.
- (v) the Company has not accepted any deposit from public during the year in accordance with the provisions of Section 73 to 76 of the Act and rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view of determine whether they are accurate or complete.
- (vii) (a) on the basis of books and records examined by us, amount deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. 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 except Central Sales Tax Rs. 26255.00.
- (b) on the basis of books and records examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited with appropriate authorities on account of any dispute. The particulars of amounts of income tax as at 31st March 2016 which have not been deposited on account of dispute are as follows:

Name of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowance of deduction	327610/-	2009-10*	Appeal with the Income Tax Appellate Tribunal

\*Assessment Year

- (viii) 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 financial institutions and banks. There are no dues payable to the debenture holders and Government.
- (ix) As per the records of the Company, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In respect of term loans obtained during the year, we are of the opinion that the term loans were applied for the purpose for which they were obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us, the Company has not made any private placement of shares or fully or partly convertible debentures during the year. In respect of the preferential allotment of equity shares on conversion of warrants made to promoters and non promoter group, the Company has complied with the requirement of section 42 of the Act and the amount raised have been used for the purpose for which it was raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Mumbai.  
Dated : May 30, 2016

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

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT – 31<sup>st</sup> MARCH 2016

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Rexnord Electronics and Controls Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place: Mumbai.  
Dated : May 30, 2016

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



## BALANCE SHEET AS AT 31ST MARCH 2016

(Amount in ₹)  
As at 31.03.2015

Particulars	Note No.	As at 31.03.2016		As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	2	99591000.00	75786000.00	
Reserves and surplus	3	114944449.64	86832021.75	
Money Received against Share Warrants		<u>7350000.00</u>	<u>15324675.00</u>	
		<b>221885449.64</b>		177942696.75
<b>Non-current liabilities</b>				
Long-term borrowings	4	17841973.44	22277490.14	
Deferred tax liabilities (net)	5	10686447.00	9031380.00	
Long-term provisions	6	<u>1459524.00</u>	<u>1224135.00</u>	
		<b>29987944.44</b>		32533005.14
<b>Current liabilities</b>				
Short-term borrowings	7	51460297.44	54838037.00	
Trade payables	8	68244101.89	76122448.34	
Other current liabilities	9	26381140.43	34806921.27	
Short-term provisions	10	<u>647644.51</u>	<u>1987014.70</u>	
		<b>146733184.27</b>		167754421.31
<b>TOTAL</b>		<b><u>398606578.35</u></b>		<b><u>378230123.20</u></b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets	11	156243097.19	161083548.97	
Intangible assets	11	147740.00	436339.00	
Capital work in progress	11	<u>1349712.00</u>	<u>1327043.00</u>	
		<b>157740549.19</b>	<b>162846930.97</b>	
Long-term loans and advances	12	<u>1386009.00</u>	<u>1303621.77</u>	
		<b>159126558.19</b>		164150552.74
<b>Current assets</b>				
Inventories	13	115384100.86	109598816.57	
Trade receivables	14	79976205.91	60772940.71	
Cash and bank balances	15	36654116.96	34541460.55	
Short-term loans and advances	16	4422443.13	6406351.18	
Other current assets	17	<u>3043153.30</u>	<u>2760001.45</u>	
		<b>239480020.16</b>		214079570.46
<b>TOTAL</b>		<b><u>398606578.35</u></b>		<b><u>378230123.20</u></b>
Contingent liabilities and commitments (To the extent not provided for)	26			
Significant accounting policies	1			

The accompanying notes form part of the financial statements

As per our attached report of even date

**For R. S. Agrawal & Associates**  
Chartered Accountants  
(Firm Registration No. 100156W)

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

Place : Mumbai  
Dated : May 30, 2016

For and on behalf of the Board of Directors

**Kishore Chand Talwar**  
Chairman & Managing Director  
DIN 00351751

**Ganapathy Dharmarajan**  
Director  
DIN 02707898

**Krunal S. Wala**  
Company Secretary

Place : Mumbai  
Dated : May 30, 2016

**Nainy K. Tanna**  
Wholtime Director  
DIN 00351762

**Kundan Talwar**  
Chief Financial Officer



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in ₹)

Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
Revenue from operations (gross)	18	563749551.34	568441310.45
Less: Excise duty		48578434.00	42480364.00
Revenue from operations (net)		515171117.34	525960946.45
Other income	19	2905976.06	2232422.85
<b>Total Revenue</b>		<b>518077093.40</b>	<b>528193369.30</b>
<b>Expenses:</b>			
Cost of materials consumed	20	297923975.25	326414155.54
Purchases Stock in trade		0.00	3245207.00
Changes in inventories of finished goods and work in progress	21	3296277.58	(19230445.58)
Employee benefits expense	22	33888466.15	27805152.00
Finance costs	23	15400809.29	15124933.54
Depreciation and amortisation expense	11	12941473.52	12692753.53
Other expenses	24	123792645.71	124698284.51
<b>Total expenses</b>		<b>487243647.50</b>	<b>490750040.54</b>
Profit before exceptional items and tax		30833445.90	37443328.76
Exceptional items:		0.00	0.00
Profit before tax		30833445.90	37443328.76
Tax expense:			
Current tax		9159147.00	11035438.00
Less: MAT credit entitlement		0.00	0.00
Net current tax		9159147.00	11035438.00
Deferred tax		1655067.00	1410819.00
Tax adjustment for earlier years		504.01	0.49
		10814718.01	12446257.49
Profit after tax for the year		20018727.89	24997071.27
Earning per equity share	25		
Basic		2.08	3.64
Diluted		2.02	3.44
Significant accounting policies	1		

