



Date: August 31, 2020

To
The Deputy General Manager,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

Ref: Security Code No. 531888.

Sub: Submission of electronic copy of the Annual Report for the Financial Year 2019-2020 including Notice of the 32nd Annual General Meeting.

Dear Sir/Madam,

In terms of the requirement of Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 please find enclosed herewith the Annual Report of the Company for the Financial Year 2019-2020, including Notice of the 32nd Annual General Meeting being sent to the members through electronic mode.

The said Annual Report containing the Notice is also uploaded on the Company's website and can be accessed at <http://www.rexnordindia.com/Annual-report.aspx>

We request you to kindly take the above information on record.

Thanking you

Yours faithfully,
FOR REXNORD ELECTRONICS AND CONTROLS LIMITED

NAINY TANNA
WHOLE TIME DIRECTOR
(DIN: 00351762)



Encl: As above



AC DC & ENERGY SAVING FANS & MOTORS

For Ventilation & Air Circulation



Cooling System to Rely On

32nd Annual Report 2019 - 2020

BOARD OF DIRECTORS

Kishore Chand Talwar	Chairman & Managing Director
Nainy K. Tanna	Wholetime Director
Krishnamoorthy Krishnan	Director
Ayyaswami Sundaram	Director
Sriram Shrinivasan	Director

AUDITORS

Rakesh Soni & Co.
Chartered Accountants
Mumbai

KEY MANAGERIAL PERSONNEL
CHIEF FINANCIAL OFFICER Kundan Talwar

COMPANY SECRETARY Shweta Kalantri

SECRETARIAL AUDITOR GMJ & Associates,
Company Secretaries, Mumbai

BANKERS HDFC Bank Limited
Bank of Baroda

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

WORKS Plot Survey No. 62, 74 & 75
Village - Devadal, Kaman,
Taluka - Vasai, Dist - Palghar (MS)

**REGISTRAR & SHARE
TRANSFER AGENTS**
 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

CONTENTS	PAGE NO.
Notice to the Members	02
Directors' Report	07
Corporate Governance Report	22
Independent Auditor's Report	34
Balance Sheet	38
Statement of Profit and Loss	39
Statement of Changes in Equity	40
Cash Flow Statement	41
Notes	43-66
Independent Auditor's Report on Consolidated Financial Statements	67
Consolidated Balance Sheet	70
Consolidated Statement of Profit and Loss	71
Consolidated Statement of Changes in Equity	72
Consolidated Cash Flow Statement	73
Notes on Consolidated Financial Statements	75-100

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 32nd Annual General Meeting (AGM) of the Members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Wednesday, September 23, 2020 at 11 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") 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, 2020, including the Audited Balance Sheet as at March 31, 2020, 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, 2020, including the Consolidated Audited Balance Sheet as at March 31, 2020, 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. Re-appointment of Mr. Kishorechand Talwar as Chairman & Managing Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements), 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the members be and is hereby accorded to re-appoint Mr. Kishorechand Talwar (DIN: 00351751) as Chairman & Managing Director of the Company, not liable to retire by rotation, for a further period of 3 (three) years i.e. with effect from April 1, 2020 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Kishorechand Talwar, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modification or re-enactment thereof."

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient and desirable, to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution."

4. Re-appointment of Mrs. Nainy Kunal Tanna as Whole Time Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements), 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, consent of the members be and is hereby accorded to re-appoint Mrs. Nainy Kunal Tanna (DIN 00351762) as Whole Time Director of the Company, liable to retire by rotation, for a further period of 3 (three) years i.e. with effect from April 1, 2020 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice, with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mrs. Nainy Kunal Tanna, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts,

deeds and things as in its absolute discretion it may think necessary, expedient and desirable, to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing 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: August 29, 2020

NOTES:

1. In view of the situation arising due to COVID-19 pandemic, social distancing norm to be followed and the continuing restriction on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020 respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/ CMD/ CIR /P/2020/79 dated 12th May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 32nd AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 32nd AGM shall be the Registered Office of the Company.
2. Since this AGM is being held pursuant to the MCA circulars through VC/ OAVM, physical attendance of Members has been dispensed with and there is no provision for the appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act will not be available for the 32nd AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. Participation of Members through VC /OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
5. 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. 21. 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.
6. The voting facility through electronic voting system shall be made available during the AGM and members attending the meeting through VC who have not cast their vote by remote e-voting shall be able to exercise their right during the meeting through electronic voting system. The process and manner for e-voting and process of joining meeting through video conferencing alongwith other details also forms part of the Notice.
7. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. are being sent only through electronic mode to those Members whose email addresses are registered with the RTA / Depositories. Members may note that the Notice and Annual Report 2020 will also be available on the Company's website www.rexnordindia.com, websites of the Stock Exchange, i.e. BSE Limited at www.bseindia.com and on the website of

CDSL i.e., www.evotingindia.com. Members who have not registered their email addresses are requested to register the same for receiving all communication from time to time including Annual Report, Notices, Circulars, etc. from the Company electronically.

For Members holding shares in physical form, please send scanned copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, Aadhar) supporting the registered address of the Member, by email to the RTA at: ujata@bigshareonline.com Member can also update/ register their email id directly at <https://bigshareonline.com/InvestorRegistration.aspx>

(a) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

8. 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.
9. Corporate members intending to authorize their representatives to participate and vote at the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send 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 to the Company at finance@rexnordindia.com or upload on the VC portal /e-voting portal.
10. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
11. A statement giving the details of the Directors seeking appointment/re-appointment, nature of their expertise in specific functional areas, names of the companies in which they hold directorships, memberships / Chairpersonships for Board / Committees, shareholding and relationship between Directors inter-se as stipulated in Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements), 2015, are provided in the Annexure A to the Explanatory Statement.
12. The Register of Members and the Share Transfer Books of the Company will remain closed from **September 17, 2020** to **September 23, 2020** (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
13. 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.
14. 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.
15. 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.
16. The Company's shares are listed on BSE Limited, Mumbai.
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and other relevant documents referred to in the Notice and in the Explanatory Statements will be available for inspection by the members in electronic mode. Members who wish to inspect the documents are requested to write to the company by sending e-mail at finance@rexnordindia.com.
18. 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

19. 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.

20. 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.

21. 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 Mr. Mahesh Soni or failing him Ms. Sonia Chettiar, Partners of M/s. GMJ & Associates, 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 16, 2020**.
- (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 16, 2020** 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 16, 2020**, 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) and on the website of CDSL 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 23, 2020.

The instructions for shareholders voting electronically are as under:

- a) The voting period begins at **9.00 a.m. (IST) on September 20, 2020** and ends at **5.00 p.m. (IST) on September 22, 2020**. 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 16, 2020**, 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
- 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 OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- 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 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:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	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. <ul style="list-style-type: none"> • 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).

- 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 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
- 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 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 scrutizer to verify the same.
- u) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- v) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

22. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system.

- 1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system.

Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to members on first come first served basis.
- 2. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
- 3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 4. Shareholders who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at finance@rexnordindia.com
- 5. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at finance@rexnordindia.com. These queries will be replied to by the company suitably by email.
- 6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

23. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed in this Notice.

ANNEXURE TO THE NOTICE

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

ITEM NO. 3:

Mr. Kishorechand Talwar was appointed as Chairman & Managing Director of the Company for a term of 3 years which expired on March 31, 2020. Mr. Kishorechand Talwar is on the Board of the Company since July 4, 1988 and looks after overall affairs of the Company.

Keeping in mind the contribution made by Mr. Kishorechand Talwar towards the growth and performance of the Company, your Board of Directors at their meeting held on February 13, 2020, have re-appointed Mr. Kishorechand Talwar as the Chairman & Managing Director of the Company. The terms of his re-appointment including remuneration, commission, perquisites etc. as have been approved by the Nomination & Remuneration Committee and the Board, subject to the approval of the Members at the ensuing Annual General Meeting.

The terms and conditions of his appointment are set out below:

- Salary: ₹ 10,00,000/- per month (with such increments as may be determined by the Board of Directors of the Company from time to time as per Company's Rules).
- Benefits, Perquisites and Allowance:
 - House Rent Allowance
 - Gratuity payable at a rate of half month's salary for each completed year of service.
 - Company's contribution towards Provident Fund
 - Encashment of leave at the end of tenure if any as per Company's Rules.
 - Reimbursement of actual travelling expenses
 - Special Allowances, Bonus etc.
- Commission: Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to net profits of the Company in a particular financial year,

subject to the overall ceiling stipulated in Section 198 read with Schedule V of the Companies Act, 2013 as may be recommended by the Nomination & Remuneration Committee and approved by the Board.

The resolution seeks the approval of the members in terms of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the appointment of Mr. Kishorechand Talwar as a Chairman & Managing Director for a period of 3 years commencing April 01, 2020.

MEMORANDUM OF INTEREST

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 Mr. Kundan Talwar, CFO of the Company, are 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:

Mrs. Nainy Tanna was appointed as Whole Time Director of the Company for a term of 3 years which expired on March 31, 2020. Mrs. Nainy Tanna is associated with the Company since August 1, 2001 as a Director of the Company. She has an experience of over 19 years to her credit. She looks after Finance, Import and Export related activities of the Company.

Keeping in mind the contribution made by Mrs. Nainy Tanna towards the growth and performance of the Company, your Board of Directors at their meeting held on February 13, 2020, have re-appointed Mrs. Nainy Tanna as the Whole Time Director of the Company. The terms of her re-appointment including remuneration, commission, perquisites etc. as have been approved by the Nomination & Remuneration Committee and the Board, subject to the approval of the Members at the ensuing Annual General Meeting.

The terms and conditions of her appointment are set out below:

- Salary: ₹ 5,00,000/- per month (with such increments as may be determined by the Board of Directors of the Company from time to time as per Company's Rules).
- Benefits, Perquisites and Allowance :
 - House Rent Allowance
 - Gratuity payable at a rate of half month's salary for each completed year of service.
 - Company's contribution towards Provident Fund
 - Encashment of leave at the end of tenure if any as per Company's Rules.
 - Reimbursement of actual travelling expenses
 - Medical Allowances
 - Special Allowances, Bonus etc.
- Commission: Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to net profits of the Company in a particular financial year,

subject to the overall ceiling stipulated in Section 198 read with Schedule V of the Companies Act, 2013 as may be recommended by the Nomination & Remuneration Committee and approved by the Board.

The resolution seeks the approval of the members in terms of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the appointment of Mrs. Nainy Tanna as a Whole Time Director for a period of 3 years commencing April 01, 2020.

MEMORANDUM OF INTEREST

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 Mr. Kundan Talwar, CFO of the Company, are 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.

ANNEXURE "A" TO THE EXPLANATORY STATEMENT

Statement as required under Section II of Part II of Schedule V to the Companies Act, 2013 giving details in respect of re-appointment of Mr. Kishorechand Talwar and Mrs. Nainy K. Tanna.

I. GENERAL INFORMATION:

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

(₹ in Lakhs)

Sr. No.	Particulars	2019-2020	2018-2019	2017-2018
1.	Gross Income	6591.87	6348.68	5713.90*
2.	Profit after tax	407.30	395.81	344.14

*net of excise duties collected

5. Foreign Investments or collaborations, if any: Company does not have any investment outside India.

II. INFORMATION ABOUT THE APPOINTEE:

Name of Director	Mr. Kishorechand Talwar	Mrs. Nainy Tanna
Background details.	He is 67 Years of age and qualified as B.A. [Diploma in Export Marketing]. He is associated with the Company since July 04, 1988 as Director of the Company and has an experience of over 31 years to his credit.	She is 39 years of age and is qualified as M. Com., MBA in Marketing from NMIMS and Diploma in Export & Import. She is associated with the Company since August 01, 2001 as Director of the Company and has an experience of over 19 years to her credit.
Past remuneration	₹ 142.89 Lakhs	₹ 53.44 Lakhs
Recognition or awards	NIL	NIL
Job profile and his suitability	He looks after overall affairs of the Company and plays an imperative role in the progress of the Company.	She looks after Finance, Import and Export related activities of the Company.
Remuneration proposed	As per Notice & Explanatory Statement	As per Notice & Explanatory Statement
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Not possible being a unique nature of the industry. However as compared to the size of our company, the remuneration to be paid is going to be very comparative as per the industry norms.	Not possible being a unique nature of the industry. However as compared to the size of our company, the remuneration to be paid is going to be very comparative as per the industry norms.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Being promoter, he is directly related to the Company.	Being promoter, she is directly related to the Company.

III. OTHER INFORMATION:

1. Reason of loss or inadequate profits: N.A.
2. Steps taken or proposed to be taken for improvement: N.A.
3. Expected increase in productivity and profits in measurement terms: N.A.

IV. DISCLOSURES:

The Information, as required, is provided under 'Report on Corporate Governance'.

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

Name of Director	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Directors Identification Number (DIN)	00351751	00351762
Brief resume & Nature of expertise in specific functional areas	He is associated with the Company since July 4, 1988 as Director of the Company and has an experience of over 31 years to his credit. He looks after overall affairs of the Company and plays an imperative role in the progress of the Company.	She is associated with the Company since August 01, 2001 as Director of the Company and has an experience of over 19 years to her credit. She looks after Finance, Import and Export related activities of the Company.
Disclosure of relationship between directors inter-se	Father of Mrs. Nainy K. Tanna (Wholotime Director) and Mr. Kundan Talwar (CFO).	Daughter of Mr. Kishorechand Talwar (Chairman and Managing Director) and sister of Mr. Kundan Talwar (CFO).
Names of listed entities in which the person also holds the directorship	None	None
No. of Shares held in the Company	53,25,446 shares	3,62,200 shares
Membership & Chairmanships of Committees of the Board	Refer to Report on Corporate Governance	Refer to Report on Corporate Governance

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

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

Kishorechand Talwar
Chairman & Managing Director
(DIN: 00351751)
Mumbai- 400 067

Dated: August 29, 2020

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

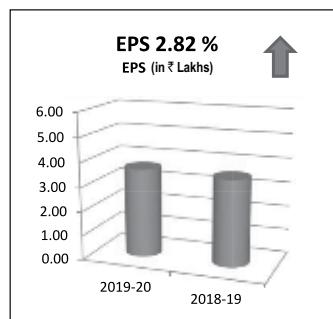
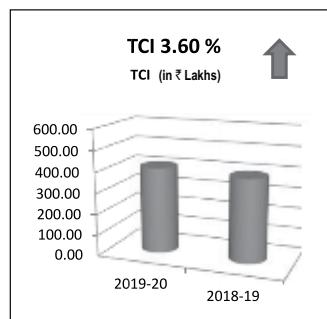
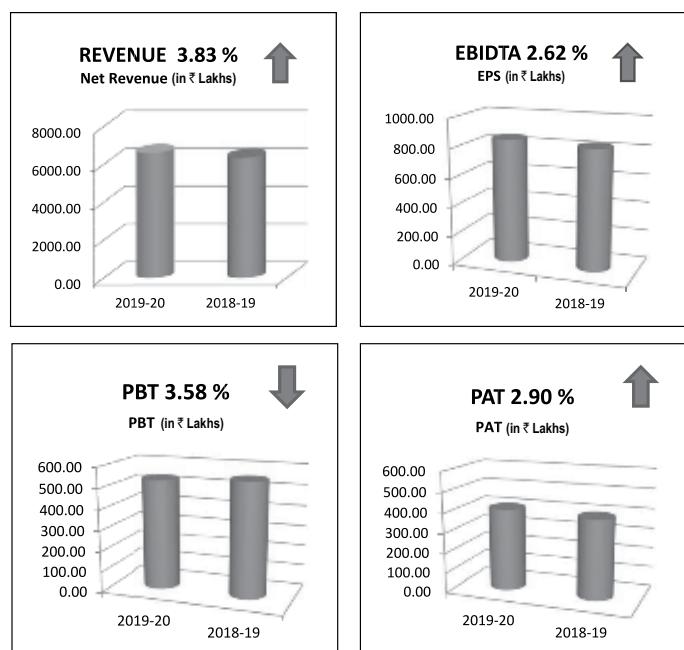
Your Directors have pleasure in presenting the 32nd Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2020. The consolidated performance of the company and its Subsidiary has been referred to wherever required.

1. FINANCIAL HIGHLIGHTS:

(₹ in Lakhs except EPS)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2020	For the year ended 31.03.2019	For the year ended 31.03.2020	For the year ended 31.03.2019
Total revenue	6591.87	6348.68	6579.89	6345.35
Less : Excise Duty	0.00	0.00	0.00	0.00
Total Revenue (Net of tax collected)	6591.87	6348.68	6579.89	6345.35
Profit before finance cost, depreciation and amortization	851.21	829.47	796.99	825.49
Finance costs	157.54	123.65	157.55	123.66
Profit before depreciation and amortization	693.67	705.82	639.44	701.83
Depreciation and amortization	162.42	154.85	164.04	154.96
Profit before exceptional items & tax	531.25	550.97	475.40	546.87
Exceptional items	0.00	0.00	0.00	0.00
Profit before tax	531.25	550.97	475.40	546.87
Tax expense	123.95	155.16	123.95	155.16
Net profit after tax	407.30	395.81	351.45	391.71
Other comprehensive income (net of tax)	2.25	(0.48)	2.25	(0.48)
Total comprehensive income	409.55	395.33	353.70	391.23
Balance brought forward	2098.42	1703.09	2093.66	1702.43
Balance carried forward	2507.97	2098.42	2447.36	2093.66
Earning per Equity Share:				
Basic	3.65	3.55	3.15	3.51
Diluted	3.65	3.55	3.15	3.51

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 Fans and motor 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.

