



# AC DC & ENERGY SAVING FANS & MOTORS

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# 31<sup>th</sup>

# Annual Report 2018 - 2019

<b>BOARD OF DIRECTORS</b>	Kishore Chand Talwar Nainy K. Tanna Krishnamoorthy Krishnan Ayyaswami Sundaram Sriram Shrinivasan	Chairman & Managing Director Wholetime Director Director Director Director
<b>AUDITORS</b>	Rakesh Soni & Co. Chartered Accountants Mumbai	
<b>KEY MANAGERIAL PERSONNEL</b>		
<b>CHIEF FINANCIAL OFFICER</b>	Kundan Talwar	
<b>COMPANY SECRETARY</b>	Shweta Kalantri	
<b>SECRETARIAL AUDITOR</b>	GMJ & Associates, Company Secretaries, Mumbai	
<b>BANKERS</b>	HDFC Bank Limited Bank of Baroda	
<b>REGISTERED OFFICE</b>	92-D, Govt. Industrial Estate, Charkop, Kandivali (West), Mumbai - 400 067	
<b>WORKS</b>	Plot Survey No. 62, 74 & 75 Village - Devadal, Kaman, Taluka - Vasai, Dist - Palghar (MS)	
<b>REGISTRAR &amp; SHARE TRANSFER AGENTS</b>	Bigshare Services Pvt. Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road Marol, Andheri (East), Mumbai - 400 059, Maharashtra Tel No. 022 62638200 • Fax No. 022 62638299 Email ID : info@bigshareonline.com • Website : www.bigshareonline.com	

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## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the 31st Annual General Meeting (AGM) of the Members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Friday, September 27, 2019 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:
  - a) the Audited Standalone Financial Statements of the Company for the year ended March 31, 2019, including the Audited Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
  - b) the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2019, including the Consolidated Audited Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended on that date together with the Auditors Reports thereon.
2. To appoint a Director in place of Mrs. Nainy Tanna (DIN 00351762), who retires by rotation and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS:

3. **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 sections 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time, the consent of Members be and is hereby accorded for payment of remuneration to Mr. Kundan Talwar holding office or place of profit, as Chief Financial Officer of the Company, Son of Mr. Kishore Chand Talwar, Chairman & Managing Director and Brother of Mrs. Nainy K Tanna, Whole Time Director, w.e.f October 1, 2019 at a consolidated remuneration not exceeding ₹ 60.00 Lakhs per annum.

**RESOLVED FURTHER THAT** the Nomination & Remuneration Committee/ Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013, payable to Mr. Kundan Talwar holding office or place of profit, within the maximum limit approved by the shareholders.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered necessary, proper or desirable for the purpose of giving effect to this Resolution.”

4. **Approval of the limits for the Loans, Investment and Guarantees by the Company in terms of the provisions section 186 of the companies act, 2013:**

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

**“RESOLVED THAT** subject to section 186 and other applicable provisions of the Companies Act, 2013 (“the Act”) read with the Rules made thereunder, amendments as per the amended Section 62 of The Companies (Amendment) Act, 2017, notified w.e.f May 7, 2018 and in addition to the amounts already invested / loans made or guarantees/ security provided by the Company, consent be and is hereby accorded for the company to do the following transactions:

- i. To acquire by way of subscription, purchase or otherwise in the securities of any of its Associate Company/any Body Corporate (s), and/or
- ii. To give loans to any of its Associate Company/Body Corporate (s)/ Other concern(s), and/or

- iii. To give guarantees or provide security in connection with loan(s) given by any other person to any of its associate company/body corporate (s)/other concern(s), and/or upto a limit of ₹ 50 Crores (Rupees Fifty Crores Only) for such investments / loans / guarantees.

Notwithstanding that the aggregate of the investments and loans so far made or to be made and the guarantees so far given or to be given by the company and securities so far provided and to be provided, exceeds the limits/will exceed the limits laid down by the Act read with the Rules thereunder.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby severally authorized to take from time to time all decisions and steps necessary, expedient or proper, in respect of the above mentioned transactions including the timing, the amount and other terms and conditions of such transactions and also to take all other decisions including varying any of them, through transfer, sale, recall, renewal, divestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the specified limits, take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

5. **To approve continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)**

**To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:**

**“RESOLVED THAT** pursuant to Regulation 17(6)(e) of SEBI Listing Regulations and other applicable provisions, if any and as per the recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the continuation of payment of remuneration as per existing terms and conditions as approved by the shareholders to Mr. Kishore Chand Talwar, Chairman & Managing Director and Mrs. Nainy Tanna, Whole time Director of the Company, at the Annual General Meeting held on September 1, 2017 and who are Executive Directors and Promoters of the Company notwithstanding:

- i) annual remuneration to each of them exceeding ₹ 5 Crores or 2.5 per cent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher; or
- ii) their aggregate annual remuneration exceeding 5 per cent of the net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013, till the expiry of their current term as such i.e. March 31, 2020.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all steps as may be necessary, proper and expedient to give effect to this Resolution.”

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

**Kishorechand Talwar**  
Chairman & Managing Director  
(DIN: 00351751)

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

Dated: May 30, 2019

**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 / HERSELF 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.

Pursuant to the provision of Section 105 of the Companies Act, 2013 and the Rules framed thereunder, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such proxy shall not act as a proxy for any other person or Member.

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. 20 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. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / reappointment at the AGM are furnished below. The Directors have furnished the requisite consents / declarations for their appointment/re-appointment.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT PURSUANT TO REGULATION 36(3) OF THE SEBI LISTING REGULATIONS:

<b>Name of Director</b>	<b>Mrs. Nainy Tanna</b>
<b>Director Identification Number (DIN)</b>	00351762
<b>Date of Birth</b>	24/09/1981
<b>Age</b>	37 Years
<b>Brief resume &amp; Nature of expertise in specific functional areas</b>	She is associated with the Company since August 01, 2001 as Director of the Company and has an experience of over 18 years to her credit. She looks after Finance, Import and Export related activities of the Company.
<b>Disclosure of relationship between directors inter-se</b>	Daughter of Mr. Kishorechand Talwar and sister of Mr. Kundan Talwar
<b>Names of listed entities in which the person also holds the directorship</b>	NIL
<b>No. of Shares held in the Company</b>	362200 shares
<b>Membership &amp; Chairmanships of Committees of the Board</b>	Members of – Audit Committee – Corporate Social Responsibility

7. The Register of Members and the Share Transfer Books of the Company will remain closed from September 21, 2019 to September 27, 2019 (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. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
11. Members / Proxies are requested to please bring their copies of the Annual Report to the meeting.
12. The Company's shares are listed on BSE Limited, Mumbai.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
14. 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]

Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road Marol, Andheri – East, Mumbai – 400059.

Tel: 022 – 62638200/222

Email: investor@bigshareonline.com

15. 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.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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 M/s. GMJ & Associates, Practicing Company Secretaries, Mumbai as Scrutinizer to scrutinise the e-voting and remote e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
- (iii) The facility for voting through e-voting system shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through e-voting.
- (iv) 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.
- (v) The Company has engaged the services of Central Depository Services Limited (CDSL) as the Agency to provide e-voting facility.
- (vi) 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. September 20, 2019.
- (vii) 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. **September 20, 2019** only shall be entitled to avail the facility of e-voting / remote e-voting.
- (viii) 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. **September 20, 2019**, may obtain the User ID and password from **BIG SHARE SERVICES PRIVATE LIMITED** (Registrar & Transfer Agents of the Company).
- (ix) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than 48 hours 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.com](http://www.rexnordindia.com)) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com). The results shall simultaneously be communicated to the Stock Exchange.
- (x) Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. September 27, 2019.
- (xi) **The instructions for shareholders voting electronically are as under:**
  - a) The voting period begins at 9.00 a.m. (IST) on September 24, 2019 and ends at 5.00 p.m. (IST) on September 26, 2019. 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 September 20, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - b) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - c) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - d) Click on Shareholders.
  - e) 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.
  - f) Next enter the Image Verification as displayed and Click on Login.
  - g) 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.

h) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<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 (refer serial no. printed on the name and address sticker/Postal Ballot Form/Email) 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>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both 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 (d).</li> </ul>

- i) After entering these details appropriately, click on "SUBMIT" tab.
- j) 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.
- k) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l) Click on the EVSN for "**REXNORD ELECTRONICS AND CONTROLS LIMITED**" on which you choose to vote.
- m) 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.
- n) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- o) 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.
- p) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- q) You can also take out print of the voting done by you by clicking on "**CLICK HERE TO PRINT**" option on the Voting page.
- r) 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.

- s) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- t) **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.
- u) 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).
- (xii) **In case of members receiving the physical copy:**
- a) Please follow all steps from sl. no. (a) to sl. no. (t) above to cast vote.
- The voting period begins on **9.00 a.m. (IST) on September 24, 2019** and ends at **5.00 p.m. (IST) on September 26, 2019**. 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 **September 20, 2019**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b) 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. 3:

The provisions of section 188(1) of the Companies Act, 2013 Act that govern the Related Party Transactions require a Company to obtain prior approval of the Board of Directors and for material transactions approval of the shareholders is also required.

Pursuant to provision of Section 188(1)(f) of the Companies Act, 2013 and rules made thereunder as amended time to time the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee, at their meeting held on May 30, 2019 had approved the remuneration payable to Mr. Kundan Talwar holding office or place of profit, as Chief Financial Officer of the Company, Son of Mr. Kishore Chand Talwar, Chairman & Managing Director and Brother of Mrs. Nainy K Tanna, Whole Time Director, subject to approval of the Shareholders by way of an Ordinary Resolution.

The detail of the remuneration payable to Mr. Kundan Talwar is given in the resolution at Item No.3 of the Notice. The Board considered the increase of remuneration /salary in view of skill, experience and knowledge of Mr. Kundan Talwar which would be of immense benefits to the Company and it is desirable to avail his services.

Disclosure of Particulars in terms of Rule 15 (3) of the Companies (Meeting of Board and its Powers) Rules 2014

- a) Name of Related Party : Mr. Kundan Talwar, Chief Financial Officer
- b) Name of the Director or Key Managerial Personnel who is related if any
  - Mr. Kishore Chand Talwar, Chairman and Managing Director and
  - Mrs. Nainy Kunal Tanna, Whole time Director
- c) Nature of Relationship : Father and Sister respectively
- d) Nature, Material Terms, Monetary Value, Particulars of the Contract and Arrangement and any other information: As mentioned above in the explanatory statement and resolution set out in Item No. 3 of the Notice.

As per section 188(1)(f) of the Companies Act, 2013, your Directors recommend the resolutions for your approval.

Mr. Kishore Chand Talwar, Chairman & Managing Director and Mrs. Nainy K Tanna, Whole-time Director being relatives are deemed to be interested or concerned in the said resolution and relatives of Mr. Kundan Talwar may be deemed to be interested in the said resolution to the extent of their shareholding, if any, in the Company.

Save and except above, none of the other directors and key managerial personnel of the Company or relatives of other directors and key managerial personnel is in any way concerned and interested in the said Resolution.

#### ITEM NO. 4:

Pursuant to Section 186 of the Companies Act, 2013, read with Rules made thereunder, the Company is required to obtain the prior approval of the members by way of a Special Resolution for giving of any loan or guarantee or providing any security or the acquisition by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding 60% of its paid-up-share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more.

As a measure of achieving business objectives, permission of the shareholders is sought pursuant to provisions of section 186 of the Companies Act, 2013 to give powers to the Board of Directors for acquiring by way of subscription, purchase or otherwise in the Securities of any of its Associate Company/ any Body corporate(s) and /or give loan to any of its Associate Company /Body Corporate(s)/ Other Concerns(s) and/or to give guarantee or provide security in connection with a loan given by any other Body Corporate any other person to any of its associate company/body corporate (s)/other concern(s), upto a limit of Rs. 50 Crores (Rupees Fifty Crores Only) outstanding at any point of time

notwithstanding that the aggregate amount of all the loans/guarantees/ security/ Investments so far made together with the proposed loans/ guarantees /security/ Investments to be made, exceeds the limits prescribed under section 186 of the Companies Act, 2013.

The Board recommends the Resolution at Item No. 4 of the accompanying notice for approval by the members of the company.

None of the Directors of the Company or their respective relatives are concerned or interested in the passing of the Resolution at Item No.4 of the accompanying Notice.

#### ITEM NO.5:

As per newly introduced Regulation 17(6)(e) of SEBI Listing Regulations the fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds ₹ 5 Crore or 2.5 per cent of the net profits of the listed entity calculated as per the provisions of Section 198 of the Companies Act, 2013, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

At present, on the Board of Directors of the Company, there are two Executive directors who are promoters. They are Mr. Kishore Chand Talwar, Chairman & Managing Director and Mrs. Nainy Tanna, Whole time Director of the Company. The shareholders have approved remuneration payable to them within the limits as prescribed at that time as per Companies Act, 2013, while approving their appointment on September 1, 2017, which is in excess of 2.5% of the net profits of the Company, individually and more than 5% of the net profits of the Company in aggregate. This necessitates seeking fresh approval of the shareholders by way of special resolution for retaining all existing terms and conditions of appointment of aforesaid Executive Directors including remuneration payable to them till the expiry of their respective term in order to comply with the above mentioned newly introduced Regulation 17(6)(e) of SEBI Listing Regulations.

The Board approved the above proposal at their meeting held on May 30, 2019 after considering the valuable contributions of Mr. Kishore Chand Talwar, Chairman & Managing Director and Mrs. Nainy Tanna, Whole time Director of the Company in the growth of the Company and remuneration prevalent for the similar positions in the companies of the like size.

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

Except Mr. Kishore Chand Talwar, Chairman & Managing Director and Mrs. Nainy Tanna, Whole time Director of the Company, Mr. Kundan Talwar, Chief Financial Officer and their relatives, none of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed resolution.

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

**Kishorechand Talwar**  
Chairman & Managing Director  
(DIN: 00351751)

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

Dated: May 30, 2019

## DIRECTORS' REPORT TO THE SHAREHOLDERS

To,  
The Shareholders,

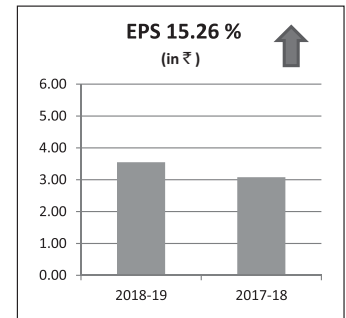
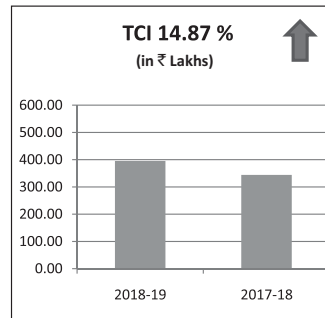
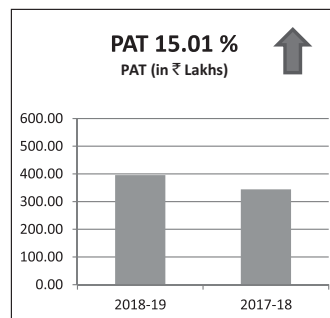
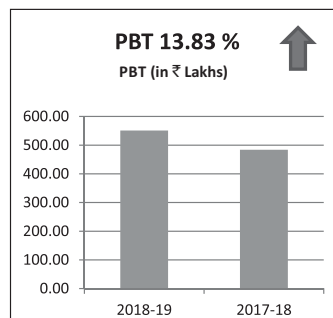
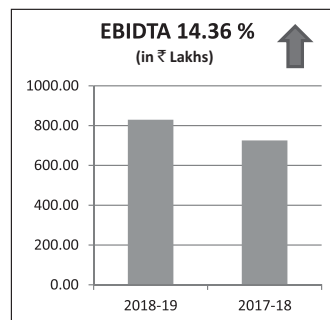
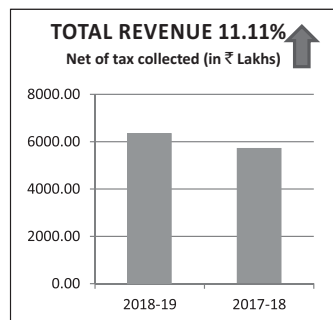
Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2019. The consolidated performance of the company and its Subsidiary has been referred to wherever required.

### 1. FINANCIAL HIGHLIGHTS:

(₹ in Lakhs except EPS)

Particulars	Standalone		Consolidated	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Total Revenue</b>	<b>6348.68</b>	<b>5864.46</b>	<b>6345.35</b>	<b>5864.46</b>
<b>Profit before Interest, depreciation and amortization</b>	<b>829.47</b>	<b>725.34</b>	<b>825.49</b>	<b>724.68</b>
Finance Cost	123.65	92.31	123.66	92.31
Profit before Depreciation and amortization	705.82	633.03	701.83	632.37
Depreciation and amortization	154.85	148.99	154.96	148.99
Profit before exceptional items & tax	550.97	484.04	546.87	483.38
Exceptional items	--	--	--	--
<b>Profit / (Loss) before tax</b>	<b>550.97</b>	<b>484.04</b>	<b>546.87</b>	<b>483.38</b>
Tax Expense	155.16	139.90	155.16	139.90
<b>Net Profit / (Loss) after tax</b>	<b>395.81</b>	<b>344.14</b>	<b>391.71</b>	<b>343.48</b>
Other comprehensive Income (Net of Tax)	(0.48)	0.01	(0.48)	0.01
<b>Total Comprehensive Income</b>	<b>395.33</b>	<b>344.15</b>	<b>391.23</b>	<b>343.49</b>
<b>Earning per Equity Share</b>				
Basic	3.55	3.08	3.51	3.08
Diluted	3.55	3.08	3.51	3.08

### 2. GRAPH OF THE FINANCIAL HIGHLIGHTS (STANDALONE) FOR THE LAST FEW YEARS



### 3. COMPANY OVERVIEW:

Your Company is one of India's leading manufacturing companies present in the Shaded Pole motor and Fans segment. It manufactures and markets a wide range of products ranging from AC Axial Fans, DC Brushless Fans, Exhaust Fans, Shaded Pole Motors and Energy saving fans.

Your Company remains focussed on three key objectives – growing sales faster than the market, operating profits in line with sales and ensuring maximum productivity. It expects growth to remain robust across all key segments with a combination of product innovation and driving go-to-market better and across more geographies. On a macro note, rising GDP growth, increasing urbanisation, consumerism among the affluent segment, rising disposable incomes and improving electrification across India is seen driving macro growth.

Your Company is integrating technology with its core business to streamline and strengthen its supply chain. It has realigned the end-to-end supply chain for optimisation under the new tax regime, with the aim of maintaining quality and cost control and ensuring better availability and service to the customers. Its Sales and Operational Planning enables it to forecast sales in terms of value and volume and calibrate that with Sales Team for supply sufficiency, while keeping control on working capital.

Your Company is the market leader in Fans and Motors segment and has reported faster than industry growth during the year. It grew its market share driven by several key initiatives, especially in the energy saving segment.

A wide range of Fans and Motors were introduced during the year, with a clear aim of providing meaningful consumer benefits to consumers in terms of saving energy and providing value for money.

Moving forward, your Company will continue its aim of filling the gaps in the portfolio by introducing technologically advanced products, and better designs.

### 4. FINANCIAL REVIEW:

On Standalone Basis: Your Company achieved a Total Revenue of ₹ 6348.68 lakhs as against ₹ 5864.46 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 5797.71 lakhs as against ₹ 5380.42 lakhs in the previous Year. The Profit before tax was ₹ 550.97 lakhs as against ₹ 484.04 lakhs in the previous year and the Net Profit after tax was ₹ 395.81 lakhs as against ₹ 344.14 lakhs in the previous Year.

On Consolidated Basis: Your Company achieved a Total Revenue of ₹ 6345.35 lakhs as against ₹ 5864.46 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 5798.48 lakhs as against ₹ 5381.08 lakhs in the previous Year. The Profit before tax was ₹ 546.87 lakhs as against ₹ 483.38 lakhs in the previous and the Net Profit after tax was ₹ 391.71 lakhs as against ₹ 343.48 lakhs in the previous Year.

### 5. FUTURE OUTLOOK:

Five-Dimensional Growth Strategy:

Your Company's strategic objective is to grow faster than the market in each of its Product lines. It focusses on developing a robust and wide product portfolio, creating brand excellence, adopting an effective go-to-market approach, and developing operational and organisational excellence.

➤ **Brand Excellence:** Your Company has been investing in the brand to create awareness and develop the market with innovative products. With a focus on enhancing brand recognition, it is stepping up brand investment through innovative and sustained brand campaigns to achieve the targeted outcome.



- Portfolio Excellence: Your Company remains focussed on product innovation with consumer needs. Based on its learning's, it has developed energy-efficient products, improving product aesthetics and communicating the inherent durability promise. It has worked on products for specific consumer need.
- Go-to-Market Excellence: Your Company's Go-To-Market strategy is aimed towards expanding distribution reach beyond Tier 1 and 2 cities and increasing market presence in untapped markets. This initiative is now being deployed pan-India. The focus is on creating a widespread reach and brand awareness.
- Operational Excellence: Your Company's aim is to deliver the best product quality, at lowest cost and improve product availability. The drive on cost optimisation is aimed towards value engineering, new designs, alternative material usage and negotiation with vendors.
- Organisational Excellence: Your Company looks to enable the key impact areas through capability development across functions and enhancing leadership development. The focus is on employee empowerment through transparency, training and clear expectations and nurturing employee engagement through out the organisation.

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

During the year, the Company has closed its Branch office situated in Singapore, due to non-commencement of business.

#### 7. DIVIDEND:

To consolidate the financial position of the Company, the Board does not propose any dividend for the year ended March 31, 2019.

#### 8. TRANSFER TO RESERVES:

No amount is proposed to be transferred to Reserves out of the profits earned during the Financial Year 2018-2019.

#### 9. DEPOSITS:

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

#### 10. SHARE CAPITAL OF THE COMPANY:

The Paid up Equity Share Capital, as at March 31, 2019 was ₹ 11,16 Crores divided into 111,60,000 Equity shares, having face value of ₹ 10/- each fully paid up. During the Year under review, the Company has not issued any shares with differential voting rights, neither granted any stock options nor sweat equity.

#### 11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The details of loans given and investment made by the Company which are required to be disclosed in the financial statements of the Company as per the provisions of section 186 (4) of the Companies Act, 2013 and Regulation 34 (3) read with Schedule V to the **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the SEBI Listing Regulations)** are as follows:

A. Details of investments made by the Company as on 31<sup>st</sup> March, 2019:

i. Investments in Equity Shares of wholly owned subsidiary:

(₹ In Lakhs)

Name of entity	Amount as at March 31, 2019
Rexnord Enterprise Private Limited	10.00

ii. Investments in Debentures & Bonds:

(₹ In Lakhs)

Name of entity	Amount as at March 31, 2019
Reliance Securities Limited	25.63
Reliance Capital Limited	26.03

iii. Investments in Mutual Fund:

(₹ In Lakhs)

Name of entity	Amount as at March 31, 2019
AXIS Focused 25 Fund-Growth	19.82
TATA Equity P/E Fund Regular Plan-Growth	19.57
HDFC Capital Builder Value Fund-Growth	20.78

B. Details of loans given by the Company to its wholly owned subsidiary as on 31<sup>st</sup> March, 2019:

(₹ In Lakhs)

Name of entity	Amount as at March 31, 2019
Rexnord Enterprise Private Limited	85.00

C. The company has not given any guarantee and provided any security in accordance with Section 186 of the Companies Act, 2013 read with the Rules issued there under.

#### 12. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

##### a) DIRECTORS

##### i) Composition:

The Board of Directors includes the Executive and Independent Directors so as to ensure proper governance and management. The Board consists of Five (5) Directors comprising of Two (2) Executive Director including One (1) Woman Director and Three (3) Independent Directors as on March 31, 2019.

##### ii) Re-appointments:

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Nainy K Tanna, Director of the Company, retires by rotation, and being eligible, has offered herself for reappointment.

##### iii) Resignation:

Mr. Ram Senhi and Mr. Ganapathy Dharmarajan resigned as Independent Directors w.e.f. April 1, 2018 and May 7, 2018 respectively. The Board of Directors has placed on record its warm appreciation for the rich contribution made by them and the guidance provided by them during their tenure as Independent Directors of the Company.

##### iv) Inductions / Appointments:

The Board has appointed Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan as Additional Directors on the Board of the Company in Independent capacity w.e.f. May 16, 2018. Further, Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan were appointed as Non-Executive Independent Directors of the Company for a period of Five (5) years at the 30<sup>th</sup> Annual General Meeting held on September 28, 2018 (i.e. From May 16, 2018 to May 15, 2023)

##### v) Key Managerial Personnel:

The Company is having the following persons as the Key Managerial Personnel.

Sr. No.	Name of Personnel	Designation
1.	Mr. Kishore Chand Talwar	Chairman & Managing Director
2.	Mr. Kundan Talwar	Chief Financial Officer
3.	*Mr. Krunal Wala	Company Secretary & Compliance Officer
4.	**Mrs. Shweta Kalantri	Company Secretary & Compliance Officer

\*Mr. Krunal Wala has resigned from the post of Company Secretary & Compliance Officer w.e.f. May 31, 2018

\*\* Mrs. Shweta Kalantri was appointed as a Company Secretary & Compliance Officer of the Company w.e.f. June 1, 2018

#### 13. DECLARATION BY INDEPENDENT DIRECTORS:

All Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, the Independent Directors, fulfill the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1)

(b) of the SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

#### 14. SUBSIDIARIES & ASSOCIATE COMPANIES:

The Company has One (1) Wholly Owned Subsidiary Company i.e. Rexnord Enterprise Private Limited within the meaning of Section 2(87) of the Companies Act, 2013.

The Subsidiary Company is carrying on the business of Agro & Trading Activities and the Company holds 100% of the Equity Share Capital in Rexnord Enterprise Private Limited as on March 31, 2019.

Pursuant to provisions of Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of its Subsidiary Company in Form AOC-1 is attached with the Financial Statements and forms part of this report and the Annual Report.

The Company does not have joint venture or associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

#### 15. CONSOLIDATED FINANCIAL STATEMENTS:

The Consolidated Financial Statements of the Company are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015. The Audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 along with Auditors' Report forms part of this Annual Report.

In accordance with third proviso of Section 136(1) of the Companies Act, 2013, the Audited Annual Report of the Company, containing therein its standalone and the consolidated financial statements has been placed on the website of the Company, [www.rexnordindia.com](http://www.rexnordindia.com).

Further, as per fourth proviso of the said section, Audited Annual Accounts of the subsidiary company have also been placed on the website of the Company, [www.rexnordindia.com](http://www.rexnordindia.com). Shareholders interested in obtaining a copy of the Audited Annual Accounts of the subsidiary company may write to the Company at the Company's registered office.

#### 16. EXTRACT OF ANNUAL RETURN:

The extract of the Annual Return in Form MGT-9, as required under Section 92 (3) of the Act, is annexed as **Annexure 'A'** which forms an integral part of this Report and is also available on the Company's website viz. [www.rexnordindia.com](http://www.rexnordindia.com)

#### 17. NUMBER OF MEETING:

##### a) Board of Directors

The Board of Directors met Eight (8) times in the financial year. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report, which forms part of the Annual Report.