The accompanying notes form part of the financial statements

As per our attached report of even date

**For R. S. Agrawal & Associates**  
Chartered Accountants  
(Firm Registration No. 100156W)

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

Place : Mumbai  
Dated : May 30, 2016

For and on behalf of the Board of Directors

**Kishore Chand Talwar**  
Chairman & Managing Director  
DIN 00351751

**Ganapathy Dharmarajan**  
Director  
DIN 02707898

**Krunal S. Wala**  
Company Secretary

Place : Mumbai  
Dated : May 30, 2016

**Nainy K. Tanna**  
Wholetime Director  
DIN 00351762

**Kundan Talwar**  
Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in ₹)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	30833445.90	37443328.76
Adjustments for		
Depreciation and amortization	12941473.52	12692753.53
Provision for doubtful debts and advances	149605.45	0.00
(Profit)/loss on sale/discarding of fixed assets (net)	202168.00	2798398.86
Creditors for capital goods written back	0.00	0.00
Unrealised exchange (gain)/ loss	(463977.81)	386179.64
Interest income	(2675332.06)	(1889517.85)
Dividend income	0.00	0.00
Interest and other borrowing costs	13066409.16	13797018.66
Operating profit before working capital changes	54053792.16	65228161.60
Adjustments for :		
Trade receivables	(19539030.45)	(18749454.26)
Other receivables	1852598.43	(4226992.12)
Inventories	(5785284.29)	(38122996.51)
Trade payables	(7785346.45)	515363.43
Other payables	958208.15	7350188.15
Cash generated from operations	23754937.55	11994270.29
Direct taxes paid	(10529214.20)	(9487155.60)
Cash flow before extraordinary items	13225723.35	2507114.69
Extraordinary items	0.00	0.00
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>13225723.35</b>	<b>2507114.69</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of tangible assets	700000.00	996365.00
Purchase of tangible assets	(8630301.74)	(35966410.57)
Proceeds from sale of intangible assets	0.00	20.00
Purchase of intangible assets	(106958.00)	(72208.00)
(Purchase)/ sale of investments	0.00	0.00
(Increase)/ decrease in deposits	(129381.00)	22657.00
(Increase)/ decrease in bank fixed deposits	(2029000.00)	(4500000.00)
Interest income	2548693.21	1698913.40
Dividend income	0.00	0.00
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(25907947.53)</b>	<b>(37820663.17)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital, premium & warrants	23924025.00	30041895.00
Proceeds from long term borrowings	6190000.00	13500000.00
Repayment of long term borrowings	(19658055.87)	(17441126.88)
Proceeds from short term borrowings	149275588.00	186305713.00
Repayment of short term borrowings	(171143090.00)	(173269433.00)
Change in working capital borrowings from banks	19055816.44	0.00
Interest and other borrowing costs	(13139402.98)	(13784705.56)
Dividend paid	0.00	0.00
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	<b>(5495119.41)</b>	<b>25352342.56</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(18177343.59)</b>	<b>(9961205.92)</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>19541460.55</b>	<b>29502666.47</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1364116.96</b>	<b>19541460.55</b>

Notes :

- The above cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
- Refer Note no. 15 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

As per our attached report of even date

**For R. S. Agrawal & Associates**  
Chartered Accountants  
(Firm Registration No. 100156W)

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

For and on behalf of the Board of Directors

**Kishore Chand Talwar**  
Chairman & Managing Director  
DIN 00351751

**Ganapathy Dharmarajan**  
Director  
DIN 02707898

**Krunal S. Wala**  
Company Secretary

**Nainy K. Tanna**  
Wholtime Director  
DIN 00351762

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2016

Place : Mumbai  
Dated : May 30, 2016

## Notes to the financial statements for the year ended 31st March 2016

### Note 1: SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP includes mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees except per share data and where mentioned otherwise.

In the opinion of the management, all the adjustments which are necessary for a fair presentation have been included. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has identified its operating cycle as 12 months.

#### B) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenue and expenses during the reported period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### C) Current and non-current classification

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

##### Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

#### D) Fixed Assets

##### Tangible Assets

Tangible fixed assets are stated at cost of acquisition (except in cases of revalued asset which is stated at revalued amount) less accumulated depreciation and impairment losses if any. The cost of acquisition includes subsequent improvement thereto inclusive of taxes, duties (net of cenvat), freight and other incidental expenses relating to acquisition, improvement and installation.

##### Intangible Assets

Intangible assets include software and are stated at their cost of acquisition less accumulated amortization and impairment losses if any. An intangible asset is recognized, where it is probable that the future economic benefit attributable to the assets will flow to the Company and where its cost can be reliably measured.

##### Capital Work in Progress

The cost incurred for fixed assets, the construction/installation 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.

#### E) Depreciation and amortization

Depreciation on all the tangible assets is provided for on straight line method based on the useful lives of assets as prescribed under part C of Schedule II of the Act.

Intangible assets (Software) are amortized over their respective useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use.

Depreciation in respect of addition to fixed assets is provided on pro-rata basis from the date from which such assets are ready for intended use.

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

#### F) 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 Statement of Profit and Loss or against revaluation surplus, where applicable.

#### G) Investments

Non-current (long term) investments are valued and stated at cost. Provision for diminution in the value of investments is made only when, in the opinion of management, there is decline, other than temporary, in the carrying value of such investments.

Current investments are valued at cost or market value whichever is lower.

#### H) Inventories

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

#### I) Revenue Recognition

Sales are inclusive of excise duty 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 statements as Sales less Excise Duty.

Interest income is recognized using the time proportion method, based on underlying interest rates.

Dividend income is recognized when right to receive the dividend is established.

## Notes to the financial statements for the year ended 31st March 2016

### J) Employee Benefits

#### Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, ex-gratia, leave, etc. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the year.

#### Post-employment benefits

##### Defined contribution plans

The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

##### Defined benefit plans

###### Gratuity

The Company's gratuity benefit scheme is a defined benefit plan. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current period and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan 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.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government securities as at the Balance Sheet date.

Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

### 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 statement of profit and loss.

### L) Segment Reporting

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

### M) Foreign Currency Transactions

- 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.
- 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 statement profit and loss.
- 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.
- 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.

### N) 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 are 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 and deferment of allowances 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 recognized, only to the extent there is a reasonable certainty of its realization. At each balance sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

### O) Earning per share

The basic earnings per equity share are computed by dividing the net profit or loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

### P) Leases

Lease rentals payable under operating leases are recognized in the statement of profit and loss on a straight line basis over the term of the lease.

### Q) 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.

### R) Cenvat Credit

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

### S) Export Incentive

The benefits, on account of entitlement to import duty free raw material under the Advance License 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.

The benefits under FMS/FPS/Incremental Export Incentivisation Scheme and Duty Drawback Scheme are recognized when the exports are made.