Even as economies reopen in the wake of COVID-19, your company's main focus and objective is to maximise the productivity given the limited resources on hand on account of the Pandemic World over, however we are sure and confident that this too shall pass and we will emerge only stronger. At such times the government has been extremely positive and supportive to manufacturers in India with the make in India movement which has extended the required impetus for a better future for the manufacturing sector in India.

Your Company is the market leader in Fans and Motors segment and despite the hiccups during the end of the financial year your company has still managed to close the year at a near to perfect expectation.

Going forward, your Company will continue its aim of filling the gaps in the portfolio by introducing technologically advanced products, and better designs. Innovation is a key factor for economic growth and for enhancing competitiveness in industry. This is why it is not strange that governments, especially in developed and emerging countries, have for decades intervened actively in the economy designing and implementing policies that focus on a more dynamic innovation environment. Nowadays, there is consensus on the fact that innovation is a determinant engine to improve economies based on fostering local and country-wide competitiveness.

4. COVID-19 PANDEMIC:

COVID-19 has set foot in India and across the globe and has led the country towards a major slowdown. This major health crisis has forced governments across the globe to take unprecedented measures to protect people's lives. In a bid to combat the COVID-19 threat, the nationwide lockdown in India was first announced by the Government of India on March 24, 2020 which was further extended in a phased manner.

The lockdown and restrictions imposed on various activities due to COVID-19 pandemic, while being a necessary measure to contain its spread, have also posed unprecedented challenges to all businesses, and the business operations of the Company have been no exception to this.

The impact of COVID-19 has been disruptive on the operations of the Company. With the lockdown in many States/Union Territories across the country, the supply chains have been put under stress which has resulted in loss of business and temporary pressure on cash flows/ liquidity/ profitability/ margins due to lower collection of receivables, operating expenses, payment obligations towards vendors and statutory authorities, etc.

However, the management of the Company is confident that the business operations will pick up progressively. The company will be taking utmost care by enforcing appropriate measures of social distancing, providing hygienic and sanitized environment to contain the spread of the disease, as well as operating our offices and Plant with minimal staff for extended periods of time. We have extended support to the employees impacted by this pandemic.

5. FINANCIAL REVIEW:

On Standalone Basis: Your Company achieved a Total Revenue of ₹ 6591.87 lakhs as against ₹ 6348.68 lakhs in the previous Year. The total

expenditure during the Year under review was ₹ 6060.62 lakhs as against ₹ 5797.71 lakhs in the previous Year. The Profit before tax was ₹ 531.25 lakhs as against ₹ 550.97 lakhs in the previous year and the Net Profit after tax was ₹ 407.30 lakhs as against ₹ 395.81 lakhs in the previous Year.

On Consolidated Basis: Your Company achieved a Total Revenue of ₹ 6579.89 lakhs as against ₹ 6345.35 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 6104.49 lakhs as against ₹ 5798.48 lakhs in the previous Year. The Profit before tax was ₹ 475.40 lakhs as against ₹ 546.87 lakhs in the previous year and the Net Profit after tax was ₹ 351.45 lakhs as against ₹ 391.71 lakhs in the previous year.

6. 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 focuses 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 throughout the organisation.

7. CHANGE IN THE NATURE OF BUSINESS:

During the year, there was no change in the nature of business of the Company except trading of spinned shell muffler.

8. DIVIDEND:

To consolidate the financial position of the Company, the Board does not recommend any dividend for the year ended March 31, 2020.

9. TRANSFER TO RESERVES:

No amount is proposed to be transferred to Reserves out of the profits earned during the Financial Year 2019-2020.

10. 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.

The Company has taken unsecured loan from its Chairman and Managing director during the year. The details of the same are given in Note 46 (ii) to the Financial Statements for the year ended 31st March, 2020. The director has declared that amount has not been given out of the fund acquired by him by borrowing or accepting loans or deposits from others.

11. SHARE CAPITAL OF THE COMPANY:

The Paid up Equity Share Capital, as at March 31, 2020 was ₹ 11.16 Crores divided into 1,11,60,000 Equity shares, having face value of Rs. 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.

12. 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 31st March, 2020:

i. Investments in Equity Shares of wholly owned subsidiary:
(₹ in Lakhs)

Name of entity	Amount as at March 31, 2020
Rexnord Enterprise Private Limited	200.00

ii. Investments in Debentures& Bonds:

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2020
Reliance Securities Limited	27.63
Reliance Capital Limited	28.56

B. Details of loans given by the Company to its wholly owned subsidiary as on 31st March, 2020:

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2020
Rexnord Enterprise Private Limited	Nil

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.

13. 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, 2020.

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.

Mr. Ayyaswami Sundaram, Independent Director has been re-appointed for a second term of 5 consecutive years w.e.f. 1st April, 2019 approved by the Shareholders at the AGM held on September 28, 2019.

The Board of Directors on the recommendation of Nomination and Remuneration Committee has approved the re-appointment of Mr. Kishorechand Talwar as Chairman & Managing Director and Mrs. Nainy Tanna Whole Time Director of the Company for a period of 3 years with effect from April 01, 2020. Their appointment is subject to approval of members of the Company at the forthcoming Annual General Meeting.

b) 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.	Mrs. Shweta Kalantri	Company Secretary & Compliance Officer

14. 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.

15. 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, 2020.

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 forms part of this Annual Report and is appended as Annexure 'A'.

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

16. 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, 2020 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.

Further, as per fourth proviso of the said section, Audited Annual Accounts of the subsidiary companies have also been placed on the website of the Company, 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.

17. EXTRACT OF ANNUAL RETURN:

As required under Section 134(3)(a) of the Act, the Annual Return is placed on the Company's website and can be accessed at www.rexnordindia.com

The extract of the Annual Return in Form MGT-9, as required under Section 92 (3) of the Act, is annexed as Annexure 'B' which forms an integral part of this Report and is placed on the website of the Company which can be accessed at www.rexnordindia.com

18. NUMBER OF MEETING:

a) Board of Directors

The Board of Directors met Seven (7) 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

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report.

19. 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.

20. 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 13, 2020.

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.

21. 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.

22. RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business and 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

23. 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, 2021 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, 2021.

The Report given by M/s. Rakesh Soni & Co., Chartered Accountants, on the financial statements of the Company for the financial year 2019-2020 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 Rathi & Co., as internal auditors of the Company for the financial year 2020-21.

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 'C' 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.

Further, in terms of the provisions of the Circular No. CIR/ CFD/ CMD1/27/2019 dated 8th February, 2019 issued by Securities and Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the Financial Year ended 31st March, 2020.

The Board of Directors reply to the comment of the Secretarial Auditor is the Annual Secretarial Compliance Report is that the Board has maintained the requisite information required under Regulation 3(5) of the SEBI Insider Trading Regulations, 2015 in Microsoft Excel during the financial year.

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 2019-2020 and 2020-2021.

24. 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 brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in Annexure 'D' of this report. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on www.rexnordindia.com. 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.

25. CODE OF CONDUCT:

Your Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct for adherence by the Directors, Senior Management Personnel and Employees of the Company. This will help in dealing with ethical issues and also foster a culture of accountability and integrity. The Code with revision made in accordance with the requirements of Listing Regulations has been posted on the Company's website www.rexnordindia.com

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

26. PARTICULARS OF EMPLOYEES:

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report. Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Having regard to the provisions of the second proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection by the members at the registered office of the Company during working hours on working days upto the date of the Annual general meeting and if any member is interested in obtaining as copy thereof, such member may write to the Company Secretary.

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 Auditors reports to the Chairperson of the Audit Committee of the Board.

The Internal Auditor 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 with the Objective to formalize the process of Identification of Potential risk and adopt appropriate risk mitigation measures through a risk management structure. The Policy is a step by the Company towards strengthening the existing internal controls and updating the same as may be required from time to time.

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

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 2019-2020, 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 ardously 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 2019-20 are as under:

(₹ in Lakhs)

Particulars	2019-2020	2018-2019
Foreign Exchange Earning	922.42	798.18
Foreign Exchange Outgo	2804.99	2209.35

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 were 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 are 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, 2020.

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
 CHAIRMAN & MANAGING DIRECTOR
 (DIN: 00351751)

Registered Office:
 92-D Govt. Ind. Estate,
 Charkop, Kandivali (W),
 Mumbai- 400 067
 Dated: July 30, 2020

ANNEXURE 'A' TO THE DIRECTORS' REPORT 2019-2020

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: 300.00 Paid Up Share Capital: 200.00
5.	Reserves & surplus (Other equity)	(60.61)
6.	Total assets	141.48
7.	Total Liabilities (excluding share capital and reserves & surplus)	2.09
8.	Investments	—
9.	Turnover	0.68
10.	Profit before taxation	(55.85)
11.	Provision for taxation	—
12.	Profit after taxation	(55.85)
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 : July 30, 2020

ANNEXURE 'B' TO THE DIRECTORS' REPORT 2019-2020

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020

[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	97.37%

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 (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoter's									
(1)	Indian									
a)	Individual/ HUF	7060600	300000	7360600	65.96	7794046	0	7794046	69.84	3.88
b)	Central/State Govt	0	0	0	0.00	0	0	0	0	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d)	Banks / FI	0	0	0	0.00	0	0	0	0	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0	0.00
		0	0	0	0.00	0	0	0	0	0.00
	Sub-total (A) (1):-	7060600	300000	7360600	65.96	7794046	0	7794046	69.84	3.88

	Category of Shareholders	No. of Shares held at the Beginning of the Year (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	Foreign									
a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0	0.00
b)	Other – Individuals	0	0	0	0.00	0	0	0	0	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d)	Banks / FI	0	0	0	0.00	0	0	0	0	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0	0.00
	Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0	0.00
	Total shareholding of Promoter (A) = (A) (1)+(A)(2)	7060600	300000	7360600	65.96	7794046	0	7794046	69.84	3.88
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	0	0	0	0.00	0	0	0	0	0.00
b)	Banks / FI	0	1000	1000	0.01	0	1000	1000	0.01	0.00
c)	Central/ State Govt	0	0	0	0.00	0	0	0	0	0.00
d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
e)	Insurance Companies	0		0	0.00	0		0	0	0.00
f)	FIIs	0	0	0	0.00	0	0	0	0	0.00
g)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
i)	Others (specify)	0	0	0	0.00	0	0	0	0	0.00
	Sub-total (B)(1):-	0.00	1000.00	1000.00	0.01	0.00	1000.00	1000.00	0.01	0.00
2.	Non- Institutions									
a)	Bodies Corp.									
i)	Indian	248110	31000	279110	2.50	101891	31000	132891	1.19	(1.31)
ii)	Overseas	0	0	0	0	0	0	0	0	0.00
b)	Individual shareholders holding									
i)	upto ₹ 1 lakh	1517392	550620	2068012	18.53	1406839	540420	1947259	17.45	(1.08)
ii)	excess of ₹ 1 lakh	1356443	10100	1366543	12.24	1006357	10100	1016457	9.11	(3.13)
c)	Any Other									
i)	Clearing Member	12030	0	12030	0.11	55907	0	55907	0.50	0.39
ii)	NRI / FN	63005	9700	72705	0.65	64735	9700	74435	0.66	0.01
iii)	HUF	0	0	0	0	138005	0	138005	1.24	1.24
	Sub-total (B)(2):-	3196980	601420	3798400	34.03	2773734	591220	3364954	30.15	(3.88)
	Total shareholding of Public Shareholding (B) = (B)(1)+(B)(2)	3196980	602420	3799400	34.04	2773734	592220	3365954	30.16	(3.88)
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
	Grand Total (A+B+C)	10257580	902420	11160000	100.00	10567780	592220	11160000	100.00	0

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2019)			Share holding at the end of the year (31.03.2020)			% 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	4,892,000	43.84	-	5,325,446	47.72	-	3.88
2	Mrs. Sharda K Talwar	1,926,400	17.26	-	1,926,400	17.26	-	-
3	Mrs. Nainy Kunal Tanna	362,200	3.25	-	362,200	3.25	-	-
4	Mr. Kundan Talwar	180,000	1.61	-	180,000	1.61	-	-
	TOTAL	7,360,600	65.96		7,794,046	69.84		3.88

(iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year (As on 01-04-2019)	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)		
			No. of shares	% of total shares of the company	No. of shares
1	At the beginning of the year	7360600	65.96	7794046	69.84
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	7794046	69.84	7794046	69.84

Inter-se Transfer among Promoters:- Nil

** Market Purchases by Promoter:- Details Below

Sr. No	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	KISHORECHAND KEWAL TALWAR	4892000	43.84	01-Aar-2019			4892000	43.84
		421454	47.61	23-Aug-2019	Increase	Purchase(s)	5313454	47.61
		11992	47.72	18-Oct-2019	Increase	Purchase(s)	5325446	47.72
		5325446	47.72	31-Mar-2020			5325446	47.72

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

Sr. No	Name	Shareholding		Date	Increasing / Decreasing in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	SUBRAMANIAN P	590290	5.29	01.04.2019	0	Sale(s)	590290	5.29
		0	0.00	08.11.2019	-590290		0	0.00
2	SANGEETHA S	0	0.00	01.04.2019			0	0.00
		590290	5.29	08.11.2019	590290	Purchase(s)	590290	5.29
3	PURUSHOTTAM R SONI	160000	1.43	01.04.2019	0	Sale(s)	160000	1.43
		0	0.00	23.08.2019	-160000		0	0.00
4	P K SONI (HUF)	131328	1.18	01.04.2019	0	Sale(s)	131328	1.18
		0	0.00	23.08.2019	-131328		0	0.00
5	NANDKISHORE SONI	74495	0.67	01.04.2019	0	Sale(s)	74495	0.67
		0	0.00	23.08.2019	-74495		0	0.00
6	SONAL DEEPAK SHAH	0	0.00	01.04.2019			0	0.00
		0.01	0.01	26.07.2019	1449	Purchase(s)	1449	0.01
7	DINESH BABUBHAI SHAH	0	0.07	02.08.2019	6203	Purchase(s)	7652	0.07
		0	0.15	09.08.2019	9138	Purchase(s)	16790	0.15
8	NAND KISHORE SONI (HUF)	0	0.16	16.08.2019	539	Purchase(s)	17329	0.16
		0	0.17	23.08.2019	1636	Purchase(s)	18965	0.17
9	SURESH RATHI SECURITIES (P) LTD	0	0.18	30.08.2019	748	Purchase(s)	19713	0.18
		0	0.18	06.09.2019	869	Purchase(s)	20582	0.18
10	LEXICON SECURITIES LTD	0	0.19	04.10.2019	1000	Purchase(s)	21582	0.19
		0	0.23	11.10.2019	4554	Purchase(s)	26136	0.23
11	SMC GLOBAL SECURITIES LTD	0	0.53	18.10.2019	33120	Purchase(s)	59256	0.53
		0	0.56	25.10.2019	3612	Purchase(s)	62868	0.56
12	RISHI KUMAR	0	0.57	01.11.2019	275	Purchase(s)	63143	0.57
		0	0.57	08.11.2019	221	Purchase(s)	63364	0.57
13	RISHI KUMAR	0	0.58	15.11.2019	1238	Purchase(s)	64602	0.58
		0	0.58	06.12.2019	400	Purchase(s)	65002	0.58
14	RISHI KUMAR	0	0.59	13.12.2019	495	Purchase(s)	65497	0.59
		0	0.59	31.03.2020	0		65497	0.59
15	RISHI KUMAR	65497	0.59				65497	0.59
16	RISHI KUMAR	0	0.00	01.04.2019	0		57266	0.51
		0	0.01	26.07.2019	1449		57266	0.51
17	RISHI KUMAR	0	0.07	02.08.2019	6203		57266	0.51
		0	0.15	09.08.2019	9138		57266	0.51
18	RISHI KUMAR	0	0.16	16.08.2019	539		57266	0.51
		0	0.17	23.08.2019	1636		57266	0.51
19	RISHI KUMAR	0	0.18	30.08.2019	748		57266	0.51
		0	0.18	06.09.2019	869		57266	0.51
20	RISHI KUMAR	0	0.19	04.10.2019	1000		57266	0.51
		0	0.23	11.10.2019	4554		57266	0.51
21	RISHI KUMAR	0	0.53	18.10.2019	33120		57266	0.51
		0	0.56	25.10.2019	3612		57266	0.51
22	RISHI KUMAR	0	0.57	01.11.2019	275		57266	0.51
		0	0.57	08.11.2019	221		57266	0.51
23	RISHI KUMAR	0	0.58	15.11.2019	1238		57266	0.51
		0	0.58	06.12.2019	400		57266	0.51
24	RISHI KUMAR	0	0.59	13.12.2019	495		57266	0.51
		0	0.59	31.03.2020	0		57266	0.51
25	RISHI KUMAR	0	0.00	01.04.2019	0		37700	0.34
		0	0.01	26.07.2019	1449		37700	0.34
26	RISHI KUMAR	0	0.07	02.08.2019	6203		37700	0.34
		0	0.15	09.08.2019	9138		37700	0.34
27	RISHI KUMAR	0	0.16	16.08.2019	539		37700	0.34
		0	0.17	23.08.2019	1636		37700	0.34
28	RISHI KUMAR	0	0.18	30.08.2019	748		37700	0.34
		0	0.18	06.09.2019	869		37700	0.34
29	RISHI KUMAR	0	0.19	04.10.2019	1000		37700	0.34
		0	0.23	11.10.2019	4554		37700	0.34
30	RISHI KUMAR	0	0.53	18.10.2019	33120		37700	0.34
		0	0.56	25.10.2019	3612		37700	0.34
31	RISHI KUMAR	0	0.57	01.11.2019	275		37700	0.34
		0	0.57	08.11.2019	221		37700	0.34
32	RISHI KUMAR	0	0.58	15.11.2019	1238		37700	0.34
		0	0.58	06.12.2019	400		37700	0.34
33	RISHI KUMAR	0	0.59	13.12.2019	495		37700	0.34
		0	0.59	31.03.2020	0		37700	0.34
34	RISHI KUMAR	0	0.00	01.04.2019	0		33442	0.30
		0	0.01	26.07.2019	1449		33442	0.30
35	RISHI KUMAR	0	0.07	02.08.2019	6203		32365	0.29
		0	0.15	09.08.2019	9138		32365	0.29
36	RISHI KUMAR	0	0.16	16.08.2019	539		32865	0.29
		0	0.17	23.08.2019	1636		32865	0.29
37	RISHI KUMAR	0	0.18	30.08.2019	748		32615	0.29
		0	0.18	06.09.2019	869		32615	0.29
38	RISHI KUMAR	0	0.19	04.10.2019	1000		33315	0.30
		0	0.23	11.10.2019	4554		33315	0.30
39	RISHI KUMAR	0	0.53	18.10.2019	33120		33615	0.30
		0	0.56	25.10.2019	3612		33615	0.30
40	RISHI KUMAR	0	0.57	01.11.2019	275		33595	0.30
		0	0.57	08.11.2019	221		33595	0.30
41	RISHI KUMAR	0	0.58	15.11.2019	1238		33295	0.30
		0	0.58	06.12.2019	400		33295	0.30
42	RISHI KUMAR	0	0.59	13.12.2019	495		33295	0.30
		0	0.59	31.03.2020	0		33295	0.30