##### b) Audit Committee

During the year, Four (4) Audit Committee Meetings were convened and held. The Audit Committee was reconstituted at the Board Meeting held on May 16, 2018. The details pertaining to composition of Audit Committee and the attendance of the Audit Committee members are provided in the Corporate Governance Report, which forms part of the Annual Report.

##### c) Nomination & Remuneration Committee

During the year, Three (3) Nomination and Remuneration Committee Meetings were convened and held. The Nomination and Remuneration Committee was reconstituted at the Board Meeting held on May 16, 2018. The details pertaining to composition of Nomination and Remuneration Committee and the attendance of the Nomination and Remuneration Committee members are provided in the Corporate Governance Report, which forms part of the Annual Report.

##### d) Stakeholders Relationship Committee

During the year, Four (4) Stakeholders Relationship Committee Meetings were convened and held. The Stakeholders Relationship Committee was reconstituted at the Board Meeting held on May 16, 2018. The details pertaining to composition of Stakeholders Relationship Committee and the attendance of the Stakeholders Relationship Committee members are provided in the Corporate Governance Report, which forms part of the Annual Report.

#### 18. DIRECTORS RESPONSIBILITY STATEMENT:

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

(a) 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;

(b) 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;

(c) 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;

(d) the Directors had prepared the annual accounts on a going concern basis;

(e) 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.

(f) 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.

#### 19. ANNUAL PERFORMANCE EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations 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 and the SEBI Listing Regulations. 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, Chairperson and Non-Independent Directors was also carried out by the Independent Directors in their meeting held on February 14, 2019.

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.

#### 20. POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS:

The Company's policy on Directors' appointment, remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance report, which forms part of the Annual Report and is also available on the Company's website viz. [www.rexnordindia.com](http://www.rexnordindia.com).

#### 21. 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 in compliance with the provisions of Section 188 of the Companies Act, 2013 and SEBI Listing Regulations. Further, disclosure in Form AOC - 2 is not given as the Company has not entered into any material significant related party transactions with Promoters, Key Managerial Personnel or other designated persons as per the materiality defined by the Board.

All Related Party Transactions are placed on a quarterly basis before the Audit Committee for which Omnibus approval was obtained from the Committee and also before the Board for approval.

The Policy for determining the materiality of related party transactions and dealing with related party transactions as approved by the Board is uploaded on the Company's website [www.rexnordindia.com](http://www.rexnordindia.com)

#### 22. AUDITORS:

##### a) Statutory Auditor

Members of the Company at the Annual General Meeting ('AGM') held on September 1, 2017, approved the appointment of M/s. Rakesh Soni & Co., Chartered Accountants (Firm Registration No. 114625W), as the statutory auditors of the Company for a period of five years commencing from the conclusion of the 29th Annual General Meeting held on September 1, 2017 until the conclusion of 34th AGM of the Company to be held in the year 2022.

The first proviso to section 139(1) of the Companies Act, 2013 (the Act) has been omitted vide section 40 of the Companies (Amendment) Act, 2017 notified on May 7, 2018. Therefore, it is not mandatory for the Company to place the matter relating to appointment of statutory auditor for ratification by members at every Annual General Meeting. Hence the Company has not included

the resolution for ratification of appointment of statutory auditors in the Notice of AGM. However M/s. Rakesh Soni & Co. Chartered Accountants has confirmed that they are eligible to continue as Statutory Auditors of the Company to audit the books of accounts of the Company for the Financial Year ending March 31, 2020 and accordingly M/s. Rakesh Soni & Co., Chartered Accountants will continue to be the Statutory Auditors of the Company for Financial Year ending March 31, 2020.

The Report given by M/s. Rakesh Soni & Co., Chartered Accountants, on the financial statements of the Company for the financial year 2018-2019 is a part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

**b) Internal Auditor**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Board on recommendation of the Audit Committee has appointed M/s. R. J. Rathii & Co., as internal auditors of the Company.

**c) Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. GMJ & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended as **Annexure 'B'** and forms part of this report.

There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

**d) Cost Auditor:**

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 2018-2019 and 2019-2020.

**23. CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of Section 135 of the Companies Act, 2013 for Corporate Social Responsibility (CSR) have become applicable to the Company for the Financial Year 2019-2020 and accordingly, the Company has constituted the Corporate Social Responsibility Committee.

The Corporate Social Responsibility Committee comprises of three (3) members Mr. Krishnamoorthy Krishnan, Chairperson, Mr. Ayyaswami Sundaram, member and Ms. Nainy K. Tanna, member.

The role of the committee has been defined as per section 135 of the Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII thereof.

**24. 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 SEBI Listing Regulations has been posted on the Company's website [www.rexnordindia.com](http://www.rexnordindia.com).

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

**25. PREVENTION OF INSIDER TRADING:**

The Company has adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct to regulate, monitor and report trading in securities of the Company by its employees and other connected persons. In Compliance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended time to time. The Board is responsible for implementation of the Code.

During the year, aforesaid Codes were amended to align them with the amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015. As per the amended Codes, the Company has also adopted requisite policies on determination of legitimate purpose and inquiry in case of leak or suspected leak of unpublished price sensitive information and the same are uploaded on the website of the Company.

**26. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure 'C' & 'D'** forms part of this Report.

**27. 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 Auditor reports to the Chairperson 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.

**28. INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:**

The Company has documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance, along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls with reference to the financial statements were adequate and operating effectively.

**29. 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.

**30. VIGIL MECHANISM / WHISTLE BLOWER POLICY:**

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the website of the Company [www.rexnordindia.com](http://www.rexnordindia.com)

**31. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has a Policy on prohibition, prevention and redressal of sexual harassment of women at workplace and matters connected therewith or incidental thereto covering all the aspects as contained under "The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013".

During the financial year 2018-19, no complaint was received under the policy.

**32. 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:

**A. CONSERVATION OF ENERGY:**

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

- (i) 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:
  - Due consideration has been given to energy consumption while procuring equipment's.
  - As a responsible Corporate Citizen and in adherence to our climate change strategy, Company is continuously taking effective steps to conserve energy.
  - 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.
- (ii) 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.
- (iii) The Capital invested on energy equipment's: 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.

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

**b) Technology absorption, adaptation and innovation.**

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

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

The particulars regarding foreign exchange earnings and expenditure during the Financial Year 2018-19 are as under:

(₹ In Lakhs)

Particulars	2018-2019	2017-2018
Foreign Exchange Earning	798.18	841.77
Foreign Exchange Outgo	2209.35	2007.70

**33. 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.

**34. 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.

**35. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and on the date of this report.

**36. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There are no significant or material orders which were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

**37. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Pursuant to Regulation 15(2) read with Schedule V of SEBI Listing Regulations the Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate **Annexures "E" & "F"**, together with the Certificate from the Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Listing Regulations.

The Company is complying with the Regulations of SEBI Listing Regulations with regard to Corporate Governance and reports to that effect is regularly filed with the Stock Exchange.

**38. BUSINESS RESPONSIBILITY REPORTING:**

The Business Responsibility Reporting as required by Regulation 34(2) of the SEBI Listing Regulations is not applicable to the Company for the financial year ending March 31, 2019.

**39. FINANCIAL YEAR:**

The Company and its subsidiary Company in India, which have been following April to March as the Financial Year.

**40. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:**

The Company has complied with secretarial standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

**41. ISO CERTIFICATION:**

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

**42. 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 of Directors  
**REXNORD ELECTRONICS AND CONTROLS LIMITED**

**KISHORECHAND TALWAR**  
(DIN: 00351751)  
*Chairman & Managing Director*

**Registered Office:**

92-D Govt. Ind. Estate,  
Charkop, Kandivali (W),  
Mumbai- 400 067  
Dated: May 30, 2019.

## ANNEXURES TO THE DIRECTORS REPORT

### Annexure - A

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2019

[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, 1998
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] Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road Marol, Andheri – East, Mumbai – 400059. Tel: 022 – 62638200/222 Email: investor@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 purpose	28199, 27103, 46699	100%

#### 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
1	REXNORD ENTERPRISE PRIVATE LIMITED	U01110MH2018PTC304913	Subsidiary	100%	2(87)

#### 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 (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoter's</b>									
<b>(1)</b>	<b>Indian</b>									
a)	Individual/ HUF	6820600	0	6820600	61.12	7060600	300000	7360600	65.96	4.84
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)	Banks / 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
		0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A) (1):-</b>	<b>6820600</b>	<b>0</b>	<b>6820600</b>	<b>61.12</b>	<b>7060600</b>	<b>300000</b>	<b>7360600</b>	<b>65.96</b>	<b>4.84</b>

	Category of Shareholders	No. of Shares held at the Beginning of the Year (01.04.2018)				No. of Shares held at the end of the year (31.03.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<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)	Banks / 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>6820600</b>	<b>0</b>	<b>6820600</b>	<b>61.12</b>	<b>7060600</b>	<b>300000</b>	<b>7360600</b>	<b>65.96</b>	<b>4.84</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1.</b>	<b>Institutions</b>									
a)	Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b)	Banks / FI	1000	1000	2000	0.02	0	1000	1000	0.01	(0.01)
c)	Central/ State Govt	0	0	0	0.00	0	0	0	0.00	0.00
d)	Venture Capital Funds	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 Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (B)(1):-</b>	<b>1000.00</b>	<b>1000.00</b>	<b>2000.00</b>	<b>0.02</b>	<b>0.00</b>	<b>1000.00</b>	<b>1000.00</b>	<b>0.01</b>	<b>(0.01)</b>
<b>2.</b>	<b>Non- Institutions</b>									
a)	<b>Bodies Corp.</b>									
	i) Indian	172246	31000	203246	1.82	248110	31000	279110	2.50	0.68
	ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	<b>Individual shareholders holding</b>									
	i) upto ₹ 1 lakh	1492689	586320	2079009	18.63	1517392	550620	2068012	18.53	(0.10)
	ii) excess of ₹ 1 lakh	1624306	10100	1634406	14.65	1356443	10100	1366543	12.25	(2.40)
c)	<b>Any Other</b>									
	i) Clearing Member	61006	0	61006	0.55	12030	0	12030	0.11	(0.44)
	ii) NRI / FN	50033	309700	359733	3.22	63005	9700	72705	0.65	(2.57)
	<b>Sub-total (B)(2):-</b>	<b>3400280</b>	<b>937120</b>	<b>4337400</b>	<b>38.87</b>	<b>3196980</b>	<b>601420</b>	<b>3798400</b>	<b>34.04</b>	<b>(4.83)</b>
	<b>Total shareholding of Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>3401280</b>	<b>938120</b>	<b>4339400</b>	<b>38.88</b>	<b>3196980</b>	<b>602420</b>	<b>3799400</b>	<b>34.04</b>	<b>(4.84)</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</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>Grand Total (A+B+C)</b>	<b>10221880</b>	<b>938120</b>	<b>11160000</b>	<b>100.00</b>	<b>10257580</b>	<b>902420</b>	<b>11160000</b>	<b>100.00</b>	<b>0.00</b>

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2018)			Share holding at the end of the year (31.03.2019)			% change in share holding 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	Mr.kishorechand Talwar	4352000	39.00	-	4892000	43.84	-	4.84
2	Mrs.sharda K Talwar	1926400	17.26	-	1926400	17.26	-	-
3	Mrs. Nainy Kunal Tanna	362200	3.25	-	362200	3.25	-	-
4	Mr. Kundan Talwar	180000	1.61	-	180000	1.61	-	-
	<b>TOTAL</b>	<b>6820600</b>	<b>61.12</b>	<b>-</b>	<b>7360600</b>	<b>65.96</b>	<b>-</b>	<b>4.84</b>

**iii) Change in Promoters' Shareholding**

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 01-04-2018)		Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
		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	6820600	61.12	7360600	65.96
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.	**There is a change in Promoters Shareholding during the year.			
3	At the End of the year	7360600	65.96	7360600	65.96

# Inter-se Transfer among Promoters:- Nil

\*\* Market Purchases by Promoter:- Details Given Below

Sr. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	MR. KISHORECHAND TALWAR	4352000	39.00	01.04.2018	0	0	4352000	39.00
		240000	2.15	22.02.2019	Increase	Purchase	4592000	41.15
		300000	2.69	29.03.2019	Increase	Purchase	4892000	43.84
		4892000	43.84	31.03.2019	0	0	4892000	43.84

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	SUBRAMANIAN P Closing Balance	590290	5.29	01.04.2018				
		590290	5.29	31.03.2019			590290	5.29
2	ROBERTO BRIOSCHI Closing Balance	300000	2.69	01.04.2018				
				29.03.2019	-300000	Sell	0	2.69
				31.03.2019			0	0.00
3	PURUSHOTTAM R SONI Closing Balance	220000	1.97	01.04.2018				
				22.02.2019	-60000	Sell	160000	
		160000	1.43	31.03.2019			160000	1.43
4	P K SONI (HUF) Closing Balance	191328	1.71	01.04.2018				
				22.02.2019	-60000	Sell	131328	1.18
		131328	1.18	31.03.2019			131328	1.18
5	NAND KISHORE SONI Closing Balance	134495	1.21	01.04.2018				
				22.02.2019	-60000	Sell	74495	0.67
		74495	0.67	31.03.2019			74495	0.67
6	NAND KISHORE SONI (HUF) Closing Balance	115461	1.03	01.04.2018				
				22.02.2019	-60000	Sell	55461	0.50
		55461	1.03	31.03.2019			55461	0.50
7	DINESH BABUBHAI SHAH Closing Balance	57266	0.51	01.04.2018				
		57266	0.51	31.03.2019			57266	0.51
8	SURESH RATHI SECURITIES (P) LTD	21224	0.19	01.04.2018				
				11.05.2018	3560	Purchase	24784	0.22
				18.05.2018	478	Purchase	25262	0.23
				25.05.2018	8950	Purchase	34212	0.31
				01.06.2018	-3224	Sell	30988	0.28
				08.06.2018	10030	Purchase	41018	0.37
				15.06.2018	4739	Purchase	45757	0.41
				22.06.2018	685	Purchase	46442	0.42
				29.06.2018	-6315	Sell	40127	0.36
				13.07.2018	648	Purchase	40775	0.37

Sr. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the company
				20.07.2018	4684	Purchase	45459	0.41
				27.07.2018	8218	Purchase	53677	0.48
				24.08.2018	-400	Sell	53277	0.48
				31.08.2018	10695	Purchase	63972	0.57
				14.09.2018	-935	Purchase	63037	0.56
				21.09.2018	-13578	Purchase	49459	0.44
				12.10.2018	52391	Purchase	101850	0.91
				19.10.2018	-16164	Sell	85686	0.77
				26.10.2018	16164	Purchase	101850	0.91
				14.12.2018	-14331	Sell	87519	0.78
				18.01.2019	14331	Purchase	101850	0.91
				08.02.2019	-11036	Sell	90814	0.81
				08.03.2019	-9972	Sell	80842	0.72
				15.03.2019	-15916	Sell	64926	0.58
				22.03.2019	-9047	Sell	55879	0.50
				29.03.2019	-444	Sell	55435	0.50
	Closing Balance	55435	0.5	31.03.2019	0		55435	0.50
9	LEXICON SECURITIES LTD	37700	0.34	01.04.2018				
	Closing Balance	37700	0.34	31.03.2019			37700	0.34
10	SMC GLOBAL SECURITIES LIMITED	34639	0.31	01.04.2018	34639			0.31
				06.04.2018	1431	Purchase	36070	0.32
				13.04.2018	2000	Purchase	38070	0.34
				20.04.2018	2060	Purchase	40130	0.36
				27.04.2018	540	Purchase	40670	0.36
				04.05.2018	1900	Purchase	42570	0.38
				11.05.2018	1352	Purchase	43922	0.39
				11.05.2018	400	Purchase	44322	0.40
				25.05.2018	200	Purchase	44522	0.40
				01.06.2018	1550	Purchase	46072	0.41
				08.06.2018	-50	Sell	46022	0.41
				15.06.2018	-4000	Sell	42022	0.38
				06.07.2018	200	Purchase	42222	0.38
				13.07.2018	-298	Sell	41924	0.38
				27.07.2018	-6022	Sell	35902	0.32
				03.08.2018	-2000	Sell	33902	0.30
				10.08.2018	-552	Sell	33350	0.30
				31.08.2018	-1510	Sell	31840	0.29
				21.09.2018	-2250	Sell	29590	0.27
				29.09.2018	5500	Purchase	35090	0.31
				19.10.2018	1352	Purchase	36442	0.33
				16.11.2018	-400	Sell	36042	0.32
				30.11.2018	23	Purchase	36065	0.32
				07.12.2018	377	Purchase	36442	0.33
				31.12.2018	288	Purchase	36730	0.33
				04.01.2019	91	Purchase	36821	0.33
				11.01.2019	326	Purchase	37147	0.33
				25.01.2019	100	Purchase	37247	0.33
				01.02.2019	-705	Sell	36542	0.33
				08.02.219	-1452	Sell	35090	0.31
				15.02.2019	160	Purchase	35250	0.32
				15.03.2019	-3160	Sell	32090	0.29
				22.03.2019	1352	Purchase	33442	0.30
	Closing Balance	33442	0.3	31.03.2019	0		33442	0.30
11	SARITA DILIP KOLE	32500	0.29	01.04.2018				
	Closing Balance	32500	0.29	31.03.2019			32500	0.29



(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	MR. KISHORECHAND TALWAR	4352000	39.00	01.04.2018			4352000	39.00
		240000	2.15	22.02.2019	Increase	Purchase	4592000	41.15
		300000	2.69	29.03.2019	Increase	Purchase	4892000	43.84
		4892000	43.84	31.03.2019			4892000	43.84
2	MRS. NAINY KUNAL TANNA	362200	3.25	01.04.2018				
		362200	3.25	31.03.2019			362200	3.25
3	MR. KUNDAN TALWAR	180000	1.61	01.04.2018				
		180000	1.61	31.03.2019			180000	1.61

V. INDEBTEDNESS

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

(Amount in ₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	183.20	761.94	-	945.14
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.22	4.74	-	5.96
<b>Total (i+ii+iii)</b>	<b>184.42</b>	<b>766.68</b>	<b>-</b>	<b>951.10</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	40.00	1,477.94	-	1,517.94
• Reduction	53.36	1,508.70	-	1,562.06
<b>Net Change</b>	<b>(13.36)</b>	<b>(30.76)</b>	<b>-</b>	<b>(44.12)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	169.84	731.18	-	901.02
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.10	7.00	-	8.10
<b>Total (i+ii+iii)</b>	<b>170.94</b>	<b>738.18</b>	<b>-</b>	<b>909.12</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount ₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Kishorechand Talwar	Mrs. Nainy Kunal Tanna	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	113.64	51.04	164.68
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.12	0.12
	(c) Profits in lieu of salary under	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	33.13	0.00	33.13
	as % of profit	-	-	-
	Contribution to PF	0.36	0.36	0.72
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>147.13</b>	<b>51.52</b>	<b>198.65</b>
	Ceiling as per the Act	168.00	168.00	336.00

**B. Remuneration to other directors:**

(Amount ₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of the Director					Total	
		Mr. Ram Sanehi	Mr. Ayyaswami Sundram	Mr. D. Ganapathy	Mr. Krishnamoorthy krishnan	Mr. Sriram Srinivasan		
1	Independent Directors							
	• Fee for attending board committee meetings	0.10	0.80	0.10	0.60	0.60	2.20	
	• Commission	–	–	–	–	–	–	
	• Others, please specify	–	–	–	–	–	–	
	<b>Total (1)</b>	<b>0.10</b>	<b>0.80</b>	<b>0.10</b>	<b>0.60</b>	<b>0.60</b>	<b>2.20</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>–</b>	<b>–</b>	<b>–</b>	
	<b>Total (B)=(1+2)</b>	<b>0.10</b>	<b>0.80</b>	<b>0.10</b>	<b>0.60</b>	<b>0.60</b>	<b>2.20</b>	
	<b>Total Managerial Remuneration</b>	<b>0.10</b>	<b>0.80</b>	<b>0.10</b>	<b>0.60</b>	<b>0.60</b>	<b>2.20</b>	
	Overall Ceiling as per the Act	₹ 1.00 Lakh per Board Meeting						

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :**

(Amount ₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Krunal Wala (Company Secretary upto 31.05.2018)	Mrs. Shweta Kalantri (Company Secretary w.e.f 01.06.2018)	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	0.80	2.20	24.84	27.84
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.13	0.03	0.19
	(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	0.00	0.00	0.36	0.36
5	Others, please specify				
	<b>Total</b>	<b>0.83</b>	<b>2.33</b>	<b>25.23</b>	<b>28.39</b>

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

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			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

 For and on behalf of the Board of Directors  
**REXNORD ELECTRONICS AND CONTROLS LIMITED**
**Registered Office:**  
 92-D Govt. Ind. Estate, Charkop,  
 Kandivali (W), Mumbai - 400 067

**Kishorechand Talwar**  
 Chairman & Managing Director  
 (DIN: 00351751)

Dated: May 30, 2019

## Annexure – B

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2019

(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,  
REXNORD ELECTRONICS AND CONTROLS LIMITED  
92-D, Govt Ind. Estate, Charkop,  
Kandivali (West),  
Mumbai – 400067.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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, 2019, 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 REXNORD ELECTRONICS AND CONTROLS LIMITED for the Financial Year ended on March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) including the Companies (Amendment) Act, 2017 and the rules made thereunder;
- ii. The Companies Ordinance, 2018 and amendments thereto (to the extent notified);
- iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA) and the rules made thereunder;
- iv. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- v. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- vi. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:
  - a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not applicable during the period of audit]**
  - e) 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;
  - f) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **[Not applicable during the period of audit]**
  - g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the period of audit]**
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the period of audit]**
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable during the period of audit]**
- vii. We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Further, the Company being in manufacturing and trading of Instrument Cooling Fans, Motors and other related goods, there are no specific applicable laws to the Company, which requires approvals or compliances under any Act or Regulations.

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

We report that the Compliance by the Company of applicable financial laws, like direct, indirect tax laws and Goods and Service Tax Act, has not been reviewed in this Audit since the same has been subject to review by statutory auditor and other designated professionals.

We report during the conduct of the audit, in our opinion, adequate systems exist in the Company to monitor and ensure compliance with general laws like various labour laws, environmental laws etc.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review in accordance with the provisions of the Act.
2. Adequate notice is given to all Directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of Minutes.
3. That there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed the Company has responded appropriately to the notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

For **GMJ & ASSOCIATES**  
Company Secretaries

**[Mahesh Soni]**  
*Partner*  
FCS: 3706 COP: 2324

PLACE: MUMBAI  
DATE : MAY 30, 2019

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

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## ANNEXURE

To,  
The Members,  
REXNORD ELECTRONICS AND CONTROLS LIMITED  
92-D, Govt Ind. Estate, Charkop,  
Kandivali (West),  
Mumbai – 400067.

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

**[Mahesh Soni]**  
*Partner*  
FCS: 3706 COP: 2324

PLACE: MUMBAI  
DATE : MAY 30, 2019.

## 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 2018-19	
Director's Name	Ratio to median Remuneration
Mr. Kishorechand Talwar	108.51:1
Mrs. Nainy Kunal Tanna	38.00:1
Mr. Sriram Shrinivasan	00.44:1
Mr. Ayyaswami Sundaram	00.59:1
Mr. Krishnamoorthy Krishnan	00.44:1
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 2018-19 compared to 2017-18	
Director's/CFO/CEO/CS/Mgr Name	% age increase in remuneration
Mr. Kishore Chand Talwar	2.52%
Mrs. Nainy Kunal Tanna	8.59%
Mr. Sriram Shrinivasan	0.00%
Mr. Ayyaswami Sundaram	33.33%
Mr. Krishnamoorthy Krishnan	0.00%
*Mr. Krunal Sanjaykumar Wala	0.00%
**Mrs. Shweta Kalantri	0.00%
Mr. Kundan Talwar	0.08%
*Mr. Krunal Wala has resigned from the post of Company Secretary & Compliance Officer w.e.f. May 31, 2018	
**Mrs. Shweta Kalantri was appointed as a Company Secretary & Compliance Officer of the Company w.e.f. June 1, 2018	
3. Percentage increase in the median remuneration of employees in the financial year 2018-19 compared to 2017-18 : 12.61%	
4. Number of permanent employees on the rolls of the company : 71 employees as on 31.03.2019	
5. Average percentile increase in salaries of Employees other than managerial personnel : 6.78% and percentile increase in the Managerial remuneration is 2.95%	
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.	

## ANNEXURE – D

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH THE RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31-03-2019											
a)	Employed throughout the financial year and was in receipt of remuneration for the year in aggregate of not less than ₹1,02,00,000/										
	Name	Age	Designation	Qualification	Experience	Nature of Employment	Remuneration	Date of Commencement of employment	Last employment/ Designation	% of Shareholding	Relatives
	Mr. Kishore Chand Talwar	65	Managing Director	B.A. (Diploma in Export Marketing)	30 Years	Permanent	147.13	July 4, 1988	Not Applicable	43.84%	Mrs. Nainy Kunal Tanna and Mr. Kundan Talwar
b)	Employed for a part of the financial year and was in receipt of remuneration at a rate in aggregate not less than ₹ 8,50,000/- per month : - Not Applicable										
c)	Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company : Not Applicable										

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

**Kishorechand Talwar**  
Chairman & Managing Director  
(DIN: 00351751)

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

Dated: May 30, 2019

## ANNEXURE – E

### REPORT ON CORPORATE GOVERNANCE:

**Report on Corporate Governance in accordance with regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015 (SEBI Listing Regulations), and forming Part of the Directors' Report for the year ended March 31, 2019.**

**Corporate Governance and Statement On Company's philosophy on Code of Governance:**

**Rexnord Electronics and Controls Limited** ("the Company" or "Rexnord") is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's Governance process include independence, integrity, accountability, transparency, responsibility and fairness.

The Corporate Governance structure specifies the distribution of rights, responsibilities and powers among different participants in the corporation. All strategic decisions regarding investment, diversification, major decisions regarding procurement, commercial and finance are preceded ahead after approval of the Board.

The Company is also committed to enhance shareholders value in the fair and transparent manner and has been in the forefront for benchmarking itself with the best business practices globally.

#### **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 Managing Director of the Company. His primary role is to provide leadership to the Board and

the Management for realizing the approved strategic business plans 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.

#### **BOARD OF DIRECTORS:**

##### **a) Composition and Committee**

As on March 31, 2019 the Board consists of Five (5) Directors. Besides the Chairman & Managing Director, who is an Executive Director, the Board comprises of One (1) Executive Woman Director and Three (3) Independent Directors. The composition of the Board represents an optimal mix of eminent personalities from various walks of life having rich experience in the field of marketing, finance, industry, business and management.

The Board met Eight (8) times during the year on April 01, 2018, May 16, 2018, May 30, 2018, August 10, 2018, November 02, 2018, November 14, 2018, January 23, 2019 and February 14, 2019 and the gap between two meetings did not exceed the statutory period laid down by the Companies Act, 2013 and the Secretarial Standard 1 issued by the Institute of Company Secretaries of India i.e. One hundred twenty days. The necessary quorum was present for all the meetings.