### T) Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is so longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

## Notes to the financial statements for the year ended 31st March 2016

(Amount in ₹)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Numbers	Amount (₹)	Numbers	Amount (₹)
<b>NOTE 2 : SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of ₹ 10/- each	15000000	150000000.00	15000000	150000000.00
<b>Total</b>		<b>150000000.00</b>		<b>150000000.00</b>
<b>Issued, subscribed and paid-up</b>				
Equity shares of ₹ 10/- each fully paid up	9960000	99600000.00	7579500	75795000.00
Less: calls in arrears by others		9000.00		9000.00
<b>Total</b>		<b>99591000.00</b>		<b>75786000.00</b>

2 a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

Particulars	Numbers	Amount (₹)	Numbers	Amount (₹)
At the beginning of the year	7579500	75795000.00	6481200	64812000.00
Add : Equity shares issued on conversion of warrants	2380500	23805000.00	1098300	10983000.00
At the end of the year	9960000	99600000.00	7579500	75795000.00

2 b. The company has issued only one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of preferential amounts, in proportion of their shareholding.

2 c. Shareholders holding more than 5% of share capital at the end of the year :

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
Shri Kishore Chand Talwar	3652000	36.67	2451500	32.34
Smt. Sharda Talwar	1426400	14.32	906400	11.96

### NOTE 3: RESERVES AND SURPLUS:

Revaluation reserve		701.78		701.78
At the beginning and at the end of the year				
Surplus in Statement of Profit and Loss :				
Balance at the beginning of the year	83097099.97		59355978.49	
Add : Profit (loss) after tax for the year	20018727.89		24997071.27	
	<b>103115827.86</b>		<b>84353049.76</b>	
Less : Adjustment relating to fixed assets (net of deferred tax ) (Refer note no. 11 (ii) )	0.00		1255949.79	
Balance at the end of the year		<b>103115827.86</b>		<b>83097099.97</b>
Securities Premium account				
Balance at the beginning of the year	3734220.00		0.00	
Add : on account of issue of equity shares on conversion of share warrants	8093700.00		3734220.00	
Balance at the end of the year		<b>11827920.00</b>		<b>3734220.00</b>
<b>Total</b>		<b>114944449.64</b>		<b>86832021.75</b>

### NOTE 4: LONG-TERM BORROWINGS

Secured loans:				
Term loans				
From banks		17030550.44		22277490.14
From other parties		811423.00		0.00
<b>Total</b>		<b>17841973.44</b>		<b>22277490.14</b>

## Notes to the financial statements for the year ended 31st March 2016

Secured loans:

A Terms of repayment of secured loans

Name of the banks / other parties	HDFC Bank Limited	HDFC Bank Limited	HDFC Bank Limited	HDFC Bank Limited
<b>Type of loan</b>	<b>Term Loan</b>	<b>Term Loan</b>	<b>Term Loan</b>	<b>Term Loan</b>
Loan account no.	3350311	3416348	3477527	81185004
Amount sanctioned (₹)	37400000.00	10000000.00	10000000.00	10000000.00
Sanction date	24/06/2010	30/01/2012	27/07/2013	03/06/2014
Interest rate	Base Rate +2.50%	Base Rate +2.50%	Base Rate +2.50%	Base Rate +2.50%
Total No. of EMIs	65	58	60	60
No. of EMIs paid	62	48	25	16
No. of balance EMIs to be paid	3	10	35	44
Current EMI amount (Principal and interest)	853599.00	232683.00	228253.00	233196.00
Maturity profile (Principal):				
2016-17	2380480.06	2181496.71	2065421.89	1938024.55
2017-18	0.00	0.00	2322764.62	2179494.11
2018-19	0.00	0.00	2246993.55	2451049.76
2019-20	0.00	0.00	0.00	1591775.23
2020-21	0.00	0.00	0.00	0.00
2021-22	0.00	0.00	0.00	0.00

Name of the banks / other parties	HDFC Bank Limited	HDFC Bank Limited	Toyota Financial Services India Ltd.
<b>Type of loan</b>	<b>Term Loan</b>	<b>Vehicle Loan</b>	<b>Vehicle Loan</b>
Loan Account No.	81593470	29165164	NMUM1046300
Amount sanctioned (₹)	5000000.00	3500000.00	1190000.00
Sanction Date	29/12/2014	01/08/2014	25/06/2015
Interest rate	Base Rate +2.50%	10.25%	10.00%
Total No. of EMIs	60	84	60
No. of EMIs paid	7	20	10
No. of balance EMIs to be paid	53	64	50
Current EMI amount (Principal and interest)	113504.00	58065.00	25073.00
Maturity profile (Principal):			
2016-17	856858.25	423786.96	208363.00
2017-18	963619.11	469334.97	230158.00
2018-19	1083681.95	519778.47	254232.00
2019-20	1218704.06	575643.55	280828.00
2020-21	542807.89	637512.94	46205.00
2021-22	0.00	227390.23	0.00

B. Nature of security:

- I. Term loans from HDFC Bank Limited are :
  - a. primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;
  - b. further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400067;
  - c. further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J.P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Sagpada), Kaman, Vasai (E), Palghar 401202 belonging to Shri Kundan Talwar; and
  - d. also personally guaranteed by Chairman & Managing Director, Wholtime Director and two relatives of the Chairman & Managing Director of the Company.
- II. All the vehicle loans are secured by hypothecation of specific vehicles acquired from the loans.

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE 5: DEFERRED TAX LIABILITIES (NET)</b>		
Deferred tax liabilities:		
Depreciation	11346166.00	9544059.00
Deferred tax assets:		
Deferment of allowances as per the Income Tax Act 1961	659719.00	512679.00
<b>Total</b>	<b>10686447.00</b>	<b>9031380.00</b>
<b>NOTE 6: LONG-TERM PROVISIONS</b>		
Provision for employee benefits (Refer note no. 28)	1459524.00	1224135.00
<b>Total</b>	<b>1459524.00</b>	<b>1224135.00</b>