Sr. No	Name	Shareholding		Date	Increasing / Decreasing in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
		0.29	26.07.2019	-1300	Sale(s)	31995	0.29	
		0.28	16.08.2019	-500	Sale(s)	31495	0.28	
		0.28	30.08.2019	-275	Sale(s)	31220	0.28	
		0.28	27.09.2019	50	Purchase(s)	31270	0.28	
		0.20	30.09.2019	-9220	Sale(s)	22050	0.20	
		0.20	11.10.2019	111	Purchase(s)	22161	0.20	
		0.22	18.10.2019	2439	Purchase(s)	24600	0.22	
		0.21	25.10.2019	-1300	Sale(s)	23300	0.21	
		0.21	08.11.2019	500	Purchase(s)	23800	0.21	
		0.21	15.11.2019	-500	Sale(s)	23300	0.21	
		0.22	22.11.2019	968	Purchase(s)	24268	0.22	
		0.21	29.11.2019	-468	Sale(s)	23800	0.21	
		0.21	06.12.2019	-500	Sale(s)	23300	0.21	
		0.21	13.12.2019	-50	Sale(s)	23250	0.21	
		0.25	27.12.2019	4224	Purchase(s)	27474	0.25	
		0.21	31.12.2019	-4224	Sale(s)	23250	0.21	
		0.21	03.01.2020	100	Purchase(s)	23350	0.21	
		0.20	10.01.2020	-1058	Sale(s)	22292	0.20	
		0.17	17.01.2020	-3286	Sale(s)	19006	0.17	
		0.16	24.01.2020	-756	Sale(s)	18250	0.16	
		0.17	31.01.2020	600	Purchase(s)	18850	0.17	
		0.16	07.02.2020	-600	Sale(s)	18250	0.16	
		0.16	28.02.2020	50	Purchase(s)	18300	0.16	
		0.17	06.03.2020	575	Purchase(s)	18875	0.17	
		0.16	13.03.2020	-575	Sale(s)	18300	0.16	
		0.16	27.03.2020	100	Purchase(s)	18400	0.16	
		Closing Balance	18400	0.16	31.03.2020	0	18400	0.16
12	SARITA DILIP KOLE	32500	0.29	01.04.2019	0		32500	0.29
	Closing Balance	32500	0.29	31.03.2020	0		32500	0.29
13	DILIP DADA KOLE	43850	0.39	01.04.2019			43850	0.39
	Closing Balance	43850	0.39	31.03.2020			43850	0.39
	KALPANA PRAKASH PANDEY	12290	0.11	01.04.2019			12290	0.11
		0.11	05.07.2019	500	Purchase(s)	12790	0.11	
		0.13	26.07.2019	1891	Purchase(s)	14681	0.13	
		0.15	02.08.2019	2069	Purchase(s)	16750	0.15	
		0.16	09.08.2019	755	Purchase(s)	17505	0.16	
		0.16	23.08.2019	700	Purchase(s)	18205	0.16	
		0.17	30.08.2019	1138	Purchase(s)	19343	0.17	
		0.19	06.09.2019	2266	Purchase(s)	21609	0.19	
		0.20	13.09.2019	985	Purchase(s)	22594	0.20	
		0.22	18.10.2019	2500	Purchase(s)	25094	0.22	
		0.23	15.11.2019	1000	Purchase(s)	26094	0.23	
		0.24	31.12.2019	252	Purchase(s)	26346	0.24	
		0.24	03.01.2020	4	Purchase(s)	26350	0.24	
		0.24	10.01.2020	500	Purchase(s)	26850	0.24	
		0.25	20.03.2020	1206	Purchase(s)	28056	0.25	
		Closing Balance	28056	0.25	31.03.2020	0	28056	0.25
	JAINAM SHARE CONSULTANTS PVT. LTD	19408	0.17	01.04.2019			19408	0.17
		0.18	10.05.2019	450	Purchase(s)	19858	0.18	
		0.17	17.05.2019	-450	Sale(s)	19408	0.17	
		0.31	31.05.2019	15000	Purchase(s)	34408	0.31	
		0.31	14.06.2019	50	Purchase(s)	34458	0.31	
		0.23	27.09.2019	-9088	Sale(s)	25370	0.23	
		0.23	25.10.2019	-200	Sale(s)	25170	0.23	
		0.25	22.11.2019	2375	Purchase(s)	27545	0.25	
		0.00	20.12.2019	-27545	Sale(s)	0	0.00	
		0.10	31.12.2019	10624	Purchase(s)	10624	0.10	
		0.00	03.01.2020	-10624	Sale(s)	0	0.00	
		0.25	28.02.2020	27545	Purchase(s)	27545	0.25	
		0.25	31.03.2020			27545	0.25	
		Closing Balance	27545	0.25	31.03.2020		27545	0.25
	PARIMAL RAJNICKANT PATEL	11000	0.10	01.04.2019			11000	0.10
		0.22	25.10.2019	14000	Purchase(s)	25000	0.22	
	SALASAR DERIVATIVES PVT LTD	25000	0.22	31.03.2020			25000	0.22
		0	0.00	01.04.2019			0	0.00
		0.28	24.05.2019	31428	Purchase(s)	31428	0.28	
		0.22	02.08.2019	-7000	Sale(s)	24428	0.22	
	Closing Balance	22428	0.20	09.08.2019	-2000	Sale(s)	22428	0.20
				31.03.2020			22428	0.20

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total Shares of the company				No. of Shares	% of total Shares of the company
1	KISHORECHAND KEWAL TALWAR	4892000	43.84	01.04.2019	421454	Purchase(s)	4892000	43.84
			47.61	23.08.2019			5313454	47.61
			47.72	18.10.2019	11992	Purchase(s)	5325446	47.72
		5325446	47.72	31.03.2020			5325446	47.72
2	SHARDA K TALWAR	1926400	17.26	01.04.2019			1926400	17.26
		1926400	17.26	31.03.2020			1926400	17.26
3	NAINY KUNAL TANNA	362200	3.25	01.04.2019			362200	3.25
		362200	3.25	31.03.2020			362200	3.25
4	KUNDAN TALWAR	180000	1.61	01.04.2019			180000	1.61
		180000	1.61	31.03.2020			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
Indebtedness at the beginning of the financial year				
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
Total (i+ii+iii)	170.94	738.18	-	909.12
Change in Indebtedness during the financial year				
• Addition	58.75	2,205.31	-	2,264.06
• Reduction	(41.16)	(2,279.22)	-	(2,320.38)
Net Change	17.59	(73.91)	-	(56.32)
Indebtedness at the end of the financial year				
i) Principal Amount	187.43	657.27	-	844.70
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.21	4.15	-	5.36
Total (i+ii+iii)	188.64	661.42	-	850.06

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	110.89	52.93	163.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.07	0.16	0.23
	(c) Profits in lieu of salary under	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	31.58	0.00	31.58
	as % of profit			
	Contribution to PF	0.35	0.35	0.70
5	Others, please specify			
	Total (A)	142.89	53.44	196.33
	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. Ayyaswami Sundram	Mr. Krishnamoorthy Krishnan	Mr. Sriram Srinivasan	
1	Independent Directors				
	• Fee for attending board committee meetings	0.60	0.60	0.60	1.80
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
Total (1)		0.60	0.60	0.60	1.80
2	Other Non-Executive Directors				
	• Fee for attending board committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
Total (2)		0.00	0.00	0.00	0.00
Total (B)=(1+2)		0.60	0.60	0.60	1.80
Total Managerial Remuneration		0.60	0.60	0.60	1.80
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	Mrs. Shweta Kalantri (Company Secretary)	Mr. Kundan Talwar (Chief Financial Officer)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.81	35.09	37.90
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.04	0.04
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission	0.00	0.00	0.00
	as % of profit			
	Contribution to PF	0.00	0.35	0.35
5	Others, please specify			
	Total	2.81	35.48	38.29

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)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
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: July 30, 2020

ANNEXURE 'C' TO THE DIRECTORS' REPORT 2019-2020

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

(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, 2020, 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, 2020 according to the provisions of:

- i. The Companies Act, 2013 ("the Act") including the Companies (Amendment) Act, 2019 and the rules made thereunder, and amendments thereto.
- ii. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iv. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- v. 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;
 - 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]**

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

- i. Secretarial Standards 1 & 2 with respect to board and general meetings, respectively, issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 auditors 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.
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.

We further report that during the audit period, the Company has subscribed to the Equity Share Capital of Rexnord Enterprise Private Limited, its wholly owned subsidiary by investing an amount of Rs. 1.90 Crores.

As informed, the Company has responded appropriately to 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
UDIN: F003706B000533796

PLACE : MUMBAI
DATE : July 30, 2020

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.

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.
7. Due to the outbreak of COVID -19 pandemic and the current lockdown in the entire country, physical examination of documents under Companies Act, 2013 and SEBI Regulations is not possible; we have therefore relied upon the documents provided by the Company in electronic mode for Audit purpose.

For **GMJ & ASSOCIATES**
Company Secretaries

[Mahesh Soni]
Partner
FCS: 3706 COP: 2324
UDIN: F003706B000533796

PLACE : MUMBAI
DATE : July 30, 2020

ANNEXURE 'D' TO THE DIRECTORS' REPORT 2019-2020

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Board of Directors of Rexnord Electronics and Controls Limited, after taking into account the recommendations of the CSR Committee, has approved this CSR Policy for the company. As required under section 135(4) of the Companies Act, 2013, this policy is uploaded on the company's website www.rexnordindia.com.

The Company has been focusing predominantly in the area of education.

2. The Composition of the CSR Committee.

Name of Member	Designation
Mr. Krishnamoorthy Krishnan	Chairperson
Mr. Ayyaswami Sundaram	Member
Mrs. Nainy K. Tanna	Member

3. Average net profit of the company for last three financial years: ₹ 506.77 Lakhs.
4. Prescribed CSR Expenditure (two percent of the amount as in item3 above): ₹ 10.14 Lakhs
5. Details of CSR spent during the financial year 2019-2020.
 - (a) Total amount to be spent for the financial year: ₹ **10.14 Lakhs**
 - (b) Amount unspent, if any ₹ Nil.
 - (c) Manner in which the amount spent during the financial year is detailed below.

1.	2.	3.	4.	5.	6.	7.	8.
Sr. No	Project / activity	Sector	Location	Amount outlay (budget) project or programs wise (₹ in Lakhs)	Amount spent on the projects or programs (₹ in Lakhs)	Cumulative expenditure upto to the reporting period (₹ in Lakhs)	Amount spent Direct or through implementing agency
1.	Promotion of Education which inter-alia includes creation of infrastructure and necessary facilities for students of Vidarbha Region of Maharashtra	Promotion of Education	Dhamangaon Rly, Amaravati, Maharashtra	11.00	11.00	11.00	Contribution to Dhamangaon Education Society
	Total			11.00	11.00	11.00	

6. The Company intends to undertake projects, in accordance with Schedule VII of the Companies Act, 2013 as a part of its initiatives under CSR. In this regard, the Board has approved a CSR policy for implementation by the Committee.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR committee confirms that the implementation and monitoring of the CSR policy, is in compliance with the CSR objectives and policy of the company.

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

KISHORE CHAND TALWAR
Chairman & Managing Director
 DIN 00351751

KRISHNAMOORTHY KRISHNAN
Chairperson, CSR Committee Director
 DIN 08129657

ANNEXURE 'E' TO DIRECTORS' REPORT 2019-2020

REPORT ON CORPORATE GOVERNANCE:

Report on Corporate Governance in accordance with regulation 34(3) read with Schedule V of the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 ("Listing Regulations"), and forming Part of the Directors' Report for the year ended March 31, 2020.

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 plan and business objectives. He presides over the meetings of the Board and the Shareholders.

c) Non-Executive Independent Directors:

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

BOARD OF DIRECTORS:

a) Composition and Committee

As on March 31, 2020 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 Seven (7) times during the year on May 30, 2019, August 13, 2019, August 28, 2019, September 30, 2019, November 13, 2019, January 22, 2020 and February 13, 2020 and the gap between two meetings did not exceed the statutory period laid down by the Companies Act, 2013 and the Secretarial Standard-I 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, attendance of Directors at Board Meetings held during the financial year and last Annual General Meeting, number of other directorships and committee chairmanships / memberships 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	6	Yes	-	1	-	-	-	-
2.	Mrs. Nainy Kunal Tanna (WTD)	Promoter and Executive Director	7	Yes	-	1	-	-	-	-
3.	Mr. Ayyaswami Sundaram	Non-Executive Independent Director	6	No	-	1	-	-	-	-
4.	Mr. Krishnamoorthy Krishnan	Non-Executive Independent Director	6	Yes	1	-	3	1	D C W Limited	Non-Executive Independent Director
5.	Mr. Sriram Shrinivasan	Non-Executive Independent Director	6	Yes	-	-	-	-	-	-

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

Relationships between Directors inter-se

Mr. Kishore Chand Talwar (Chairman and Managing Director) is related to Mrs. Nainy Kunal Tanna (Whole Time Director) and Mr. Kundan Talwar (Chief Financial Officer) 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 8 Public Listed 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 4 (Four) Committees: the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility 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 Obligations & Disclosure Requirements) Regulations, 2015 are as follows:

AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in accordance with the Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 comprising 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) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 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.

b) Composition & Meetings:

The Committee met Four (4) times during the year on May 30, 2019, August 13, 2019, November 13, 2019 and February 13, 2020 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	Designation	Audit Committee Meetings (2019-2020)				No. Meetings Entitled to Attended	No. of Meetings Attended
			May 30, 2019	Aug 13, 2019	Nov 13, 2019	Feb 13, 2020		
Mr. Krishnamoorthy Krishnan	Non-Executive Independent	Chairperson	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Non-Executive Independent	Member	Yes	Yes	Yes	Yes	4	4
Mrs. Nainy K. Tanna	Executive Director	Member	Yes	Yes	Yes	Yes	4	4

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 27, 2019 and was attended by Mr. Krishnamoorthy Krishnan, Chairperson of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of the Company is constituted in accordance with the Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013 comprising 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 law/s and in compliance of principles of natural justice.

- Recommend to the Board, remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- To decide whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors.
- Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non-Executive Directors.
- Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

The role of the committee has been defined as per section 178(3) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

b) Composition & Meetings:

The Committee met Three (3) times during the year on May 30, 2019, September 30, 2019 and February 13, 2020. 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	Designation	NRC Meetings Dates (2019-2020)			No. Meetings Entitled to Attended	No. of Meetings Attended
			May 30, 2019	Sept 30, 2019	Feb 13, 2020		
Mr. Krishnamoorthy Krishnan	Independent Non-Executive	Chairperson	Yes	Yes	Yes	3	3
Mr. Ayyaswami Sundaram	Independent Non-Executive	Member	Yes	Yes	Yes	3	3
Mr. Sriram Shrinivasan	Independent Non-Executive	Member	Yes	Yes	Yes	3	3

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, 2020:

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. The Non-Executive Independent Directors have not been paid any remuneration except sitting fees during the Financial Year 2019-20.

The details of remuneration paid to Executive Directors during the Financial Year 2019-20 are given below:

(₹ in Lakhs)		
Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary	110.89	52.93
Allowances & Perquisites	0.07	0.16
Bonus	-	-
Pension	-	-
Fixed Components:		
Contribution to Provident Fund	0.35	0.35
Performance linked Incentive	-	-
Commission	31.58	-
Service Contract	-	-
Severance Fees	-	-
Stock Options	-	-
Total	142.89	53.44

e) Details of remuneration paid to Non-Executive Directors during the Financial Year 2019-20 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 2019-20 are as follows:

(₹ in Lakhs)			
Particulars	Mr. Krishnamoorthy Krishnan	Mr. Ayyaswami Sundaram	Mr. Sriram Shrinivasan
Sitting Fees (₹ in Lakhs)	0.60	0.60	0.60
Shareholding in the Company	Nil	Nil	Nil

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

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

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, 2020 are given below:

Name	Number of Equity Shares
Mr. Kishore Chand Talwar	5325446
Mrs. Nainy Kunal Tanna	362200

STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee of the Company is constituted in accordance with the Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013 comprising 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 overviews 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 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

The following table shows the nature of complaints received from the shareholders during the years 2019-2020.