The details of composition of the Board, category and attendance of the directors at Board Meetings held during the financial year and last Annual General Meeting and number of other directorships and committee chairmanships / memberships as on 31.03.2019 are given herein below:

Sr No	Name of Director	Category	No. of Board Meeting attended	Attendance at last AGM	No. of Companies in which directorships is held		No. of committee position held in public companies		Name of other listed entities where the directors of the Company are director and the category of their Directorship	
					Public	Private	Member	Chairman	Other Listed Entity	Category
1.	Mr. Kishore Chand Talwar (CMD)	Promoter and Executive Director	8	Yes	-	1	-	-	-	-
2.	Mrs. Nainy Kunal Tanna (WTD)	Promoter and Executive Director	8	Yes	-	1	-	-	-	-
3.	Mr. Ayyaswami Sundaram	Non-Executive Independent Director	8	N.A.	-	1	-	-	-	-
4.	*Mr. Krishnamoorthy Krishnan	Non-Executive Independent Director	6	Yes	1	-	3	-	D C W Limited	Non-Executive Independent Director
5.	*Mr. Sriram Shrinivasan	Non-Executive Independent Director	6	Yes	-	-	-	-	-	-
6.	#Mr. Ram Sanehi	Non-Executive Independent Director	1	N.A.	-	-	-	-	-	-
7.	#Mr. Ganapathy Dharmarajan	Non-Executive Independent Director	1	N.A.	-	-	-	-	-	-

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

\* Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan appointed w.e.f. May 16, 2018.

#Mr. Ram Sanehi and Mr. Ganapathy Dharmarajan resigned as Independent Directors from April 1, 2018 and May 7, 2018 respectively.

#### Relationships between Directors inter-se

Mr. Kishore Chand 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 Independent Directors

None of the Non-Executive Independent Directors hold Equity Shares of the Company in their own name.

**Note:** None of the Directors of the Company hold directorships in more than 10 Public Limited Companies or acts as Independent Directors in more than 7 Listed Companies. Further, none of the Director acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies.

#### **b) Minimum information being placed before the Board on occurrence of specific events:**

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.

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.

#### **c) Board Procedures:**

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.

#### **COMMITTEES OF BOARD:**

Currently the Board has 3 (three) Committees: the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee. The Composition of various committees and compliances, as per the applicable provisions of the Companies Act, 2013 and the Rules thereunder and SEBI Listing Regulations are as follows:

#### **AUDIT COMMITTEE:**

The Company has re-constituted the existing Audit Committee in accordance with the Regulation 18 of SEBI Listing Regulations read with Section 177 of the Companies Act, 2013 in the Board Meeting held on May 16, 2018. The Committee comprises of Three (3) qualified members (i.e. 2 Independent Directors and 1 Executive Director) All the members have financial and accounting knowledge.

The Committee acts as a link between the Management, the Internal Auditors, 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 control system, audit methodology and process, major accounting policies and practice, compliance with accounting standards. Committee also reviews the legal compliance reporting system.

#### **a) The terms of reference of the Audit Committee in accordance with section 177 (4) and SEBI Listing Regulations 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;
- Review of appointment, removal and terms of remuneration of the Internal Auditors;
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

**b) Composition & Meetings:**

The Committee met Four (4) times during the year on May 30, 2018, August 10, 2018, November 11, 2018 and February 14, 2019 and the gap between two meetings did not exceed one hundred twenty days. The necessary quorum was present throughout all the meetings.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	Audit Committee Meetings (2018-2019)				No. Meetings Entitled to Attended	No. of Meetings Attended
		May 30, 2018	Aug 10, 2018	Nov 14, 2018	Feb 14, 2019		
*Mr. Krishnamoorthy Krishnan	Chairperson Non-Executive Independent	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Non-Executive Independent	Yes	Yes	Yes	Yes	4	4
Mrs. Nainy K. Tanna	Executive Director	Yes	Yes	Yes	Yes	4	4
#Mr. Ganapathy Dharmarajan	Non-Executive Independent	NA	NA	NA	NA	--	--

\*Mr. Krishnamoorthy Krishnan appointed as a Member of the Committee w.e.f. May 16, 2018.

# Mr. Ganapathy Dharmarajan resigned w.e.f. May 7, 2018.

The Audit Committee invites executives, as it considers appropriate particularly the head of the Finance and Accounts Department, representatives of the statutory auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

The previous Annual General Meeting (AGM) of the Company was held on September 28, 2018 and was attended by Mr. Krishnamoorthy Krishnan, Chairperson of the Audit Committee.

**NOMINATION AND REMUNERATION COMMITTEE:**

The Company has re-constituted Nomination and Remuneration Committee in accordance with the Regulation 19 of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013 in the Board Meeting held on May 16, 2018. The Committee comprises of Three (3) members (i.e. 3 Independent Directors).

**a) 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 laws 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.
- Whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors.

The role of the committee has been defined as per section 178(3) of the Companies Act, 2013 and SEBI Listing Regulations.

**b) Composition & Meetings:**

The Committee met Three (3) times during the year on April 01, 2018, May 30, 2018 and February 14, 2019. The necessary quorum was present throughout all the meetings.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	NRC Meetings Dates (2018-2019)			No. Meetings Entitled to Attended	No. of Meetings Attended
		Apr 01, 2018	May 30, 2018	Feb 14, 2019		
*Mr. Ganapathy Dharmarajan	Chairperson Non-Executive Independent	Yes	N.A.	N.A.	1	1
# Mr. Krishnamoorthy Krishnan	Chairperson Independent Non-Executive	NA	Yes	Yes	2	2
Mr. Ayyaswami Sundaram	Independent Non-Executive	Yes	Yes	Yes	3	3
*Mr. Ram Sanehi	Independent Non-Executive	Yes	N.A.	N.A.	1	1
#Mr. Sriram Shrinivasan	Independent Non-Executive	NA	Yes	Yes	2	2

\*Mr. Ram Sanehi and Mr. Ganapathy Dharmarajan resigned w.e.f. April 1, 2018 and May 7, 2018 respectively.

#Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan appointed as a member of the Committee w.e.f. May 16, 2018



**c) Nomination and Remuneration Policy:**

- To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director/KMP/ other employee is involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business is kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- **Following criteria are also to be considered:-**
  - Responsibilities and duties;
  - Time & efforts devoted;
  - Value addition;
  - Profitability of the Company & growth of its business;
  - Analyzing each and every position and skills for fixing the remuneration yardstick;
  - Standards for certain functions where there is a scarcity of qualified resources.
  - Ensuring tax efficient remuneration structures.
  - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
  - Other criteria as may be applicable.
- Consistent application of remuneration parameters across the organization.
- Provisions of law with regard making payment of remuneration, as may be applicable, are complied.
- Whenever, there is any deviation from the Policy, the justification / reasons should also be indicated / disclosed adequately.

**d) Details of remuneration paid to Executive Directors for the year ended March 31, 2019:**

The Company pays remuneration to its Chairman & Managing Director and Whole-time Director by way of Salary, commission, 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 read with Schedule V to the Companies Act 2013. The Non-Executive Independent Directors have not been paid any remuneration except sitting fees during the Financial Year 2018-19.

The details of remuneration paid to Executive Directors during the Financial Year 2018-19 are given below:

(Amount in ₹ Lakhs)

Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary	113.64	51.04
Allowances & Perquisites	-	0.12
Bonus	-	-
Pension	-	-
<b>Fixed Components:</b>		
Contribution to Provident Fund	0.36	0.36
Performance linked Incentive	-	-
Commission	33.13	-
Service Contract	3 years	3 years
Severance Fees	-	-
Stock Options	-	-
<b>Total</b>	<b>147.13</b>	<b>51.52</b>

**e) Details of remuneration paid to Non-Executive Directors during the Financial Year 2018-19 are given below:**

Non-Executive Directors are paid sitting fees of ₹ 10,000/- for every meeting of the Board of Directors.

The details of remuneration paid to Non-Executive directors during the financial year 2018-19 are as follows:

(Amount in ₹ Lakhs)

Particulars	#Mr. Krishnamoorthy Krishnan	Mr. Ayyaswami Sundaram	#Mr. Sriram Shrinivasan	*Mr. Ganapathy Dharmarajan	*Mr. Ram Sanehi
Sitting Fees *	0.60	0.80	0.60	0.10	0.10
Shareholding in the Company (number)	Nil	Nil	Nil	Nil	Nil

#Mr. Ram Sanehi and Mr. Ganapathy Dharmarajan resigned w.e.f. April 1, 2018 and May 7, 2018 respectively.

#Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan appointed w.e.f. May 16, 2018.

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.

The performance of Independent Directors was evaluated on the following criteria:

- Exercise of independent judgment in the best interest of Company;
- Ability to contribute to and monitor corporate governance practice;
- Adherence to the code of conduct for independent directors.

The Committee reviewed the performance of the Directors i.e. Non-Executive Independent, Executive Directors and also the senior managerial personnel including Key Managerial Personnel during the year. The Director being evaluated did not participate in the Evaluation process at the time of the respective evaluation process of the individual director.

**f) Details of Equity Shares held by Directors as on March 31, 2019 are given below:**

Name	Number of Equity Shares
Mr. Kishore Chand Talwar	4892000
Mrs. Nainy Kunal Tanna	362200

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Company has re-constituted Stakeholders Relationship Committee of the Company is constituted in accordance with the Regulation 20 of SEBI Listing Regulations read with Section 178 of the Companies Act, 2013 in the Board Meeting held on May 16, 2018. The Committee comprises of Three (3) members (i.e. 3 Independent Directors).

The role and functions of the Stakeholders Relationship Committee are the effective redressal of grievances of shareholders, debenture holders and other security holders including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. The Committee oversees the steps to be taken for further value addition in the quality of service to the investors.

The Company has designated the e-mail ID [finance@rexnordindia.com](mailto:finance@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.com](http://www.rexnordindia.com)

The following table shows the nature of complaints received from the shareholders during the year 2018-2019.

Sr. No.	Nature of Complaints	Received	Disposed off	Pending
1	Non receipt of Share Certificate (Split)	-	-	-
2	Non receipt of Demat Rejected S/C's	-	-	-
3	Non receipt of Dividend Warrant	-	-	-
4	Non receipt of Annual Report	-	-	-
5	From SEBI	3	3	-
6	Others	-	-	-
	<b>Total</b>	<b>3</b>	<b>3</b>	<b>-</b>

There were no complaints pending as on 31<sup>st</sup> March, 2019.

Mrs. Shweta kalantri Company Secretary is the Compliance officer of the Company.

### Composition & Meetings

The Committee met Four (4) times during the year on May 30, 2018, August 10, 2018, November 14, 2018 and February 14, 2019. The necessary quorum was present at the meeting.

The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	SRC Committee Meetings (2018-2019)				No. Meetings Entitled to Attended	No. of Meetings Attended
		May 30, 2018	Aug 10, 2018	Nov 14, 2018	Feb 14, 2019		
#Mr. Krishnamoorthy Krishnan	Chairperson Non-Executive Independent	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Independent Non-Executive	Yes	Yes	Yes	Yes	4	4
# Mr. Sriram Shrinivasan	Independent Non-Executive	Yes	Yes	Yes	Yes	4	4
* Mrs. Nainy Tanna	Executive Director	NA	NA	NA	NA	--	--
\$Mr. Ganapathy Dharmarajan	Independent Non-Executive	NA	NA	NA	NA	--	--

#Mr. Krishnamoorthy Krishnan and Mr. Sriram Shrinivasan appointed w.e.f. May 16, 2018.

\* Mrs. Nainy Tanna Member of the Committee upto May 16, 2018

\$ Mr. Ganapathy Dharmarajan Resigned w.e.f. May 7, 2018

### INDEPENDENT DIRECTORS MEETING:

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and the SEBI Listing Regulations the Independent Directors of the Company shall hold at least one meeting in a year without the presence of Non Independent Directors and members of the management. All the independent directors shall strive to be present at such meeting.

The independent directors in their meeting shall, inter alia-

- review the performance of non-independent directors and the board of directors as a whole;
- review the performance of the chairman of the listed entity, taking into account the views of executive directors and non-executive directors;
- 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.

Independent Directors met once during the year on February 14, 2019. The meeting was attended by all Independent Directors.

### Familiarisation Programme for Independent Directors:

The Company has framed a policy for familiarization programme for Independent Directors and the same is disclosed on the website of the Company i.e. [www.rexnordindia.com](http://www.rexnordindia.com)

### Chart or matrix setting out skills/expertise/competence of the Board of Directors:

Name of Director	List of core Skills / Expertise / Competencies identified by the Board of Directors as required in the context of our business and sector to function effectively and actually available with the Board.					
	Planning	Technical	Finance / Taxation	Legal	Adminis- tration	Marketing / publicity
Mr. Kishore Chand Talwar	✓	✓	-	-	-	✓
Mrs. Nainy Tanna	-	-	✓	✓	✓	✓
Mr. Ayyaswami Sundaram	-	✓	-	-	-	-
Mr. Krishnamoorthy Krishnan	-	-	✓	✓	-	-
Mr. Sriram Shrinivasan	✓	-	-	-	✓	-

### Confirmation of Board for the independence of Independent Directors:

In the Opinion of Board, the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the Management.

### OTHER POLICIES MANDATED UNDER SEBI LISTING REGULATIONS:

**Archival Policy-** In Compliance with Regulation 30(8) of SEBI Listing Regulations the Company shall disclose on its website all such events, information which has been disclosed to the Stock Exchange(s) under Regulations 30. Such disclosures shall be posted on website of the Company for minimum five years and thereafter determine further action as per the archival policy of the Company. This policy can be accessed from the Company's website -[www.rexnordindia.com](http://www.rexnordindia.com)

**Policy for Preservation of Documents-** In Compliance with Regulation 9 of SEBI Listing Regulations the Board of Directors has adopted policy on preservation of Documents. This policy for preservation of Documents can be accessed from the Company's website -[www.rexnordindia.com](http://www.rexnordindia.com)

**Policy for Determining Materiality of Events-** In Compliance with Regulations 30 of SEBI Listing Regulations the Board of Directors has adopted a policy on Determining Materiality of Events or information. The objective of this policy is to ensure timely and adequate disclosure of events or Information. This Policy can be accessed from the Company's website- [www.rexnordindia.com](http://www.rexnordindia.com)

**Policy on Board Diversity-** The Company recognizes and embraces the benefit of having a diverse Board of Directors and views increasing diversity at the Board level as an essential element in maintaining competitive advantage in the Business in which it operates. This Policy can be accessed from the Company's website - [www.rexnordindia.com](http://www.rexnordindia.com)

### GENERAL BODY MEETINGS:

#### a) Annual General Meeting:

The particulars of Annual General Meetings of the Company held in last three years are as under:

Financial Year ended on	Date	Time	Venue
31.03.2016	11.08.2016	10.30 a.m.	Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite MangalMurti Hospital, Gorai-II, Borivali (West), Mumbai – 400 092
31.03.2017	01.09.2017	10.00 a.m.	Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite MangalMurti Hospital, Gorai-II, Borivali (West), Mumbai – 400 092
31.03.2018	28.09.2018	10.30 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
11.08.2016	No Special Resolution was passed
01.09.2017	i) Special Resolution for appointment of Mr. Kishore Chand Talwar as Chairman & Managing Director of the Company. ii) Special Resolution for appointment of Mrs. Nainy K. Tanna as Whole-Time Director of the Company.
28.09.2018	i) Special Resolution for re-appointment of Mr. Ayyaswami Sundaram, Independent Director for a Second term of 5 consecutive years, existing term expires on March 31, 2019.

#### c) Postal Ballot:

During the year, no Resolution was passed through Postal Ballot.

### MEANS OF COMMUNICATION:

- Quarterly results: Results are submitted to the Mumbai Stock Exchange electronically as provided by the exchange & published in newspapers and uploaded on the Company's website.
- Newspapers wherein results normally published: Navshakti and Free Press Journal

- iii. Any website where displayed : [www.rexnordindia.com](http://www.rexnordindia.com)
- iv. Whether it also displays official news releases : No official news release was made
- v. The presentations made to institutional investors or to the analysts: No presentations were made during the year.

#### GENERAL SHAREHOLDERS INFORMATION:

##### a) 31<sup>st</sup> Annual General Meeting Scheduled to be held on

DAY & DATE	: Friday, September 27, 2019
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

##### b) Financial Year:

The Company follows the period of April to March as the Financial Year. Tentative Financial calendar for the financial year 2019-20 is as under:

Financial Reporting for the Financial Year 2019-20	Tentative month of reporting
Un-audited Financial Results for the quarter ending June 30, 2019	On or before August 14, 2019
Un-audited Financial Results for the quarter and half year ending September 30, 2019	On or before November 14, 2019
Un-audited Financial Results for the quarter and nine months ending December 31, 2019	On or before February 14, 2020
Audited Financial Results for the quarter and year ending March 31, 2020	On or before May 30, 2020

##### c) Book Closure:

The Register of Members and Share Transfer Books will remain closed from September 21, 2019 to September 27, 2019 (both days inclusive) for the purpose of AGM.

##### d) Dividend Payment Date: Not Applicable

##### e) Listing on Stock Exchanges:

Equity Shares of the Company are listed on BSE Limited, Mumbai (BSE). Annual listing fee for the financial year 2018-2019 has been paid to the BSE Limited, Mumbai.

##### f) Stock Code:

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

##### g) Stock Price / Market Price Data:

Month wise high and low price of the Company's Shares at BSE Limited (BSE) from April, 2018 to March, 2019 are as under:

Month	Company's Share [₹]		BSE Sensex	
	High	Low	High	Low
April, 2018	65.80	55.35	35213.30	32972.56
May, 2018	62.75	51.00	35993.53	34302.89
June, 2018	57.10	46.25	35877.41	34784.68
July, 2018	54.00	42.25	37644.59	35106.57
August, 2018	57.65	45.55	38989.65	37128.99
September, 2018	53.55	35.60	38934.35	35985.63
October, 2018	42.40	32.00	36616.64	33291.58
November, 2018	42.30	34.30	36389.22	34303.38
December, 2018	38.50	31.20	36554.99	34426.29
January, 2019	37.95	32.10	36701.03	35375.51
February, 2019	34.90	28.00	37172.18	35287.16
March, 2019	37.85	30.65	38748.54	35926.94

##### h) Registrar to an issue and Share Transfer Agents:

**M/S. BIG SHARE SERVICES PRIVATE LIMITED**  
Bharat Tin Works Building, 1<sup>st</sup> Floor,  
Opp. Vasant Oasis, Makwana Road, Marol,  
Andheri – East, Mumbai – 400059  
Tel: 022 – 62638200 Email: [info@bigshareonline.com](mailto:info@bigshareonline.com)

##### i) Share Transfer System:

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 30 days.

##### j) Shareholding pattern as on March 31, 2019:

The shareholding of different categories of the shareholders as on March 31, 2019 is given below:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	7360600	65.96
Mutual Funds/UTI	-	-
Financial Institutions/Banks	1000	0.01
Bodies Corporate	279110	2.50
Indian Public	3434555	30.78
Clearing Members	12030	0.10
NRI/FN	72705	0.65
<b>Total</b>	<b>11160000</b>	<b>100.00</b>

##### k) Distribution of Shareholding as on March 31, 2019:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto -500	4465	730436	6.55
501-1000	427	368010	3.30
1001-2000	204	308507	2.76
2001-3000	90	233945	2.10
3001-4000	26	93518	0.84
4001-5000	31	148929	1.33
5000-10000	48	342508	3.07
10001- & Above	38	8934147	80.05
<b>Total</b>	<b>5329</b>	<b>11160000</b>	<b>100.00</b>

##### l) Dematerialization of Shares and Liquidity:

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from January 29, 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on March 31, 2019, out of total Equity Capital 11160000 Equity Shares, 10257580 Equity Shares representing 91.91% of the total Equity Shares are held in de-materialized form with NSDL and CDSL.

##### m) Liquidity: Average Monthly Trading of the Company's Shares on BSE during the year:

<b>Number of Trades</b>	: 473
<b>Number of Shares</b>	: 91518 Equity Shares

- n) In case the securities are suspended from trading, the Directors report shall explain the reason thereof: Not Applicable
- o) **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity:**  
NIL
- p) **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.
- q) **Plant Locations:**  
Plot Survey No. 62, 74 & 75, Village –Devadal, Kaman, Taluka Vasai, Dist Palghar
- r) **Address for Correspondence:**  
**REXNORD ELECTRONICS AND CONTROLS LIMITED**  
92D, Government Industrial Estate, Charkop,  
Kandivali (West), Mumbai - 400067  
E-mail: [finance@rexnordindia.com](mailto:finance@rexnordindia.com)  
Telephone No. 022-62401800,
- OTHER INFORMATION / 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 Ind AS-24 have been disclosed in Note 41 to the Financial Statements.
- 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 SEBI 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 SEBI Listing Regulations and has implemented the following non mandatory requirements:
- **The Board:** Not Applicable since the Company has an Executive Chairman
  - **Shareholders Rights:** Presently the Company is not sending half yearly communication.
  - **Modified opinion(s) in the Audit Report:** It is always the Company's endeavor to present unqualified financial statements. There are no modified audit opinions in the Company's financial statement for the year under review.
  - **Separate posts of Chairman and CEO:** The Company is already having separate posts for Chairman/CEO and Managing Director.
  - **Reporting of Internal Auditor :** The Internal Auditor is directly reporting to Audit Committee
- e) **Web link where policy for determining 'material' subsidiaries is disclosed:** <http://www.rexnordindia.com/Policies.aspx>
- f) **Web link where policy on dealing with related party transactions:** [http://www.rexnordindia.com/investors-relations/Policies/7.Policyon\\_Related\\_Party\\_Transactions.pdf](http://www.rexnordindia.com/investors-relations/Policies/7.Policyon_Related_Party_Transactions.pdf)
- g) **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
- h) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).** Not Applicable
- i) A certificate from M/s. GMJ & Associates, Company Secretary in practice have been obtained certifying that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority and annexed herewith this report:
- j) **Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year :**  
There were no instances where the Board has not accepted any recommendation of any committee of Board which is mandatorily required during the financial year.
- k) **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**  
Total fees for all the services by the Company and its subsidiary on a consolidated basis to the statutory auditors are Rs. 4.43 Lakhs.
- l) **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :**  
During the financial year 2018-19, no complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- m) **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. The required information has been hosted on the Company's website [www.rexnordindia.com](http://www.rexnordindia.com)
- n) **Code of Conduct & Declaration:**  
The Company has adopted a Code of Conduct for the Directors, Senior Management Personnel and Employees of the Company. All the members of the Board and senior Management Personnel of the Company have affirmed due observation of code of the conduct, framed pursuant to Regulation 26(3) of the SEBI Listing Regulations is so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2019.  
Certificate from the Managing Director affirming compliance of the said code by all the Board members and members of senior management of the Company to whom the code is applicable is annexed separately to this report.
- o) **Disclosure of Events or Information:**  
In accordance with Regulation 30(4)(ii) of SEBI 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 is disclosed on the Company's website at [www.rexnordindia.com](http://www.rexnordindia.com).  
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 at [www.rexnordindia.com](http://www.rexnordindia.com).  
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.
- p) **Prevention of Insider Trading:**  
The Company has adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code

of Conduct to regulate, monitor and report trading in securities of the Company by its employees and other connected persons in Compliance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations 2015 as amended time to time.

During the year, aforesaid Codes were amended to align them with the amendments to SEBI (Prohibition of Insider Trading) Regulations 2015. As per the amended Codes, the Company has also adopted requisite policies on determination of legitimate purpose and inquiry in case of leak or suspected leak of unpublished price sensitive information and the same are uploaded on the website of the Company.

All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company are governed by this code.

**q) CEO / CFO Certification:**

Managing Director / Chief Financial Officer (CFO) have issued certificate as specified in Part B of Schedule II of the regulation 17 (8) of the SEBI Listing Regulations for the financial year ended March 31, 2019 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.

**r) Auditors' Certificate on Corporate Governance:**

The Company has obtained a Certificate from Auditors of the Company regarding compliance with the provisions relating to the corporate governance laid down in the Listing Regulations. This Certificate is annexed to the report.

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

**Kishorechand Talwar**  
*Chairman & Managing Director*  
(DIN: 00351751)

**Registered Office:**

92-D Govt. Ind. Estate,  
Charkop, Kandivali (W),  
Mumbai- 400 067  
Dated: May 30, 2019

## ANNEXURES TO CORPORATE GOVERNANCE REPORT

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to **Regulation 34(3) and** clause (i) of Point (10) of Para C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

**Rexnord Electronics and Controls Limited**

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Rexnord Electronics and Controls Limited** having Corporate Identification Number: **L31200MH1988PLC047946** and having registered office at 92-D, Govt. Industrial Estate, Charkop, Kandivali (West), Mumbai – 400 067 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para – C, Sub-clause 10(i) of the SEBI (LODR) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers. We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1.	Kishorechand Kewal Talwar	00351751	04/07/1988
2.	Nainy Kunal Tanna	00351762	01/08/2001
3.	Ayyaswami Sundaram	02997721	03/03/2010
4.	Sriram Shrinivasan	08129642	16/05/2018
5.	Krishnamoorthy Krishnan	08129657	16/05/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For GMJ & Associates**

Company Secretaries

**Mahesh Soni**

PARTNER

FCS: 3706, COP: 2324

Place: Mumbai

Dated: May 30, 2019

## 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 March 31, 2019.

**Kishorechand Talwar**  
*Chairman & Managing Director*  
(DIN : 00351751)

Place: Mumbai

Dated: May 30, 2019

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER

To

The Board of Directors  
Rexnord Electronics and Controls Limited  
92-D, Govt. Industrial Estate,  
Charkop, Kandivali (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, 2019 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**  
*Chairman & Managing Director*  
(DIN : 00351751)

**Kundan Talwar**  
*Chief Financial Officer*

Place: Mumbai

Dated: May 30, 2019

## INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To,  
The Members,  
Rexnord Electronics and Controls Limited  
92-D, Govt. Industrial Estate,  
Charkop, Kandivali (West),  
Mumbai – 400 067,

1. We have examined the compliance of conditions of Corporate Governance by Rexnord Electronics and Controls Limited ("the Company") for the year ended 31 March 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2), and paragraphs C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

### Management's Responsibility

2. The compliance of conditions of corporate governance is the responsibility of the Company's management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

### Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of Corporate Governance as stated in paragraph 1 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ("the ICAI"), and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

### Opinion

6. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2019.
7. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### Restriction on use

8. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Rakesh Soni & Co.**  
*Chartered Accountants*  
(Firm Registration No. 114625W)

**R. K. Soni**  
*Partner*  
Membership No. 047151

Place: Mumbai.  
Dated : May 30, 2019

## ANNEXURE – G

### MANAGEMENT DISCUSSION AND ANALYSIS

#### ECONOMIC OVERVIEW

India's Gross Domestic Product (GDP) grew by 6.8% in 2018-19, as per the data released by the Central Statistics Office (CSO). The growth is at a 5-year low after 2013-14 when the economy grew by 6.4%. However, India still continues to be the world's fastest growing major economy.