## Notes to the financial statements for the year ended 31st March 2016

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE 7: SHORT-TERM BORROWINGS</b>		
Secured loans:		
Working capital loans		
From a bank	1418456.94	0.00
Overdraft against fixed deposits		
From a bank	17637359.50	0.00
Unsecured loans:		
Buyers credit in foreign currency		
From banks	32404481.00	54838037.00
Loans from related parties (Refer note no. 30)	0.00	0.00
<b>Total</b>	<b>51460297.44</b>	<b>54838037.00</b>
Secured Loans:		
Nature of security:		
I. Working capital loans from HDFC Bank Limited are :		
(a) primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;		
(b) further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai - 400 067;		
(c) further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J.P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Sagpada), Kaman, Vasai (E), Palghar 401202 belonging to Shri Kundan Talwar; and		
(d) also personally guaranteed by Chairman & Managing Director, Wholetime Director and two relatives of the Chairman & Managing Director of the Company.		
II. Overdraft against fixed deposit is secured by lien on fixed deposit of ₹ 20000000/-		
<b>NOTE 8: TRADE PAYABLES</b>		
Micro and small enterprises (Refer note no. 32)	14975530.00	3493265.00
Others*	53268571.89	72629183.34
<b>Total</b>	<b>68244101.89</b>	<b>76122448.34</b>
* Other trade payables include acceptances	10552622.07	27794311.00
<b>NOTE 9: OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debts (Refer note no. 4)	10054431.42	19086970.59
Interest accrued but not due on borrowings	391381.47	464375.29
Creditors for capital expenditure	985823.16	1263215.00
Advances from customers	7817289.00	8864354.56
Other payables		
Statutory dues	1658548.00	883753.00
Accrued expenses	5473667.38	4244252.83
<b>Total</b>	<b>26381140.43</b>	<b>34806921.27</b>
<b>NOTE 10: SHORT-TERM PROVISIONS</b>		
Provision for employees benefits (Refer note no. 28)	272206.00	242013.00
Provision for taxation (net of taxes paid)	375438.51	1745001.70
<b>Total</b>	<b>647644.51</b>	<b>1987014.70</b>

## Notes to the financial statements for the year ended 31st March 2016

### NOTE 11: FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 31.03.2015	Additions during the year	Sold/ discarded during the year	Total as at 31.03.2016	Provided upto 31.03.2015	Dep adjusted against the reserves	Provided for the Year	Written back during the year	Total upto 31.03.2016	Total as at 31.03.2016	Total as at 31.03.2015
<b>TANGIBLE ASSETS</b>											
Leasehold land	4579200.00	0.00	0.00	4579200.00	0.00	0.00	0.00	0.00	0.00	4579200.00	4579200.00
Factory buildings	104960172.38	0.00	0.00	104960172.38	13967960.82	0.00	3918772.00	0.00	17886732.82	87073439.56	90992211.56
Residential flats	1964381.00	0.00	0.00	1964381.00	346189.00	0.00	34905.00	0.00	381094.00	1583287.00	1618192.00
Plant and machineries	68682851.90	3562932.00	754535.00	71491248.90	30275555.71	0.00	3592451.00	207692.00	33660314.71	37830934.19	38407296.19
Moulds and dies	39034315.23	2241021.74	0.00	41275336.97	28774729.52	0.00	1611703.00	0.00	30386432.52	10888904.45	10259585.71
Furniture and fixtures	5527950.69	324906.00	0.00	5852856.69	2998838.54	0.00	414807.64	0.00	3413646.18	2439210.51	2529112.15
Office equipments	2874266.60	272215.00	0.00	3146481.60	1461415.30	0.00	551581.00	0.00	2012996.30	1133485.30	1412851.30
Vehicles	12528758.00	1744293.00	1036119.00	13236932.00	3872748.00	0.00	1813153.00	680794.00	5005107.00	8231825.00	8656010.00
Computers	2158050.32	247790.00	0.00	2405840.32	1404932.31	0.00	248064.01	0.00	1652996.32	752844.00	753118.01
Factory equipments	3309805.85	214475.00	0.00	3524280.85	1433833.80	0.00	360479.87	0.00	1794313.67	1729967.18	1875972.05
<b>Total tangible assets</b>	<b>245619751.97</b>	<b>8607632.74</b>	<b>1790654.00</b>	<b>252436730.71</b>	<b>84536203.00</b>	<b>0.00</b>	<b>12545916.52</b>	<b>888486.00</b>	<b>96193633.52</b>	<b>156243097.19</b>	<b>161083548.97</b>
<b>INTANGIBLE ASSETS</b>											
Computer software - acquired	1320410.00	106958.00	0.00	1427368.00	884071.00	0.00	395557.00	0.00	1279628.00	147740.00	436339.00
<b>Total intangible assets</b>	<b>1320410.00</b>	<b>106958.00</b>	<b>0.00</b>	<b>1427368.00</b>	<b>884071.00</b>	<b>0.00</b>	<b>395557.00</b>	<b>0.00</b>	<b>1279628.00</b>	<b>147740.00</b>	<b>436339.00</b>
<b>Total as at 31.03.2016</b>	<b>246940161.97</b>	<b>8714590.74</b>	<b>1790654.00</b>	<b>253864098.71</b>	<b>85420274.00</b>	<b>0.00</b>	<b>12941473.52</b>	<b>888486.00</b>	<b>97473261.52</b>	<b>156390837.19</b>	<b>161519887.97</b>
Total as at 31.03.2015	256378742.94	34711575.57	44150156.54	246940161.97	111228330.36	1854562.79	12692753.53	40355372.68	85420274.00	161519887.97	145150412.58
Capital work in progress										1349712.00	1327043.00

11 (i) Cost of factory building include ₹ 1000.00 (previous year ₹ 1000.00) being cost of shares in the Kandivli Co-operative Industrial Estate Limited.

11 (ii) Pursuant to the requirements of the Companies Act, 2013 ("the Act") the Company, during the previous year, revised the depreciation rates based on the estimated economic useful lives of the fixed assets as prescribed by the Schedule II to the Act from 1st April 2014. Accordingly the unamortized carrying value is being depreciated / amortized over the revised / remaining useful lives. In respect of fixed assets whose useful life was already exhausted as on 1st April 2014, depreciation of ₹ 1255949.79 (net of deferred tax) had, during the previous year, been adjusted in opening balance of the Statement of Profit and Loss in accordance with the requirements of the Schedule II of the Act.

(Amount in ₹)

Particulars	As at 31.03.2016	As at 31.03.2015
<b>NOTE 12: LONG-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Capital advances	367405.00	422217.77
Security deposits	1018604.00	881404.00
<b>Total</b>	<b>1386009.00</b>	<b>1303621.77</b>

### NOTE 13: INVENTORIES

(Refer note no. 1 (H))

Raw Materials and components including packing materials*	80073680.70	70835122.27
Work in progress (Refer note no. 36)	26210954.73	28505294.33
Finished goods	8805918.29	9807856.27
Stores and spares	293547.14	450543.70
<b>Total</b>	<b>115384100.86</b>	<b>109598816.57</b>