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

There were no complaints pending as on 31st March, 2020.

Mrs. Shweta Kaluntri Company Secretary is the compliance officer of the Company.

Composition & Meetings

The Committee met Four (4) times during the year on May 30, 2019, August 13, 2019, November 13, 2019 and February 13, 2020. 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	Designation	SRC Committee Meetings (2019-2020)				No. Meetings Entitled to Attended	No. of Meetings Attended
			May 30, 2019	Aug 13, 2019	Nov 13, 2019	Feb 13, 2020		
Mr. Krishnamoorthy Krishnan	Non-Executive Independent	Chairperson	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Independent Non-Executive	Member	Yes	Yes	Yes	Yes	4	4
Mr. Sriram Shrinivasan	Independent Non-Executive	Member	Yes	Yes	Yes	Yes	4	4

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted the Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) rules, 2014 in the Board Meeting held on May 30, 2019.

The Committee meets as and when required. The Committee will devise / recommend to the Board which shall indicate activities, programmes, projects which shall be undertaken by the company as specified in Schedule VII of the Companies Act, 2013. The activities / programmes undertaken by the Company and the amount spent by the Company are given in the Annexure to the Directors Report. This policy can be accessed from the Company's website www.rexnordindia.com.

Composition & Meetings

The Committee met once during the year on August 13, 2019. The necessary quorum was present at the meeting.

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

Name of Member	Category	Designation	Corporate Social Responsibility Committee (2019-2020)	No. of Meetings entitled to attend	No. of Meetings Attended
			August 13, 2019		
Mr. Krishnamoorthy Krishnan	Non-Executive Independent	Chairperson	Yes	1	1
Mr. Ayyaswami Sundaram	Non-Executive Independent	Member	Yes	1	1
Mrs. Nainy K. Tanna	Executive	Member	Yes	1	1

INDEPENDENT DIRECTORS MEETING:

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 13, 2020. The meeting was attended by all Independent Directors.

Independent director databank registration Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the directors in this regard.

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

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 our Business and sector to function effectively and actually available with the Board.					
	Planning	Technical	Finance / Taxation	Legal	Administration	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 Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the Management.

OTHER POLICIES MANDATED UNDER SEBI (LODR) REGULATIONS, 2015:

Archival Policy- In Compliance with Regulation 30(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

Policy for Preservation of Documents- In Compliance with Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

Policy for Determining Materiality of Events- In Compliance with Regulations 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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

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

Policy on Related Party Transactions- The policy regulates all transactions between the Company and its related parties. This Policy can be accessed from the Company's website: www.rexnordindia.com

Policy on Corporate Social Responsibility- The policy outlines the Company's strategy to bring about a positive impact on society through programs relating to hunger, poverty, education, healthcare, environment and lowering its resource footprint. The policy was approved and adopted in the Board Meeting dated August 13, 2019. This Policy can be accessed from the Company's website: www.rexnordindia.com

Policy for Determining Materiality of Subsidiaries- The policy is used to determine the material subsidiaries and material unlisted Indian subsidiaries of the Company and to provide the governance framework for them. The policy was approved and adopted in the Board Meeting dated May 30, 2019. This Policy can be accessed from the Company's website: 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
31.03.2017	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
31.03.2019	27.09.2019	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
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.
27.09.2019	i) Approval of limits for the Loans, Investment and Guarantees by the Company in terms of the provision section 186 of the Companies Act, 2013 ii) 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 Requirement) Regulations, 2015

c) Postal Ballot:

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

MEANS OF COMMUNICATION:

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

GENERAL SHAREHOLDERS INFORMATION:

a) 32nd Annual General Meeting Schedule to be held on

DAY & DATE : Wednesday, September 23, 2020
TIME : 11:00 a.m. IST
VENUE : Through VC/OAVM, The venue of the 32nd AGM shall be deemed to be the Registered Office of the Company.

b) Financial Year:

The Company follows the period of April to March, as the Financial Year. Tentative Financial calendar for the financial year 2020-21 is as under:

Financial Reporting for the Financial Year 2020-2021	Tentative month of reporting
Un-audited Financial Results for the quarter ending June 30, 2020	*On or before August 14, 2020.
Un-audited Financial Results for the quarter and half year ending September 30, 2020	On or before November 14, 2020
Un-audited Financial Results for the quarter and nine months ending December 31, 2020	On or before February 14, 2021
Audited Financial Results for the quarter and year ending March 31, 2021	On or before May 30, 2021

*Due date extended to 15th September, 2020 vide SEBI circular SEBI/HO/CFD/CMD1/CIR/P/2020/140 dated July 29, 2020; due to the impact of the CoVID-19 pandemic.

c) Book Closure:

The Register of Members and Share Transfer Books will remain closed from **September 17, 2020** to **September 23, 2020** (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 2019-2020 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, 2019 to March, 2020 are as under:

Month	Company's Share [₹]		BSE Sensex	
	High	Low	High	Low
April, 2019	34.95	31.10	39487.45	38460.25
May, 2019	34.80	29.00	40124.96	36956.10
June, 2019	33.65	23.10	40312.07	38870.96
July, 2019	27.95	21.05	40032.41	37128.26
August, 2019	26.25	22.00	37807.55	36102.35
September, 2019	30.75	23.15	39441.12	35987.80
October, 2019	29.95	21.40	40392.22	37415.83
November, 2019	28.30	23.10	41163.79	40014.23
December, 2019	26.80	20.60	41809.96	40135.37
January, 2020	34.30	20.85	42273.87	40476.55
February, 2020	32.35	22.60	41709.30	38219.97
March, 2020	24.60	14.05	39083.17	25638.90

h) Registrar to an issue and Share Transfer Agents:

M/S. BIG SHARE SERVICES PRIVATE LIMITED

Bharat Tin Works Building, 1st Floor,
Opp. Vasanti Oasis, Makwana Road, Marol,
Andheri - East, Mumbai - 400059
Tel: 022 - 62638200 Email: info@bigshareonline.com

i) Share Transfer System:

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

j) Shareholding pattern as on March 31, 2020:

The shareholding of different categories of the shareholders as on March 31, 2020 is given below:

Category	No. of shares held	% of shareholding
Promoters & Promoter Group	77,94,046	69.84
Mutual Funds/UTI	0	-
Financial Institutions/Banks	1000	0.01
Bodies Corporate	132891	1.18
Indian Public	3101721	27.80
Clearing Members	55907	0.50
NRI/FN	74435	0.67
Total	11160000	100

k) Distribution of Shareholding as on March 31, 2020:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto -500	4336	702560	6.30
501-1000	423	363505	3.26
1001-2000	207	317452	2.84
2001-3000	84	219941	1.97
3001-4000	25	89485	0.80
4001-5000	34	160948	1.44
5001-10000	43	306439	2.75
10001- & Above	35	8999670	80.64
Total	5187	11160000	100.00

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, 2020, out of total Equity Capital 11160000 Equity Shares, 10567780 Equity Shares representing 94.69% 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:

Number of Trades: 357

Number of Shares: 94913 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 and whenever it is thought appropriate foreign exchange risk is hedged by forward contract and / or currency options.

q) Plant Locations: Plot Survey No. 62, 74 & 75, Village –Devadal, Kaman, Taluka Vasai, Dist Palghar, (MS)

r) Address for Correspondence:

REXNORD ELECTRONICS AND CONTROLS LIMITED

92D, Government Industrial Estate, Charkop,

Kandivali (West), Mumbai - 400067

E-mail: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 46 to the Standalone Financial Statements and Note 48 to the Consolidated 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 Listing Regulations the Company has adopted a Vigil Mechanism/Whistle Blower Policy. The Company believes in professionalism, transparency, integrity and ethical behaviour and had thus established a 'Whistle Blower Policy' to facilitate employees to report concerns of any unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements: The Company has complied with all mandatory requirements of Listing Regulations and has implemented 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 audit modified opinions in the Company's financial statement for the year under review.
- Separate posts of Chairman and CEO:** The Company is not having the separate posts for Chairman and CEO.
- 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/Policies.aspx>

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 and annexed as Annexure "A" to this report 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.

j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year. Not Applicable

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 paid by the Company and its subsidiary on a consolidated basis to the statutory auditors are ` 4.35 Lakhs

l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The details of number of complaints filed and disposed of during the year and pending as on March 31, 2020 is given in the Directors' report. However, there were no cases during the year under review.

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; required information has been hosted on the Company's website 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. The members of the Board and Senior Management of the Company have submitted their affirmation on compliance with the code for the effective period. 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 as Annexure "B".

o) Disclosure of Events or Information:

In accordance with Regulation 30(4)(ii) of Listing Regulations, the Company has framed a policy for determination of materiality, based on criteria specified in Regulation 30(4)(i), duly approved by the Board of Directors, which is disclosed on the Company's website at 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.

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:

In compliance with the requirements of the Regulation 8 & Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time. The Board of Directors has formulated and 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 by its employees and other connected persons, are uploaded on the website of the Company www.rexnordindia.com.

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) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the

financial year ended March 31, 2020 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 which is annexed to this report as Annexure "C".

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 this report as Annexure "D".

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: July 30, 2020

ANNEXURE 'A' TO CORPORATE GOVERNANCE REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (LODR) 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) 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, 2020 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
UDIN: F003706B000533697

Place: Mumbai
Dated: July 30, 2020

ANNEXURE 'B' TO CORPORATE GOVERNANCE REPORT

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of regulation 26(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, this is to confirm that all the members of the Board and the senior managerial personnel have affirmed compliance with the code of conduct for the year ended March 31, 2020.

Kishorechand Talwar
Chairman & Managing Director
(DIN : 00351751)

Place: Mumbai

Dated: July 30, 2020

ANNEXURE 'C' TO CORPORATE GOVERNANCE REPORT

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, 2020 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: July 30, 2020

ANNEXURE 'D' TO CORPORATE GOVERNANCE REPORT

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 2020, 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 2020.
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
UDIN : 20047151AAAAAY6661

Place: Mumbai.
Dated : July 30, 2020

ANNEXURE 'F' TO DIRECTORS REPORT 2019-2020

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Despite the pandemic situation world over thanks to the efforts of the honorable Government, India still continues to be the world's fastest growing major economy. We are also very positive about the fact that with the influx of foreign investments and support from the Government to the manufacturing sector in India we will be able to overcome this difficult phase in the times to come.

INDUSTRY OVERVIEW

Demand for Electrical Industrial Durables (EIDs) is likely to remain strong with higher market penetration. However, the sector is also witnessing increased competitive intensity with the entry of new players and portfolio expansion by existing players. 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, faster shift to the organized 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 more a need based and generally categorized as an essential products & services industry and given that fact we do see decent demand in the times to come. 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 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:

During the year under review, the Company has achieved total revenue of ₹ 6591.87 Lakhs as against total revenue of ₹ 6348.68 Lakhs in the previous year. The Company has earned profit before tax of ₹ 531.25 Lakhs during the year as against the profit before tax of ₹ 550.97 Lakhs in the previous year.

Despite the recessionary trend and the impact on demonetisation on industries, your company has continued to excel in its field and keeping an upward trend in terms of Sales and Profitability, in-turn showing the true capacity of your company.

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 on-boarding 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 reacted 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 IN KEY FINANCIAL RATIOS (i.e change of 25% or more as compared to immediately previous financial year)

There is no significant change in the ratios for current year vis-à-vis the ratios for previous year.

RETURN ON NET WORTH

The return on networth of the Company remained 11.03% for the year as against 11.95% 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, Covid-19 situation in 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 2020, 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 2020, 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 31 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"> Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue. Assessed whether the policy of recognising revenue was in line with Ind AS - 115. Tested the reconciliation of the amounts as per the sales register to the general ledger. 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. Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognised in the appropriate period. <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 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 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 (i) to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - (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
UDIN: 20047151AAAAAZ1057

Place: Mumbai
Dated: July 30, 2020

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2020

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 during the year. We were informed that no material discrepancy have been noticed by the management on such verification as compared to the aforesaid records of fixed assets; and
- (c) According to the information and explanations given to us, in our opinion, the title deeds of immoveable properties are held in the name of the Company 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 during the year except goods in transit and stock lying with third parties. 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 where applicable. 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
UDIN: 20047151AAAAAZ1057

Place: Mumbai
Dated: July 30, 2020

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2020

Referred to in paragraph 2(f) under the heading "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 2020 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 2020, 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
UDIN: 20047151AAAAAZ1057

Place: Mumbai
Dated: July 30, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1904.15	1684.01
Right-of-use asset	3B	10.21	0.00
Intangible assets	3C	2.32	2.76
Financial assets			
Investments	4	256.19	61.66
Loans	5	17.43	100.88
Income tax assets (net)	6	3.94	14.82
Other non-current assets	7	343.58	234.54
Total non-current assets		2537.82	2098.67
Current assets			
Inventories	8	2160.87	1828.19
Financial assets			
Investments	9	0.00	60.18
Trade receivables	10	869.07	670.28
Cash and cash equivalents	11	131.32	152.57
Bank balances other than cash and cash equivalents	12	215.00	160.00
Loans	13	1.91	1.90
Other financial assets	14	4.48	5.50
Income tax assets	15	11.77	0.00
Other current assets	16	150.01	127.46
Total current assets		3544.43	3006.08
TOTAL ASSETS		6082.25	5104.75
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	1115.91	1115.91
Other equity	18	2800.25	2390.70
Total equity		3916.16	3506.61
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	19	291.97	130.23
Lease liabilities	20	10.34	0.00
Other financial liabilities	21	3.10	3.11
Provisions	22	23.97	20.82
Deferred tax liabilities (net)	23	107.41	115.98
Total non-current liabilities		436.79	270.14
Current liabilities			
Financial Liabilities			
Borrowings	24	501.89	731.18
Trade payables	25	954.19	405.08
Other financial liabilities	26	133.57	130.77
Lease liabilities	27	0.23	0.00
Other current liabilities	28	128.54	53.65
Provisions	29	8.84	7.32
Income-tax liabilities (Net)	30	2.04	0.00
Total current liabilities		1729.30	1328.00
TOTAL EQUITY AND LIABILITIES		6082.25	5104.75
Contingent liabilities and commitments (To the extent not provided for)	40		
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 54		

As per our attached report of even date

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

For Rakesh Soni & Co.

Chartered Accountants

(Firm Registration No. 114625W)

R. K. Soni

Partner

Membership No. 047151

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 : July 30, 2020

Place : Mumbai

Dated : July 30, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2020	For the year ended 31.03.2019
Revenue from operations	31	6523.31	6261.42
Other income	32	68.56	87.26
Total Revenue		6591.87	6348.68
Expenses:			
Cost of materials consumed	33	3786.40	3818.44
Purchases of stock in trade	34	110.12	0.00
Changes in inventories of finished goods and work in progress	35	101.96	(35.87)
Employee benefits expense	36	536.11	529.19
Finance costs	37	157.54	123.65
Depreciation and amortisation expense	3	162.42	154.85
Other expenses	38	1206.07	1207.45
Total expenses		6060.62	5797.71
Profit before exceptional items and tax		531.25	550.97
Exceptional items		0.00	0.00
Profit before tax		531.25	550.97
Tax expense:			
Current tax		133.48	152.97
Deferred tax		(8.64)	2.16
Tax adjustment for earlier years		(0.89)	0.03
		123.95	155.16
Profit for the year (A)		407.30	395.81
Other comprehensive income			
(a) Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans		0.24	(0.66)
Income tax on above		0.06	(0.18)
(b) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain (loss) on cash flow hedges		2.77	0.00
Income tax on above		0.70	0.00
Other comprehensive income for the year (B)		2.25	(0.48)
Total comprehensive income for the year (A+B)		409.55	395.33
Earning per equity share	39		
Basic ₹		3.65	3.55
Diluted ₹		3.65	3.55
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 54		

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 : July 30, 2020

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

Nainy K. Tanna
Wholetime Director
DIN 00351762

Krishnamoorthy Krishnan
Director
DIN 08129657

Kundan Talwar
Chief Financial Officer

Shweta Kalantri
Company Secretary

Place : Mumbai
Dated : July 30, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
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
Balance as at April 1, 2019	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2020	1115.91

B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive income		Total
	Securities Premium Reserve	Retained Earnings	Remeasurements of the net defined benefit plans	Effective portion of gain (loss) on cash flow hedges	
Balance at the beginning of the reporting period i.e. 1st April, 2018	292.28	1704.23	(1.14)	0.00	1995.37
Profit for the year	0.00	395.81	0.00	0.00	395.81
Other Comprehensive Income for the year*	0.00	0.00	(0.48)	0.00	(0.48)
Balance at the end of the reporting period i.e. 31st March, 2019	292.28	2100.04	(1.62)	0.00	2390.70
Balance at the beginning of the reporting period i.e. 1st April, 2019	292.28	2100.04	(1.62)	0.00	2390.70
Profit for the year	0.00	407.30	0.00	0.00	407.30
Other Comprehensive Income for the year*	0.00	0.00	0.18	2.07	2.25
Balance at the end of the reporting period i.e. 31st March, 2020	292.28	2507.34	(1.44)	2.07	2800.25

* Net of taxes.