The World Bank projects India's GDP to grow by an average of 7.5% in 2019-20 and 2020-21, with investment picking up and consumption remaining strong.

#### INDUSTRY OVERVIEW

Demand for Electrical Industrial Durables (EIDs) is likely to remain strong with rising disposable incomes and higher market penetration. However, the sector is also witnessing increased competitive intensity with the entry of new players and portfolio expansion by existing players. With rising incomes and aspirations, premiumisation is the buzzword in industrial durables, with premium category products growing faster than overall industry growth rate. Consumers are increasingly seeking better designed and technologically superior products for both comfort and convenience.

The domestic fan market is estimated at 50 million fans per year with volumes growing around 6-7%. Fan is a high market penetration category. Rising urban penetration with increased electrification, higher disposable incomes, faster shift to the organised sector, and the urban replacement cycle getting shorter due to premiumisation are the key growth drivers for the market. Demand for premium fans with better output has been on the rise.

#### OPPORTUNITIES AND THREATS

##### Key opportunities:

1. Favourable Macro Economic levers: With focus of Government on electrification and commitment to improve infrastructure and housing and implementation of GST, electrical space is self-assured of growth in time to come.
2. Demography: Emerging middle-class people aspiring for better and improved standard of living, Company is expecting good growth in the future.
3. Distribution: Having pan-India dealer network, Rexnord is in an advantageous position for better growth. On such a wider base of distribution, Company can leverage it to introduce more new products and enter new geographies.
4. Product portfolio: Having wide product portfolio, Rexnord has access to both Consumer and Professional customer category giving superior opportunity to succeed.

##### THREATS

The biggest challenge facing the Domestic market for Rexnord in India is to have the per capita consumption standards in India at par with the average Global standards. The Government at the centre has however rekindled hope in the Industry by announcing various Infrastructure projects and strengthening the Make in India Movement which will help the Industry move in the right direction.

##### OUTLOOK

The Indian Refrigeration spares and electrical fans industry is projected to witness a growth of 9%, 11% respectively in FY20. Besides an improvement in consumer demand, factors like rising disposable income, evolving lifestyle habits and reduction in GST rates for everyday essential goods are likely to contribute towards market expansion. Considerable opportunities in India's overall retail segment coupled with the demographic dividend and rising Internet penetration is anticipated to propel the growth in the sector. Further, rural and urban electrification and rise in rural incomes (including through Governmental support schemes) is expected to expand the market for this sector.

##### RISKS AND CONCERNS

Risks, challenges and volatility are part and parcel of any industry and always the point of concerns for the management of the Company. Your Company has subdued it through well planned strategies and actions. Your Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in the business. All inherent risks are identified, measured, monitored and regularly reported to the management. The management decides measures required to overcome these risks and ensures implementation of proper risk mitigation plans. The risk report and mitigation plans are presented to the Board of Directors periodically.

#### COMPETITION

Your company does everything in its legal capacity to combat competition from direct competitors domestically and overseas. There is presence of direct importers of the same products however that hasn't affected the company's growth aspect because we clearly maintain a quality competitive advantage which places our product in the top quality bracket thereby eliminating any chances of stiff competition.

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 that 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 previous financial year was steady in terms of exports with a consistent performance and gradual reach in our export customer base. Your company aims at creating more overseas opportunities thereby increasing its distribution network. The primary agenda still remains to be a global player by maintaining excellent quality standards at very affordable prices. Your Company will continue to develop new products and expand the portfolio to get increased share with our customers in focus sectors. Your Company will 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 documented its internal financial controls considering the essential components of various critical processes, physical and operational. This includes its design, implementation and maintenance, along with periodical internal review of operational effectiveness and sustenance, which are commensurate with the nature of its business and the size and complexity of its operations.

This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal financial controls with reference to the financial statements were adequate and operating effectively.



**FINANCIAL AND OPERATIONAL PERFORMANCE:**

On Standalone Basis: Your Company achieved a Total Revenue of ₹ 6348.68 lakhs as against ₹ 5864.46 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 5797.71 lakhs as against ₹ 5380.42 lakhs in the previous Year. The Profit before tax was ₹ 550.97 lakhs as against ₹ 484.04 lakhs in the previous year and the Net Profit after tax was ₹ 395.81 lakhs as against ₹ 344.14 lakhs in the previous Year.

On Consolidated Basis: Your Company achieved a Total Revenue of ₹ 6345.35 lakhs as against ₹ 5864.46 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 5798.48 lakhs as against ₹ 5381.08 lakhs in the previous Year. The Profit before tax was ₹ 546.87 lakhs as against ₹ 483.38 lakhs in the previous and the Net Profit after tax was ₹ 391.71 lakhs as against ₹ 343.48 lakhs in the previous Year.

**SEGMENTWISE PERFORMANCE:**

Since the Company operates in only one Segment, hence segmentwise performance is not applicable

**HUMAN RESOURCES:**

Capability development is one of the five key pillars of the Company's long-term business strategy. It intends to drive this through a strategic focus on onboarding the right talent, optimising performance, and developing leadership at all levels. It has a culture based on integrity, transparency and empathy.

Your Company's goal is to create a motivating and satisfying working environment, where employees are able to contribute more. It uses a range of tools to measure employee satisfaction on a regular basis. It also believes

that a rewarding performance can be a key factor in attracting and retaining capable and talented employees. Your Company is committed to an equal and diverse workforce which is reflected in recruitment, training, career development and promotion practices. Through this, it ensures that all the employees have equal access to opportunities, regardless of their gender, age, racial/ethnic background, religion or social status.

**DETAILS OF SIGNIFICANT CHANGES (i.e. change of 25% or more as compared to immediately previous financial years) :**

There is no significant change vis-a-vis the previous financial year.

**RETURN ON NETWORTH:**

The return on networth of the Company has improved in the current year to 11.95% from 11.71% in the previous year.

**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 AUDITOR'S REPORT

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

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Rexnord Electronics and Controls Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report

Key audit matter	How our audit addressed the key audit matter
<p>Appropriateness of revenue recognition on sale of goods.</p> <p>Refer note 2.2 and Note 27 of the standalone financial statements.</p> <p>The Company has revenue from sale of goods.</p> <p>Revenue from sale of goods is recognised under IndAS 115- 'Revenue from Contracts with Customers' at a point in time when the control has been transferred, which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.</p> <p>We determined this to be a key audit matter due to significant time and effort involved in assessing the appropriateness of revenue recognition and covering the aspects of completeness, accuracy, occurrence and cut off.</p>	<p>Our audit procedures relating to revenue recognition include the following:</p> <ol style="list-style-type: none"> <li>a. Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue.</li> <li>b. Assessed whether the policy of recognising revenue was in line with Ind AS - 115.</li> <li>c. Tested the reconciliation of the amounts as per the sales register to the general ledger.</li> <li>d. Performed tests, on sample basis by validating the amounts recorded with the underlying documents which inter - alia includes invoices, dispatch documents, customer orders/ contracts, receipt of consideration from customers, where applicable.</li> <li>e. Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognised in the appropriate period.</li> </ol> <p>Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods.</p>

#### Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Board's Report including annexures to the Board's Report, Corporate Governance and Management Discussion and Analysis, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity 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. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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, to the extent applicable.
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 (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone 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 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019, 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 does not have any pending litigation which would impact its financial position.
    - (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
    - (iv) The disclosures requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.
3. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with schedule V of the Act.

For **Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R.K. Soni**  
Partner  
Membership No. 047151

Place: Mumbai  
Dated: May 30, 2019

## ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2019

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

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) the Company has maintained records, showing full 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 immovable properties are held in the name of the Company except in the case of a plot of land purchased during the financial year 2016-17 by the Company as detailed below:

Particulars	Area (In Hectare)	Gross Block (₹ in lakhs)	Net Block (₹ in lakhs)	Remarks
A plot of land situated at S. No. 61, H. No. 1 Part at Village-Kaman, Taluka -Vasai District - Palghar (MS)	0.242	14.50	14.50	Plot purchased by executing Memorandum of Understanding and possession taken. Sale deed is yet to be executed and registered.

- (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) according to the information and explanation given to us, the Company has, during the year, not granted loans secured or unsecured, to firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act except the unsecured loan to its wholly owned subsidiary company and with respect to the same:
- a) in our opinion the terms and conditions of granting loan to wholly owned subsidiary company are not, prima facie, prejudicial to the interest of the Company;
- b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular; and
- c) there is no overdue amount of more than 90 days in respect of loan granted to wholly owned subsidiary company.

- (iv) in our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 186 the Act with respect to the loan granted and investments made by it during the year. The Company has, during the year, not given any guarantee or provided any security in connection with a loan covered under the sections 186 of the Act. Further the Company has, during the year, not granted any loans, given any guarantee or provided any security in connection with a loan covered under the sections 185 of the Act.
- (v) the Company has not accepted any deposit from public during the year in accordance with the provisions of sections 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, goods and services 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 ₹ 26255.00.
- (b) on the basis of books and records examined by us, there are no dues of income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise and value added tax which have not been deposited with appropriate authorities on account of any dispute.
- (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 standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (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 **Rakesh Soni & Co.**  
*Chartered Accountants*  
(Firm Registration No. 114625W)

**R.K. Soni**  
*Partner*  
Membership No. 047151

Place: Mumbai  
Dated: May 30, 2019

## ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2019

Referred to in paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of Rexnord Electronics and Controls Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone 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 Act.

#### 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 prescribed under section 143(10) of the Act, 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 standalone 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 2019, 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 issued by the ICAI.

For **Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R.K. Soni**  
Partner  
Membership No. 047151

Place: Mumbai  
Dated: May 30, 2019

## BALANCE SHEET AS AT 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1684.01	1708.79
Intangible assets	3B	2.76	0.97
Non-current investments			
Financial assets			
Investments	4	61.66	10.00
Loans	5	100.88	14.48
Income tax assets (net)	6	14.82	3.94
Other non-current assets	7	234.54	22.34
<b>Total non-current assets</b>		<b>2098.67</b>	<b>1760.52</b>
<b>Current assets</b>			
Inventories	8	1828.19	1707.51
Financial assets			
Investments	9	60.18	230.15
Trade receivables	10	670.28	810.20
Cash and cash equivalents	11	152.57	171.92
Bank balances other than cash and cash equivalents	12	160.00	150.00
Loans	13	1.90	3.17
Other financial assets	14	5.50	2.16
Other current assets	15	127.46	153.34
<b>Total current assets</b>		<b>3006.08</b>	<b>3228.45</b>
<b>TOTAL ASSETS</b>		<b>5104.75</b>	<b>4988.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1115.91	1115.91
Other equity	17	2390.70	1995.37
<b>Total equity</b>		<b>3506.61</b>	<b>3111.28</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	18	130.23	145.64
Other financial liabilities	19	3.11	3.11
Provisions	20	20.82	19.12
Deferred tax liabilities (net)	21	115.98	114.01
<b>Total non-current liabilities</b>		<b>270.14</b>	<b>281.88</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	22	731.18	761.94
Trade payables	23	405.08	671.90
Other financial liabilities	24	130.77	133.36
Other current liabilities	25	53.65	22.92
Provisions	26	7.32	5.69
<b>Total current liabilities</b>		<b>1328.00</b>	<b>1595.81</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5104.75</b>	<b>4988.97</b>
Contingent liabilities and commitments (To the extent not provided for)	35		
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 47		

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2019	For the year ended 31.03.2018
Revenue from operations	27	6261.42	5806.08
Other income	28	87.26	58.38
<b>Total Revenue</b>		<b>6348.68</b>	<b>5864.46</b>
<b>Expenses:</b>			
Cost of materials consumed	29	3818.44	3461.13
Changes in inventories of finished goods and work in progress	30	(35.87)	(242.11)
Excise duty		0.00	150.56
Employee benefits expense	31	529.19	495.84
Finance costs	32	123.65	92.31
Depreciation and amortisation expense	3A & 3B	154.85	148.99
Other expenses	33	1207.45	1273.70
<b>Total expenses</b>		<b>5797.71</b>	<b>5380.42</b>
Profit before exceptional items and tax		550.97	484.04
Exceptional items		0.00	0.00
Profit before tax		550.97	484.04
Tax expense:			
Current tax		152.97	145.15
Deferred tax		2.16	(6.67)
Tax adjustment for earlier years		0.03	1.42
		<b>155.16</b>	<b>139.90</b>
<b>Profit for the year (A)</b>		<b>395.81</b>	<b>344.14</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of the net defined benefit plans		(0.66)	0.02
Income tax on above		(0.18)	0.01
<b>Other comprehensive income for the year (B)</b>		<b>(0.48)</b>	<b>0.01</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>395.33</b>	<b>344.15</b>
Earning per equity share	34		
Basic ₹		3.55	3.08
Diluted ₹		3.55	3.08
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 47		

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

### A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
Balance as at April 1, 2017	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2018	1115.91
Balance as at April 1, 2018	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2019	1115.91

### B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive income	Total
	Securities Premium Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2017	292.28	1360.09	(1.15)	1651.22
Profit for the year	0.00	344.14	0.00	344.14
Other Comprehensive Income for the year*	0.00	0.00	0.01	0.01
<b>Balance at the end of the reporting period i.e. 31st March, 2018</b>	<b>292.28</b>	<b>1704.23</b>	<b>(1.14)</b>	<b>1995.37</b>
Balance at the beginning of the reporting period i.e. 1st April, 2018	292.28	1704.23	(1.14)	1995.37
Profit for the year	0.00	395.81	0.00	395.81
Other Comprehensive Income for the year*	0.00	0.00	(0.48)	(0.48)
<b>Balance at the end of the reporting period i.e. 31st March, 2019</b>	<b>292.28</b>	<b>2100.04</b>	<b>(1.62)</b>	<b>2390.70</b>

\* Movement in other comprehensive income relates to remeasurements of the net defined benefit plans.

#### Nature of reserves

- Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to other reserve, dividends or other distributions paid to shareholders.

Significant accounting policies 2  
The accompanying notes form part of the financial statements 1 to 47

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
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Place : Mumbai  
Dated : May 30, 2019

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**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items and tax	550.97	484.04
Adjustments for		
Depreciation and amortization	154.85	148.99
Allowance for doubtful debt/loan s provided/written back (net)	0.55	(2.11)
(Profit)/loss on sale/discarding of fixed assets (net)	5.71	1.75
Unrealised exchange (gain)/ loss	(14.23)	2.68
Net (gain)/loss on investments	0.36	(7.01)
Interest income	(15.06)	(11.11)
Dividend income	(2.95)	(5.87)
Interest and other borrowing costs	105.34	86.97
Operating profit before working capital changes	785.54	698.33
Adjustments for :		
Trade receivables	139.70	(81.05)
Other receivables	(188.41)	(80.85)
Inventories	(120.68)	(337.27)
Trade payables	(266.82)	13.71
Other payables	25.72	(23.29)
Cash generated from operations	375.05	189.58
Direct taxes paid	(163.88)	(162.40)
Cash flow before extraordinary items	211.17	27.18
Extraordinary items	0.00	0.00
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>211.17</b>	<b>27.18</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of tangible assets	20.73	1.01
Purchase of tangible assets	(154.92)	(224.77)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	(3.38)	0.00
Proceeds from sale of investments	524.82	52.13
Purchase of investments	(406.87)	(235.00)
Loan given to subsidiary	(85.00)	0.00
(Increase)/ decrease in deposits	(1.29)	(0.49)
(Increase)/ decrease in bank fixed deposits	(10.00)	0.00
Interest income	11.72	11.49
Dividend income	2.95	5.88
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(101.24)</b>	<b>(389.75)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	40.00	71.45
Repayment of long term borrowings	(53.36)	(23.84)
Proceeds from short term borrowings	1477.94	1488.42
Repayment of short term borrowings	(1490.98)	(1064.38)
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(102.88)	(84.19)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(129.28)	387.46
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(19.35)	24.89
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	171.92	147.03
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	152.57	171.92

Notes :

- The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard 7 on "Statement of Cash Flow" notified u/s 133 of Companies Act, 2013 ("Act") read with relevant rules issued thereunder and the relevant provisions of the Act.
- Change in liability arising from financing activities

Particulars	Non-current borrowing	Current borrowing
<b>Balance as at 1st April 2017</b>	135.59	335.75
Net cash flows	47.61	424.04
Effect of unrealised exchange gain/loss	0.00	2.15
<b>Balance as at 31st March 2018</b>	183.20	761.94
<b>Balance as at 1st April 2018</b>	183.20	761.94
Net cash flows	(13.36)	(13.04)
Effect of unrealised exchange gain/loss	0.00	(17.72)
<b>Balance as at 31st March 2019</b>	169.84	731.18

- Refer Note no. 11 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

Significant accounting policies 2  
The accompanying notes form part of the financial statements 1 to 47

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## Notes to the financial statements for the year ended 31st March 2019

### Note 1: CORPORATE INFORMATION

Rexnord Electronics and Controls Limited ("the Company") is a public limited Company domiciled in India with its registered office located at 92-D, Government Industrial Estate, Sahyadrinagar Charkop, Kandivali (West), Mumbai-400067. The Company is listed on the Bombay Stock Exchange (BSE). The Company is manufacturer of fans & motors. The Company has manufacturing facility at Survey no. 62, 74, 75, 20, Village Devdal (Sagpada), Opp Sagar Hotel, Kaman Bhiwandi Road, Kaman, Tal- Vasai, Dist Thane-401208 and sells Indian Market and is regularly exporting.

### Note 2: SIGNIFICANT ACCOUNTING POLICIES

#### 2.1) BASIS OF PREPARATION

##### A) Statement of Compliance

- a) These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- b) The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.
- c) The financial statements of the Company for the year ended 31st March, 2019 were approved for issue in accordance with the resolution of the Board of Directors on 30th May, 2019.

##### B) Basis of Measurement

These financial statements are prepared under the historical cost convention, except for the following:

- a) Certain financial assets and liabilities that are measured at fair value (refer- Accounting policy regarding financials instruments).
- b) Defined benefit plans –present value of defined benefit obligation unless otherwise indicated.

##### C) Functional and Presentation Currency

These financial statements are presented in Indian Rupees, the functional currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

##### D) Use of Estimates

- a) The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities prospectively.
- b) Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:
  - i) Measurement of defined benefit obligations - Note 37.
  - ii) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 & 26 and 35.
  - iii) Recognition of deferred tax liabilities - Note 21.

##### E) Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for, both financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the Note 39.

#### 2.2) REVENUE RECOGNITION

The Company derives revenues primarily from sale of manufactured goods.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the retrospective effect method. The adoption of the new standard did not have a material impact on the Company.

##### Sale of products

Revenue from sale of products is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

##### Other operating revenue - Export incentives

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.

#### 2.3) EMPLOYEE BENEFITS

##### a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay

## Notes to the financial statements for the year ended 31st March 2019

this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term benefits such as salaries, wages, bonus, ex gratia, short-term compensation absences, etc., are determined on an undiscounted basis and recognized in the period in which the employee renders the related service.

### b) Post-employment benefits

#### Defined contribution plans

Obligations for contributions to defined contribution plans such as Provident Fund maintained with Regional Provident Fund Office is expensed as the related service is provided.

#### Defined benefit plans

The following post – employment benefit plans are covered under the defined benefit plans:

- Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

### c) Other long-term employee benefits

#### Compensated absences

The Company does not have any leave encashment policy. Further any unutilised leave at the end of the year is lapsed and not eligible for carry forward.

## 2.4) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items (assets and liabilities) are restated using the exchange rate prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to finance costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

## 2.5) ACCOUNTING FOR TAXES ON INCOME

Income tax expense for the period comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

## 2.6) PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost such as duties, freight, borrowing costs, erection and commissioning expenses incurred in bringing the asset to its working condition for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of profit and loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of profit and loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

## 2.7) INTANGIBLE ASSETS

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Upon first-time adoption of Ind AS, the Company has elected to measure all its intangible assets at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1st April, 2016.

## 2.8) RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

## Notes to the financial statements for the year ended 31st March 2019

### 2.9) DEPRECIATION

Depreciation on Property, Plant & Equipment is provided on straight line method at the rates and in the manner specified in Schedule II to the Companies Act, 2013. In the case of revalued assets, depreciation is calculated on straight line method on the revalued amounts as determined by the valuer.

Depreciation on Property, Plant & Equipment added/disposed off/discarded during the period is provided on the pro-rata basis with reference to the date of addition/disposal/discarding.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.10) AMORTIZATION

Intangible assets (Application Software) acquired by the Company are amortised on a straight line basis over its useful life i.e. three years, as decided by the management.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

### 2.11) BORROWING COSTS

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

### 2.12) LEASES

Where the Company has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of the fair value or present value of minimum lease payment and liability is created for equivalent amount. Each lease payment is allocated between liability and finance cost so as to obtain constant periodic rate of interest on the outstanding liability for each period. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired/given under leases other than finance leases are classified as operating leases. Operating lease payments/receivable are recognised as an expense/income in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

### 2.13) PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognized when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of

one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. The company does not recognize a contingent liability but discloses its existence in the financial statement.

Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.14) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

### 2.15) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all years presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.16) INVENTORIES

Inventories are valued at lower of cost and estimated net realisable value. Obsolete, defective and unserviceable stocks are provided for. Materials-in-process are valued at raw material cost and estimated cost of conversion. Cost of finished goods includes conversion and other costs incurred in bringing the inventories to their present location and condition

Cost of Inventories is computed on FIFO basis. Goods in transit, if any, are stated at actual cost incurred upto the date of balance sheet.

### 2.17) FINANCIAL INSTRUMENTS

#### I. FINANCIAL ASSETS

##### A) Initial Recognition And Measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset. Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

##### B) Classification And Subsequent Measurement

a) **Amortised cost:** A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the financial statements for the year ended 31st March 2019

- b) **Fair value through other comprehensive income (FVOCI):** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) **Fair value through profit and loss (FVTPL):** A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

### C) Cash and bank balances

- (i) Cash and cash equivalents which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of 3 months or less from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.
- (ii) Other bank balances which includes balances and deposits with banks that are restricted for withdrawal and usage.

### D) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

### E) Equity instruments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

### F) Trade receivables and loans

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

### G) Debt Instruments

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL') till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

### H) Impairment of Financial Asset

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, security deposits, bank deposits and bank balance.
- b) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

### I) Income recognition

#### Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

#### Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

## II. FINANCIAL LIABILITIES

### A) Initial Recognition And Measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

### B) Classification And Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

## III. DERECOGNITION OF FINANCIAL INSTRUMENTS

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

## IV. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.18) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

### 2.19) RECENT ACCOUNTING DEVELOPMENTS

Ministry of Corporate Affairs ("MCA") has notified the following new amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2019.:

#### Ind AS 116 – "Leases"

Ind AS 116 will replace the existing Ind AS 17 "Leases" and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognise assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

Application of standard is not expected to have any significant impact on the Company's financial statements.

## Notes to the financial statements for the year ended 31st March 2019

### NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2018	Additions during the year	Sold/discarded during the year	Total as at 31.03.2019	Provided upto 31.03.2018	Provided for the Year	Written back during the year	Total upto 31.03.2019	Total as at 31.03.2019
<b>Property, plant &amp; equipment</b>									
Leasehold land	45.79	0.00	0.00	45.79	0.00	0.00	0.00	0.00	45.79
Land	14.50	0.00	0.00	14.50	0.00	0.00	0.00	0.00	14.50
Factory buildings	870.73	0.00	0.00	870.73	78.16	33.19	0.00	111.35	759.38
Residential flats	15.83	0.00	0.00	15.83	0.70	0.34	0.00	1.04	14.79
Plant and machineries	529.86	48.88	2.88	575.86	83.59	48.39	2.07	129.91	445.95
Moulds and dies	159.31	11.67	0.00	170.98	35.21	19.69	0.00	54.90	116.08
Furniture and fixtures	90.54	8.79	0.00	99.33	14.57	11.22	0.00	25.79	73.54
Office equipments	22.40	4.67	0.64	26.43	9.79	4.33	0.12	14.00	12.43
Vehicles	173.62	55.40	42.29	186.73	39.53	23.78	17.16	46.15	140.58
Computers	15.53	3.81	0.00	19.34	7.73	4.98	0.00	12.71	6.63
Factory equipments	48.04	21.72	0.00	69.76	8.08	7.34	0.00	15.42	54.34
<b>Total as at 31.03.2019</b>	<b>1986.15</b>	<b>154.94</b>	<b>45.81</b>	<b>2095.28</b>	<b>277.36</b>	<b>153.26</b>	<b>19.35</b>	<b>411.27</b>	<b>1684.01</b>

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2017	Additions during the year	Sold/discarded during the year	Total as at 31.03.2018	Provided upto 31.03.2017	Provided for the Year	Written back during the year	Total upto 31.03.2018	Total as at 31.03.2018
<b>Property, plant &amp; equipment</b>									
Leasehold land	45.79	0.00	0.00	45.79	0.00	0.00	0.00	0.00	45.79
Land	14.50	0.00	0.00	14.50	0.00	0.00	0.00	0.00	14.50
Factory buildings	870.73	0.00	0.00	870.73	39.08	39.08	0.00	78.16	792.57
Residential flats	15.83	0.00	0.00	15.83	0.35	0.35	0.00	0.70	15.13
Plant and machineries	444.39	86.18	0.71	529.86	39.51	44.32	0.24	83.59	446.27
Moulds and dies	109.74	49.57	0.00	159.31	16.96	18.25	0.00	35.21	124.10
Furniture and fixtures	57.81	32.73	0.00	90.54	5.71	8.86	0.00	14.57	75.97
Office equipments	16.54	5.86	0.00	22.40	5.38	4.41	0.00	9.79	12.61
Vehicles	159.64	20.93	6.95	173.62	20.43	23.76	4.66	39.53	134.09
Computers	13.79	1.74	0.00	15.53	3.45	4.28	0.00	7.73	7.80
Factory equipments	20.29	27.76	0.01	48.04	3.43	4.65	0.00	8.08	39.96
<b>Total as at 31.03.2018</b>	<b>1769.05</b>	<b>224.77</b>	<b>7.67</b>	<b>1986.15</b>	<b>134.30</b>	<b>147.96</b>	<b>4.90</b>	<b>277.36</b>	<b>1708.79</b>

3A(i) Cost of factory building include ₹ 0.01 Lakhs (P.Y. ₹ 0.01 Lakhs) being cost of shares in the Kandivali Co-operative Industrial Estate Limited.