\* Includes stock in transit 0.00 0.00

## Notes to the financial statements for the year ended 31st March 2016

Particulars	As at 31.03.2016	(Amount in ₹) As at 31.03.2015
<b>NOTE 14: TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months from the date they are due for payments		
Unsecured, considered good	138549.33	1256711.27
Unsecured, considered doubtful	107464.71	0.00
Less: Provision for doubtful Debts	<u>(107464.71)</u>	0.00
	<b>138549.33</b>	<u>1256711.27</u>
Debts outstanding for a period less than six months from the date they are due for payments		
Unsecured, considered good	79837656.58	59516229.44
Unsecured, considered doubtful	42140.74	0.00
Less: Provision for doubtful Debts	<u>(42140.74)</u>	0.00
	<b>79837656.58</b>	<u>59516229.44</u>
	<b>79976205.91</b>	<u>60772940.71</u>
<b>NOTE 15: CASH AND BANK BALANCES</b>		
Cash and cash equivalents:		
Balances with banks		
In cash credit account	0.00	17357266.66
In current accounts	512822.96	1919122.89
Cash on hand	<u>851294.00</u>	265071.00
	<b>1364116.96</b>	<u>19541460.55</u>
Other bank balances:		
In fixed deposit account with maturity less than 12 months	0.00	2500000.00
Fixed deposits with banks held as margin money for letter of credit issued, gurantee given and overdraft facility		
With maturity period less than 12 months	35290000.00	12500000.00
(lien for margin money ₹ 13888079/-, previous year ₹ 12326979/- , lien for gurantee issued to custom ₹ 290000/- previous year ₹ Nil and lien as securities for overdraft ₹ 20000000/- previous year ₹ Nil )		
	<b>35290000.00</b>	15000000.00
<b>Total</b>	<b>36654116.96</b>	<u>34541460.55</u>
<b>NOTE 16: SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Security deposits to others	51547.00	59366.00
Advances to suppliers	1790575.85	1137217.88
Loan to employee	121990.00	91500.00
Cenvat credit receivable	1040846.00	2127205.00
Export benefit receivable	163327.00	175131.00
Prepaid expenses	1245777.28	2812058.30
Other receivables	8380.00	3873.00
<b>Total</b>	<b>4422443.13</b>	<u>6406351.18</u>
<b>NOTE 17: OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits	348959.30	222320.45
Export Benefits in Duty Credit Scrips Receivable	2694194.00	2537681.00
<b>Total</b>	<b>3043153.30</b>	<u>2760001.45</u>

## Notes to the financial statements for the year ended 31st March 2016

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
		(Amount in ₹)
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
Sale of products*	555625716.80	562650192.54
Other operating revenue		
Scrap sales	4178813.54	3110263.91
Export incentives	3945021.00	2680854.00
	<u>8123834.54</u>	5791117.91
<b>Total</b>	<u>563749551.34</u>	<u>568441310.45</u>
*Sales of Products		
Instrument cooling fans	292901775.87	303872007.70
Shaded pole motors	236455370.66	239508646.15
Components	26268570.27	19269538.69
<b>NOTE 19: OTHER INCOME</b>		
Interest Income :		
On fixed deposits with banks	2602063.40	1812029.00
On security deposits	59728.66	61388.85
On staff loans	13540.00	16100.00
	<u>2675332.06</u>	1889517.85
Discount on purchase of FPS/FMS entitlements	230644.00	342905.00
<b>Total</b>	<u>2905976.06</u>	<u>2232422.85</u>
<b>NOTE 20: COST OF MATERIALS CONSUMED*</b>		
(Raw materials and components including packing materials)		
Opening stock	70835122.27	52168145.04
Add : Cost of purchases	307162533.68	345081132.77
Less: Closing stock	80073680.70	70835122.27
<b>Total</b>	<u>297923975.25</u>	<u>326414155.54</u>
*Cost of materials consumed		
Aluminium ingots	46628027.43	56658614.77
Aluminium sheets	8951621.87	6197971.73
Ball bearings	7661753.97	8605995.96
Copper wires	54069452.41	62545728.38
Plastic powders	14116696.28	17180754.66
Rotor lamination	18239551.95	20409259.42
Stator lamination	43586737.74	45256988.05
Others	104670133.60	109558842.57
<b>NOTE 21: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Opening stocks:		
Finished goods	9807856.27	2925658.98
Work in progress	28505294.33	16157046.04
	<u>38313150.60</u>	19082705.02
Less:Closing stocks:		
Finished goods	8805918.29	9807856.27
Work in progress	26210954.73	28505294.33
	<u>35016873.02</u>	38313150.60
<b>Total</b>	<u>3296277.58</u>	<u>(19230445.58)</u>
<b>NOTE 22: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	28818506.15	22780946.00
Contribution to provident and other funds	1116757.00	889150.00
Staff welfare expenses	3953203.00	4135056.00
<b>Total</b>	<u>33888466.15</u>	<u>27805152.00</u>

## Notes to the financial statements for the year ended 31st March 2016

Particulars	(Amount in ₹)	
	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>NOTE 23: FINANCE COSTS</b>		
Interest expense on:		
Borrowings	5786360.70	6110102.99
Others	2965421.93	2833409.20
Other Borrowing Costs	4314626.53	4853506.47
Net loss(gain) on foreign currency transactions	2334400.13	1327914.88
<b>Total</b>	<b><u>15400809.29</u></b>	<b><u>15124933.54</u></b>
<b>NOTE 24: OTHER EXPENSES</b>		
Manufacturing expenses		
Consumption of stores and spares	1580284.55	1551508.72
Processing and labour charges	53212290.00	57456443.00
Power and fuel	15813671.80	14369368.05
Rent	175813.00	120000.00
Repairs to :		
factory buildings	3886813.00	6474591.00
machineries	2502376.00	2763004.50
mould & dies	2448403.00	1295056.00
others	1497611.00	1649636.00
Inward transportation and freight	<u>507496.00</u>	<u>814374.00</u>
Administrative and other expenses		
Auditors' remuneration (Refer note no. 27)	689781.00	690190.00
Communication expenses	1662521.27	1773463.61
Directors' sitting fees	145300.00	120000.00
Electricity expenses	413270.00	398410.00
Net loss on exchange rate fluctuations	452594.51	787812.32
Insurance	788816.32	642514.72
Loss on sale of fixed assets (net)	202168.00	2798398.86
Professional charges	2152296.00	2664607.00
Provision for doubtful debts / advances	149605.45	0.00
Repairs and maintenance	1778924.75	1890485.50
Rates and taxes	435192.00	554832.00
Travelling and conveyance	9057953.26	8515284.17
Sundry balances written off/back (net)	106466.82	259796.60
Miscellaneous expenses	6174135.61	5397465.71
Selling and distribution expenses		
Advertisement and business promotion	7416628.31	7496145.75
Commission and brokerage	8198509.06	2572225.00
Outward transportation and freight	2343725.00	1642672.00
<b>Total</b>	<b><u>123792645.71</u></b>	<b><u>124698284.51</u></b>