Nature of reserves

- a) **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.
- b) **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 54

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 : July 30, 2020

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

Kishore Chand Talwar
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Krishnamoorthy Krishnan
Director
DIN 08129657

Kundan Talwar
Chief Financial Officer

Shweta Kalantri
Company Secretary

Place : Mumbai
Dated : July 30, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax	531.25	550.97
Adjustments for		
Depreciation and amortization	162.42	154.85
Allowance for doubtful debt/loan s provided/written back (net)	0.16	0.55
(Profit)/loss on sale/discarding of fixed assets (net)	(0.16)	5.71
Unrealised exchange (gain)/ loss	39.68	(14.23)
Net (gain)/loss on investments	(5.00)	0.36
Interest income	(28.50)	(15.06)
Dividend income	0.00	(2.95)
Interest and other borrowing costs	116.97	105.34
Operating profit before working capital changes	816.82	785.54
Adjustments for :		
Trade receivables	(195.57)	139.70
Other receivables	(134.50)	(188.41)
Inventories	(332.67)	(120.68)
Trade payables	543.83	(266.82)
Other payables	73.76	25.72
Cash generated from operations	771.67	375.05
Direct taxes paid	(132.13)	(163.88)
Cash flow before extraordinary items	639.54	211.17
Extraordinary items	0.00	0.00
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	639.54	211.17
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of tangible assets including CWIP	52.59	20.73
Purchase of tangible assets including CWIP	(433.04)	(154.92)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	(0.95)	(3.38)
Proceeds from sale of investments	80.27	524.82
Purchase of investments	(209.62)	(406.87)
Loan given to subsidiary	(90.00)	(85.00)
Loan refund received from subsidiary	175.00	0.00
(Increase)/ decrease in deposits	(0.13)	(1.29)
(Increase)/ decrease in bank fixed deposits	(55.00)	(10.00)
Interest income	30.84	11.72
Dividend income	0.00	2.95
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(450.04)	(101.24)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	203.72	40.00
Repayment of long term borrowings	(41.16)	(53.36)
Proceeds from short term borrowings	2049.94	1477.94
Repayment of short term borrowings	(2303.69)	(1490.98)
Repayment of lease liability	(0.21)	0.00
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(119.35)	(102.88)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(210.75)	(129.28)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(21.25)	(19.35)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	152.57	171.92
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	131.32	152.57

Notes :

1. 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.
2. Change in liability arising from financing activities

Particulars	Non-current borrowing	Current borrowing
Balance as at 1st April 2018	183.20	761.94
Net cash flows	(13.36)	(13.04)
Effect of unrealised exchange gain/loss	0.00	(17.72)
Balance as at 31st March 2019	169.84	731.18
Balance as at 1st April 2019	169.84	731.18
Net cash flows	162.56	(253.75)
Effect of unrealised exchange gain/loss	10.41	24.46
Balance as at 31st March 2020	342.81	501.89

3. Refer Note no. 11 for details of cash and cash equivalents.
4. All figures in brackets reflects cash outflow.
5. 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 54

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 : July 30, 2020

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

Nainy K. Tanna
Wholetime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Place : Mumbai
Dated : July 30, 2020

Notes to the financial statements for the year ended 31st March 2020

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, Sahyadhrinagar 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 its 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 its products in the Indian Market and Overseas Market.

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, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 30th July, 2020.

B) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy regarding Financial instruments and Derivatives and hedging activities); and
- 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 42.

- ii) Measurement and likelihood of occurrence of provisions and contingencies - Note 22 & 29 and 40.
- iii) Recognition of deferred tax liabilities - Note 23.

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 44.

2.2) REVENUE RECOGNITION

The Company derives revenues primarily from sale of manufactured goods.

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

Notes to the financial statements for the year ended 31st March 2020

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.

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

Notes to the financial statements for the year ended 31st March 2020

calculated on straight line method on the revalued amounts as determined by the valuer.

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

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.

Right of use asset (Leasehold land) is amortized over the primary period of lease.

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

Policy applicable before 1st April 2019

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.

Policy applicable after 1st April 2019

As a lessee:

The Company assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: i) the contract involves the use of an identified asset ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and iii) the Company has the right to direct the use of the asset.

At the commencement date of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements

in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor:

Leases for which the Company is a lessor is classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Standalone Balance Sheet based on their nature. Leases of property, plant and equipment where the Company as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

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 arises 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

Notes to the financial statements for the year ended 31st March 2020

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.

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.

Notes to the financial statements for the year ended 31st March 2020

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) DERIVATIVES AND HEDGING ACTIVITIES:

The Company holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates or interest rate. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Standalone Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in other income or other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Standalone Balance Sheet date.

ii) Cash flow hedge:

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain / (loss) on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain / (loss) previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

2.19) SEGMENT REPORTING

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

Notes to the financial statements for the year ended 31st March 2020

NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Property, plant & equipment									
Land	60.29	138.73	0.00	199.02	0.00	0.00	0.00	0.00	199.02
Factory buildings	870.73	0.00	0.00	870.73	111.35	32.45	0.00	143.80	726.93
Residential flats	15.83	0.00	0.00	15.83	1.04	0.35	0.00	1.39	14.44
Plant and machineries	575.86	231.91	6.50	801.27	129.91	55.81	0.03	185.69	615.58
Moulds and dies	170.98	0.49	0.00	171.47	54.90	20.36	0.00	75.26	96.21
Furniture and fixtures	99.33	1.73	0.00	101.06	25.79	11.55	0.00	37.34	63.72
Office equipments	26.43	6.76	0.89	32.30	14.00	4.61	0.41	18.20	14.10
Vehicles	186.73	0.00	0.00	186.73	46.15	24.06	0.00	70.21	116.52
Computers	19.34	1.00	0.00	20.34	12.71	3.57	0.00	16.28	4.06
Factory equipments	69.76	6.94	0.00	76.70	15.42	7.71	0.00	23.13	53.57
Total as at 31.03.2020	2095.28	387.56	7.39	2475.45	411.27	160.47	0.44	571.30	1904.15

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2018	Additions during the year	Sold/discard 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
Property, plant & equipment									
Land	60.29	0.00	0.00	60.29	0.00	0.00	0.00	0.00	60.29
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
Total as at 31.03.2019	1986.15	154.94	45.81	2095.28	277.36	153.26	19.35	411.27	1684.01

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 19 and 24

3A(iii) Plant and machineries includes certain machineries of Gross Block of ₹ 123.34 lakhs (Previous Year Nil) given on operating lease.

3A(iv) Factory buildings part of premises at Kandivali (W) (value for the same not ascertainable) and industrial gala at Vasai (East) of gross ₹ 41.73 lakhs (Previous year ₹ 41.73 lakhs) given on operating lease.

NOTE 3B: RIGHT-OF-USE ASSET

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019 (see note 3B(i))	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Leasehold land	10.77	0.00	0.00	10.77	0.00	0.56	0.00	0.56	10.21
Total as at 31.03.2020	10.77	0.00	0.00	10.77	0.00	0.56	0.00	0.56	10.21

3B(i) on transition to IND AS 116.

3B(ii) The aggregate depreciation expense on right-of-use asset is included under depreciation and amortisation expense in the Statement of Profit and Loss.

NOTE 3C: INTANGIBLE ASSETS

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Intangible assets									
Computer software - acquired	6.31	0.95	0.00	7.26	3.55	1.39	0.00	4.94	2.32
Total as at 31.03.2020	6.31	0.95	0.00	7.26	3.55	1.39	0.00	4.94	2.32

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2018	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
Intangible assets									
Computer software - acquired	2.93	3.38	0.00	6.31	1.96	1.59	0.00	3.55	2.76
Total as at 31.03.2019	2.93	3.38	0.00	6.31	1.96	1.59	0.00	3.55	2.76

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Amount	Numbers	Amount
NOTE 4: NON-CURRENT INVESTMENTS				
Investments measured at Cost				
In equity shares of subsidiary company				
Unquoted, fully paid up				
Rexnord Enterprise Private Limited of ₹10 each	2000000	200.00	100000	10.00
Investments measured at Amortized cost				
Investment in debentures and bonds				
Unquoted fully paid up				
Reliance Securities Limited (face value of ₹ 1 Lakhs each debenture)	25	27.63	25.00	25.63
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	25	28.56	25.00	26.03
Total		256.19		61.66
Aggregate amount of Unquoted Investments		256.19		61.66
Aggregate provision for diminution in the value of Investments		0.00		0.00
NOTE 5: NON-CURRENT LOANS				
Unsecured, considered good				
Loan to subsidiary company		0.00		85.00
Security deposits		15.93		15.88
Loan to employees		1.50		0.00
		17.43		100.88
Unsecured, considered doubtful				
Loan to employees		0.55		0.55
Allowance for doubtful loan to employees		(0.55)		(0.55)
		0.00		0.00
Total		17.43		100.88
NOTE 6: INCOME TAX ASSETS (NET)				
Taxes paid/adjustments during the year		(10.88)		163.85
Opening balance		(14.82)		(3.94)
Add: Current tax payable for the year		0.00		152.97
Total		3.94		149.03
				14.82
NOTE 7: OTHER NON-CURRENT ASSETS				
Unsecured, considered good				
Capital advances		230.72		225.36
Stamp duty refund receivable		0.00		5.85
MVAT refund receivable		2.30		2.30
Security deposits		0.59		1.03
LBT paid under protest (Refer Note 40)		109.97		0.00
Total		343.58		234.54
NOTE 8: INVENTORIES				
Raw Materials and components including packing materials*		1479.25		1044.61
Work in progress		418.21		638.89
Finished goods		260.45		141.73
Stores and spares		2.96		2.96
Total		2160.87		1828.19
* Includes stock in transit		154.24		0.00

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019		
	Numbers	Amount	Numbers	Amount
NOTE 9: CURRENT INVESTMENTS				
Investments measured at fair value through Profit & Loss				
In mutual funds (Unquoted)				
AXIS Focused 25 Fund - Growth of face value of ₹ 10/- each unit	0	0.00	73152.89	19.83
Tata Equity P/E Fund Regular Plan - Growth of face value of ₹ 10/- each unit	0	0.00	14463.09	19.57
HDFC Capital Builder Value Fund - Growth of face value of ₹ 10/- each unit	0	0.00	6867.33	20.78
Total		0.00		60.18
Aggregate amount of Unquoted Investments		0.00		60.18
Aggregate provision for diminution in the value of Investments		0.00		0.00

NOTE 10: TRADE RECEIVABLES

Unsecured, considered good

Debts outstanding for a period exceeding six months from the date they are due for payments	0.11	0.04
Other	868.96	670.24
Total	869.07	670.28

NOTE 11: CASH AND CASH EQUIVALENTS

Balances with banks

In cash credit account	126.98	145.46
In current accounts	3.40	4.86
Cash on hand	0.94	2.25
Total	131.32	152.57

NOTE 12: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

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*	215.00	160.00
With maturity period more than 12 months	0.00	0.00
Less : Amount disclosed under other non current assets	0.00	0.00
Total	215.00	160.00

*Details of lien on fixed deposit as under:

Lien for margin money for letter of credit issued	167.10	139.99
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NOTE 13: CURRENT LOANS

Unsecured, considered good

Security deposits	0.87	0.35
Loan to employees	1.04	1.55
Unsecured, considered doubtful		
Loan to employees	0.16	0.00
Less: allowance for doubtful loan to employees	0.16	0.00
Total	1.91	1.90

NOTE 14: OTHER CURRENT FINANCIAL ASSETS

Unsecured, considered good

Derivative financial assets designated as hedges (net)	1.31	0.00
Interest accrued on deposits	3.17	2.50
Interest accrued but not due on loan to subsidiary company	0.00	3.00
Total	4.48	5.50

NOTE 15: CURRENT INCOME TAX ASSETS

Unsecured, considered good

Income tax refund receivable	11.77	0.00
Total	11.77	0.00

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Amount	Numbers	Amount
NOTE 16: OTHER CURRENT ASSETS				
Unsecured, considered good				
Advances to suppliers	51.87			93.39
GST input credit receivable	22.79			0.00
Export benefit receivable	0.73			0.16
Export Benefits in Duty Credit Scrips receivable	21.77			7.49
Prepaid expenses	52.48			25.92
Other receivables	0.37			0.50
Total	150.01			127.46

NOTE 17: EQUITY SHARE CAPITAL

	Numbers	Amount	Numbers	Amount
Authorised				
Equity shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
Total		1500.00		1500.00
Issued, subscribed and paid-up				
Equity shares of ₹ 10/- each fully paid up	11160000	1116.00	11160000	1116.00
Less: calls in arrears by others		0.09		0.09
Total		1115.91		1115.91

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	5325446	47.72	4892000	43.84
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Shri Subramanian P	0	0.00	590290	5.29
4 Smt. Sangeetha S	590290	5.29	0	0.00

(Amount in ₹ Lakhs)

As at 31.03.2020

As at 31.03.2019

NOTE 18: OTHER EQUITY

Securities Premium Reserve

Balance at the beginning and at the end of the year	292.28	292.28
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Retained Earnings

Balance at the beginning of the year	2100.04	1704.23
Add : Profit (loss) after tax for the year	407.30	395.81
Balance at the end of the year	2507.34	2100.04

Other Comprehensive income

Balance at the beginning of the year	(1.62)	(1.14)
Add: Movement in OCI (Net) during the year	2.25	(0.48)
Balance at the end of the year	0.63	(1.62)
Total	2800.25	2390.70

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 19: NON-CURRENT BORROWINGS		
Secured loans:		
Term loans		
From banks	110.87	94.25
From other parties	25.72	35.98
Unsecured loans:		
Term loans		
Suppliers credit in foreign currency from banks	155.38	0.00
Total	291.97	130.23

Secured Loans:

A Terms of repayment of secured loans

Name of the banks / other parties	HDFC Bank Limited	Axis Bank Limited	Yes Bank Limited	HDFC Bank Limited	BMW India Financial Services Pvt. Ltd.	Toyota Financial Services India Ltd.
Type of loan	Term Loan	Vehicle Loan	Vehicle Loan	Term Loan	Vehicle Loan	Vehicle Loan
Loan account no.	84277514	AUR086103599578	ALN000100249265	82503119	CN00118492	NMUM1046300
Amount sanctioned/disbursed (₹)	58.75	40.00	14.72	100.00	65.00	11.90
Sanction date	21/05/2019	22/11/2018	17/11/2017	27/01/2017	31/05/2016	25/06/2015
Interest rate	MCLR + 1.15%	8.96%	8.11%	MCLR + 1.10%	9.50%	10.00%
Total No. of EMIs	60	84	60	61	84	60
No. of EMIs paid	2	16	28	35	45	58
No. of balance EMIs to be paid	58	68	32	26	39	2
Current EMI amount (Principal and interest)	1.23	0.64	0.30	2.27	1.06	0.25
Maturity profile (Principal):						
2020-21	9.79	4.86	3.01	22.93	9.79	0.46
2021-22	10.76	5.31	3.26	25.41	10.77	0.00
2022-23	11.83	5.81	2.32	3.28	11.84	0.00
2023-24	13.01	6.35	0.00	0.00	3.12	0.00
2024-25	11.81	6.94	0.00	0.00	0.00	0.00
2025-26	0.00	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, Kandivli (W), Mumbai 400067;
 - (c) further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J. P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Sagpada), Kaman, Vasai (E), Palghar 401202 belonging to Shri Kundan Talwar; and
 - (d) also personally guaranteed by Chairman & Managing Director, Wholotime 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.

Unsecured Loans:

Terms of repayment of unsecured loans

Suppliers credits taken from Bank of Baroda Mauritius Branch is repayable after 1080 days from the date of shipping of capital goods and carry interest rates 12 month libor plus 75 BPS where the libor is reset every 12 month.

NOTE 20: NON-CURRENT LEASE LIABILITIES

Lease liability	10.34	0.00
Total	10.34	0.00

NOTE 21: NON-CURRENT OTHER FINANCIAL LIABILITIES

Security deposits	3.10	3.11
Total	3.10	3.11

NOTE 22: NON-CURRENT PROVISIONS

Provision for employees benefits (Refer note 42)	23.97	20.82
Total	23.97	20.82

Notes to the financial statements for the year ended 31st March 2020

NOTE 23: INCOME TAX

During the year the Company has adopted option available under Section 115 BAA of the Income Tax Act, 1961 as per the taxation laws (amendment) Act, 2019 dated December 11, 2019. Accordingly, tax expenses, deferred tax assets / liabilities have been recomputed and impact of this has been recognised in the Standalone Statement of Profit or Loss for the year ended March 31, 2020.