#### 3A(ii) Security

Property, plant and equipment are hypothecated /pledged against borrowings refer note 18 and 22

### NOTE 3B: INTANGIBLE ASSETS

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2018	Additions during the year	Sold/discarded during the year	Total as at 31.03.2019	Provided upto 31.03.2018	Provided for the Year	Written back during the year	Total upto 31.03.2019	Total as at 31.03.2019
<b>Intangible assets</b>									
Computer software - acquired	2.93	3.38	0.00	6.31	1.96	1.59	0.00	3.55	2.76
<b>Total as at 31.03.2018</b>	<b>2.93</b>	<b>3.38</b>	<b>0.00</b>	<b>6.31</b>	<b>1.96</b>	<b>1.59</b>	<b>0.00</b>	<b>3.55</b>	<b>2.76</b>

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2017	Additions during the year	Sold/discarded during the year	Total as at 31.03.2018	Provided upto 31.03.2017	Provided for the Year	Written back during the year	Total upto 31.03.2018	Total as at 31.03.2018
<b>Intangible assets</b>									
Computer software - acquired	2.93	0.00	0.00	2.93	0.93	1.03	0.00	1.96	0.97
<b>Total as at 31.03.2018</b>	<b>2.93</b>	<b>0.00</b>	<b>0.00</b>	<b>2.93</b>	<b>0.93</b>	<b>1.03</b>	<b>0.00</b>	<b>1.96</b>	<b>0.97</b>



## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 4: NON-CURRENT INVESTMENTS</b>				
<b>Investments measured at Cost</b>				
<b>In equity shares of subsidiary company</b>				
<b>Unquoted, fully paid up</b>				
Rexnord Enterprise Private Limited of ₹10 each	100000	10.00	100000	10.00
<b>Investments measured at Amortized cost</b>				
<b>Investment in debentures and bonds</b>				
<b>Unquoted fully paid up</b>				
Reliance Securities Limited (face value of ₹1 Lakhs each debenture)	25	25.63	-	-
Reliance Capital Limited (face value of ₹1 Lakhs each debenture)	25	26.03	-	-
<b>Total</b>		<u>61.66</u>		<u>10.00</u>
Aggregate amount of Unquoted Investments		61.66		10.00
Aggregate provision for diminution in the value of Investments		0.00		0.00
<b>NOTE 5: NON-CURRENT LOANS</b>				
Unsecured, considered good				
Loan to subsidiary company		85.00		0.00
Security deposits		15.88		14.48
		<u>100.88</u>		<u>14.48</u>
Unsecured, considered doubtful				
Loan to employees		0.55		0.00
Allowance for doubtful loan to employees		(0.55)		0.00
		<u>0.00</u>		<u>0.00</u>
<b>Total</b>		<u>100.88</u>		<u>14.48</u>
<b>NOTE 6: INCOME TAX ASSETS (NET)</b>				
Taxes paid during the year		163.85		160.98
Opening balance	(3.94)		11.89	
Add: Current tax payable for the year	152.97	149.03	145.15	157.04
<b>Total</b>		<u>14.82</u>		<u>3.94</u>
<b>NOTE 7: OTHER NON-CURRENT ASSETS</b>				
Unsecured, considered good				
Capital advances		225.36		21.31
Stamp duty refund receivable		5.85		0.00
MVAT refund receivable		2.30		0.00
Security deposits		1.03		1.03
<b>Total</b>		<u>234.54</u>		<u>22.34</u>
<b>NOTE 8: INVENTORIES</b>				
Raw Materials and components including packing materials*		1044.61		959.84
Work in progress		638.89		516.38
Finished goods		141.73		228.36
Stores and spares		2.96		2.93
<b>Total</b>		<u>1828.19</u>		<u>1707.51</u>
* Includes stock in transit		0.00		0.00

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 9: CURRENT INVESTMENTS</b>				
<b>Investments measured at fair value through Profit &amp; Loss</b>				
<b>In mutual funds (Unquoted)</b>				
AXIS Focused 25 Fund - Growth of face value of ₹10/- each unit	73152.89	19.83	0	0.00
Tata Equity P/E Fund Regular Plan - Growth of face value of ₹10/- each unit	14463.09	19.57	0	0.00
HDFC Capital Builder Value Fund - Growth of face value of ₹10/- each unit	6867.33	20.78	0	0.00
ICICI Prudential Dynamic Plan - Growth of face value of ₹10/- each unit	0	0.00	51925.687	130.92
ICICI Prudential Balanced Fund - Growth of face value of ₹10/- each unit	0	0.00	20463.289	25.55
ICICI Prudential Balanced Fund Monthly Dividend of face value of ₹10/- each unit	0	0.00	203665.988	48.98
L&T India Prudence Fund - Dividend of face value of ₹10/- each unit	0	0.00	126141.581	24.70
<b>Total</b>		<b>60.18</b>		<b>230.15</b>
Aggregate amount of Unquoted Investments		60.18		230.15
Aggregate provision for diminution in the value of Investments		0.00		0.00
<b>NOTE 10: TRADE RECEIVABLES</b>				
Unsecured, considered good				
Debits outstanding for a period exceeding six months from the date they are due for payments		0.04		0.23
Other		670.24		809.97
<b>Total</b>		<b>670.28</b>		<b>810.20</b>
<b>NOTE 11: CASH AND CASH EQUIVALENTS</b>				
Balances with banks				
In cash credit account		145.46		125.10
In current accounts		4.86		44.23
Cheques on hand		0.00		0.00
Cash on hand		2.25		2.59
<b>Total</b>		<b>152.57</b>		<b>171.92</b>
<b>NOTE 12: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>				
Other bank balances:				
In fixed deposit account with maturity less than 12 months		0.00		0.00
Fixed deposits with banks held as margin money for letter of credit issued				
With maturity period less than 12 months*		160.00		150.00
<b>Total</b>		<b>160.00</b>		<b>150.00</b>
*Details of lien on fixed deposit as under:				
Lien for margin money for letter of credit issued		139.99		85.58
<b>NOTE 13: CURRENT LOANS</b>				
Unsecured, considered good				
Security deposits		0.35		0.46
Loan to employees		1.55		2.71
<b>Total</b>		<b>1.90</b>		<b>3.17</b>
<b>NOTE 14: OTHER CURRENT FINANCIAL ASSETS</b>				
Unsecured, considered good				
Interest accrued on deposits		2.50		2.16
Interest accrued but not due on loan to subsidiary company		3.00		0.00
<b>Total</b>		<b>5.50</b>		<b>2.16</b>

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 15: OTHER CURRENT ASSETS</b>				
Unsecured, considered good				
Advances to suppliers		93.39		45.68
GST/Cenvat credit receivable		0.00		61.93
Export benefit receivable		0.16		0.02
Export Benefits in Duty Credit Scrips receivable		7.49		21.52
Prepaid expenses		25.92		23.59
Other receivables		0.50		0.60
<b>Total</b>		<b>127.46</b>		<b>153.34</b>
<b>NOTE 16: EQUITY SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
<b>Total</b>		<b>1500.00</b>		<b>1500.00</b>
<b>Issued, subscribed and paid-up</b>				
Equity shares of ₹ 10/- each fully paid up	11160000	1116.00	11160000	1116.00
Less: calls in arrears by others		0.09		0.09
<b>Total</b>		<b>1115.91</b>		<b>1115.91</b>

**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	11160000	1116.00	11160000	1116.00
Add : Equity shares issued on conversion of warrants	0	0.00	0	0.00
At the end of the year	11160000	1116.00	11160000	1116.00

**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.

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

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
1 Shri Kishore Chand Talwar	4892000	43.84	4352000	39.00
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Shri Subramanian P	590290	5.29	590290	5.29

**NOTE 17: OTHER EQUITY**

<b>Securities Premium Reserve</b>				
Balance at the beginning and at the end of the year		292.28		292.28
<b>Retained Earnings</b>				
Balance at the beginning of the year	1704.23		1360.09	
Add : Profit (loss) after tax for the year	395.81		344.14	
Balance at the end of the year		2100.04		1704.23
<b>Other Comprehensive income</b>				
Balance at the beginning of the year	(1.14)		(1.15)	
Add: Movement in OCI (Net) during the year	(0.48)		0.01	
Balance at the end of the year		(1.62)		(1.14)
<b>Total</b>		<b>2390.70</b>		<b>1995.37</b>

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 18: NON-CURRENT BORROWINGS</b>		
<b>Secured loans:</b>		
Term loans		
From banks	94.25	97.94
From other parties	35.98	47.70
<b>Total</b>	<b>130.23</b>	<b>145.64</b>

### Secured Loans:

#### A Terms of repayment of secured loans

Name of the banks / other parties	Axis Bank Limited	Yes Bank Limited	HDFC Bank Limited	BMW India Financial Services Pvt. Ltd.	Toyota Financial Services India Ltd.
Type of loan	Vehicle Loan	Vehicle Loan	Term Loan	Vehicle Loan	Vehicle Loan
Loan account no.	AUR086103599578	ALN000100249265	82503119	CN00118492	NMUM1046300
Amount sanctioned (₹)	40.00	14.72	100.00	65.00	11.90
Sanction date	22-11-2018	17-11-2017	27-01-2017	31-05-2016	25-06-2015
Interest rate	8.96%	8.11%	Base Rate +1.10%	9.50%	10.00%
Total No. of EMIs	84	60	61	84	60
No. of EMIs paid	4	16	23	33	46
No. of balance EMIs to be paid	80	44	38	51	14
Current EMI amount (Principal and interest)	0.64	0.30	2.27	1.06	0.25
Maturity profile (Principal):					
2019-20	4.44	2.77	20.68	8.91	2.81
2020-21	4.86	3.01	22.93	9.79	0.46
2021-22	5.31	3.26	25.41	10.77	0.00
2022-23	12.16	2.32	3.28	11.84	0.00
2023-24	6.94	0.00	0.00	3.12	0.00
2024-25	4.77	0.00	0.00	0.00	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, Kandivali (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, Wholetime 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.

### NOTE 19: NON-CURRENT OTHER FINANCIAL LIABILITIES

Security deposits	3.11	3.11
<b>Total</b>	<b>3.11</b>	<b>3.11</b>

### NOTE 20: NON-CURRENT PROVISIONS

Provision for employees benefits (Refer note 37)	20.82	19.12
<b>Total</b>	<b>20.82</b>	<b>19.12</b>

## Notes to the financial statements for the year ended 31st March 2019

### NOTE 21: INCOME TAX

- A) The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Profit before Tax	550.97	484.04
Enacted tax rate	27.820%	33.063%
Expected income tax expense at statutory income tax rate	153.28	160.04
Tax on Income exempt from tax/Items not deductible (net)	1.85	0.62
Effect of differential future tax rates	0.00	(21.48)
Tax in respect of earlier years	0.03	0.72
Tax expense as reported	<u>155.16</u>	<u>139.90</u>

### B) Deferred tax liabilities (net)

Particulars	As at 31.03.2019	As at 31.03.2018
Deferred tax liabilities	124.28	121.23
Deferred tax assets	8.30	7.22
<b>Total</b>	<u>115.98</u>	<u>114.01</u>

### The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2018:

Particulars	As at 31.03.2017 Deferred Tax Asset/ (Liabilities)	Credit/(charge) in statement of Profit and Loss	As at 31.03.2018 Deferred Tax Asset/ (Liabilities)	Credit/(charge) in statement of Profit and Loss	As at 31.03.2019 Deferred Tax Asset/ (Liabilities)
Depreciation	127.68	(7.99)	119.69	4.47	124.16
Income Taxable in the year of realisation	0.09	1.34	1.43	(1.38)	0.05
Expenses allowed in the year of payment*	(7.10)	(0.12)	(7.22)	(1.08)	(8.30)
Other	0.00	0.11	0.11	(0.04)	0.0

\* Including the deferred tax charge/(credit) recognized through other comprehensive income

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 22: CURRENT BORROWINGS</b>		
<b>Secured loans:</b>		
Working capital loans		
From a bank	0.00	0.00
<b>Unsecured loans:</b>		
Suppliers/Buyers credit in foreign currency		
From banks	731.18	761.94
<b>Total</b>	<u>731.18</u>	<u>761.94</u>

### 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, Kandivali (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, Wholetime Director and two relatives of the Chairman & Managing Director of the Company.

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 23: TRADE PAYABLES</b>		
Micro and small enterprises (Refer note 43)	52.12	132.22
Others*	<u>352.96</u>	<u>539.68</u>
<b>Total</b>	<b><u>405.08</u></b>	<b><u>671.90</u></b>
* Other trade payables include acceptances	61.60	110.37

### NOTE 24: OTHER CURRENT FINANCIAL LIABILITIES

Current maturities of long term debts (Refer note 18)	39.61	37.56
Interest accrued but not due	8.55	6.08
Security deposits	1.80	1.80
Creditors for capital expenditure*	2.59	8.00
Accrued expenses	<u>78.22</u>	<u>79.92</u>
<b>Total</b>	<b><u>130.77</u></b>	<b><u>133.36</u></b>
*Includes micro and small enterprises (Refer note 43)	0.00	0.04

### NOTE 25: OTHER CURRENT LIABILITIES

Advances from customers	29.06	2.96
Deferred Revenue	1.45	1.77
Statutory dues	<u>23.14</u>	<u>18.19</u>
<b>Total</b>	<b><u>53.65</u></b>	<b><u>22.92</u></b>

### NOTE 26: CURRENT PROVISIONS

Provision for employees benefits (Refer note 37)	<u>7.32</u>	<u>5.69</u>
<b>Total</b>	<b><u>7.32</u></b>	<b><u>5.69</u></b>

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
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### NOTE 27: REVENUE FROM OPERATIONS

Sale of goods*	6199.59	5727.72
Other operating revenue		
Scrap sales	42.43	60.75
Export incentives	<u>19.40</u>	<u>17.61</u>
	<u>61.83</u>	<u>78.36</u>
<b>Total</b>	<b><u>6261.42</u></b>	<b><u>5806.08</u></b>

#### \*Sale of Products (Categorywise)

Instrument cooling fans	3910.15	3330.62
Shaded pole motors	2031.83	2180.34
Components	257.61	216.76

#### \*Sale of Products (Geographywise)

Domestic	5390.29	4888.44
Exports	809.30	839.28

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE 28: OTHER INCOME</b>		
Interest Income :		
On fixed deposits with banks	10.06	9.20
On security deposits	1.24	1.27
On staff loans	0.33	0.50
On subsidiary loans	3.33	0.00
On delay payment by customers	0.10	0.14
	<u>15.06</u>	<u>11.11</u>
Dividend on investments	2.95	5.88
Sundry balances written back/off (net)	3.46	0.23
Discount on purchase of FPS/FMS/MEIS entitlements	0.43	3.10
Profit on sale of investment	0.00	1.86
Gain/(Loss) on investments carried at fair value through Profit & Loss	0.18	5.15
Gain/(Loss) on investments carried at amortised cost	1.41	0.00
Rent Income	20.01	11.75
Net gain on exchange rate fluctuations	43.76	17.19
Allowance for doubtful debts written-back	0.00	2.11
<b>Total</b>	<u><u>87.26</u></u>	<u><u>58.38</u></u>
<b>NOTE 29: COST OF MATERIALS CONSUMED*</b>		
<b>(Raw materials and components including packing materials)</b>		
Opening stock	959.83	865.06
Add : Cost of purchases	3903.22	3555.90
Less: Closing stock	1044.61	959.83
<b>Total</b>	<u><u>3818.44</u></u>	<u><u>3461.13</u></u>
*Cost of materials consumed		
Aluminium ingots	770.56	651.03
Aluminium sheets	86.47	76.92
Ball bearings	122.33	93.41
Brass Insert	201.42	139.00
Copper wires	571.38	603.58
Plastic powders	352.90	298.78
Rotor lamination	248.68	210.68
Stator lamination	505.41	498.74
Others	959.29	888.99
<b>NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Opening stocks:		
Finished goods	228.36	125.18
Work in progress	516.39	377.45
	<u>744.75</u>	<u>502.63</u>
Less:Closing stocks:		
Finished goods	141.73	228.36
Work in progress	638.89	516.38
	<u>780.62</u>	<u>744.74</u>
<b>Total</b>	<u><u>(35.87)</u></u>	<u><u>(242.11)</u></u>
<b>NOTE 31: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	457.83	432.54
Contribution to provident and other funds	13.46	13.28
Staff welfare expenses	57.90	50.02
<b>Total</b>	<u><u>529.19</u></u>	<u><u>495.84</u></u>

## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE 32: FINANCE COSTS</b>		
Interest expense on:		
Borrowings	42.01	28.79
Others	16.51	21.94
Other Borrowing Costs	46.83	36.24
Net loss(gain) on foreign currency transactions	18.30	5.34
<b>Total</b>	<b>123.65</b>	<b>92.31</b>

### NOTE 33: OTHER EXPENSES

Manufacturing expenses			
Consumption of stores and spares	26.43		17.31
Processing and labour charges	538.70		622.62
Power and fuel	198.22		183.97
Rent	1.36		2.69
Repairs to :			
factory buildings	28.99		58.96
machineries	16.90		25.34
mould & dies	19.19		6.10
others	19.36	84.44	18.06
Inward transportation and freight	3.79		5.62
Administrative and other expenses			
Auditors' remuneration (Refer note 36)	8.96		7.82
Communication expenses	16.58		13.96
Directors' sitting fees	2.20		1.80
Electricity expenses	3.66		4.01
Insurance	10.70		10.30
Loss on sale of investment (net)	1.95		0.00
Loss on sale of fixed assets (net)	5.71		1.75
Professional charges	21.49		27.68
Allowance for doubtful loans	0.55		0.00
Repairs and maintenance	19.54		19.43
Rates and taxes	11.45		10.69
Travelling and conveyance	105.99		96.30
Miscellaneous expenses	58.09		40.10
Selling and distribution expenses			
Advertisement and business promotion	66.69		60.35
Commission and brokerage	0.00		23.65
Outward transportation and freight	20.95		15.19
Rebate and discount			
<b>Total</b>	<b>1207.45</b>		<b>1273.70</b>

2018-2019      2017-2018

### NOTE 34: EARNING PER EQUITY SHARE

Net profit / (loss) after tax	₹ in Lakhs	395.81	344.14
Weighted average number of shares	Numbers in Lakhs	111.60	111.60
Basic earnings per share	₹	3.55	3.08
Diluted earnings per share	₹	3.55	3.08



## Notes to the financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 35: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	535.39	183.54
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	650.00	440.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	21.00	21.00
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	329.20	26.85

(Amount in ₹ Lakhs)

	2018-19	2017-18
<b>NOTE 36: PAYMENT TO AUDITORS*</b>		
Statutory audit fees	3.50	3.50
Tax audit fees	3.50	2.25
Sales tax audit fees	0.00	0.76
GST audit fees	1.00	0.00
Certification work	0.68	0.95
Out of pocket expenses	0.28	0.35
Krishi Kalyan Cess or Swachh Bharat Cess (not claimable as Cenvat Credit)	0.00	0.01
	<u>8.96</u>	<u>7.82</u>

\* excluding service tax / GST wherever Input tax credit taken

### NOTE 37: EMPLOYEE BENEFITS EXPENSE

The disclosures required under Indian Accounting Standard 19 "Employee Benefits" are given below:

#### (a) Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

(Amount in ₹ Lakhs)

	2018-19	2017-18
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	8.60	8.12

#### (b) Defined benefit plan:

##### Gratuity :

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee.

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.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at balance sheet date.

(Amount in ₹ Lakhs)

	2018-19	2017-18
<b>I) Reconciliation of defined benefit obligation</b>		
Present value of defined benefit obligation at start of year	24.00	19.90
<i>Recognised in Statement of Profit and Loss</i>		
Current service cost	3.34	3.12
Interest cost	1.70	1.47
Benefits paid	1.69	0.47
<i>Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations</i>		
Remeasurements - due to demographic assumptions	0.00	0.00
Remeasurements - due to financial assumptions	(0.15)	0.00
Remeasurements - due to experience adjustments	0.81	(0.02)
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year	28.01	24.00
<b>II) Net liability / (asset) recognised in the balance sheet</b>		
Present value of defined benefit obligation	28.01	24.00

## Notes to the financial statements for the year ended 31st March 2019

	(Amount in ₹ Lakhs)	
	2018-19	2017-18
Fair value of plan assets	0.00	0.00
Net liability / (asset)	28.01	24.00
Effect of asset ceiling / onerous liabilities	0.00	0.00
Liability / (asset) recognised in the balance sheet	28.01	24.00
Of which short term defined benefit obligation at end of the year	7.18	4.88
<b>III) Expenses recognized during the year</b>		
Current service cost	3.34	3.12
Interest cost	1.70	1.47
Defined benefit cost included in Statement of profit and loss	5.04	4.59
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations	0.66	(0.02)
Defined benefit included in Other Comprehensive Income	0.66	(0.02)
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income	5.70	4.57
<b>IV) Actuarial assumptions</b>		
Salary growth rate	6.00%	6.00%
Discount rate	7.57%	7.50%
Withdrawal rate	1% to 3%	1% to 3%
Mortality Rate	IALM 2006-08 (Mod.) (Ult.) Mortality Table	IALM 2006-08 (Mod.) (Ult.) Mortality Table
Normal retirement age	58 years	58 years
Adjusted average future service	12 years	15 years

(Amount in ₹ Lakhs)

### V) Bifurcation of present value of defined benefit obligations

	31.03.2019			31.03.2018		
	Directors	Others	Total	Directors	Others	Total
Current liabilities	0.26	6.92	7.18	1.23	3.65	4.88
Non current liabilities	6.14	14.70	20.84	4.91	14.21	19.12
Total	6.40	21.62	28.02	6.14	17.86	24.00

### VI) Sensitivity Analysis

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

(Amount in ₹ Lakhs)

Assumption	Change in assumption	Defined benefit obligations as on 31.03.2019	% Change	Defined benefit obligations as on 31.03.2018	% Change
Salary rate	Increase by 1%	29.52	9.5%	26.38	9.9%
	Decrease by 1%	24.76	-8.2%	21.96	-8.5%
Withdrawal rate	Increase by 1%	27.22	0.9%	24.23	0.9%
	Decrease by 1%	26.68	-1.1%	23.74	-1.1%
Discount rate	Increase by 1%	24.97	-7.4%	22.13	-7.8%
	Decrease by 1%	29.33	8.7%	26.21	9.2%

VII) The Company's philosophy is to not to externally fund these liabilities but instead create an accounting provisions in its books of accounts and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Company. The expected contribution payable to the plan next year is therefore Nil. If the Company opts for externally fund these liabilities in the next year, the best estimate contribution for the Company during the next year would be ₹ 13.48 Lakhs.

### VIII) The expected maturity profile of defined benefit obligations is as follows:

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
31.03.2019	6.14	2.16	6.05	6.53	20.88
31.03.2018	4.88	1.34	6.75	5.98	18.95

The weighted average duration of the above defined benefit obligation is 14.39 years( 31.03.2018 - 15.04 years)

IX) **Discontinuance Liability** : Amount payable upon discontinuance of all employment is ₹ 29.92 Lakhs (31.03.2018 - ₹ 25.48 Lakhs)

### NOTE 38: CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

## Notes to the financial statements for the year ended 31st March 2019

Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'net debt' to 'equity'. For this purpose, net debt is defined as total borrowings less cash & cash equivalents, bank deposit (including earmarked balances) and current investments.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

	(Amount in ₹ Lakhs)	
	2018-19	2017-18
Equity share capital	1115.91	1115.91
Other equity	2390.70	1995.37
<b>Total Equity (A)</b>	<b>3506.61</b>	<b>3111.28</b>
Non-current borrowings	130.23	145.64
Short term borrowings	731.18	761.94
Current maturities of long term borrowing	39.61	37.56
<b>Gross Debt (B)</b>	<b>901.02</b>	<b>945.14</b>
<b>Total Capital (A+B)</b>	<b>4407.63</b>	<b>4056.42</b>
Gross Debt as above	901.02	945.14
Less: Current investments	60.18	230.15
Less: Cash and cash equivalents	152.57	171.92
Less: Other balances with bank (including earmarked balances)	160.00	150.00
<b>Net Debt (C)</b>	<b>528.27</b>	<b>393.07</b>
<b>Net debt to equity</b>	<b>0.15</b>	<b>0.13</b>

### NOTE 39: FINANCIAL INSTRUMENTS AND RISK REVIEW

#### A) Financial Instruments

##### Fair value measurement hierarchy

The fair value of financial instruments as below have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows

**Level 1: Quoted prices (unadjusted) in active markets:** This level of hierarchy includes financial assets or liabilities that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

**Level 2: Valuation techniques with observable inputs:** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3: Valuation techniques with significant unobservable inputs:** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following tables presents the carrying value and Fair value measurement hierarchy of each category of financial assets and liabilities

	(Amount in ₹ Lakhs)			
	31.03.2019		31.03.2018	
	Carrying Amount	Fair Value - Level 1	Carrying Amount	Fair Value - Level 1
<b>Financial Assets</b>				
<b>Financial assets measured at fair value through profit and loss</b>				
Investments*	60.18	60.18	230.15	230.15
<b>Financial assets measured at amortised cost</b>				
Investments*	51.66	0.00	0.00	0.00
Trade receivables	670.28	0.00	810.20	0.00
Cash and cash equivalents	152.57	0.00	171.92	0.00
Bank balances other than cash and cash equivalents	160.00	0.00	150.00	0.00
Loans	102.78	0.00	17.65	0.00
Other financial assets	5.50	0.00	2.16	0.00
	<b>1202.97</b>	<b>60.18</b>	<b>1382.08</b>	<b>230.15</b>
<b>Financial Liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Borrowings	861.41	0.00	907.58	0.00
Trade payables	405.08	0.00	671.90	0.00
Other financial liabilities	133.88	0.00	136.47	0.00
	<b>1400.37</b>	<b>0.00</b>	<b>1715.95</b>	<b>0.00</b>

\* Excludes financial assets measured at Cost

There have been no financial assets and financial liabilities which has been fair valued under level 2 and level 3 categories therefore no details for the same given in the table above.

## Notes to the financial statements for the year ended 31st March 2019

### Valuation

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- (i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.
- (ii) The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date.
- (iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

### B) Financial Risk Management Framework

The Company's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Company's management and the Board of Directors has the overall responsibility for establishing and governing the Company's risk management framework. The Board of Directors which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee and Board of Directors of the Company.

#### i) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Financial instruments that are subject to credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in material credit risk.

Credit risk with respect to trade receivables are limited as the Company has a policy of dealing only with credit worthy customers. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is very low. Hence, trade receivables are considered to be a single class of financial assets.

Credit risk on cash and cash equivalents, other bank balances with bank is limited as the Company generally invest in deposits with banks. Investments primarily include investment in liquid mutual fund units. The Company reviews credit worthiness of the counter parties to whom security deposits and loans given. The managements believes that there is no credit risk lies with the security deposits given and loans to employees.

The Company's maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 is the carrying value of each class of financial assets

#### ii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Company has obtained fund and non-fund based working capital lines from banks. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Company's financial liabilities. Cash flows in foreign currencies are translated using the period end spot rates.

(Amount in ₹ Lakhs)

Particulars	31.03.2019				31.03.2018			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	901.02	770.79	93.07	37.16	945.14	799.50	110.80	34.84
Trade payables	405.08	405.08	0.00	0.00	671.90	671.90	0.00	0.00
Other financial liabilities	94.27	91.16	0.00	3.11	98.91	95.80	0.00	3.11
Total	<u>1400.37</u>	<u>1267.03</u>	<u>93.07</u>	<u>40.27</u>	<u>1715.95</u>	<u>1567.20</u>	<u>110.80</u>	<u>37.95</u>

#### iii) Market Risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### a) Currency Risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material and property, plant and equipment. As 31st March, 2019 and 31st March, 2018, the net unhedged exposure to the Company on holding assets (trade receivables, advance to suppliers and capital advances) and liabilities (trade payables, advance from customers, borrowing and accrued interest) other than in their functional currency is as under.