NOTE 25: EARNING PER EQUITY SHARE	(Amount in ₹)	
	2015-2016	2014-2015
Net profit / (loss) after tax	₹ 20018727.89	24997071.27
Weighted average number of shares used in computing basic earnings per share	Numbers 9608779	6870119
Effect of potential equity shares on allotment of shares on conversion of warrants	Numbers 300000	391161
Weighted average number of shares used in computing basic earnings per share	Numbers 9908779	7261280
Basic earnings per share	₹ 2.08	3.64
Diluted earnings per share	₹ 2.02	3.44

## Notes to the financial statements for the year ended 31st March 2016

### NOTE 26: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

	(Amount in ₹)	
	As at 31.03.2016	As at 31.03.2015
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	10427867.42	7848865.72
(b) Export sales bills discounted with the bankers of the company	4639816.00	19737468.80
(c) Disputed demand in the matters of Income tax	327610.00	873037.00
(d) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	132350000.00	106350000.00
(e) Bonds given for import of goods for re-export under duty exemption scheme pending fulfilment of export obligation.	3240700.00	0.00
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	44625.00	367605.95

### NOTE 27: PAYMENT TO AUDITORS\*

	(Amount in ₹)	
	2015-2016	2014-2015
Statutory audit fees	320000.00	300000.00
Tax audit fees	120000.00	125000.00
Sales tax audit fees	55000.00	50000.00
Certification work	156425.00	179250.00
Out of pocket expenses	35000.00	35940.00
Swachh Bharat Cess (not claimable as Cenvat Credit)	3356.00	0.00
<b>Total</b>	<b>689781.00</b>	<b>690190.00</b>

\* excluding service tax wherever cenvat credit taken

### NOTE 28: EMPLOYEE BENEFITS EXPENSE

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the companies (Accounting Standards) Rules 2006, are given below:

	(Amount in ₹)	
	2015-2016	2014-2015
(a) Defined contribution plan		
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	776876.00	481305.00
(b) Defined benefit plan:		
<u>Compensated absences:</u>		
₹ 110036.00 (previous year ₹ 105998.00) is charged off to the statement of profit and loss for the cost of compensated absences for the year.		
<u>Gratuity :</u>		
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.		
I) Reconciliation of defined benefit obligation		(Amount in ₹)
	2015-2016	2014-2015
Present value of defined benefit obligation at start of year	1360150.00	1171403.00
Current service cost	261912.00	255308.00
Interest cost	108812.00	93712.00
Benefits paid	0.00	244323.00
Actuarial loss /(gain)	(109180.00)	84050.00
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year	1621694.00	1360150.00
II) Net liability / (asset) recognised in the balance sheet		(Amount in ₹)
	2015-2016	2014-2015
Present value of defined benefit obligation	1621694.00	1360150.00
Fair value of plan assets	0.00	0.00
Net liability / (asset)	1621694.00	1360150.00
Less: Unrecognised past service cost	0.00	0.00
Liability / (asset) recognised in the balance sheet	1621694.00	1360150.00
Of which short term defined benefit obligation at end of the year	162170.00	136015.00
III) Expenses recognized during the year		(Amount in ₹)
	2015-2016	2014-2015
Current service cost	261912.00	255308.00
Interest cost	108812.00	93712.00
Actuarial loss / (gain)	(109180.00)	84050.00
Employer expense	261544.00	433070.00



## Notes to the financial statements for the year ended 31st March 2016

		(Amount in ₹)				
		2015-2016		2014-2015		
IV) Actuarial assumptions						
Salary growth rate		6.00%				6.00%
Discount rate		8.00%				8.00%
Withdrawal / attrition rate		3% p.a. to 1% p.a. Age related on graduated scale				3% p.a. to 1% p.a. Age related on graduated scale
Mortality Rate		IALM 2006-08 (Ult.)				IALM 2006-08 (Ult.)
Expected average remaining working life (years)		14 years				16 years
V) Experience Adjustments						
		2015-16	2014-2015	2013-2014	2012-2013	2011-12
Defined benefit obligation		1621694.00	1360150.00	1171403.00	801340.00	721166.00
Fair value of plan assets		-	-	-	-	-
Surplus/ (deficit)		NA	NA	NA	NA	NA
Experience adjustment on plan liabilities: (Gain)/ Loss		(109180.00)	84050.00	41855.00	(64872.00)	(84454.00)
Experience adjustment on plan assets: (Gain)/ Loss		NA	NA	NA	NA	NA
VI) Bifurcation of present value of defined benefit obligations						
		2015-16		2014-15		
		Directors	Others	Total	Directors	Others
Current liabilities		52943	109227	162170	50325	85690
Non current liabilities		476486	983038	1459524	452924	771211
Total		529429	1092265	1621694	503249	856901

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

### NOTE 29: SEGMENT REPORTING

The segment reporting as required under Accounting Standard 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.

### NOTE 30: RELATED PARTY DISCLOSURES:

- I) Names of related parties and description of relationships
  - a) Individuals owning directly or indirectly, an interest in the voting power of the Company that gives him significant influence over the Company.  
Shri Kishore Chand Talwar
  - b) Key management personnel :  
Shri Kishore Chand Talwar (Chairman & Managing Director)  
Smt. Nainy K. Tanna (Wholetime Director)
  - c) Relatives of persons referred in a) and b) above  
Smt. Sharda Talwar (Wife of Chairman and Managing Director of the company)  
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)  
Excelum Enterprises (A proprietary concern of Shri Kunal Tanna)
- II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

Particulars	Volume of Transactions		Balances as on	
	2015-16	2014-15	31.03.2016	31.03.2015
			Debit/	Credit
<b>Revenue:</b>				
<b>Sales including taxes</b>				
Excelum Enterprises	814791.00	3293400.00	0.00	0.00
<b>Expenses:</b>				
<b>Purchases including taxes</b>				
Excelum Enterprises	2669171.00	667244.00	713391.00	(20756.00)
<b>Director's remuneration</b>				
Shri Kishore Chand Talwar	3904000.00	2804200.00	(236300.00)	(154500.00)
Smt. Nainy K. Tanna	3917098.15	2708392.00	(237300.00)	(172800.00)
<b>Salary</b>				
Shri Kundan Talwar	2520000.00	2196282.00	(154300.00)	(95800.00)
Smt. Sharda Talwar	2772375.00	1865063.00	(166200.00)	(111500.00)
<b>Rent</b>				
Shri Kundan Talwar	120000.00	120000.00	(606190.00)	(486190.00)
<b>Professional charges for marketing including service tax</b>				
Excelum Enterprises	3444980.00	3082368.00	0.00	(281490.00)