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	
	31.03.2020	31.03.2019
Profit before Tax	531.25	550.97
Enacted tax rate	25.168%	27.820%
Expected income tax expense at statutory income tax rate	133.71	153.28
Tax on Income exempt from tax/Items not deductible (net)	2.19	1.85
Adjustment for deferred tax of prior periods due to change in statutory tax rate.	(11.06)	0.00
Tax in respect of earlier years	(0.89)	0.03
Tax expense as reported	<u>123.95</u>	<u>155.16</u>

B) Deferred tax liabilities (net)

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities	116.22	124.28
Deferred tax assets	8.81	8.30
Total	<u>107.41</u>	<u>115.98</u>

The movement in deferred tax assets and liabilities during the year ended March 31, 2020 and March 31, 2019:

Particulars	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)	Credit/(charge) in statement of Profit and Loss	As at 31.03.2020 Deferred Tax Asset/ (Liabilities)
Depreciation	119.69	4.47	124.16	(8.03)	116.13
Income Taxable in the year of realisation	1.43	(1.38)	0.05	(0.05)	0.00
Expenses allowed in the year of payment*	(7.22)	(1.08)	(8.30)	(0.51)	(8.81)
Other	0.11	(0.04)	0.07	0.02	0.09

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

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 24: CURRENT BORROWINGS		
Secured loans:		
Working capital loans		
From a bank	0.00	0.00
Unsecured loans:		
Suppliers/Buyers credit in foreign currency		
From banks	398.89	731.18
Loan from a director*	<u>103.00</u>	<u>0.00</u>
Total	<u>501.89</u>	<u>731.18</u>

* Interest free

Secured Loans:

Nature of security:

I Working capital loans from HDFC Bank Limited are :

- primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;
- further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400067;
- 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
- 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 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 25: TRADE PAYABLES		
Micro and small enterprises (Refer note 48)	90.78	52.12
Others*	863.41	352.96
Total	954.19	405.08
* Other trade payables include acceptances	211.71	61.60
NOTE 26: OTHER CURRENT FINANCIAL LIABILITIES		
Current maturities of long term debts (Refer note 19)	50.84	39.61
Interest accrued but not due	6.16	8.55
Security deposits	1.80	1.80
Creditors for capital expenditure*	2.24	2.59
Accrued expenses	72.53	78.22
Total	133.57	130.77
*Includes micro and small enterprises (Refer note 48)	0.00	0.00
NOTE 27: CURRENT LEASE LIABILITIES		
Current maturities of leased liability	0.23	0.00
Total	0.23	0.00
NOTE 28: OTHER CURRENT LIABILITIES		
Advances from customers	104.41	29.06
Deferred Revenue	1.10	1.45
Statutory dues	23.03	23.14
Total	128.54	53.65
NOTE 29: CURRENT PROVISIONS		
Provision for employees benefits (Refer note 42)	8.84	7.32
Total	8.84	7.32
NOTE 30: CURRENT INCOME-TAX LIABILITIES (NET)		
Provision for current tax (Net of advance tax ₹ 132.13 lakhs)	2.04	0.00
Total	2.04	0.00
Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 31: REVENUE FROM OPERATIONS		
Sale of goods*	6466.84	6199.59
Other operating revenue		
Scrap sales	32.19	42.43
Export incentives	24.28	19.40
Total	56.47	61.83
*Sale of Products (Categorywise)	6523.31	6261.42
Instrument cooling fans	3630.46	3910.15
Shaded pole motors	2423.65	2031.83
Components	297.25	257.61
Spinned shell muffler	115.48	0.00
*Sale of Products (Geographywise)		
Domestic	5383.37	5390.29
Exports	1083.47	809.30

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 32: OTHER INCOME		
Interest Income :		
On fixed deposits with banks	14.19	10.06
On security deposits	1.29	1.24
On staff loans	0.28	0.33
On subsidiary loans	12.66	3.33
On delay payment by customers	0.09	0.10
	<u>28.51</u>	<u>15.06</u>
Dividend on investments	0.00	2.95
Sundry balances written back/off (net)	6.23	3.46
Discount on purchase of FPS/FMS/MEIS entitlements	0.00	0.43
Profit on sale of fixed assets (net)	0.16	0.00
Gain/(Loss) on investments carried at fair value through Profit & Loss	0.48	0.18
Gain/(Loss) on investments carried at amortised cost	4.52	1.41
Rental Income (Refer Note 47)	27.11	20.01
Net gain on exchange rate fluctuations	1.55	43.76
Total	<u>68.56</u>	<u>87.26</u>
NOTE 33: COST OF MATERIALS CONSUMED*		
(Raw materials and components including packing materials)		
Opening stock	1044.61	959.83
Add : Cost of purchases	4221.04	3903.22
Less: Closing stock	1479.25	1044.61
Total	<u>3786.40</u>	<u>3818.44</u>
*Cost of materials consumed		
Aluminium ingots	699.26	770.56
Aluminium sheets	79.15	86.47
Ball bearings	108.36	122.33
Brass Insert	144.55	201.42
Copper wires	666.90	571.38
Plastic powders	314.64	352.90
Rotor lamination	213.87	248.68
Stator lamination	492.17	505.41
Others	1067.50	959.29
NOTE 34: PURCHASE OF STOCK IN TRADE		
Spinned shell muffler	110.12	0.00
Total	<u>110.12</u>	<u>0.00</u>
NOTE 35: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stocks:		
Finished goods	141.73	228.36
Work in progress	638.89	516.39
	<u>780.62</u>	<u>744.75</u>
Less: Closing stocks:		
Finished goods	260.45	141.73
Work in progress	418.21	638.89
	<u>678.66</u>	<u>780.62</u>
Total	<u>101.96</u>	<u>(35.87)</u>
NOTE 36: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	461.61	457.83
Contribution to provident and other funds	12.06	13.46
Staff welfare expenses	62.44	57.90
Total	<u>536.11</u>	<u>529.19</u>

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 37: FINANCE COSTS		
Interest expense on:		
Borrowings	50.44	42.01
Lease liability	0.99	0.00
Others	17.94	16.51
Other Borrowing Costs	47.59	46.83
Net loss(gain) on foreign currency transactions	40.58	18.30
Total	157.54	123.65

NOTE 38: OTHER EXPENSES

Manufacturing expenses			
Consumption of stores and spares	29.57		26.43
Processing and labour charges	582.99		538.70
Power and fuel	202.42		198.22
Rent	0.00		1.36
Repairs to :			
factory buildings	20.47	28.99	
machineries	22.28	16.90	
mould & dies	16.45	19.19	
others	11.91	<u>71.11</u>	<u>19.36</u>
Inward transportation and freight	3.00		3.79
Administrative and other expenses			
Auditors' remuneration (Refer note 41)	10.03		8.96
Communication expenses	11.87		16.58
Directors' sitting fees	1.80		2.20
Electricity expenses	3.90		3.66
Insurance	10.77		10.70
Loss on sale of investment (net)	0.00		1.95
Loss on sale of fixed assets (net)	0.00		5.71
Professional charges	20.62		21.49
Allowance for doubtful loans	0.16		0.55
Repairs and maintenance	17.81		19.54
Rates and taxes	20.40		11.45
Travelling and conveyance	76.85		105.99
Contribution for CSR Expenditure	11.00		0.00
Miscellaneous expenses	53.15		58.09
Selling and distribution expenses			
Advertisement and business promotion	41.26		66.69
Commission and brokerage	7.91		0.00
Outward transportation and freight	29.45		20.95
Total	1206.07		1207.45

2019-2020 2018-2019

NOTE 39: EARNING PER EQUITY SHARE

Net profit / (loss) after tax	₹ in Lakhs	407.30	395.81
Weighted average number of shares	Numbers in Lakhs	111.60	111.60
Basic earnings per share	₹	3.65	3.55
Diluted earnings per share	₹	3.65	3.55

Notes to the financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars

As at 31.03.2020 As at 31.03.2019

NOTE 40: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent liabilities:

(a) Letter of credit issued by the bankers of the company	407.55	535.39
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	550.00	650.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	32.00	21.00
(d) The Company received an assessment order ("Order") for LBT raising a LBT Tax Liability of ₹ 109.97 lakhs, Interest ₹ 109.97 lakhs and Penalty ₹ 549.95 Lakhs on 16th November 2019 passed by the Additional Commissioner of LBT, Vasai Virar City Municipal Corporation for the financial year 2011-12. The Company filed an appeal against the said Order with the Commissioner, Vasai Virar City Municipal Corporation ("Commissioner") on 2nd December 2019. The Commissioner passed the order for the said appeal on 31st December 2019 setting aside the Order and remanded back the same to the Assessing Authority to pass the fresh assessment order considering all the facts and documents produced in the appellate proceedings which is yet to be passed by the Assessing Authority. Based on the facts, the Company does not expect any material liability on fresh assessment.	-	-

(ii) Contingent commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	228.96	329.20
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(Amount in ₹ Lakhs)

2019-20 2018-19

NOTE 41: PAYMENT TO AUDITORS*

Statutory audit fees

3.50 3.50

Tax audit fees

3.50 3.50

GST audit fees

1.65 1.00

Certification work

1.10 0.68

Out of pocket expenses

0.28 0.28

10.03 8.96

* excluding GST wherever input tax credit taken

NOTE 42: 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)

2019-20 2018-19

Contribution to defined contribution plan recognised, charged off for the year, are as under:

Employer's contribution to provident fund	8.53	8.60
---	------	------

The Company is studying the legal position on the implications of the relevant judgement of the Supreme Court on applicability of provident fund on its various allowances and will be depositing the dues if any on this account.

(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)

2019-20 2018-19

I) Reconciliation of defined benefit obligation

Present value of defined benefit obligation at start of year 28.01 24.00

Recognised in Statement of Profit and Loss

3.64 3.34

Current service cost

2.04 1.70

Interest cost

0.63 1.69

Benefits paid

Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations

0.00 0.00

Remeasurements - due to demographic assumptions

1.82 (0.15)

Remeasurements - due to financial assumptions

(2.07) 0.81

Remeasurements - due to experience adjustments

0.00 0.00

Past service cost

32.81 28.01

Present value of defined benefit obligation at end of the year*

*includes ₹ 0.40 lacs (P.Y. ₹ 1.04 lacs) accrued gratuity due which the Company will pay in subsequent year/s

Notes to the financial statements for the year ended 31st March 2020

		(Amount in ₹ Lakhs)	
		2019-20	2018-19
II) Net liability / (asset) recognised in the balance sheet			
Present value of defined benefit obligation		32.81	28.01
Fair value of plan assets		0.00	0.00
Net liability / (asset)		32.81	28.01
Effect of asset ceiling / onerous liabilities		0.00	0.00
Liability / (asset) recognised in the balance sheet		32.81	28.01
Of which short term defined benefit obligation at end of the year		8.84	7.18
III) Expenses recognized during the year			
Current service cost		3.64	3.34
Interest cost		2.04	1.70
Defined benefit cost included in Statement of profit and loss		5.68	5.04
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations		(0.25)	0.66
Defined benefit included in Other Comprehensive Income		(0.25)	0.66
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income		5.43	5.70
IV) Actuarial assumptions			
Salary growth rate		4.00%	6.00%
Discount rate		6.84%	7.57%
Withdrawal rate		1% to 3%	1% to 3%
Mortality Rate (as % of IALM 2012-14 Ult. Mortality Table)		100%	100%
Normal retirement age		58 years	58 years
Adjusted average future service		12 years	12 years

(Amount in ₹ Lakhs)

V) Bifurcation of present value of defined benefit obligations

	31.03.2020			31.03.2019		
	Directors	Others	Total	Directors	Others	Total
Current liabilities	4.80	4.04	8.84	4.64	2.54	7.18
Non current liabilities	2.14	21.83	23.97	1.76	19.07	20.83
Total	6.94	25.87	32.81	6.40	21.61	28.01

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 31.03.2020	% Change	Defined benefit obligations as on 31.03.2019	% Change
Salary rate	Increase by 1%	35.51	9.6%	29.52	9.5%
	Decrease by 1%	29.73	-8.3%	24.76	-8.2%
Withdrawal rate	Increase by 1%	32.56	0.5%	27.22	0.9%
	Decrease by 1%	32.24	-0.5%	26.68	-1.1%
Discount rate	Increase by 1%	29.96	-7.5%	24.97	-7.4%
	Decrease by 1%	35.30	8.9%	29.33	8.7%

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 ₹ 16.20 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	Between 5-10 years
31.03.2020	8.44	0.54	7.40	8.54
31.03.2019	6.14	2.16	6.05	6.53

The weighted average duration of the above defined benefit obligation is 13.97 years (31.03.2019 - 14.39 years)

IX) Discontinuance Liability : Amount payable upon discontinuance of all employment is ₹ 33.96 Lakhs (31.03.2019 - ₹ 29.92 Lakhs)

NOTE 43: CAPITAL MANAGEMENT

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

Notes to the financial statements for the year ended 31st March 2020

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)	
	2019-20	2018-19
Equity share capital	1115.91	1115.91
Other equity	2800.25	2390.70
Total Equity (A)	3916.16	3506.61
Non-current borrowings	291.97	130.23
Current borrowings	501.89	731.18
Current maturities of long term borrowing	50.84	39.61
Gross Debt (B)	844.70	901.02
Total Capital (A+B)	4760.86	4407.63
Gross Debt as above	844.70	901.02
Less: Current investments	0.00	60.18
Less: Cash and cash equivalents	131.32	152.57
Less: Other balances with bank (including earmarked balances)	215.00	160.00
Net Debt (C)	498.38	528.27
Net debt to equity	0.13	0.15

NOTE 44: 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). This category includes the derivatives financial assets designated as hedges.

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)

	31.03.2020			31.03.2019		
	Carrying Amount	Fair Value - Level 1	Fair Value - Level 2	Carrying Amount	Fair Value - Level 1	Fair Value - Level 2
Financial Assets						
Financial assets measured at fair value through profit and loss						
Investments*	0.00	0.00	0.00	60.18	60.18	0.00
Derivative financial assets designated as hedges (net)	1.31	0.00	1.31	0.00	0.00	0.00
Financial assets measured at amortised cost						
Investments*	56.19	0.00	0.00	51.66	0.00	0.00
Trade receivables	869.07	0.00	0.00	670.28	0.00	0.00
Cash and cash equivalents	131.32	0.00	0.00	152.57	0.00	0.00
Bank balances other than cash and cash equivalents	215.00	0.00	0.00	160.00	0.00	0.00
Loans	19.34	0.00	0.00	102.78	0.00	0.00
Other financial assets	3.17	0.00	0.00	5.50	0.00	0.00
	1295.40	0.00	1.31	1202.97	60.18	0.00
Financial Liabilities						
Financial liabilities measured at amortised cost						
Borrowings	793.86	0.00	0.00	861.41	0.00	0.00
Lease liabilities	10.57	0.00	0.00	0.00	0.00	0.00
Trade payables	954.19	0.00	0.00	405.08	0.00	0.00
Other financial liabilities	136.67	0.00	0.00	133.88	0.00	0.00
	1895.29	0.00	0.00	1400.37	0.00	0.00

* Excludes financial assets measured at Cost

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

Valuation

Notes to the financial statements for the year ended 31st March 2020

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) Current 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, 2020 and 31st March, 2019 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, 2020 and 31st March, 2019. 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	31.03.2020				31.03.2019			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	844.70	552.73	245.97	46.00	901.02	770.79	85.80	44.43
Lease liabilities	10.57	0.23	0.52	9.82	0.00	0.00	0.00	0.00
Trade payables	954.19	954.19	0.00	0.00	405.08	405.08	0.00	0.00
Other financial liabilities	85.83	82.73	3.10	0.00	94.27	91.16	0.00	3.11
Total	1895.29	1589.88	249.59	55.82	1400.37	1267.03	85.80	47.54

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. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the cash flows of highly probable forecast transaction. It hedges its foreign exchange risk using foreign exchange forward contracts and currency options wherever considered. As at 31st March, 2020 and 31st March, 2019, 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 2020

(Amount in Lakhs)

	As at 31.03.2020		As at 31.03.2019	
	USD	₹	USD	₹
Receivables	2.14	157.40	1.46	98.96
Less: Hedged through derivatives-currency options	1.41	104.48	0.00	0.00
Net unhedged exposure to foreign currency (assets)	0.73	52.92	1.46	98.96
Payables	10.40	790.52	10.98	769.86
Net unhedged exposure to foreign currency (liabilities)	10.40	790.52	10.98	769.86
Net unhedged exposure to foreign currency	(9.67)	(737.60)	(9.52)	(670.90)

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net unhedged exposure

(Amount in ₹ Lakhs)

31.03.2020 31.03.2019

1% Depreciation in INR		
Impact on Statement of profit and loss	(7.38)	(6.71)
1% Appreciation in INR		
Impact on Statement of profit and loss	7.38	6.71

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)	
	31.03.2020	31.03.2019
Long term borrowing-floating rate instruments	264.20	72.30
Long term borrowing-fixed rate instruments	78.61	97.54
Short term borrowing-fixed rate instruments	398.89	731.18
	741.70	901.02

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)

31.03.2020 31.03.2019

1% Increase in interest rates		
Impact on Statement of profit and loss	(1.78)	(0.76)
1% Decrease in interest rates		
Impact on Statement of profit and loss	1.86	0.76

NOTE 45: SEGMENT REPORTING

The Company is predominantly 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 46: RELATED PARTY DISCLOSURES:

I) Names of related parties and description of relationships

- a) Enterprises over which exercising control
Rexnord Enterprise Pvt Ltd
- b) 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
- c) 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)

Notes to the financial statements for the year ended 31st March 2020

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)

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)	Total
Interest Income	12.66	0.00	0.00	12.66
	(3.33)	(0.00)	(0.00)	(3.33)
Director's Remuneration (including commission if any)	0.00	196.86	0.00	196.86
	(0.00)	(198.91)	(0.00)	(198.91)
Director sitting fees	0.00	1.80	0.00	1.80
	(0.00)	(2.20)	(0.00)	(2.20)
Salary	0.00	0.00	72.37	72.37
	(0.00)	(0.00)	(62.82)	(62.82)
Lease rentals	0.00	0.00	1.20	1.20
	(0.00)	(0.00)	(1.20)	(1.20)
Reimbursement of expenses incurred by others	0.00	4.15	0.45	4.60
	(0.00)	(7.35)	(0.45)	(7.80)
Recovery of expenses incurred for others	0.00	0.11	0.05	0.16
	(0.00)	(0.08)	(0.05)	(0.13)
Investments	190.00	0.00	0.00	190.00
	(0.00)	(0.00)	(0.00)	(0.00)
Loan given	90.00	0.00	0.00	90.00
	(85.00)	(0.00)	(0.00)	(85.00)
Loan refund received	175.00	0.00	0.00	175.00
	(0.00)	(0.00)	(0.00)	(0.00)
Unsecured loan taken	0.00	103.00	0.00	103.00
	(0.00)	(0.00)	(0.00)	(0.00)
Outstanding Balances				
Investments	200.00	0.00	0.00	200.00
	(10.00)	(0.00)	(0.00)	(10.00)
Loan given	0.00	0.00	0.00	0.00
	(85.00)	(0.00)	(0.00)	(85.00)
Unsecured loan taken	0.00	103.00	0.00	103.00
	0.00	(0.00)	(0.00)	0.00
Director's Remuneration/Commission Payable	0.00	7.15	0.00	7.15
	(0.00)	(6.06)	(0.00)	(6.06)
Salary Payable	0.00	0.00	3.63	3.63
	(0.00)	(0.00)	(4.30)	(4.30)
Lease rentals payable	0.00	0.00	3.00	3.00
	(0.00)	(0.00)	(1.80)	(1.80)
Reimbursement of expenses incurred by others	0.00	0.00*	0.00	0.00
	(0.00)	(0.00)	0.00	0.00
Interest accrued but not due	0.00	0.00	0.00	0.00
	(3.00)	(0.00)	(0.00)	(3.00)

*absolute figure ₹ 168.00

Note:

1) Related party relationship is identified by the Company 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 Company- Refer Note 19 and Note 24.