The Company is exposed to foreign exchange risk arising from US Dollar.

## Notes to the financial statements for the year ended 31st March 2019

	As at 31.03.2019		As at 31.03.2018	
	USD	₹	USD	₹
	Receivables	1.46	98.96	1.61
Payables	10.98	769.86	13.35	883.73
Net unhedged exposure	(9.52)	(670.90)	(11.74)	(780.54)

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net unhedged exposure (Amount in ₹ Lakhs)

	31.03.2019	31.03.2018
<b>1% Depreciation in INR</b>		
Impact on Statement of profit and loss	(6.71)	(7.81)
<b>1% Appreciation in INR</b>		
Impact on Statement of profit and loss	6.71	7.81

### b) Interest Rate Risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to borrowing obligations.

The interest rate profile of the Company's interest-bearing financial liabilities is as follows.

	(Amount in ₹ Lakhs)	
	31.03.2019	31.03.2018
Long term borrowing-floating rate instruments	72.30	91.34
Long term borrowing-fixed rate instruments	97.54	91.86
Short term borrowing-fixed rate instruments	731.18	761.94
	<u>901.02</u>	<u>945.14</u>

### Fair value sensitivity analysis for fixed-rate instruments

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Cash flow sensitivity analysis for variable-rate instruments

Impact on Interest Expenses for the year on 1% change in Interest rate

	(Amount in ₹ Lakhs)	
	31.03.2019	31.03.2018
<b>1% Increase in interest rates</b>		
Impact on Statement of profit and loss	(0.76)	(0.87)
<b>1% Decrease in interest rates</b>		
Impact on Statement of profit and loss	0.76	0.87

### NOTE 40: SEGMENT REPORTING

The Company is engaged in the business of manufacturing and selling of Instrument cooling fans/ motors. The company is presenting its Consolidated financial statements which is form parts of this report. In terms of para 4 of Ind AS 108 "Segment Reporting " no disclosures related to segments are required in Standalone financial statements.

### NOTE 41: RELATED PARTY DISCLOSURES:

#### 1) Names of related parties and description of relationships

- Enterprises over which exercising control  
Rexnord Enterprise Pvt Ltd (w.e.f. 08/02/2018)
- Persons 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
- Key management personnel :  
Executive directors  
Shri Kishore Chand Talwar (Chairman & Managing Director)  
Smt. Nainy K. Tanna (Wholetime Director)  
Non-executive directors (Independent directors)  
Shri Ayyaswami Sundram  
Shri Krishnamoorthy Krishnan (w.e.f. 16.05.2018)  
Shri Sriram Shrinivasan (w.e.f. 16.05.2018)

## Notes to the financial statements for the year ended 31st March 2019

Shri D.Ganapathy (director upto 06.05.2018)

Shri Ram Sanehi (director upto 01.04.2018)

d) Relatives of persons referred in b) and c) 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)

Smt. Ramandeep Talwar (Daughter in law of Chairman and Managing Director of the company)

Shri Kunal Tanna (Spouse of Smt. Nainy K. Tanna, Wholetime Director of the company)

e) Enterprises over which any person described in (d ) above is able to exercise significant influence.

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:

(Amount in ₹ Lakhs)

Particulars	Parties mentioned in I (a)	Parties mentioned in I (b) & (c)	Parties mentioned in I (d)	Parties mentioned in I (e)	Total
Interest Income	3.33	0.00	0.00	0.00	3.33
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Purchases including taxes	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(6.41)	(6.41)
Director's Remuneration (including commission if any)	0.00	198.91	0.00	0.00	198.91
	(0.00)	(191.22)	(0.00)	(0.00)	(191.22)
Director sitting fees	0.00	2.20	0.00	0.00	2.20
	(0.00)	(1.80)	(0.00)	(0.00)	(1.80)
Salary	0.00	0.00	62.82	0.00	62.82
	(0.00)	(0.00)	(62.89)	(0.00)	(62.89)
Rent	0.00	0.00	1.20	0.00	1.20
	(0.00)	(0.00)	(1.20)	(0.00)	(1.20)
Reimbursement of expenses incurred by others	0.00	7.35	0.45	0.00	7.80
	(0.00)	(3.57)	(0.28)	(0.00)	(3.85)
Recovery of expenses incurred for others	0.00	0.08	0.05	0.00	0.13
	(0.00)	(0.34)	(0.24)	(0.00)	(0.58)
Investments	0.00	0.00	0.00	0.00	0.00
	(10.00)	(0.00)	(0.00)	(0.00)	(10.00)
Loan given	85.00	0.00	0.00	0.00	85.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>Outstanding Balances</b>					
Investments	10.00	0.00	0.00	0.00	10.00
	(10.00)	(0.00)	(0.00)	(0.00)	(10.00)
Loan given	85.00	0.00	0.00	0.00	85.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Trade Payables	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.46)	(0.06)	(2.41)	(2.93)
Director's Remuneration/Commission Payable	0.00	6.06	0.00	0.00	6.06
	(0.00)	(18.57)	(0.00)	(0.00)	(18.57)
Salary Payable	0.00	0.00	4.30	0.00	4.30
	(0.00)	(0.00)	(3.11)	(0.00)	(3.11)
Rent Payable	0.00	0.00	1.80	0.00	1.80
	(0.00)	(0.00)	(0.60)	(0.00)	(0.60)
<b>Interest accrued but not due</b>	3.00	0.00	0.00	0.00	3.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Note:

- 1) Related party relationship is identified by the Company and relied upon by the auditors.
- 2) Figure in the brackets pertains to perious year.
- 3) Personal guarantee of the Chairman & Managing Director, Wholetime Director and two relatives of the Chairman & Managing Director namely Smt. Sharda Talwar and Shri Kundan Talwar has been provided for the facilities sanctioned to the Company- Refer Note 18 and Note 22.

## Notes to the financial statements for the year ended 31st March 2019

Details of transactions with individual related parties are as under

Particulars	(Amount in ₹ Lakhs)	
	31.03.2019	31.03.2018
<b>Interest Income</b>		
Rexnord Enterprise Pvt Ltd	3.33	0.00
<b>Purchases including taxes</b>		
Excelum Enterprises	0.00	6.41
<b>Director's Remuneration (including commission if any)</b>		
Shri Kishore Chand Talwar	147.27	143.66
Smt. Nainy K. Tanna	51.64	47.56
<b>Director sitting fees</b>		
Shri Ayyaswami Sundram	0.80	0.60
Shri D.Ganapathy	0.10	0.60
Shri Ram Sanehi	0.10	0.60
Sriram Shrinivasan	0.60	0.00
Krishnamoorthy Krishnan	0.60	0.00
<b>Salary</b>		
Shri Kundan Talwar	25.23	25.21
Smt. Sharda Talwar	27.89	28.00
Smt. Ramandeep Talwar	9.70	9.68
<b>Rent</b>		
Shri Kundan Talwar	1.20	1.20
<b>Reimbursement of expenses incurred by others</b>		
Smt. Sharda Talwar	0.00	0.06
Smt. Nainy K. Tanna	6.15	3.02
Shri Kundan Talwar	0.45	0.22
Ram Sanehi	0.00	0.55
Sriram Shrinivasan	0.60	0.00
Krishnamoorthy Krishnan	0.60	0.00
<b>Recovery of expenses incurred for others</b>		
Shri Kishore Chand Talwar	0.00	0.34
Smt. Sharda Talwar	0.05	0.22
Smt. Nainy K. Tanna	0.08	0.00
Shri Kundan Talwar	0.00	0.02
<b>Investments</b>		
Rexnord Enterprise Pvt Ltd	0.00	10.00
<b>Loan given</b>		
Rexnord Enterprise Pvt Ltd	85.00	0.00
<b>Outstanding Balances</b>		
<b>Investments</b>		
Rexnord Enterprise Pvt Ltd	10.00	10.00
<b>Investments</b>		
Rexnord Enterprise Pvt Ltd	85.00	0.00
<b>Trade Payables</b>		
Smt. Sharda Talwar	0.00	0.06
Smt. Nainy K. Tanna	0.00	0.46
Excelum Enterprises	0.00	2.41
<b>Director's Remuneration Payable</b>		
Shri Kishore Chand Talwar	3.29	15.59
Smt. Nainy K. Tanna	2.77	2.98
<b>Salary Payable</b>		
Shri Kundan Talwar	1.55	1.65
Smt. Sharda Talwar	1.95	0.67
Smt. Ramandeep Talwar	0.80	0.79
<b>Rent Payable</b>		
Shri Kundan Talwar	1.80	0.60
<b>Interest accrued but not due</b>		
Rexnord Enterprise Pvt Ltd	3.00	0.00

## Notes to the financial statements for the year ended 31st March 2019

III) Compensation of Key management personnel	31.03.2019	31.03.2018
Short-term benefits	198.65	190.96
Post employment benefits	0.26	0.26
Sitting fees paid to independent director	2.20	1.80
	<u>201.11</u>	<u>193.02</u>

### IV) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

### NOTE 42: LEASES

#### Cancellable leases

- a) The Company has taken certain equipments under operating lease or on rental basis. This contract is not non-cancellable and for a period of three months and are renewable at the mutual consent on mutually agreeable terms. The rent paid in accordance with this agreement is debited to the statement of profit and loss for the year.
- b) The Company has given its industrial galas under operating lease or on leave and licence basis. These agreements 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 taken refundable interest free security deposits in accordance with the agreed terms. The rent received in accordance with these agreements is credited to the statement of profit and loss for the year.

#### Non-cancellable leases

The Company has given its part premises under operating lease or on leave and licence basis for a period of 3 years. The company has taken refundable interest free security deposits in accordance with the agreed terms. The lease rentals income for the year recognized in the Statement of profit and loss and future lease rental receivable as per the rentals stated in respective agreement are as follows:

Particulars	2018-19	2017-18
Lease rental recognised in Statement of Profit and Loss	15.86	5.20
	<u>31.03.2019</u>	<u>31.03.2018</u>
<b>Future minimum lease payments under non-cancellable operating lease</b>		
Not later than one year	16.65	15.86
Later than one year and not later than five years	48.49	65.14
Later than five years	0.00	0.00
<b>Total</b>	<u>65.14</u>	<u>81.00</u>

### NOTE 43: 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	As at 31.03.2019	As at 31.03.2018
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	52.12	132.26
	– interest thereon	0.22	0.88
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	344.04	261.22
	– 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.	4.63	4.61
4	The amount of interest accrued and remaining unpaid.	25.56	21.59
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.	4.85	5.49



## Notes to the financial statements for the year ended 31st March 2019

### NOTE 44: 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 2014-15 for its Kandivali unit.
- b) The income tax assessments of the company have been completed upto assessment Year 2016-2017.

**NOTE 45:** The Company had, during the 2016-17, purchased a plot of land admeasuring 0.242 Hectare at S. No. 61, H. No. 1 Part at Village- Kaman, Taluka -Vasai District - Palghar by executing Memorandum of Understanding and taken possession of the same. The Company is in process of executing Sale Deed and getting the same registeted with the appropriate authorities.

### NOTE 46: DISCLOSURE AS PER SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186(4) OF THE COMPANIES ACT, 2013.

- a) Loans outstanding from subsidiary for the year ended March 31, 2019:

(Amount in ₹ Lakhs)

Name of the Company	Debts outstanding as at March 31, 2019	Maximum balance outstanding during the year	Shares held by Loanee in the Company
Rexnord Enterprise Pvt Ltd	85.00	85.00	NIL
	<i>0.00</i>	<i>0.00</i>	<i>NIL</i>

- (i) The above loans have been given for business purpose.
- (ii) Figures in italics represents comparative figures of previous year.
- b) During the year the Company has made investments in bond & debenturs and units of various mutual funds. The required details of the investments made during the year and investments outstanding as on 31.03.2019 are given in note 4 and 9 to the financial statements. The investments is made with a purpose of cash management.
- c) There are no outstanding debts from directors or other officers of the Company.

### NOTE 47 :

Previous year figures have been regrouped, rearranged and recasted to make them comparable with the curent year figures

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## INDEPENDENT AUDITOR'S REPORT

To

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

### Report on the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Rexnord Electronics and Controls Limited** ("Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows for the year ended on that date.

#### Basic for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Appropriateness of revenue recognition on sale of goods.</p> <p>Refer note 2.2 and Note 27 of the consolidated financial statements.</p> <p>The Group has revenue from sale of goods.</p> <p>Revenue from sale of goods is recognised under IndAS 115- 'Revenue from Contracts with Customers' at a point in time when the control has been transferred, which generally coincides with dispatch of products to customers in case of domestic sales and on the basis of bill of lading in the case of export sales.</p> <p>We determined this to be a key audit matter due to significant time and effort involved in assessing the appropriateness of revenue recognition and covering the aspects of completeness, accuracy, occurrence and cut off.</p>	<p>Our audit procedures relating to revenue recognition include the following:</p> <ol style="list-style-type: none"> <li>Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue.</li> <li>Assessed whether the policy of recognising revenue was in line with Ind AS - 115.</li> <li>Tested the reconciliation of the amounts as per the sales register to the general ledger.</li> <li>Performed tests, on sample basis by validating the amounts recorded with the underlying documents which inter - alia includes invoices, dispatch documents, customer orders/ contracts, receipt of consideration from customers, where applicable.</li> <li>Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognised in the appropriate period.</li> </ol> <p>Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods.</p>

#### Information other than the Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Board's Report including annexures to the Board's Report, Corporate Governance and Management Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information consider necessary for the preparation of consolidated financial statement. Further in term of the provision of the Act, the respective Board of Directors of the companies included in Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the group are responsible for assessing the Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### Auditor's Responsibilities for the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of Holding Company and such other entity included in consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
- b) in our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including consolidated other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements;
- d) in our opinion, the aforesaid consolidated 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 of the Holding and Subsidiary Company as on 31 March 2019, taken on record by the Board of Directors of the respective company, none of the directors is disqualified as on 31 March 2019, 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 Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; 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 Group does not have any pending litigation which would impact its financial position;
  - (ii) The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding and Subsidiary Company; and
  - (iv) The disclosures requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

2. With respect to the matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding and Subsidiary Company to their respective directors during the year is in accordance with the provisions of section 197 read with schedule V of the Act.

For **Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R.K. Soni**  
Partner  
Membership No. 047151

Place: Mumbai  
Dated: May 30, 2019

## ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2019

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

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

We have audited the internal financial controls over financial reporting of Rexnord Electronics and Controls Limited ("the Holding Company") and its Subsidiary Company (the Holding Company and its subsidiary together referred to as "the Group") as of 31 March 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

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

The respective Board of Directors of the Holding Company and its Subsidiary Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its Subsidiary 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 respective 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's and its Subsidiary 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 prescribed under section 143(10) of the Act, 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 consolidated 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 Holding Company's

and its Subsidiary 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 Holding Company and its Subsidiary Company have, 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 2019, based on the internal control over financial reporting criteria established by the Holding Company and its Subsidiary Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R.K. Soni**  
Partner  
Membership No. 047151

Place: Mumbai  
Dated: May 30, 2019

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	1768.42	1708.79
Intangible assets	3B	2.76	0.97
Non-current investments			
Financial assets			
Investments	4	51.66	0.00
Loans	5	15.88	14.48
Income tax assets (net)	6	14.82	3.94
Other non-current assets	7	234.54	22.34
<b>Total non-current assets</b>		<b>2088.08</b>	<b>1750.52</b>
<b>Current assets</b>			
Inventories	8	1828.19	1707.51
Financial assets			
Investments	9	60.18	230.15
Trade receivables	10	670.28	810.20
Cash and cash equivalents	11	162.09	181.92
Bank balances other than cash and cash equivalents	12	160.00	150.00
Loans	13	1.90	3.17
Other financial assets	14	2.50	2.16
Other current assets	15	127.46	153.34
<b>Total current assets</b>		<b>3012.60</b>	<b>3238.45</b>
<b>TOTAL ASSETS</b>		<b>5100.68</b>	<b>4988.97</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	16	1115.91	1115.91
Other equity	17	2385.94	1994.71
<b>Total equity</b>		<b>3501.85</b>	<b>3110.62</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	18	130.23	145.64
Other financial liabilities	19	3.11	3.11
Provisions	20	20.82	19.12
Deferred tax liabilities (net)	21	115.98	114.01
<b>Total non-current liabilities</b>		<b>270.14</b>	<b>281.88</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	22	731.18	761.94
Trade payables	23	405.08	672.26
Other financial liabilities	24	131.07	133.66
Other current liabilities	25	54.04	22.92
Provisions	26	7.32	5.69
<b>Total current liabilities</b>		<b>1328.69</b>	<b>1596.47</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5100.68</b>	<b>4988.97</b>
Contingent liabilities and commitments (To the extent not provided for)	35		
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 49		

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2019	For the year ended 31.03.2018
Revenue from operations	27	6261.42	5806.08
Other income	28	83.93	58.38
<b>Total Revenue</b>		<b>6345.35</b>	<b>5864.46</b>
<b>Expenses:</b>			
Cost of materials consumed	29	3818.44	3461.13
Changes in inventories of finished goods and work in progress	30	(35.87)	(242.11)
Excise duty		0.00	150.56
Employee benefits expense	31	529.19	495.84
Finance costs	32	123.66	92.31
Depreciation and amortisation expense	3A & 3B	154.96	148.99
Other expenses	33	1208.10	1274.36
<b>Total expenses</b>		<b>5798.48</b>	<b>5381.08</b>
Profit before exceptional items and tax		<b>546.87</b>	<b>483.38</b>
Exceptional items		<b>0.00</b>	<b>0.00</b>
Profit before tax		<b>546.87</b>	<b>483.38</b>
Tax expense:			
Current tax		<b>152.97</b>	145.15
Deferred tax		<b>2.16</b>	(6.67)
Tax adjustment for earlier years		<b>0.03</b>	1.42
		<b>155.16</b>	<b>139.90</b>
<b>Profit for the year (A)</b>		<b>391.71</b>	<b>343.48</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurements of the net defined benefit plans		<b>(0.66)</b>	0.02
Income tax on above		<b>(0.18)</b>	0.01
<b>Other comprehensive income for the year (B)</b>		<b>(0.48)</b>	<b>0.01</b>
<b>Total comprehensive income for the year (A+B)</b>		<b>391.23</b>	<b>343.49</b>
<b>Net Profit attributable to:</b>			
a) Owners of the Company		<b>391.71</b>	<b>343.48</b>
b) Non Controlling Interest		<b>0.00</b>	<b>0.00</b>
<b>Other Comprehensive Income attributable to:</b>			
a) Owners of the Company		<b>(0.48)</b>	<b>0.01</b>
b) Non Controlling Interest		<b>0.00</b>	<b>0.00</b>
<b>Total Comprehensive Income attributable to:</b>			
a) Owners of the Company		<b>391.23</b>	<b>343.49</b>
b) Non Controlling Interest		<b>0.00</b>	<b>0.00</b>
Earning per equity share	34		
Basic ₹		<b>3.51</b>	3.08
Diluted ₹		<b>3.51</b>	3.08
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 49		

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
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**Kishore Chand Talwar**  
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Place : Mumbai  
Dated : May 30, 2019

**Nainy K. Tanna**  
Wholtime Director  
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**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

### A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
Balance as at April 1, 2017	1115.91
Changes during the year	0.00
<b>Balance at the end of the reporting period i.e. 31st March, 2018</b>	<b>1115.91</b>
Balance as at April 1, 2018	1115.91
Changes during the year	0.00
<b>Balance at the end of the reporting period i.e. 31st March, 2019</b>	<b>1115.91</b>

### B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive income	Total
	Securities Premium Reserve	Retained Earnings		
Balance at the beginning of the reporting period i.e. 1st April, 2017	292.28	1360.09	(1.15)	1651.22
Profit for the year	0.00	343.48	0.00	343.48
Other Comprehensive Income for the year*	0.00	0.00	0.01	0.01
<b>Balance at the end of the reporting period i.e. 31st March, 2018</b>	<b>292.28</b>	<b>1703.57</b>	<b>(1.14)</b>	<b>1994.71</b>
Balance at the beginning of the reporting period i.e. 1st April, 2018	292.28	1703.57	(1.14)	1994.71
Profit for the year	0.00	391.71	0.00	391.71
Other Comprehensive Income for the year*	0.00	0.00	(0.48)	(0.48)
<b>Balance at the end of the reporting period i.e. 31st March, 2019</b>	<b>292.28</b>	<b>2095.28</b>	<b>(1.62)</b>	<b>2385.94</b>

\* Movement in other comprehensive income relates to remeasurements of the net defined benefit plans.

#### Nature of reserves

- Securities Premium Reserve: Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.
- Retained Earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to other reserve, dividends or other distributions paid to shareholders.

Significant accounting policies 2  
The accompanying notes form part of the financial statements 1 to 49

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

**Kishore Chand Talwar**  
Chairman & Managing Director  
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**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before exceptional items and tax	546.87	483.38
Adjustments for		
Depreciation and amortization	154.96	148.99
Allowance for doubtful debt/loan s provided/written back (net)	0.55	(2.11)
(Profit)/loss on sale/discarding of fixed assets (net)	5.71	1.75
Unrealised exchange (gain)/ loss	(14.23)	2.68
Net (gain)/loss on investments	0.36	(7.01)
Interest income	(11.73)	(11.11)
Dividend income	(2.95)	(5.87)
Interest and other borrowing costs	105.35	86.97
Operating profit before working capital changes	784.89	697.67
Adjustments for :		
Trade receivables	139.70	(81.05)
Other receivables	(188.41)	(80.85)
Inventories	(120.68)	(337.27)
Trade payables	(267.18)	14.07
Other payables	26.11	(22.99)
Cash generated from operations	374.43	189.58
Direct taxes paid	(163.88)	(162.40)
Cash flow before extraordinary items	210.55	27.18
Extraordinary items	0.00	0.00
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>210.55</b>	<b>27.18</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of tangible assets	20.73	1.01
Purchase of tangible assets	(239.44)	(224.77)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	(3.38)	0.00
Proceeds from sale of investments	524.82	52.13
Purchase of investments	(406.87)	(225.00)
(Increase)/ decrease in deposits	(1.29)	(0.49)
(Increase)/ decrease in bank fixed deposits	(10.00)	0.00
Interest income	11.39	11.49
Dividend income	2.95	5.88
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(101.09)</b>	<b>(379.75)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	40.00	71.45
Repayment of long term borrowings	(53.36)	(23.84)
Proceeds from short term borrowings	1477.94	1488.42
Repayment of short term borrowings	(1490.98)	(1064.38)
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(102.89)	(84.19)
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	<b>(129.29)</b>	<b>387.46</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(19.83)</b>	<b>34.89</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>181.92</b>	<b>147.03</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>162.09</b>	<b>181.92</b>

Notes :

- The above cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard 7 on "Statement of Cash Flow" notified u/s 133 of Companies Act, 2013 ("Act") read with relevant rules issued thereunder and the relevant provisions of the Act.
- Change in liability arising from financing activities

Particulars	Non-current borrowing	Current borrowing
<b>Balance as at 1st April 2017</b>	<b>135.59</b>	<b>335.75</b>
Net cash flows	47.61	424.04
Effect of unrealised exchange gain/loss	0.00	2.15
<b>Balance as at 31st March 2018</b>	<b>183.20</b>	<b>761.94</b>
<b>Balance as at 1st April 2018</b>	<b>183.20</b>	<b>761.94</b>
Net cash flows	(13.36)	(13.04)
Effect of unrealised exchange gain/loss	0.00	(17.72)
<b>Balance as at 31st March 2019</b>	<b>169.84</b>	<b>731.18</b>

- Refer Note no. 11 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

Significant accounting policies 2  
The accompanying notes form part of the financial statements 1 to 49

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

## Notes to the consolidated financial statements for the year ended 31st March 2019

### NOTE 1: CORPORATE INFORMATION

The Consolidated Financial Statements comprise financial statements of Rexnord Electronics and Controls Limited ("the Holding Company") and its subsidiary (collectively referred to as "the Group") for the year ended 31st March 2019. The principle activity of the Group is manufacturer of instrument cooling fans & motors.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### 2.1) BASIS OF PREPARATION

##### A) Statement of Compliance

- a) These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- b) The Consolidated Financial Statements comprises of the Holding Company and its subsidiary, being the entity that it controls. Controls are assessed in accordance with the requirement of Ind AS 110 - Consolidated Financial Statements.
- c) The financial statements of the Group for the year ended 31st March, 2019 were approved for issue in accordance with the resolution of the Board of Directors on 30th May, 2019.

##### B) Principles of Consolidation

- a) The financial statements of the Holding Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- b) Profits or losses resulting from intra-group transactions that are recognised in assets are eliminated in full.
- c) Goodwill/ capital reserve, if any, represents the difference between the Holding Company's share in the net worth of subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiaries.
- d) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- e) The carrying amount of the parent's investment in subsidiary is offset (eliminated) against the parent's portion of equity in subsidiary.
- f) Non-Controlling Interest's share of profit / loss of consolidated subsidiary for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Holding Company.
- g) Non-Controlling Interest's share of net assets of consolidated subsidiary is identified and presented in the Consolidated Balance Sheet.

##### C) Basis of Measurement

These financial statements are prepared under the historical cost convention, except for the following:

- a) Certain financial assets and liabilities that are measured at fair value (refer- Accounting policy regarding financials instruments).
- b) Defined benefit plans – present value of defined benefit obligation unless otherwise indicated.

##### D) Functional and Presentation Currency

These financial statements are presented in Indian Rupees, the functional currency of the Group. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated. Items included in the financial statements of the Group are recorded using the currency of the primary economic environment in which the Holding Company operates (the 'functional currency').

##### E) Use of Estimates

- a) The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates

and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities prospectively.

- b) Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- i) Measurement of defined benefit obligations - Note 37.
- ii) Measurement and likelihood of occurrence of provisions and contingencies - Note 20 & 26 and 35.
- iii) Recognition of deferred tax liabilities - Note 21.

##### F) Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for, both financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in the Note 38.

#### 2.2) REVENUE RECOGNITION

The Group derives revenues primarily from sale of manufactured goods.

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the retrospective effect method. The adoption of the new standard did not have a material impact on the Group.

##### Sale of products

Revenue from sale of products is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

## Notes to the consolidated financial statements for the year ended 31st March 2019

### Other operating revenue - Export incentives

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.

### 2.3) EMPLOYEE BENEFITS

#### a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short-term employee benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term benefits such as salaries, wages, bonus, ex gratia, short-term compensation absences, etc., are determined on an undiscounted basis and recognized in the period in which the employee renders the related service.

#### b) Post-employment benefits

##### Defined contribution plans

Obligations for contributions to defined contribution plans such as Provident Fund maintained with Regional Provident Fund Office is expensed as the related service is provided.

##### Defined benefit plans

The following post – employment benefit plans are covered under the defined benefit plans:

- Gratuity

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

#### c) Other long-term employee benefits

##### Compensated absences

The Group does not have any leave encashment policy. Further any unutilised leave at the end of the year is lapsed and not eligible for carry forward.