## Notes to the financial statements for the year ended 31st March 2016

Particulars	Volume of Transactions		(Amount in ₹)	
	2015-16	2014-15	Balances as on 31.03.2016	31.03.2015
			Debit/ Credit	
<b>Reimbursement of expenses</b>				
Shri Kishore Chand Talwar	0.00	2468.00	0.00	0.00
Smt. Sharda Talwar	10801.00	0.00	0.00	0.00
Smt. Nainy K. Tanna	192596.00	271115.98	(29787.00)	0.00
Shri Kundan Talwar	78458.00	78078.80	(6417.00)	(6957.00)
Excelum Enterprises	51473.00	421045.58	0.00	(36000.00)
<b>Recovery of expenses incurred for others</b>				
Shri Kishore Chand Talwar	78632.00	0.00	0.00	0.00
Smt. Sharda Talwar	10900.00	0.00	0.00	0.00
Shri Kundan Talwar	28160.00	0.00	0.00	0.00
<b>Allotment of share capital with premium</b>				
Shri Kishore Chand Talwar	16086700.00	8033300.00	0.00	0.00
Smt. Sharda Talwar	6968000.00	3869920.00	0.00	0.00
<b>Allotment of share warrants</b>				
Shri Kishore Chand Talwar	0.00	10317500.00	0.00	0.00
Smt. Sharda Talwar	0.00	5771980.00	0.00	0.00
<b>(Conversion) of warrants into Share Capital</b>				
Shri Kishore Chand Talwar	(4021675).00	(2008325).00	0.00	0.00
Smt. Sharda Talwar	(1742000).00	(967480).00	0.00	0.00
<b>Short term borrowings:</b>				
Unsecured loan taken / (Repayment)				
Shri Kishore Chand Talwar	0.00	4000000.00	0.00	0.00
	0.00	(7640000.00)		
Smt. Nainy K Tanna	0.00	(2530000.00)	0.00	0.00

### NOTE 31: LEASES

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 the statement of profit and loss for the year.

### NOTE 32: DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on the information available, there are certain vendors who have confirmed that they are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as micro and small enterprises. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

Sl. No.	Particulars	(Amount in ₹)	
		As at 31.03.2016	As at 31.03.2015
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	14975530.00	3493265.00
	– interest thereon	43687.00	45240.00
2	The amount of interest paid in terms of section 16, along with the amount of the payment made to the suppliers beyond the appointed day:		
	– principal amount	24308718.00	25133190.00
	– interest thereon	0.00	0.00
3	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the act.	430427.00	396440.00
4	The amount of interest accrued and remaining unpaid.	1153516.00	679402.00
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues about are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this act.	474114.00	441680.00

## Notes to the financial statements for the year ended 31st March 2016

### NOTE 33: TAXATION MATTERS:

- a) The sales tax assessments of the company have been completed upto financial year 2006-2007 for its Daman unit and upto financial year 2011-12 for its Kandivali unit.
- b) The income tax assessments of the company have been completed upto assessment Year 2013-2014.

### NOTE 34: C. I. F. VALUE OF IMPORTS:

	2015-2016	2014-2015
Raw Materials and components including packing materials	170465582.00	201285568.28
Stores & Spares	24130.00	101753.00
Capital goods	1384939.00	15235827.00
Software	21915.00	0.00

### NOTE 35: EXPENDITURE IN FOREIGN CURRENCY

	2015-2016	2014-2015
Interest	1586561.60	1343290.97
Exhibition charges	1202395.64	0.00
Foreign travelling	2690815.26	2589159.13
Commission	8072157.06	2310529.00

### NOTE 36: CLOSING WORK IN PROGRESS

	As at 31.03.2016	As at 31.03.2015
Alluminium brackets	381213.39	322565.95
Alluminium housing	7888627.75	9920284.91
Alluminium Impeller	1352767.26	790712.17
Copper clip & springs	1926617.46	2072316.30
Motors	5077642.58	5371058.93
Mounting brackets	738993.05	287127.72
Plastic Impeller	709230.66	1129357.08
Rotor diecast	5582377.49	6309947.51
Shafts	589684.36	672109.15
Others	1963800.73	1629814.61
	<b>26210954.73</b>	<b>28505294.33</b>

### NOTE 37: TOTAL VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARE PARTS, COMPONENTS CONSUMED AND % OF EACH TO TOTAL CONSUMPTION

	2015-2016		2014-2015	
	Consumption in ₹	% to total consumption	Consumption in ₹	% to total consumption
(a) Raw materials:				
Indigenous	124306993.45	41.72%	134629692.58	41.25%
Imported	173616981.80	58.28%	191784462.96	58.75%
<b>Total consumption and %</b>	<b>297923975.25</b>	<b>100.00%</b>	<b>326414155.54</b>	<b>100.00%</b>
(b) Spare parts and components:				
Indigenous	1536954.70	97.26%	1469747.74	94.73%
Imported	43329.85	2.74%	81760.98	5.27%
<b>Total consumption and %</b>	<b>1580284.55</b>	<b>100.00%</b>	<b>1551508.72</b>	<b>100.00%</b>

### NOTE 38: EARNING IN FOREIGN CURRENCY

	2015-2016	2014-2015
FOB value of exports realised	132860026.58	108529409.54

## Notes to the financial statements for the year ended 31st March 2016

### NOTE 39: UNHEDGED FOREIGN CURRENCY EXPOSURE

	As at 31.03.2016		As at 31.03.2015	
	US \$	Amount in ₹	US \$	Amount in ₹
Receivables	139249.01	9063718.00	61757.71	3791305.82
Payables	658243.45	44365608.00	1031047.31	65595232.00