Notes to the financial statements for the year ended 31st March 2020

Details of transactions with individual related parties are as under

Particulars	(Amount in ₹ Lakhs)	
	31.03.2020	31.03.2019
Interest Income		
Rexnord Enterprise Pvt Ltd	12.66	3.33
Director's Remuneration (including commission if any)		
Shri Kishore Chand Talwar	143.05	147.27
Smt. Nainy K. Tanna	53.81	51.64
Director sitting fees		
Shri Ayyaswami Sundaram	0.60	0.80
Shri D.Ganapathy	0.00	0.10
Shri Ram Sanehi	0.00	0.10
Sriram Shrinivasan	0.60	0.60
Krishnamoorthy Krishnan	0.60	0.60
Salary		
Shri Kundan Talwar	35.48	25.23
Smt. Sharda Talwar	27.40	27.89
Smt. Ramandeep Talwar	9.49	9.70
Lease rentals		
Shri Kundan Talwar	1.20	1.20
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	4.15	6.15
Shri Kundan Talwar	0.00	0.45
Sriram Shrinivasan	0.00	0.60
Krishnamoorthy Krishnan	0.00	0.60
Recovery of expenses incurred for others		
Smt. Sharda Talwar	0.11	0.05
Smt. Nainy K. Tanna	0.00	0.08
Investments		
Rexnord Enterprise Pvt Ltd	190.00	0.00
Loan given		
Rexnord Enterprise Pvt Ltd	90.00	85.00
Loan refund received		
Rexnord Enterprise Pvt Ltd	175.00	0.00
Unsecured Loan taken		
Shri Kishore Chand Talwar	103.00	0.00
Outstanding Balances		
Investments		
Rexnord Enterprise Pvt Ltd	200.00	10.00
Loan given		
Rexnord Enterprise Pvt Ltd	0.00	85.00
Unsecured Loan taken		
Shri Kishore Chand Talwar	103.00	0.00
Director's Remuneration Payable		
Shri Kishore Chand Talwar	4.35	3.29
Smt. Nainy K. Tanna	2.80	2.77
Salary payable		
Shri Kundan Talwar	1.99	1.55
Smt. Sharda Talwar	1.11	1.95
Smt. Ramandeep Talwar	0.52	0.80
Lease rentals payable		
Shri Kundan Talwar	3.00	1.80
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	0.00*	0.00
Interest accrued but not due		
Rexnord Enterprise Pvt Ltd	0.00	3.00

* absolute figure ₹ 168.00

Notes to the financial statements for the year ended 31st March 2020

III) Compensation of Key management personnel	31.03.2020	31.03.2019
Short-term benefits	195.62	197.93
Post employment benefits	1.24	0.98
Sitting fees paid to independent director	1.80	2.20
	198.66	201.11

IV) Terms and conditions of transactions with related parties:

Outstanding balances at the year-end are unsecured and settlement occurs in cash.

NOTE 47: LEASES

The Company adopted Ind AS 116, 'Lease' effective from April 01, 2019, and has elected to apply this standard to its leases with modified retrospective approach with the cumulative effect, recognised at the date of initial application. Initial lease liability has been measured at present value of the remaining lease payments, and discounted at incremental borrowing rate of the Company as on April 01, 2019, with an equivalent amount for the right-of-use asset. The comparative information of previous year is not restated as permitted by Ind AS 116.

a) As a lessee

Right-of-use assets	(Amount in ₹ Lakhs)
Cost	Leasehold Land
As at 1 April 2019 (on transition to IND AS 116)	10.77
Additions	0.00
Disposals	0.00
Balance at 31 March 2020	10.77
Accumulated depreciation and impairment	
As at 1 April 2019 (on transition to IND AS 116)	0.00
Depreciation	0.56
Impairment loss	0.00
Eliminated on disposals of assets	0.00
Balance at 31 March 2020	0.56
Carrying amounts	
As at 1 April 2019	10.77
Balance at 31 March 2020	10.21

Breakdown of lease expenses

	(Amount in ₹ Lakhs)
	Year ended March 31, 2020
Short-term lease expense	0.00
Total lease expense	0.00
Cash outflow on leases	
Repayment of lease liabilities	0.21
Interest on lease liabilities	0.99
Short-term lease expense	0.00
Total cash outflow on leases	1.20

Maturity analysis of lease liability	Total Lease Payable	Less than 1 year	1 and 5 years	Over 5 years	(Amount in ₹ Lakhs)
					Weighted average effective interest rate %
March 31, 2020 Lease liabilities	10.57	0.23	1.15	9.19	9.29

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

	(Amount in ₹ Lakhs)
Impact of changes in accounting policies	
Adjustments	
As at April 1, 2019	10.77
Right-of-use assets	10.77
Total assets	10.77
Lease liabilities	10.77
Deferred tax liabilities (net)	0.00
Total liabilities	10.77
Retained earnings	0.00
Total equity	0.00

Notes to the financial statements for the year ended 31st March 2020

Reconciliation between operating lease commitments disclosed in March 2019 financials applying Ind AS 17 and lease liabilities recognised in the statement of financial position

Particulars	(Amount in ₹ Lakhs)
Operating lease commitments disclosed in March 2019 financials (under Ind AS 17)	0.00
Add: Liability on account of reassessment of lease term	23.30
Less: Discounting impact (total interest)	12.53
Lease liability as at April 1, 2019	10.77

b) As a lessor

Operating Lease:

Cancellable leases

The Company has given its industrial galas under operating lease or on leave and licence basis. The agreement for the same is not non-cancellable for a period of 11 months and is 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 ₹ 04.02 lakhs (Previous year ₹ 03.83 lakhs) in accordance with the agreement is credited to the statement of profit and loss for the year.

Non-cancellable leases

The Company has given its part of the premise and certain plant and machineries under operating lease for the period of 3 years and 1.5 years respectively. The company has taken refundable interest free security deposit 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	2019-20	2018-19
Lease rental recognised in Statement of Profit and Loss	23.09	16.18
	31.03.2020	31.03.2019
Future minimum lease payments under non-cancellable operating lease		
Not later than one year	42.20	17.01
Later than one year and not later than five years	37.78	49.58
Later than five years	0.00	0.00
Total	79.98	66.59

NOTE 48: 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 31.03.2020	As at 31.03.2019
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	90.78	52.12
	– interest thereon	0.84	0.22
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	222.09	344.04
	– 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.	2.23	4.63
4	The amount of interest accrued and remaining unpaid.	28.63	25.56
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.	3.07	4.85

Notes to the financial statements for the year ended 31st March 2020

NOTE 49: CORPORATE SOCIAL RESPONSIBILITY:

As per Section 135 of the Act, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The Company has also framed CSR policy based on the provisions of CSR Rules, 2014 as amended update. During the year, as a part of CSR initiatives, the Company has contributed to Dhamangaon Education Society, Dhamangaon Rly, Amravati for undertaking CSR activities "Promotion of Education" which inter-alia includes creation of infrastructure and necessary facilities for the students in Vidarbha Region of Maharashtra. The said contribution is in compliance with the CSR policy, provisions of the Act read with Schedule VII and CSR Rules, 2014.

a) The gross amount required to be spent by the Company on CSR activities is ₹ 10.14 Lakhs.

b) The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year are ₹ 11.00 Lakhs details of which is as under:

Particulars	(Amount in ₹ Lakhs)		
	In cash	Yet to be paid in cash	Total
1) Construction/ acquisition of any asset	-	-	-
2) On purposes other than (1) above	11.00	-	11.00
Total	11.00	0.00	11.00

NOTE 50: COVID IMPACT:

Manufacturing facilities of the Company at Village Kaman Taluka Vasai in Maharashtra were closed since 21st March 2020 following the lockdown due to Covid 19. The Company has restarted the activities in the second week of May 2020 with the required permissions. Based on the immediate assessment of Covid 19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is positive of serving customers orders and obtaining regular supply of raw materials and logistics services after resumption of operations. In assessing the recoverability of trade receivables, the Company has considered subsequent recoveries, past trends and credit risk profile of the customers based on the micro economic forecasts and internal & external information available upto the date. In assessing the recoverability of inventories, the Company has considered, the latest selling price, customers orders in hand and margins. Based on the above assessment, the Company is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of Covid-19 may be different from that estimated as at the date of approval of these standalone financial statements and the Company will continue to closely monitor the developments.

NOTE 51: TAXATION MATTERS:

a) The sales tax assessments of the company have been completed upto financial year 2006-2007 for its erstwhile unit at Daman and upto financial year 2016-17 for its Kandivali unit.

b) The income tax assessments of the company have been completed upto assessment Year 2017-2018.

NOTE 52: 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 53: 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 wholly owned subsidiary of the Company for the year ended March 31, 2020:

(Amount in ₹ Lakhs)

Name of the Company	Debts outstanding as at March 31, 2020	Maximum balance outstanding during the year	Shares held by Loanee in the Company
Rexnord Enterprise Pvt Ltd	0.00 (85.00)	175.00 (85.00)	NIL NIL

(i) The above loans have been given for business purpose.

(ii) Figures in italics represents comparative figures of previous year.

b) Details of investments made

During the year, the Company had invested ₹ 190 Lakhs for 1900000 equity shares of ₹ 10 each, fully paid up in Rexnord Enterprises Pvt. Ltd., a wholly owned subsidiary of the Company. The required details of Investments outstanding as on 31.03.2020 are given in note 4 and 9 to the financial statements. The investments made in subsidiary is to fund the long term working capital of the Subsidiary Compnay. Other investments were made with a view of cash management.

c) There are no outstanding debts from directors or other officers of the Company.

NOTE 54: Previous year figures have been regrouped, rearranged and recasted to make them comparable with the current 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 : July 30, 2020

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

Nainy K. Tanna
Wholetime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Place : Mumbai
Dated : July 30, 2020

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 2020, 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 2020, of its consolidated profit (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows for the year ended on that date.

Basis 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
Appropriateness of revenue recognition on sale of goods.	Our audit procedures relating to revenue recognition include the following:
Refer note 2.2 and Note 32 of the consolidated financial statements.	<ol style="list-style-type: none"> Understood and performed procedures to assess the design and test the operating effectiveness of relevant controls related to recording of revenue. Assessed whether the policy of recognising revenue was in line with Ind AS - 115. Tested the reconciliation of the amounts as per the sales register to the general ledger. 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. Performed cut off testing, on sample basis and ensured that the revenue from sale of goods is recognised in the appropriate period.
The Group has revenue from sale of goods.	Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods.
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.	
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.	

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 2020, taken on record by the Board of Directors of the respective company, none of the directors is disqualified as on 31 March 2020, 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 has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 41 (i) to the consolidated financial statements;
 - (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 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
UDIN: 20047151AAAABA9844

Place: Mumbai
Dated: July 30, 2020

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2020

Referred to in paragraph 1(f) under the heading "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 Company together referred to as "the Group") as of 31 March 2020 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 2020, 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
UDIN: 20047151AAAABA9844

Place: Mumbai
Dated: July 30, 2020

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2020	As at 31.03.2019
ASSETS			
Non-current assets			
Property, plant and equipment	3A	2026.90	1768.42
Right-of-use asset	3B	10.21	0.00
Intangible assets	3C	2.32	2.76
Financial assets			
Investments	4	56.19	51.66
Loans	5	17.43	15.88
Income tax assets (net)	6	3.94	14.82
Other non-current assets	7	343.58	234.54
Total non-current assets		2460.57	2088.08
Current assets			
Biological assets	8	0.00	0.00
Inventories	9	2160.87	1828.19
Financial assets			
Investments	10	0.00	60.18
Trade receivables	11	869.07	670.28
Cash and cash equivalents	12	146.99	162.09
Bank balances other than cash and cash equivalents	13	215.00	160.00
Loans	14	1.91	1.90
Other financial assets	15	4.48	2.50
Income tax assets	16	11.77	0.00
Other current assets	17	153.07	127.46
Total current assets		3563.16	3012.60
TOTAL ASSETS		6023.73	5100.68
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1115.91	1115.91
Other equity	19	2739.64	2385.94
Total equity		3855.55	3501.85
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	291.97	130.23
Lease liabilities	21	10.34	0.00
Other financial liabilities	22	3.10	3.11
Provisions	23	23.97	20.82
Deferred tax liabilities (net)	24	107.41	115.98
Total non-current liabilities		436.79	270.14
Current liabilities			
Financial Liabilities			
Borrowings	25	501.89	731.18
Trade payables	26	955.32	405.08
Other financial liabilities	27	134.16	131.07
Lease liabilities	28	0.23	0.00
Other current liabilities	29	128.91	54.04
Provisions	30	8.84	7.32
Income-tax liabilities (Net)	31	2.04	0.00
Total current liabilities		1731.39	1328.69
TOTAL EQUITY AND LIABILITIES		6023.73	5100.68
Contingent liabilities and commitments (To the extent not provided for)	41		
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 58		

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 : July 30, 2020

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

Nainy K. Tanna
Wholetime Director
DIN 00351762

Krishnamoorthy Krishnan
Director
DIN 08129657

Kundan Talwar
Chief Financial Officer

Shweta Kalantri
Company Secretary

Place : Mumbai
Dated : July 30, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2020	For the year ended 31.03.2019
Revenue from operations	32	6523.98	6261.42
Other income	33	55.91	83.93
Total Revenue		6579.89	6345.35
Expenses:			
Cost of materials consumed	34	3786.90	3818.44
Purchases of stock in trade	35	110.12	0.00
Changes in inventories of finished goods and work in progress	36	101.96	(35.87)
Employee benefits expense	37	539.34	529.19
Finance costs	38	157.55	123.66
Depreciation and amortisation expense	3	164.04	154.96
Other expenses	39	1244.58	1208.10
Total expenses		6104.49	5798.48
Profit before exceptional items and tax		475.40	546.87
Exceptional items		0.00	0.00
Profit before tax		475.40	546.87
Tax expense:			
Current tax		133.48	152.97
Deferred tax		(8.64)	2.16
Tax adjustment for earlier years		(0.89)	0.03
		123.95	155.16
Profit for the year (A)		351.45	391.71
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans		0.24	(0.66)
Income tax on above		0.06	(0.18)
(b) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain (loss) on cash flow hedges		2.77	0.00
Income tax on above		0.70	0.00
		2.25	(0.48)
Other comprehensive income for the year (B)		353.70	391.23
Total comprehensive income for the year (A+B)			
Net Profit attributable to:			
a) Owners of the Company		351.45	391.71
b) Non Controlling Interest		0.00	0.00
Other Comprehensive Income attributable to:			
a) Owners of the Company		2.25	(0.48)
b) Non Controlling Interest		0.00	0.00
Total Comprehensive Income attributable to:			
a) Owners of the Company		353.70	391.23
b) Non Controlling Interest		0.00	0.00
Earning per equity share	40		
Basic ₹		3.15	3.51
Diluted ₹		3.15	3.51
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 58		

As per our attached report of even date

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

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

R. K. Soni

Partner
Membership No. 047151

Place : Mumbai
Dated : July 30, 2020

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 : July 30, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
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
Balance as at April 1, 2019	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2020	1115.91

B. Other Equity

(Amount in ₹ Lakhs)

Particulars	Reserves and Surplus		Other Comprehensive Income		Total
	Securities Premium Reserve	Retained Earnings	Remeasurements of the net defined benefit plans	Effective portion of gain (loss) on cash flow hedges	
Balance at the beginning of the reporting period i.e. 1st April, 2018	292.28	1703.57	(1.14)	0.00	1994.71
Profit for the year	0.00	391.71	0.00	0.00	391.71
Other Comprehensive Income for the year*	0.00	0.00	(0.48)	0.00	(0.48)
Balance at the end of the reporting period i.e. 31st March, 2019	292.28	2095.28	(1.62)	0.00	2385.94
Balance at the beginning of the reporting period i.e. 1st April, 2019	292.28	2095.28	(1.62)	0.00	2385.94
Profit for the year	0.00	351.45	0.00	0.00	351.45
Other Comprehensive Income for the year*	0.00	0.00	0.18	2.07	2.25
Balance at the end of the reporting period i.e. 31st March, 2020	292.28	2446.73	(1.44)	2.07	2739.64

* Net of taxes.