### 2.4) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are recorded in the functional currency, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items (assets and liabilities) are restated using the exchange rate prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to finance costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation

differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

### 2.5) ACCOUNTING FOR TAXES ON INCOME

Income tax expense for the period comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to a business combination or to an item which is recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using applicable tax rates at the Balance Sheet date, and any adjustment to taxes in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A deferred tax liability is recognised based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

MAT credit entitlement is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

### 2.6) PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost such as duties, freight, borrowing costs, erection and commissioning expenses incurred in bringing the asset to its working condition for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of profit and loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognised in the Statement of profit and loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

### 2.7) INTANGIBLE ASSETS

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the

## Notes to the consolidated financial statements for the year ended 31st March 2019

carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

### 2.8) RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological and commercial feasibility has been established, in which case such expenditure is capitalised.

### 2.9) DEPRECIATION

Depreciation on Property, Plant & Equipment is provided on straight line method at the rates and in the manner specified in Schedule II to the Companies Act, 2013. In the case of revalued assets, depreciation is calculated on straight line method on the revalued amounts as determined by the valuer.

Depreciation on Property, Plant & Equipment added/disposed off/discarded during the period is provided on the pro-rata basis with reference to the date of addition/disposal/discarding.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.10) AMORTIZATION

Intangible assets (Application Software) acquired by the Group are amortised on a straight line basis over its useful life i.e. three years, as decided by the management.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

### 2.11) BORROWING COSTS

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

### 2.12) LEASES

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of the fair value or present value of minimum lease payment and liability is created for equivalent amount. Each lease payment is allocated between liability and finance cost so as to obtain constant periodic rate of interest on the outstanding liability for each period. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired/given under leases other than finance leases are classified as operating leases. Operating lease payments/receivable are recognised as an expense/income in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and recognised on a straight line basis over the lease term.

### 2.13) PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS

Provisions are recognized when the Group has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is a possible obligation that arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. The Group does not recognize a contingent liability but discloses its existence in the financial statement.

Contingent assets are neither recognized nor disclosed in the financial statements.

### 2.14) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

### 2.15) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all years presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 2.16) INVENTORIES

Inventories are valued at lower of cost and estimated net realisable value. Obsolete, defective and unserviceable stocks are provided for. Materials-in-process are valued at raw material cost and estimated cost of conversion. Cost of finished goods includes conversion and other costs incurred in bringing the inventories to their present location and condition

Cost of Inventories is computed on FIFO basis. Goods in transit, if any, are stated at actual cost incurred upto the date of balance sheet.

### 2.17) FINANCIAL INSTRUMENTS

#### I. FINANCIAL ASSETS

##### A) Initial Recognition And Measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset. Trade receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

## Notes to the consolidated financial statements for the year ended 31st March 2019

### B) Classification And Subsequent Measurement

- a) **Amortised cost:** A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) **Fair value through other comprehensive income (FVOCI):** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c) **Fair value through profit and loss (FVTPL):** A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets.

### C) Cash and bank balances

- (i) **Cash and cash equivalents** which includes cash in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of 3 months or less from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.
- (ii) **Other bank balances** which includes balances and deposits with banks that are restricted for withdrawal and usage.

### D) Equity instruments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

### E) Trade receivables and loans

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

### F) Debt Instruments

Debt instruments are initially measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss (FVTPL) till derecognition on the basis of (i) the entity's business model for managing the financial assets and (ii) the contractual cash flow characteristics of the financial asset.

### G) Impairment of Financial Asset

In accordance with Ind-AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, security deposits, bank deposits and bank balance.
- b) Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a

significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The impairment losses and reversals are recognised in Statement of Profit and Loss.

### H) Income recognition

#### Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

#### Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

## II. FINANCIAL LIABILITIES

### A) Initial Recognition And Measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

### B) Classification And Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

## III. DERECOGNITION OF FINANCIAL INSTRUMENTS

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

## IV. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2.18) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

## 2.19) RECENT ACCOUNTING DEVELOPMENTS

Ministry of Corporate Affairs ("MCA") has notified the following new amendments to Ind AS which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2019.:

### Ind AS 116 – "Leases"

Ind AS 116 will replace the existing Ind AS 17 "Leases" and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognise assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

Application of standard is not expected to have any significant impact on the Group's financial statements.

## Notes to the consolidated financial statements for the year ended 31st March 2019

### NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2018	Additions during the year	Sold/discarded during the year	Total as at 31.03.2019	Provided upto 31.03.2018	Provided for the Year	Written back during the year	Total upto 31.03.2019	Total as at 31.03.2019
<b>Property, plant &amp; equipment</b>									
Leasehold land	45.79	0.00	0.00	<b>45.79</b>	0.00	0.00	0.00	<b>0.00</b>	<b>45.79</b>
Land	14.50	74.14	0.00	<b>88.64</b>	0.00	0.00	0.00	<b>0.00</b>	<b>88.64</b>
Factory buildings	870.73	0.00	0.00	<b>870.73</b>	78.16	33.19	0.00	<b>111.35</b>	<b>759.38</b>
Residential flats	15.83	0.00	0.00	<b>15.83</b>	0.70	0.34	0.00	<b>1.04</b>	<b>14.79</b>
Plant and machineries	529.86	59.26	2.88	<b>586.24</b>	83.59	48.50	2.07	<b>130.02</b>	<b>456.22</b>
Moulds and dies	159.31	11.67	0.00	<b>170.98</b>	35.21	19.69	0.00	<b>54.90</b>	<b>116.08</b>
Furniture and fixtures	90.54	8.79	0.00	<b>99.33</b>	14.57	11.22	0.00	<b>25.79</b>	<b>73.54</b>
Office equipments	22.40	4.67	0.64	<b>26.43</b>	9.79	4.33	0.12	<b>14.00</b>	<b>12.43</b>
Vehicles	173.62	55.40	42.29	<b>186.73</b>	39.53	23.78	17.16	<b>46.15</b>	<b>140.58</b>
Computers	15.53	3.81	0.00	<b>19.34</b>	7.73	4.98	0.00	<b>12.71</b>	<b>6.63</b>
Factory equipments	48.04	21.72	0.00	<b>69.76</b>	8.08	7.34	0.00	<b>15.42</b>	<b>54.34</b>
<b>Total as at 31.03.2019</b>	<b>1986.15</b>	<b>239.46</b>	<b>45.81</b>	<b>2179.80</b>	<b>277.36</b>	<b>153.37</b>	<b>19.35</b>	<b>411.38</b>	<b>1768.42</b>

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2017	Additions during the year	Sold/discarded during the year	Total as at 31.03.2018	Provided upto 31.03.2017	Provided for the Year	Written back during the year	Total upto 31.03.2018	Total as at 31.03.2018
<b>Property, plant &amp; equipment</b>									
Leasehold land	45.79	0.00	0.00	<b>45.79</b>	0.00	0.00	0.00	<b>0.00</b>	<b>45.79</b>
Land	14.50	0.00	0.00	<b>14.50</b>	0.00	0.00	0.00	<b>0.00</b>	<b>14.50</b>
Factory buildings	870.73	0.00	0.00	<b>870.73</b>	39.08	39.08	0.00	<b>78.16</b>	<b>792.57</b>
Residential flats	15.83	0.00	0.00	<b>15.83</b>	0.35	0.35	0.00	<b>0.70</b>	<b>15.13</b>
Plant and machineries	444.39	86.18	0.71	<b>529.86</b>	39.51	44.32	0.24	<b>83.59</b>	<b>446.27</b>
Moulds and dies	109.74	49.57	0.00	<b>159.31</b>	16.96	18.25	0.00	<b>35.21</b>	<b>124.10</b>
Furniture and fixtures	57.81	32.73	0.00	<b>90.54</b>	5.71	8.86	0.00	<b>14.57</b>	<b>75.97</b>
Office equipments	16.54	5.86	0.00	<b>22.40</b>	5.38	4.41	0.00	<b>9.79</b>	<b>12.61</b>
Vehicles	159.64	20.93	6.95	<b>173.62</b>	20.43	23.76	4.66	<b>39.53</b>	<b>134.09</b>
Computers	13.79	1.74	0.00	<b>15.53</b>	3.45	4.28	0.00	<b>7.73</b>	<b>7.80</b>
Factory equipments	20.29	27.76	0.01	<b>48.04</b>	3.43	4.65	0.00	<b>8.08</b>	<b>39.96</b>
<b>Total as at 31.03.2018</b>	<b>1769.05</b>	<b>224.77</b>	<b>7.67</b>	<b>1986.15</b>	<b>134.30</b>	<b>147.96</b>	<b>4.90</b>	<b>277.36</b>	<b>1708.79</b>

3A(i) Cost of factory building include ₹ 0.01 Lakhs (P.Y. ₹ 0.01 Lakhs) being cost of shares in the Kandivali Co-operative Industrial Estate Limited.

#### 3A(ii) Security

Property, plant and equipment are hypothecated /pledged against borrowings refer note 18 and 22

### NOTE 3B: INTANGIBLE ASSETS

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2018	Additions during the year	Sold/discarded during the year	Total as at 31.03.2019	Provided upto 31.03.2018	Provided for the Year	Written back during the year	Total upto 31.03.2019	Total as at 31.03.2019
<b>Intangible assets</b>									
Computer software - acquired	2.93	3.38	0.00	<b>6.31</b>	1.96	1.59	0.00	<b>3.55</b>	<b>2.76</b>
<b>Total as at 31.03.2018</b>	<b>2.93</b>	<b>3.38</b>	<b>0.00</b>	<b>6.31</b>	<b>1.96</b>	<b>1.59</b>	<b>0.00</b>	<b>3.55</b>	<b>2.76</b>

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 31.03.2017	Additions during the year	Sold/discarded during the year	Total as at 31.03.2018	Provided upto 31.03.2017	Provided for the Year	Written back during the year	Total upto 31.03.2018	Total as at 31.03.2018
<b>Intangible assets</b>									
Computer software - acquired	2.93	0.00	0.00	2.93	0.93	1.03	0.00	1.96	0.97
<b>Total as at 31.03.2018</b>	<b>2.93</b>	<b>0.00</b>	<b>0.00</b>	<b>2.93</b>	<b>0.93</b>	<b>1.03</b>	<b>0.00</b>	<b>1.96</b>	<b>0.97</b>

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 4: NON-CURRENT INVESTMENTS</b>				
Investments measured at Amortized cost				
Investment in debentures and bonds				
Unquoted				
Reliance Securities Limited (face value of ₹ 1 Lakhs each)	25	25.63	-	-
Reliance Capital Limited (face value of ₹ 1 Lakhs each)	25	26.03	-	-
<b>Total</b>		<b>51.66</b>		<b>0.00</b>
Aggregate amount of Unquoted Investments		51.66		0.00
<b>NOTE 5: NON-CURRENT LOANS</b>				
Unsecured, considered good				
Security deposits		15.88		14.48
		15.88		14.48
Unsecured, considered doubtful				
Loan to employees		0.55		0.00
Allowance for doubtful loan to employees		(0.55)		0.00
		0.00		0.00
<b>Total</b>		<b>15.88</b>		<b>14.48</b>
<b>NOTE 6: INCOME TAX ASSETS (NET)</b>				
Taxes paid during the year		163.85		160.98
Opening balance	(3.94)		11.89	
Add: Current tax payable for the year	152.97	149.03	145.15	157.04
<b>Total</b>		<b>14.82</b>		<b>3.94</b>
<b>NOTE 7: OTHER NON-CURRENT ASSETS</b>				
Unsecured, considered good				
Capital advances		225.36		21.31
Stamp duty refund receivable		5.85		0.00
MVAT refund receivable		2.30		0.00
Security deposits		1.03		1.03
<b>Total</b>		<b>234.54</b>		<b>22.34</b>
<b>NOTE 8: INVENTORIES</b>				
Raw Materials and components including packing materials*		1044.61		959.84
Work in progress		638.89		516.38
Finished goods		141.73		228.36
Stores and spares		2.96		2.93
<b>Total</b>		<b>1828.19</b>		<b>1707.51</b>
* Includes stock in transit		0.00		0.00

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 9: CURRENT INVESTMENTS</b>				
Investments measured at fair value through Profit & Loss				
<b>In mutual funds (Unquoted)</b>				
AXIS Focused 25 Fund - Growth of face value of ₹ 10/- each unit	73152.89	19.83	0	0.00
Tata Equity P/E Fund Regular Plan - Growth of face value of ₹10/- each unit	14463.09	19.57	0	0.00
HDFC Capital Builder Value Fund - Growth of face value of ₹10/- each unit	6867.33	20.78	0	0.00
ICICI Prudential Dynamic Plan -Growth of face value of ₹ 10/- each unit	0	0.00	51925.687	130.92
ICICI Prudential Balanced Fund -Growth of face value of ₹ 10/- each unit	0	0.00	20463.289	25.55
ICICI Prudential Balanced Fund Monthly Dividend of face value of ₹ 10/- each unit	0	0.00	203665.988	48.98
L&T India Prudence Fund - Dividend of face value of ₹ 10/- each unit	0	0.00	126141.581	24.70
<b>Total</b>		<b>60.18</b>		<b>230.15</b>
Aggregate amount of Unquoted Investments		<b>60.18</b>		<b>230.15</b>
		<b>Amount</b>		<b>Amount</b>
<b>NOTE 10: TRADE RECEIVABLES</b>				
Unsecured, considered good				
Debts outstanding for a period exceeding six months from the date they are due for payments		0.04		0.23
Other		670.24		809.97
<b>Total</b>		<b>670.28</b>		<b>810.20</b>
<b>NOTE 11: CASH AND CASH EQUIVALENTS</b>				
Balances with banks				
In cash credit account		145.46		125.10
In current accounts		14.24		54.23
Cheques on hand		0.00		0.00
Cash on hand		2.39		2.59
<b>Total</b>		<b>162.09</b>		<b>181.92</b>
<b>NOTE 12: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>				
Other bank balances:				
In fixed deposit account with maturity less than 12 months		0.00		0.00
Fixed deposits with banks held as margin money for letter of credit issued				
With maturity period less than 12 months*		160.00		150.00
<b>Total</b>		<b>160.00</b>		<b>150.00</b>
*Details of lien on fixed deposit as under:				
Lien for margin money for letter of credit issued		139.99		85.58
<b>NOTE 13: CURRENT LOANS</b>				
Unsecured, considered good				
Security deposits		0.35		0.46
Loan to employees		1.55		2.71
<b>Total</b>		<b>1.90</b>		<b>3.17</b>
<b>NOTE 14: OTHER CURRENT FINANCIAL ASSETS</b>				
Unsecured, considered good				
Interest accrued on deposits		2.50		2.16
<b>Total</b>		<b>2.50</b>		<b>2.16</b>



## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019		As at 31.03.2018	
	Numbers	Amount	Numbers	Amount
<b>NOTE 15: OTHER CURRENT ASSETS</b>				
Unsecured, considered good				
Advances to suppliers		93.39		45.68
GST/Cenvat credit receivable		0.00		61.93
Export benefit receivable		0.16		0.02
Export Benefits in Duty Credit Scrips receivable		7.49		21.52
Prepaid expenses		25.92		23.59
Other receivables		0.50		0.60
<b>Total</b>		<b>127.46</b>		<b>153.34</b>
<b>NOTE 16: EQUITY SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
<b>Total</b>		<b>1500.00</b>		<b>1500.00</b>
<b>Issued, subscribed and paid-up</b>				
Equity shares of ₹ 10/- each fully paid up	11160000	1116.00	11160000	1116.00
Less: calls in arrears by others		0.09		0.09
<b>Total</b>		<b>1115.91</b>		<b>1115.91</b>

**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	11160000	1116.00	11160000	1116.00
Add : Equity shares issued on conversion of warrants	0	0.00	0	0.00
At the end of the year	11160000	1116.00	11160000	1116.00

**b** The Holding 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.

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

Name of shareholders	Numbers	% of Holding	Numbers	% of Holding
1 Shri Kishore Chand Talwar	4352000	39.00	4352000	39.00
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Shri Subramanian P	590290	5.29	590290	5.29

**NOTE 17: OTHER EQUITY**

<b>Securities Premium Reserve</b>				
Balance at the beginning and at the end of the year		292.28		292.28
<b>Retained Earnings</b>				
Balance at the beginning of the year	1703.57		1360.09	
Add : Profit (loss) after tax for the year	391.71		343.48	
Balance at the end of the year		2095.28		1703.57
<b>Other Comprehensive income</b>				
Balance at the beginning of the year	(1.14)		(1.15)	
Add: Movement in OCI (Net) during the year	(0.48)		0.01	
Balance at the end of the year		(1.62)		(1.14)
<b>Total</b>		<b>2385.94</b>		<b>1994.71</b>

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)  
As at 31.03.2018

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 18: NON-CURRENT BORROWINGS</b>		
<b>Secured loans:</b>		
Term loans		
From banks	94.25	97.94
From other parties	<u>35.98</u>	<u>47.70</u>
<b>Total</b>	<u><u>130.23</u></u>	<u><u>145.64</u></u>

### Secured Loans:

#### A Terms of repayment of secured loans

Name of the banks / other parties	Axis Bank Limited	Yes Bank Limited	HDFC Bank Limited	BMW India Financial Services Pvt. Ltd.	Toyota Financial Services India Ltd.
Type of loan	Vehicle Loan	Vehicle Loan	Term Loan	Vehicle Loan	Vehicle Loan
Loan account no.	AUR086103599578	ALN000100249265	82503119	CN00118492	NMUM1046300
Amount sanctioned (₹)	40.00	14.72	100.00	65.00	11.90
Sanction date	22-11-2018	17-11-2017	27-01-2017	31-05-2016	25-06-2015
Interest rate	8.96%	8.11%	Base Rate +1.10%	9.50%	10.00%
Total No. of EMIs	84	60	61	84	60
No. of EMIs paid	4	16	23	33	46
No. of balance EMIs to be paid	80	44	38	51	14
Current EMI amount (Principal and interest)	0.64	0.30	2.27	1.06	0.25
Maturity profile (Principal):					
2019-20	4.44	2.77	20.68	8.91	2.81
2020-21	4.86	3.01	22.93	9.79	0.46
2021-22	5.31	3.26	25.41	10.77	0.00
2022-23	12.16	2.32	3.28	11.84	0.00
2023-24	6.94	0.00	0.00	3.12	0.00
2024-25	4.77	0.00	0.00	0.00	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 Holding Company ;
- (b) further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivali (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, Wholetime Director and two relatives of the Chairman & Managing Director of the Holding Company.

##### (II) All the vehicle loans are secured by hypothecation of specific vehicles acquired from the loans.

### NOTE 19: NON-CURRENT OTHER FINANCIAL LIABILITIES

Security deposits	<u>3.11</u>	<u>3.11</u>
	<u><u>3.11</u></u>	<u><u>3.11</u></u>

### NOTE 20: NON-CURRENT PROVISIONS

Provision for employees benefits (Refer note 37)	<u>20.82</u>	<u>19.12</u>
<b>Total</b>	<u><u>20.82</u></u>	<u><u>19.12</u></u>

## Notes to the consolidated financial statements for the year ended 31st March 2019

### NOTE 21: INCOME TAX

- A) The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Profit before Tax	546.87	483.38
Enacted tax rate	27.820%	33.063%
Expected income tax expense at statutory income tax rate	152.14	159.82
Tax on Income exempt from tax/Items not deductible (net)	1.86	0.62
Effect of differential future tax rates	0.00	(21.48)
Tax in respect of earlier years	0.03	0.72
Others	1.13	0.22
Tax expense as reported	155.16	139.90

### B) Deferred tax liabilities (net)

Particulars	As at 31.03.2019	As at 31.03.2018
Deferred tax liabilities	124.28	121.23
Deferred tax assets	8.30	7.22
Total	115.98	114.01

### The movement in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2018:

Particulars	As at 31.03.2017 Deferred Tax Asset/ (Liabilities)	"Credit/(charge) in statement of Profit and Loss"	As at 31.03.2018 Deferred Tax Asset/ (Liabilities)	"Credit/(charge) in statement of Profit and Loss"	As at 31.03.2019 Deferred Tax Asset/ (Liabilities)
Depreciation	127.68	(7.99)	119.69	4.47	124.16
Income Taxable in the year of realisation	0.09	1.34	1.43	(1.38)	0.05
Expenses allowed in the year of payment*	(7.10)	(0.12)	(7.22)	(1.08)	(8.30)
Other	0.00	0.11	0.11	(0.04)	0.07

\* Including the deferred tax charge/(credit) recognized through other comprehensive income

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 22: CURRENT BORROWINGS</b>		
<b>Secured loans:</b>		
Working capital loans		
From a bank	0.00	0.00
<b>Unsecured loans:</b>		
Suppliers/Buyers credit in foreign currency		
From banks	731.18	761.94
<b>Total</b>	<b>731.18</b>	<b>761.94</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 Holding Company ;
  - (b) further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivali (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, Wholetime Director and two relatives of the Chairman & Managing Director of the Holding Company.

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 23: TRADE PAYABLES</b>		
Micro and small enterprises (Refer note 43)	52.12	132.22
Others*	352.96	540.04
<b>Total</b>	<b>405.08</b>	<b>672.26</b>
* Other trade payables include acceptances	61.60	110.37

### NOTE 24: OTHER CURRENT FINANCIAL LIABILITIES

Current maturities of long term debts (Refer note 18)	39.61	37.56
Interest accrued but not due	8.55	6.08
Security deposits	1.80	1.80
Creditors for capital expenditure*	2.59	8.00
Accrued expenses	78.52	80.22
<b>Total</b>	<b>131.07</b>	<b>133.66</b>
*Includes micro and small enterprises (Refer note 43)	0.00	0.04

### NOTE 25: OTHER CURRENT LIABILITIES

Advances from customers	29.06	2.96
Deferred Revenue	1.45	1.77
Statutory dues	23.53	18.19
<b>Total</b>	<b>54.04</b>	<b>22.92</b>

### NOTE 26: CURRENT PROVISIONS

Provision for employees benefits (Refer note 37)	7.32	5.69
<b>Total</b>	<b>7.32</b>	<b>5.69</b>

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
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### NOTE 27: REVENUE FROM OPERATIONS

Sale of products*	6199.59	5727.72
Other operating revenue		
Scrap sales	42.43	60.75
Export incentives	19.40	17.61
	61.83	78.36
<b>Total</b>	<b>6261.42</b>	<b>5806.08</b>

#### \*Sale of Products (Categorywise)

Instrument cooling fans	3910.15	3330.62
Shaded pole motors	2031.83	2180.34
Components	257.61	216.76

#### \*Sale of Products (Geographywise)

Domestic	5390.29	4888.44
Exports	809.30	839.28

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE 28: OTHER INCOME</b>		
Interest Income :		
On fixed deposits with banks	10.06	9.20
On security deposits	1.24	1.27
On staff loans	0.33	0.50
On subsidiary loans	0.00	0.00
On delay payment by customers	0.10	0.14
	11.73	11.11
Dividend on investments	2.95	5.88
Sundry balances written back/off (net)	3.46	0.23
Discount on purchase of FPS/FMS/MEIS entitlements	0.43	3.10
Profit on sale of investment	0.00	1.86
Gain/(Loss) on investments carried at fair value through Profit & Loss	0.18	5.15
Gain/(Loss) on investments carried at amortised cost	1.41	0.00
Rent Income	20.01	11.75
Net gain on exchange rate fluctuations	43.76	17.19
Allowance for doubtful debts written-back	0.00	2.11
<b>Total</b>	<b>83.93</b>	<b>58.38</b>
<b>NOTE 29: COST OF MATERIALS CONSUMED*</b>		
<b>(Raw materials and components including packing materials)</b>		
Opening stock	959.83	865.06
Add : Cost of purchases	3903.22	3555.90
Less: Closing stock	1044.61	959.83
<b>Total</b>	<b>3818.44</b>	<b>3461.13</b>
*Cost of materials consumed		
Aluminium ingots	770.56	651.03
Aluminium sheets	86.47	76.92
Ball bearings	122.33	93.41
Brass Insert	201.42	139.00
Copper wires	571.38	603.58
Plastic powders	352.90	298.78
Rotor lamination	248.68	210.68
Stator lamination	505.41	498.74
Others	959.29	888.99
<b>NOTE 30 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Opening stocks:		
Finished goods	228.36	125.18
Work in progress	516.39	377.45
	744.75	502.63
Less:Closing stocks:		
Finished goods	141.73	228.36
Work in progress	638.89	516.38
	780.62	744.74
<b>Total</b>	<b>(35.87)</b>	<b>(242.11)</b>
<b>NOTE 31: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	457.83	432.54
Contribution to provident and other funds	13.46	13.28
Staff welfare expenses	57.90	50.02
<b>Total</b>	<b>529.19</b>	<b>495.84</b>

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>NOTE 32: FINANCE COSTS</b>		
Interest expense on:		
Borrowings	42.01	28.79
Others	16.52	21.94
Other Borrowing Costs	46.83	36.24
Net loss(gain) on foreign currency transactions	18.30	5.34
<b>Total</b>	<b>123.66</b>	<b>92.31</b>

### NOTE 33: OTHER EXPENSES

Manufacturing expenses			
Consumption of stores and spares	26.43		17.31
Processing and labour charges	538.70		622.62
Power and fuel	198.22		183.97
Rent	1.36		2.69
Repairs to :			
factory buildings	28.99	58.96	
machineries	16.90	25.34	
mould & dies	19.19	6.10	
others	19.36	18.06	108.46
Inward transportation and freight	3.79		5.62
Administrative and other expenses			
Auditors' remuneration (Refer note 36)	9.21		8.07
Communication expenses	16.58		13.96
Directors' sitting fees	2.20		1.80
Electricity expenses	3.66		4.01
Insurance	10.70		10.30
Loss on sale of investment (net)	1.95		0.00
Loss on sale of fixed assets (net)	5.71		1.75
Professional charges	21.83		28.04
Allowance for doubtful loans	0.55		0.00
Repairs and maintenance	19.54		19.43
Rates and taxes	11.45		10.69
Travelling and conveyance	105.99		96.30
Miscellaneous expenses	58.15		40.15
Selling and distribution expenses			
Advertisement and business promotion	66.69		60.35
Commission and brokerage	0.00		23.65
Outward transportation and freight	20.95		15.19
Rebate and discount			
<b>Total</b>	<b>1208.10</b>		<b>1274.36</b>

2018-2019      2017-2018

### NOTE 34: EARNING PER EQUITY SHARE

Net profit / (loss) after tax	₹ in Lakhs	391.71	343.48
Weighted average number of shares	Numbers in Lakhs	111.60	111.60
Basic earnings per share	₹	3.51	3.08
Diluted earnings per share	₹	3.51	3.08

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
<b>NOTE 35: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	535.39	183.54
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	650.00	440.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	21.00	21.00
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	329.20	26.85

(Amount in ₹ Lakhs)

	2018-19	2017-18
<b>NOTE 36: PAYMENT TO AUDITORS*</b>		
Statutory audit fees	3.75	3.50
Tax audit fees	3.50	2.25
Sales tax audit fees	0.00	0.76
GST audit fees	1.00	0.00
Certification work	0.68	0.95
Out of pocket expenses	0.28	0.35
Krishi Kalyan Cess or Swachh Bharat Cess (not claimable as Cenvat Credit)	0.00	0.01
	<u>9.21</u>	<u>7.82</u>

\* excluding service tax / GST wherever Input tax credit taken

### NOTE 37: EMPLOYEE BENEFITS EXPENSE

The disclosures required under Indian Accounting Standard 19 "Employee Benefits" are given below:

#### (a) Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

(Amount in ₹ Lakhs)

	2018-19	2017-18
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	8.60	8.12

#### (b) Defined benefit plan:

##### Gratuity :

The Group provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee.