### NOTE 40: ISSUE OF SHARE WARRANTS, THEIR CONVERSION AND UTILIZATION OF ITS PROCEEDS

- (a) (i) The Company, during the previous year, had allotted 3478800 Warrants at a price of ₹ 13.40 per warrant carrying an entitlement to subscribe to an equivalent number of equity shares of face value of ₹ 10/- each within 18 months from the date of allotment of warrants to promoter/promoter group and non promoter group in accordance of Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, on 23<sup>rd</sup> September 2014 and received 25% of issue price as warrant allotment money aggregating to ₹ 1,16,53,980. The company had utilized this proceeds for its working capital requirements and other corporate purposes in accordance with the object of the issue.
- (ii) Out of the above warrants, the Company had allotted 1098300 equity shares on conversion of 1098300 warrants on 13<sup>th</sup> December 2014 and realized the balance 75% allotment money aggregating to ₹ 11037915. The Company had utilized this proceed for its working capital requirements and other corporate purposes in accordance with the objects of the said Issue.
- (ii) Out of the above warrants, the Company has, during the year, allotted 2380500 equity shares on conversion of 2380500 warrants on 12<sup>th</sup> June 2015 and has realized the balance 75% allotment money aggregating to ₹ 23924025. The Company has utilized this proceed for its working capital requirements and other corporate purposes in accordance with the objects of the said Issue.
- (b) The Company, further during the previous year, had allotted 1200000 Warrants at a price of ₹ 24.50 per warrant carrying an entitlement to subscribe to an equivalent number of equity shares of face value of ₹ 10/- each within 18 months from the date of allotment of warrants to promoter/promoter group in accordance of Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, on 23<sup>rd</sup> December 2014 and received 25% of issue price as warrant allotment money aggregating to ₹ 73,50,000. The company had utilized this proceeds for its working capital requirements and other corporate purposes in accordance with the object of the issue.

- NOTE 41:** (i) 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 Accountant Of India . However the same does not have any impact on the profit of the year.
- (ii) 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.

**NOTE 42:** Previous year figures have been regrouped, rearranged and recasted to make them comparable with current year figures.

As per our attached report of even date

**For R. S. Agrawal & Associates**  
Chartered Accountants  
(Firm Registration No. 100156W)

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

Place : Mumbai  
Dated : May 30, 2016

For and on behalf of the Board of Directors

**Kishore Chand Talwar**  
Chairman & Managing Director  
DIN 00351751

**Ganapathy Dharmarajan**  
Director  
DIN 02707898

**Krunal S. Wala**  
Company Secretary

Place : Mumbai  
Dated : May 30, 2016

**Nainy K. Tanna**  
Wholetime Director  
DIN 00351762

**Kundan Talwar**  
Chief Financial Officer



# REXNORD ELECTRONICS AND CONTROLS LIMITED

Regd. Office: 92-D, GOVT IND ESTATE, CHARKOP, KANDIVLI (W) MUMBAI 400067.

Tel. No. 91-22-39911800 Fax: 91-22-39911816;

Email Id: info@rexnordindia.com Website: www.rexnordindia.in

CIN: L31200MH1988PLC047946

28<sup>th</sup> Annual General Meeting to be held on Thursday, 11<sup>th</sup> August, 2016 at 10:30 A.M. at Sangam Banquets, Plot No. 366 – 386, RCS 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai – II, Boriwali (West) Mumbai – 400 092.

## ATTENDANCE SLIP

DP ID\*

Register Folio No.

Client ID\*

No. of Share(s)

Name & Address of Shareholder: .....

I/We hereby record my / our presence at the 28<sup>th</sup> Annual General Meeting at Sangam Banquets, Plot No. 366 – 386, RCS 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai – II, Boriwali (West) Mumbai – 400 092 on Thursday, 11<sup>th</sup> August, 2016 at 10:30 A.M.

\_\_\_\_\_  
Signature of Shareholder / Proxy

\* Applicable for investors holdings shares in electronic form.

## FORM NO. MGT-11

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration), 2014]

CIN: L31200MH1988PLC047946

Name of the Company: **REXNORD ELECTRONICS AND CONTROLS LIMITED**

Registered Office: : 92-D, GOVT IND ESTATE, CHARKOP, KANDIVLI (W) MUMBAI 400067

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

\_\_\_\_\_ E-Mail Id: \_\_\_\_\_

Folio No. / Client id:

DP ID:

I/We being the member(s) of \_\_\_\_\_ shares of RECL, hereby appoint:

1) Name : \_\_\_\_\_ Email id: \_\_\_\_\_  
Address : \_\_\_\_\_ or failing him

2) Name : \_\_\_\_\_ Email id: \_\_\_\_\_  
Address : \_\_\_\_\_ or failing him

3) Name : \_\_\_\_\_ Email id: \_\_\_\_\_  
Address : \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, 11<sup>th</sup> August, 2016 at 10:30 A.M. at Sangam Banquets, Plot No. 366 – 386, RCS 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai – II, Boriwali (West) Mumbai – 400 092, and at any adjournment thereof in respect of such resolution as are indicated below.

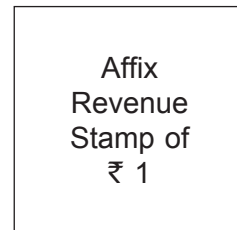
\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Particulars	For	Against
<b>Ordinary Business</b>			
1	To approve and adopt Audited Financial Statement, for the year ended 31 <sup>st</sup> March, 2016 and reports of the Board of Directors and Auditors thereon.		
2	Re-appointment of Mrs. Nainy Kunal Tanna, who retires by rotation.		
3	Ratification of Appointment of M/s. R. S. Agrawal & Associates, Chartered Accountants as Auditors and fixing their remuneration.		
<b>Special Business</b>			
4	To regularize Additional Director, Mr. Ganapathy Dharmarajan in Independent Capacity		
5	To approve the Related Party Transactions with M/s. Excelum Enterprises.		

Signed this..... day of .....2016.

Signature of Shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_



**Notes :**

- (1) This form duly completed should be deposited at the Registered Office of the Company Not later than 48 hours before the commencement of Annual General Meeting of the Company.
- (2) For the resolution, Explanatory Statement and Notes, please refer to Notice of the 28th Annual General Meeting.
- \*\* (3) This is only optional. Please put a 'X' in the appropriate column against a resolutions indicated in the box.
- (4) Please complete all details including details of Members (S) in above box before Submission.





## BOOK POST



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### **Rexnord Electronics & Controls Ltd.**

92 - D, Govt. Indl. Estate, Charkop, Kandivali (W),  
Mumbai - 400 067, **INDIA.**

**<https://www.youtube.com/watch?v=zPPzC9sZNIA>**

**website : [www.rexnordindia.in](http://www.rexnordindia.in)**