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.

Based on the actuarial valuation obtained in this respect, the following table sets out the details of the employee benefit obligation as at balance sheet date.

(Amount in ₹ Lakhs)

	2018-19	2017-18
<b>I) Reconciliation of defined benefit obligation</b>		
Present value of defined benefit obligation at start of year	24.00	19.90
<i>Recognised in Statement of Profit and Loss</i>		
Current service cost	3.34	3.12
Interest cost	1.70	1.47
Benefits paid	1.69	0.47
<i>Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations</i>		
Remeasurements - due to demographic assumptions	0.00	0.00
Remeasurements - due to financial assumptions	(0.15)	0.00
Remeasurements - due to experience adjustments	0.81	(0.02)
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year	28.01	24.00
<b>II) Net liability / (asset) recognised in the balance sheet</b>		
Present value of defined benefit obligation	28.01	24.00

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

	2018-19	2017-18
Fair value of plan assets	0.00	0.00
Net liability / (asset)	28.01	24.00
Effect of asset ceiling / onerous liabilities	0.00	0.00
Liability / (asset) recognised in the balance sheet	28.01	24.00
Of which short term defined benefit obligation at end of the year	7.18	4.88
<b>III) Expenses recognized during the year</b>		
Current service cost	3.34	3.12
Interest cost	1.70	1.47
Defined benefit cost included in Statement of profit and loss	5.04	4.59
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations	0.66	(0.02)
Defined benefit included in Other Comprehensive Income	0.66	(0.02)
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income	5.70	4.57
<b>IV) Actuarial assumptions</b>		
Salary growth rate	6.00%	6.00%
Discount rate	7.57%	7.50%
Withdrawal rate	1% to 3%	1% to 3%
Mortality Rate	IALM 2006-08 (Mod.) (Ult.) Mortality Table	IALM 2006-08 (Mod.) (Ult.) Mortality Table
Normal retirement age	58 years	58 years
Adjusted average future service	12 years	15 years

(Amount in ₹ Lakhs)

### V) Bifurcation of present value of defined benefit obligations

	31.03.2019			31.03.2018		
	Directors	Others	Total	Directors	Others	Total
Current liabilities	0.26	6.92	7.18	1.23	3.65	4.88
Non current liabilities	6.14	14.70	20.84	4.91	14.21	19.12
<b>Total</b>	<b>6.40</b>	<b>21.62</b>	<b>28.02</b>	<b>6.14</b>	<b>17.86</b>	<b>24.00</b>

### VI) Sensitivity Analysis

Discount Rate, Salary Escalation Rate and Withdrawal Rate are significant actuarial assumptions. The change in the Present Value of Defined Benefit Obligation for a change of 100 Basis Points from the assumed assumption is given below:

(Amount in ₹ Lakhs)

Assumption	Change in assumption	Defined benefit obligations as on 31.03.2019	% Change	Defined benefit obligations as on 31.03.2018	% Change
Salary rate	Increase by 1%	29.52	9.5%	26.38	9.9%
	Decrease by 1%	24.76	-8.2%	21.96	-8.5%
Withdrawal rate	Increase by 1%	27.22	0.9%	24.23	0.9%
	Decrease by 1%	26.68	-1.1%	23.74	-1.1%
Discount rate	Increase by 1%	24.97	-7.4%	22.13	-7.8%
	Decrease by 1%	29.33	8.7%	26.21	9.2%

VII) The Group's philosophy is to not to externally fund these liabilities but instead create an accounting provisions in its books of accounts and pay the gratuity to its employees directly from its own resources as and when the employee leaves the Group. The expected contribution payable to the plan next year is therefore Nil. If the Group opts for externally fund these liabilities in the next year, the best estimate contribution for the Group during the next year would be ₹ 13.48 Lakhs.

### VIII) The expected maturity profile of defined benefit obligations is as follows:

Particulars	Up to 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
<b>31.03.2019</b>	6.14	2.16	6.05	6.53	<b>20.88</b>
<b>31.03.2018</b>	4.88	1.34	6.75	5.98	<b>18.95</b>

The weighted average duration of the above defined benefit obligation is 14.39 years(31.03.2018 - 15.04 years)

IX) **Discontinuance Liability** : Amount payable upon discontinuance of all employment is ₹ 29.92 Lakhs (31.03.2018 - ₹ 25.48 Lakhs)



## Notes to the consolidated financial statements for the year ended 31st March 2019

### NOTE 38: CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'net debt' to 'equity'. For this purpose, net debt is defined as total borrowings less cash & cash equivalents, bank deposit (including earmarked balances) and current investments.

The table below summarises the capital, net debt and net debt to equity ratio of the Company.

	(Amount in ₹ Lakhs)	
	2018-19	2017-18
Equity share capital	1115.91	1115.91
Other equity	2385.94	1994.71
<b>Total Equity (A)</b>	<b>3501.85</b>	<b>3110.62</b>
Non-current borrowings	130.23	145.64
Short term borrowings	731.18	761.94
Current maturities of long term borrowing	39.61	37.56
<b>Gross Debt (B)</b>	<b>901.02</b>	<b>945.14</b>
<b>Total Capital (A+B)</b>	<b>4402.87</b>	<b>4055.76</b>
Gross Debt as above	901.02	945.14
Less: Current investments	60.18	230.15
Less: Cash and cash equivalents	162.09	181.92
Less: Other balances with bank (including earmarked balances)	160.00	150.00
<b>Net Debt (C)</b>	<b>518.75</b>	<b>383.07</b>
<b>Net debt to equity</b>	<b>0.15</b>	<b>0.12</b>

### NOTE 39: FINANCIAL INSTRUMENTS AND RISK REVIEW

#### A) Financial Instruments

##### Fair value measurement hierarchy

The fair value of financial instruments as below have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The categories used are as follows

**Level 1: Quoted prices (unadjusted) in active markets:** This level of hierarchy includes financial assets or liabilities that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of mutual fund investments.

**Level 2: Valuation techniques with observable inputs:** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3: Valuation techniques with significant unobservable inputs:** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following tables presents the carrying value and Fair value measurement hierarchy of each category of financial assets and liabilities

	31.03.2019		31.03.2018	
	Carrying Amount	Fair Value - Level 1	Carrying Amount	Fair Value - Level 1
<b>Financial Assets</b>				
<b>Financial assets measured at fair value through profit and loss</b>				
Investments*	60.18	60.18	230.15	230.15
<b>Financial assets measured at amortised cost</b>				
Investments*	51.66	0.00	0.00	0.00
Trade receivables	670.28	0.00	810.20	0.00
Cash and cash equivalents	162.09	0.00	181.92	0.00
Bank balances other than cash and cash equivalents	160.00	0.00	150.00	0.00
Loans	17.78	0.00	17.65	0.00
Other financial assets	2.50	0.00	2.16	0.00
	<b>1124.49</b>	<b>60.18</b>	<b>1392.08</b>	<b>230.15</b>
<b>Financial Liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Borrowings	861.41	0.00	907.58	0.00
Trade payables	405.08	0.00	672.26	0.00
Other financial liabilities	134.18	0.00	136.77	0.00
	<b>1400.67</b>	<b>0.00</b>	<b>1716.61</b>	<b>0.00</b>

## Notes to the consolidated financial statements for the year ended 31st March 2019

There have been no financial assets and financial liabilities which has been fair valued under level 2 and level 3 categories therefore no details for the same given in the table above.

### Valuation

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent.

Financial assets and liabilities measured at fair value as at Balance Sheet date:

- (i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.
- (ii) The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date.
- (iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

### B) Financial Risk Management Framework

The Group's business activities are exposed to a variety of financial risks, namely credit risk, liquidity risk and market risk (currency risk and interest rate risk). The Group's management and the Board of Directors have the overall responsibility for establishing and governing the Group's risk management framework. The Board of Directors which is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee and Board of Directors of the Holding Company.

#### i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations. Financial instruments that are subject to credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in material credit risk.

Credit risk with respect to trade receivables are limited as the Group has a policy of dealing only with credit worthy customers. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables is that credit risk is very low. Hence, trade receivables are considered to be a single class of financial assets.

Credit risk on cash and cash equivalents, other bank balances with bank is limited as the Group generally invest in deposits with banks. Investments primarily include investment in liquid mutual fund units. The Group reviews credit worthiness of the counter parties to whom security deposits and loans given. The managements believes that there is no credit risk lies with the security deposits given and loans to employees.

The Group's maximum exposure to credit risk as at 31st March, 2019 and 31st March, 2018 is the carrying value of each class of financial assets

#### ii) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31st March, 2019 and 31st March, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis. The Group has obtained fund and non-fund based working capital lines from banks. The Group invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Group's financial liabilities. Cash flows in foreign currencies are translated using the period end spot rates.

(Amount in ₹ Lakhs)

Particulars	31.03.2019				31.03.2018			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	901.02	770.79	93.07	37.16	945.14	799.50	110.80	34.84
Trade payables	405.08	405.08	0.00	0.00	672.26	672.26	0.00	0.00
Other financial liabilities	94.57	91.46	0.00	3.11	99.21	96.10	0.00	3.11
<b>Total</b>	<b>1400.67</b>	<b>1267.33</b>	<b>93.07</b>	<b>40.27</b>	<b>1716.61</b>	<b>1567.86</b>	<b>110.80</b>	<b>37.95</b>

#### iii) Market Risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### a) Currency Risk

The Group is subject to the risk that changes in foreign currency values impact the Group's exports revenue and imports of raw material and property, plant and equipment. As at 31st March, 2019, 31st March, 2018 the net unhedged exposure to the Group on holding assets (trade receivables, advance to suppliers and capital advances) and liabilities (trade payables, advance from customers, borrowing and accrued interest) other than in their functional currency is as under.

The Group is exposed to foreign exchange risk arising from US Dollar.

## Notes to the consolidated financial statements for the year ended 31st March 2019

	(Amount in Lakhs)			
	As at 31.03.2019		As at 31.03.2018	
	USD	₹	USD	₹
Receivables	1.46	98.96	1.61	103.19
Payables	10.98	769.86	13.35	883.73
Net unhedged exposure	(9.52)	(670.90)	(11.74)	(780.54)

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net unhedged exposure (Amount in ₹ Lakhs)

	31.03.2019	31.03.2018
<b>1% Depreciation in INR</b>		
Impact on Statement of profit and loss	(6.71)	(7.81)
<b>1% Appreciation in INR</b>		
Impact on Statement of profit and loss	6.71	7.81

### b) Interest Rate Risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Group's cash flows as well as costs. The Group is subject to variable interest rates on some of its interest bearing liabilities. The Group's interest rate exposure is mainly related to borrowing obligations.

The interest rate profile of the Group's interest-bearing financial liabilities is as follows.

	(Amount in ₹ Lakhs)	
	31.03.2019	31.03.2018
Long term borrowing-floating rate instruments	72.30	91.34
Long term borrowing-fixed rate instruments	97.54	91.86
Short term borrowing-fixed rate instruments	731.18	761.94
	<u>901.02</u>	<u>945.14</u>

### Fair value sensitivity analysis for fixed-rate instruments

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

### Cash flow sensitivity analysis for variable-rate instruments

Impact on Interest Expenses for the year on 1% change in Interest rate (Amount in ₹ Lakhs)

	31.03.2019	31.03.2018
<b>1% Increase in interest rates</b>		
Impact on Statement of profit and loss	(0.76)	(0.87)
<b>1% Decrease in interest rates</b>		
Impact on Statement of profit and loss	0.76	0.87

### NOTE 40: SEGMENT REPORTING

The Segment reporting as required under Ind AS 108 "Operating Segments" is not applicable to the Group as the Group's Operations are predominantly comprises of only one business segment - Instrument cooling fans/ motors for the year.

### NOTE 41: RELATED PARTY DISCLOSURES:

#### l) Names of related parties and description of relationships

- a) Persons owning directly or indirectly, an interest in the voting power that gives him significant influence.

Shri Kishore Chand Talwar

- b) Key management personnel :

Executive directors

Shri Kishore Chand Talwar (Chairman & Managing Director)

Smt. Nainy K. Tanna (Wholetime Director)

Non-executive directors (Independent directors)

Shri Ayyaswami Sundram

Shri Krishnamoorthy Krishnan (w.e.f. 16.05.2018)

Shri Sriram Shrinivasan (w.e.f. 16.05.2018)

Shri D.Ganapathy (director upto 06.05.2018)

Shri Ram Sanahi (director upto 01.04.2018)

## Notes to the consolidated financial statements for the year ended 31st March 2019

- c) Relatives of persons referred in b) and c) above  
 Smt. Sharda Talwar (Wife of Chairman and Managing Director of the Holding company)  
 Shri Kundan Talwar (Son of Chairman and Managing Director of the Holding company)  
 Smt. Ramandeep Talwar (Daughter in law of Chairman and Managing Director of the Holding company)  
 Shri Kunal Tanna (Spouse of Smt. Nainy K. Tanna, Wholetime Director of the Holding company)
- d) Enterprises over which any person described in (d) above is able to exercise significant influence.  
 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:

(Amount in ₹ Lakhs)

Particulars	Parties mentioned in I (a)	Parties mentioned in I (b) & (c)	Parties mentioned in I (d)	Parties mentioned in I (e)	Total
Purchases including taxes	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(6.41)	(6.41)
Director's Remuneration (including commission if any)	0.00	198.91	0.00	0.00	198.91
	(0.00)	(191.22)	(0.00)	(0.00)	(191.22)
Director sitting fees	0.00	2.20	0.00	0.00	2.20
	(0.00)	(1.80)	(0.00)	(0.00)	(1.80)
Salary	0.00	0.00	62.82	0.00	62.82
	(0.00)	(0.00)	(62.89)	(0.00)	(62.89)
Rent	0.00	0.00	1.20	0.00	1.20
	(0.00)	(0.00)	(1.20)	(0.00)	(1.20)
Reimbursement of expenses incurred by others	0.00	7.35	0.45	0.00	7.80
	(0.00)	(3.57)	(0.28)	(0.00)	(3.85)
Recovery of expenses incurred for others	0.00	0.08	0.05	0.00	0.13
	(0.00)	(0.34)	(0.24)	(0.00)	(0.58)
Trade Payables	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.46)	(0.06)	(2.41)	(2.93)
Director's Remuneration/Commission Payable	0.00	6.06	0.00	0.00	6.06
	(0.00)	(18.57)	(0.00)	(0.00)	(18.57)
Salary Payable	0.00	0.00	4.30	0.00	4.30
	(0.00)	(0.00)	(3.11)	(0.00)	(3.11)
Rent Payable	0.00	0.00	1.80	0.00	1.80
	(0.00)	(0.00)	(0.60)	(0.00)	(0.60)

Note:

- 1) Related party relationship is identified by the Group's and relied upon by the auditors.
- 2) Figure in the brackets pertains to previous year.
- 3) Personal guarantee of the Chairman & Managing Director, Wholetime Director and two relatives of the Chairman & Managing Director namely Smt. Sharda Talwar and Shri Kundan Talwar has been provided for the facilities sanctioned to the Holding Company- Refer Note 18 and Note 22.

### Details of transactions with individual related parties are as under

(Amount in ₹ Lakhs)

Particulars	31.03.2019	31.03.2018
<b>Purchases including taxes</b>		
Excelum Enterprises	0.00	6.41
<b>Director's Remuneration (including commission if any)</b>		
Shri Kishore Chand Talwar	147.27	143.66
Smt. Nainy K. Tanna	51.64	47.56
<b>Director sitting fees</b>		
Shri Ayyaswami Sundram	0.80	0.60
Shri D.Ganapathy	0.10	0.60
Shri Ram Sanehi	0.10	0.60
Sriram Shrinivasan	0.60	0.00
Krishnamoorthy Krishnan	0.60	0.00

## Notes to the consolidated financial statements for the year ended 31st March 2019

Particulars	(Amount in ₹ Lakhs)	
	31.03.2019	31.03.2018
<b>Salary</b>		
Shri Kundan Talwar	25.23	25.21
Smt. Sharda Talwar	27.89	28.00
Smt. Ramandeep Talwar	9.70	9.68
<b>Rent</b>		
Shri Kundan Talwar	1.20	1.20
<b>Reimbursement of expenses incurred by others</b>		
Smt. Sharda Talwar	0.00	0.06
Smt. Nainy K. Tanna	6.15	3.02
Shri Kundan Talwar	0.45	0.22
Sriram Shrinivasan	0.60	0.55
Krishnamoorthy Krishnan	0.60	0.00
<b>Recovery of expenses incurred for others</b>		
Shri Kishore Chand Talwar	0.00	0.34
Smt. Sharda Talwar	0.05	0.22
Smt. Nainy K. Tanna	0.08	0.00
Shri Kundan Talwar	0.00	0.02
<b>Outstanding Balances</b>		
<b>Trade Payables</b>		
Smt. Sharda Talwar	0.00	0.06
Smt. Nainy K. Tanna	0.00	0.46
Excelum Enterprises	0.00	2.41
<b>Director's Remuneration Payable</b>		
Shri Kishore Chand Talwar	3.29	15.59
Smt. Nainy K. Tanna	2.77	2.98
<b>Salary Payable</b>		
Shri Kundan Talwar	1.55	1.65
Smt. Sharda Talwar	1.95	0.67
Smt. Ramandeep Talwar	0.80	0.79
<b>Rent Payable</b>		
Shri Kundan Talwar	1.80	0.60
<b>III) Compensation of Key management personnel</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Short-term benefits	198.65	190.96
Post employment benefits	0.26	0.26
Sitting fees paid to independent director	2.20	1.80
	<u>201.11</u>	<u>193.02</u>

#### IV) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and settlement occurs in cash.

#### NOTE 42: LEASES

##### Cancellable leases

- The Group has taken certain equipments under operating lease or on rental basis. This contract is not non-cancellable and for a period of three months and are renewable at the mutual consent on mutually agreeable terms. The rent paid in accordance with this agreement is debited to the statement of profit and loss for the year.
- The Group has given its industrial galas under operating lease or on leave and license basis. These agreements 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 Group has taken refundable interest free security deposits in accordance with the agreed terms. The rent received in accordance with these agreements is credited to the statement of profit and loss for the year.

##### Non-cancellable leases

The Group has given its part premises under operating lease or on leave and licence basis for a period of 3 years. The Group has taken refundable interest free security deposits in accordance with the agreed terms. The lease rentals income for the year recognized in the Statement of profit and loss and future lease rental receivable as per the rentals stated in respective agreement are as follows:

## Notes to the consolidated financial statements for the year ended 31st March 2019

(Amount in ₹ Lakhs)

Particulars	2018-19	2017-18
Lease rental recognised in Statement of Profit and Loss	15.86	5.20
	<b>31.03.2019</b>	<b>31.03.2018</b>
<b>Future minimum lease payments under non-cancellable operating lease</b>		
Not later than one year	16.65	15.86
Later than one year and not later than five years	48.49	65.14
Later than five years	0.00	0.00
<b>Total</b>	<b>65.14</b>	<b>81.00</b>

### NOTE 43: 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:

(Amount in ₹ Lakhs)

Sl. No.	Particulars	As at 31.03.2019	As at 31.03.2018
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	- principal amount	52.12	132.26
	- interest thereon	0.22	0.88
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	344.04	261.22
	- 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.	4.63	4.61
4	The amount of interest accrued and remaining unpaid.	25.56	21.59
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.	4.85	5.49

### NOTE 44: TAXATION MATTERS:

- The sales tax assessments of the Holding Company have been completed upto financial year 2006-2007 for its Daman unit and upto financial year 2014-15 for its Kandivali unit.
- The income tax assessments of the Holding Company have been completed upto assessment Year 2016-2017.

**NOTE 45:** The Holding Company had, during the 2016-17, purchased a plot of land admeasuring 0.242 Hectare at S. No. 61, H. No. 1 Part at Village- Kaman, Taluka -Vasai District - Palghar by executing Memorandum of Understanding and taken possession of the same. The Company is in process of executing Sale Deed and getting the same registeted with the appropriate authorities.

### NOTE 46: DISCLOSURE UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

During the year the Group has made investments in bond & debenturs and units of various mutual funds. The required details of the investments made during the year and investments outstanding as on 31.03.2019 are given in note 4 and 9 to the financial statements. The investments is made with a purpose of cash management.

**NOTE 47 :** Previous year figures have been regrouped, rearranged and recasted to make them comparable with the curent year figures

## Notes to the consolidated financial statements for the year ended 31st March 2019

### NOTE 48: INTERESTS IN OTHER ENTITY

(Amount in ₹ Lakhs)

Name of Company	Country of incorporation	Proportion of ownership of interest	Proportion of ownership of interest 31.03.2018
<b>Wholly Owned Subsidiary</b>			
Rexnord Enterprise Private Limited	India	100%	100%

### NOTE 49: STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST

For Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information, refer below:

Name of the Enterprise	2018-19							
	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts (₹ Lakhs)	As % of consolidated Profit or Loss	Amounts (₹ Lakhs)	As % of consolidated other comprehensive income	Amounts (₹ Lakhs)	As % of consolidated total comprehensive income	Amounts (₹ Lakhs)
<b>Parent</b>								
Rexnord Electronics and Controls Limited	100.14%	3506.61	101.05%	395.81	100.00%	(0.48)	101.05%	395.33
<b>Subsidiary</b>								
Rexnord Enterprise Private Limited	0.15%	5.24	-1.05%	(4.10)	0.00%	0.00	-1.05%	(4.10)
<b>Total</b>	<b>100.29%</b>	<b>3511.85</b>	<b>100.00%</b>	<b>391.71</b>	<b>100.00%</b>	<b>-0.48</b>	<b>100.00%</b>	<b>391.23</b>
Adjustment due to consolidation	-0.29%	(10.00)	0.00%	0.00	0.00%	0.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>3501.85</b>	<b>100.00%</b>	<b>391.71</b>	<b>100.00%</b>	<b>-0.48</b>	<b>100.00%</b>	<b>391.23</b>
Non Controlling Interest in Subsidiary	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00

Name of the Enterprise	2017-18							
	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts (₹ Lakhs)	As % of consolidated Profit or Loss	Amounts (₹ Lakhs)	As % of consolidated other comprehensive income	Amounts (₹ Lakhs)	As % of consolidated total comprehensive income	Amounts (₹ Lakhs)
<b>Parent</b>								
Rexnord Electronics and Controls Limited	100.02%	3111.28	100.19%	344.14	100.00%	0.01	100.19%	344.15
<b>Subsidiary</b>								
Rexnord Enterprise Private Limited	0.30%	9.34	-0.19%	(0.66)	0.00%	0.00	-0.19%	(0.66)
<b>Total</b>	<b>100.32%</b>	<b>3120.62</b>	<b>100.00%</b>	<b>343.48</b>	<b>100.00%</b>	<b>0.01</b>	<b>100.00%</b>	<b>343.49</b>
Adjustment due to consolidation	-0.32%	(10.00)	0.00%	0.00	0.00%	0.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>3110.62</b>	<b>100.00%</b>	<b>343.48</b>	<b>100.00%</b>	<b>0.01</b>	<b>100.00%</b>	<b>343.49</b>
Non Controlling Interest in Subsidiary	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00

As per our attached report of even date

**For Rakesh Soni & Co.**  
Chartered Accountants  
(Firm Registration No. 114625W)

**R. K. Soni**  
Partner  
Membership No. 047151

Place : Mumbai  
Dated : May 30, 2019

For and on behalf of the Board of Directors of  
**Rexnord Electronics and Controls Limited**  
CIN: L31200MH1988PLC047946

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

**Kundan Talwar**  
Chief Financial Officer

Place : Mumbai  
Dated : May 30, 2019

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

**Shweta Kalantri**  
Company Secretary

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Rexnord Enterprise Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	Authorised Share Capital: 10.00 Paid Up Share Capital: 10.00
5.	Reserves & surplus	(4.76)
6.	Total assets	93.93
7.	Total Liabilities	93.93
8.	Investments	–
9.	Turnover	–
10.	Profit before taxation	(4.10)
11.	Provision for taxation	–
12.	Profit after taxation	(4.10)
13.	Proposed Dividend	–
14.	% of shareholding	100%

#### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable

For and on behalf of the Board of Directors  
**Rexnord Electronics and Controls Limited**

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

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

**Krishnamoorthy Krishnan**  
Director  
DIN 08129657

**Kundan Talwar**  
Chief Financial Officer

**Shweta Kalantri**  
Company Secretary

Place : Mumbai  
Dated : May 30, 2019



## Route MAP to the Venue of AGM

Address : Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangalmurti Hospital, Gorai - II, Borivali (W), Mumbai - 400 092





# REXNORD ELECTRONICS AND CONTROLS LIMITED

Regd. Office: 92-D, GOVT IND ESTATE, CHARKOP, KANDIVALI (W) MUMBAI 400067.  
Tel. No. 91-22-62401800 Fax: 91-22-62401816;  
Email Id: finance@rexnordindia.com Website: www.rexnordindia.com  
CIN: L31200MH1988PLC047946

## 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 31st Annual General Meeting at Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai – 400 092 on Friday, September 27, 2019 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 ("RECL")

Registered Office: : 92-D, GOVT IND ESTATE, CHARKOP, KANDIVALI (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 31st Annual General Meeting of the Company, to be held on Friday, September 27, 2019 at 10:30 a.m. Sangam Banquets, Plot No. 366-386, RSC 37, Mangalmurti Road, Opposite Mangal Murti Hospital, Gorai-II, Borivali (W), Mumbai – 400 092, and at any adjournment thereof in respect of such resolution as are indicated below.

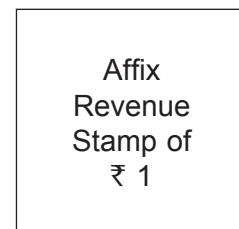
\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Particulars	For	Against
<b>Ordinary Business:</b>			
1.	To approve and adopt Audited Financial Statements, for the year ended March 31, 2019 and reports of the Board of 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.		
<b>Special Business:</b>			
3.	To Approve remuneration to Mr. Kundan Talwar holding office or place of profit, as Chief Financial Officer of the Company.		
4.	Approval of the limits for the Loans, Investment and Guarantees by the Company in terms of the provisions section 186 of the companies act, 2013.		
5.	To approve continuation of payment of remuneration to Executive Directors who are Promoters in excess of threshold limits as per SEBI (Listing and Obligation Requirements) Regulations, 2015.		

Signed this..... day of .....2019.

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 31st 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.

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# Notes

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# Notes

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BOOK POST



If undelivered, Please return to:



**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.com](http://www.rexnordindia.com)**