Nature of reserves

- a) **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.
- b) **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 58

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
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Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Place : Mumbai
Dated : July 30, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before exceptional items and tax	475.40	546.87
Adjustments for		
Depreciation and amortization	164.04	154.96
Allowance for doubtful debt/loan s provided/written back (net)	0.16	0.55
(Profit)/loss on sale/discarding of fixed assets (net)	(0.16)	5.71
Unrealised exchange (gain)/ loss	39.68	(14.23)
Net (gain)/loss on investments	(5.00)	0.36
Interest income	(15.85)	(11.73)
Dividend income	0.00	(2.95)
Interest and other borrowing costs	116.98	<u>105.35</u>
Operating profit before working capital changes	775.25	784.89
Adjustments for :		
Trade receivables	(195.57)	139.70
Other receivables	(137.56)	(188.41)
Inventories	(332.67)	(120.68)
Trade payables	544.95	(267.18)
Other payables	74.03	<u>26.11</u>
Cash generated from operations	728.43	374.43
Direct taxes paid	(132.13)	<u>(163.88)</u>
Cash flow before extraordinary items	596.30	210.55
Extraordinary items	0.00	<u>0.00</u>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	596.30	<u>210.55</u>
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of tangible assets including CWIP	52.59	20.73
Purchase of tangible assets including CWIP	(472.99)	(239.44)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	(0.95)	(3.38)
Proceeds from sale of investments	80.27	524.82
Purchase of investments	(19.62)	(406.87)
Loan given to subsidiary	0.00	0.00
Loan refund received from subsidiary	0.00	0.00
(Increase)/ decrease in deposits	(0.13)	(1.29)
(Increase)/ decrease in bank fixed deposits	(55.00)	(10.00)
Interest income	15.19	11.39
Dividend income	0.00	<u>2.95</u>
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(400.64)	<u>(101.09)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	203.72	40.00
Repayment of long term borrowings	(41.16)	(53.36)
Proceeds from short term borrowings	2049.94	1477.94
Repayment of short term borrowings	(2303.69)	(1490.98)
Repayment of lease liability	(0.21)	0.00
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(119.36)	(102.89)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(210.76)	(129.29)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(15.10)	(19.83)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	162.09	181.92
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	146.99	162.09

Notes :

1. 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.
2. Change in liability arising from financing activities

Particulars	Non-current borrowing	Current borrowing
Balance as at 1st April 2018	183.20	761.94
Net cash flows	(13.36)	(13.04)
Effect of unrealised exchange gain/loss	0.00	(17.72)
Balance as at 31st March 2019	169.84	731.18
Balance as at 1st April 2019	169.84	731.18
Net cash flows	162.56	(253.75)
Effect of unrealised exchange gain/loss	10.41	24.46
Balance as at 31st March 2020	342.81	501.89

3. Refer Note no. 12 for details of cash and cash equivalents.
4. All figures in brackets reflects cash outflow.
5. 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 58

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 : July 30, 2020

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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Shweta Kalantri
 Company Secretary

Krishnamoorthy Krishnan
 Director
 DIN 08129657

Place : Mumbai
 Dated : July 30, 2020

Notes to the consolidated financial statements for the year ended 31st March 2020

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 2020. 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, 2020 were approved for issue in accordance with the resolution of the Board of Directors on 30th July, 2020.

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

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy regarding Financial instruments and Derivatives and hedging activities);
- biological assets – measured at fair value less cost to sell; and
- 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 43.
 - ii) Measurement and likelihood of occurrence of provisions and contingencies - Note 23 & 30 and 41.
 - iii) Recognition of deferred tax liabilities - Note 24.

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 44 and 46.

2.2) REVENUE RECOGNITION

The Group derives revenues primarily from sale of manufactured goods.

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 2020

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.

Notes to the consolidated financial statements for the year ended 31st March 2020

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.

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/discharged during the period is provided on the pro-rata basis with reference to the date of addition/disposal/discharging.

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 amortized on a straight line basis over its useful life i.e. three years, as decided by the management.

Right of use asset (Leasehold land) is amortized over the primary period of lease.

Amortization 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

Policy applicable before 1st April 2019

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.

Policy applicable after 1st April 2019

As a lessee:

The Group assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and iii) the Group has the right to direct the use of the asset.

At the commencement date of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor:

Leases for which the Group is a lessor is classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Consolidated Balance Sheet based on their nature. Leases of property, plant and equipment where the Group as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

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 arises 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

Notes to the consolidated financial statements for the year ended 31st March 2020

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) BIOLOGICAL ASSETS

Biological assets are measured at fair value less costs to sell, with any change therein recognized in the Statement of Profit and Loss.

2.18) 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.

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.

Notes to the consolidated financial statements for the year ended 31st March 2020

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.

2.19 DERIVATIVES AND HEDGING ACTIVITIES:

The Group holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates or interest rate. The counterparty for these contracts is generally a bank.

- i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the consolidated Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in other income or other expenses. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realised within 12 months after the Consolidated Balance Sheet date.

ii) Cash flow hedge:

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain / (loss) on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain / (loss) previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

2.20 SEGMENT REPORTING

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

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Property, plant & equipment									
Land	134.43	155.96	0.00	290.39	0.00	0.00	0.00	0.00	290.39
Building	870.73	17.40	0.00	888.13	111.35	33.07	0.00	144.42	743.71
Residential flats	15.83	0.00	0.00	15.83	1.04	0.35	0.00	1.39	14.44
Plant and machineries	586.24	236.52	6.50	816.26	130.02	56.70	0.03	186.69	629.57
Moulds and dies	170.98	0.49	0.00	171.47	54.90	20.36	0.00	75.26	96.21
Furniture and fixtures	99.33	1.73	0.00	101.06	25.79	11.55	0.00	37.34	63.72
Office equipments	26.43	6.76	0.89	32.30	14.00	4.61	0.41	18.20	14.10
Vehicles	186.73	0.00	0.00	186.73	46.15	24.06	0.00	70.21	116.52
Computers	19.34	1.60	0.00	20.94	12.71	3.68	0.00	16.39	4.55
Factory / other equipments	69.76	7.06	0.00	76.82	15.42	7.71	0.00	23.13	53.69
Total as at 31.03.2020	2179.80	427.52	7.39	2599.93	411.38	162.09	0.44	573.03	2026.90

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2018	Additions during the year	Sold/discard 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
Property, plant & equipment									
Land	60.29	74.14	0.00	134.43	0.00	0.00	0.00	0.00	134.43
Building	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	59.26	2.88	586.24	83.59	48.50	2.07	130.02	456.22
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
Total as at 31.03.2019	1986.15	239.46	45.81	2179.80	277.36	153.37	19.35	411.38	1768.42

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 20 and 25

3A(iii) Plant and machineries includes certain machineries of Gross Block of ₹ 123.34 lakhs (Previous Year Nil) given on operating lease.

3A(iv) Factory buildings part of premises at Kandivali (W) (value for the same not ascertainable) and industrial gala at Vasai (East) of gross ₹ 41.73 lakhs (Previous year ₹ 41.73 lakhs) given on operating lease.

NOTE 3B: RIGHT-OF-USE ASSET

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019 (see note 3B(i))	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Leasehold land	10.77	0.00	0.00	10.77	0.00	0.56	0.00	0.56	10.21
Total as at 31.03.2020	10.77	0.00	0.00	10.77	0.00	0.56	0.00	0.56	10.21

3B(i) on transition to IND AS 116.

3B(ii) The aggregate depreciation expense on right-of-use asset is included under depreciation and amortisation expense in the Statement of Profit and Loss.

NOTE 3C: INTANGIBLE ASSETS

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discard during the year	Total as at 31.03.2020	Provided upto 31.03.2019	Provided for the Year	Written back during the year	Total upto 31.03.2020	Total as at 31.03.2020
Intangible assets									
Computer software - acquired	6.31	0.95	0.00	7.26	3.55	1.39	0.00	4.94	2.32
Total as at 31.03.2020	6.31	0.95	0.00	7.26	3.55	1.39	0.00	4.94	2.32

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2018	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
Intangible assets									
Computer software - acquired	2.93	3.38	0.00	6.31	1.96	1.59	0.00	3.55	2.76
Total as at 31.03.2019	2.93	3.38	0.00	6.31	1.96	1.59	0.00	3.55	2.76

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Amount	Numbers	Amount
NOTE 4: NON-CURRENT INVESTMENTS				
Investments measured at Amortized cost				
Investment in debentures and bonds				
Unquoted, fully paid up				
Reliance Securities Limited (face value of ₹ 1 Lakhs each debenture)	25	27.63	25	25.63
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	25	28.56	25	26.03
Total		56.19		51.66
Aggregate amount of Unquoted Investments		56.19		51.66
Aggregate provision for diminution in the value of Investments		0.00		0.00
NOTE 5: NON-CURRENT LOANS				
Unsecured, considered good				
Security deposits		15.93		15.88
Loan to employees		1.50		0.00
		17.43		15.88
Unsecured, considered doubtful				
Loan to employees		0.55		0.55
Allowance for doubtful loan to employees		(0.55)		(0.55)
		0.00		0.00
Total		17.43		15.88
NOTE 6: INCOME TAX ASSETS (NET)				
Taxes paid/adjustments during the year		(10.88)		163.85
Opening balance	(14.82)		(3.94)	
Add: Current tax payable for the year	0.00	(14.82)	152.97	149.03
Total		3.94		14.82
NOTE 7: OTHER NON-CURRENT ASSETS				
Unsecured, considered good				
Capital advances		230.72		225.36
Stamp duty refund receivable		0.00		5.85
MVAT refund receivable		2.30		2.30
Security deposits		0.59		1.03
LBT paid under protest (Refer Note 41)		109.97		0.00
Total		343.58		234.54
NOTE 8: BIOLOGICAL ASSETS (REFER NOTE NO.44)				
Groundnut crop		0.00		0.00
Total		0.00		0.00
NOTE 9: INVENTORIES				
Raw Materials and components including packing materials*		1479.25		1044.61
Work in progress		418.21		638.89
Finished goods		260.45		141.73
Stores and spares		2.96		2.96
Total		2160.87		1828.19
* Includes stock in transit		154.24		0.00

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars		As at 31.03.2020		As at 31.03.2019
	Numbers	Amount	Numbers	Amount
NOTE 10: CURRENT INVESTMENTS				
Investments measured at fair value through Profit & Loss				
In mutual funds (Unquoted)				
AXIS Focused 25 Fund - Growth of face value of ₹ 10/- each unit	0	0.00	73152.89	19.83
Tata Equity P/E Fund Regular Plan - Growth of face value of ₹ 10/- each unit	0	0.00	14463.09	19.57
HDFC Capital Builder Value Fund - Growth of face value of ₹ 10/- each unit	0	0.00	6867.33	20.78
Total		0.00		60.18
Aggregate amount of Unquoted Investments		0.00		60.18
Aggregate provision for diminution in the value of Investments		0.00		0.00

NOTE 11: TRADE RECEIVABLES

Unsecured, considered good

Debts outstanding for a period exceeding six months from the date they are due for payments	0.11	0.04
Other	868.96	670.24
Total	869.07	670.28

NOTE 12: CASH AND CASH EQUIVALENTS

Balances with banks

In cash credit account	126.98	145.46
In current accounts	18.26	14.24
Cash on hand	1.75	2.39
Total	146.99	162.09

NOTE 13: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

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*	215.00	160.00
With maturity period more than 12 months	0.00	0.00
Less : Amount disclosed under other non current assets	0.00	0.00
	0.00	0.00
Total	215.00	160.00

*Details of lien on fixed deposit as under:

Lien for margin money for letter of credit issued	167.10	139.99
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NOTE 14: CURRENT LOANS

Unsecured, considered good

Security deposits	0.87	0.35
Loan to employees	1.04	1.55
Unsecured, considered doubtful		
Loan to employees	0.16	0.00
Less: Allowance for doubtful loan to employees	0.16	0.00
Total	1.91	1.90

NOTE 15: OTHER CURRENT FINANCIAL ASSETS

Unsecured, considered good

Derivative financial assets designated as hedges (net)	1.31	0.00
Interest accrued on deposits	3.17	2.50
Total	4.48	2.50

NOTE 16: CURRENT INCOME TAX ASSETS

Unsecured, considered good

Income tax refund receivable	11.77	0.00
Total	11.77	0.00

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Numbers	Amount	Numbers	Amount
NOTE 17: OTHER CURRENT ASSETS				
Unsecured, considered good				
Advances to suppliers		54.87		93.39
GST input credit receivable		22.79		0.00
Export benefit receivable		0.73		0.16
Export Benefits in Duty Credit Scrips receivable		21.77		7.49
Prepaid expenses		52.54		25.92
Other receivables		0.37		0.50
Total		153.07		127.46
NOTE 18: EQUITY SHARE CAPITAL				
Authorised	Numbers	Amount	Numbers	Amount
Equity shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
Total		1500.00		1500.00
Issued, subscribed and paid-up				
Equity shares of ₹ 10/- each fully paid up	11160000	1116.00	11160000	1116.00
Less: calls in arrears by others		0.09		0.09
Total		1115.91		1115.91

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	5325446	47.72	4892000	43.84
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Shri Subramanian P	0	0.00	590290	5.29
4 Smt. Sangeetha S	590290	5.29	0	0.00

NOTE 19: OTHER EQUITY

Securities Premium Reserve

Balance at the beginning and at the end of the year 292.28 292.28

Retained Earnings

Balance at the beginning of the year 2095.28 1703.57
Add : Profit (loss) after tax for the year 351.45 391.71
Balance at the end of the year 2446.73 2095.28

Other Comprehensive income

Balance at the beginning of the year (1.62) (1.14)
Add: Movement in OCI (Net) during the year 2.25 (0.48)
Balance at the end of the year 0.63 (1.62)

Total

2739.64 2385.94

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 20: NON-CURRENT BORROWINGS		
Secured loans:		
Term loans		
From banks	110.87	94.25
From other parties	25.72	35.98
Unsecured loans:		
Term loans		
Suppliers credit in foreign currency from banks	155.38	0.00
Total	291.97	130.23

Secured Loans:

A Terms of repayment of secured loans

Name of the banks / other parties	HDFC Bank Limited	Axis Bank Limited	Yes Bank Limited	HDFC Bank Limited	BMW India Financial Services Pvt. Ltd.	Toyota Financial Services India Ltd.
Type of loan	Term Loan	Vehicle Loan	Vehicle Loan	Term Loan	Vehicle Loan	Vehicle Loan
Loan account no.	84277514	AUR086103599578	ALN000100249265	82503119	CN00118492	NMUM1046300
Amount sanctioned/disbursed (₹)	58.75	40.00	14.72	100.00	65.00	11.90
Sanction date	21/05/2019	22/11/2018	17/11/2017	27/01/2017	31/05/2016	25/06/2015
Interest rate	MCLR + 1.15%	8.96%	8.11%	MCLR + 1.10%	9.50%	10.00%
Total No. of EMIs	60	84	60	61	84	60
No. of EMIs paid	2	16	28	35	45	58
No. of balance EMIs to be paid	58	68	32	26	39	2
Current EMI amount (Principal and interest)	1.23	0.64	0.30	2.27	1.06	0.25
Maturity profile (Principal):						
2020-21	9.79	4.86	3.01	22.93	9.79	0.46
2021-22	10.76	5.31	3.26	25.41	10.77	0.00
2022-23	11.83	5.81	2.32	3.28	11.84	0.00
2023-24	13.01	6.35	0.00	0.00	3.12	0.00
2024-25	11.81	6.94	0.00	0.00	0.00	0.00
2025-26	0.00	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, Kandivli (W), Mumbai 400067;
 - (c) further collaterally secured by way of equitable mortgage of Residential Flats at 802A and 802B, Beach Classic, J. P. Road, Versova, Andheri (W) Mumbai 400061 belonging to Shri Kishore Chand Talwar, Smt. Sharda Talwar and Shri Kundan Talwar and a plot of land at Survey No. 62, 74, 75, 20 Village Devdal (Sagpada), Kaman, Vasai (E), Palghar 401202 belonging to Shri Kundan Talwar; and
 - (d) also personally guaranteed by Chairman & Managing Director, 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.

Unsecured Loans:

Terms of repayment of unsecured loans

Suppliers credits taken from Bank of Baroda Mauritius Branch is repayable after 1080 days from the date of shipping of capital goods and carry interest rates 12 month libor plus 75 BPS where the libor is reset every 12 month.

NOTE 21: NON-CURRENT LEASE LIABILITIES

Lease liability	10.34	0.00
Total	10.34	0.00

NOTE 22: NON-CURRENT OTHER FINANCIAL LIABILITIES

Security deposits	3.10	3.11
Total	3.10	3.11

NOTE 23: NON-CURRENT PROVISIONS

Provision for employees benefits (Refer note 43)	23.97	20.82
Total	23.97	20.82

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 24: INCOME TAX

During the year the Holding Company has adopted option available under Section 115 BAA of the Income Tax Act, 1961 as per the taxation laws (amendment) Act, 2019 dated December 11, 2019. Accordingly, tax expenses, deferred tax assets / liabilities have been recomputed and impact of this has been recognised in the Statement of Profit or Loss for the year ended March 31, 2020. However the Subsidiary Company has continued with the earlier tax regime in view of the losses of the subsidiary company.

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	
	31.03.2020	31.03.2019
Profit before Tax	475.40	546.87
Enacted tax rate	25.168%	27.820%
Expected income tax expense at statutory income tax rate	119.65	152.14
Tax on Income exempt from tax/Items not deductible (net)	3.15	1.86
Effect of differential future tax rates	(11.06)	0.00
Tax in respect of earlier years	(0.89)	0.03
Others	13.10	1.13
Tax expense as reported	<u>123.95</u>	<u>155.16</u>

B) **Deferred tax liabilities (net)**

Particulars	As at 31.03.2020	As at 31.03.2019
Deferred tax liabilities	116.22	124.28
Deferred tax assets	8.81	8.30
Total	<u>107.41</u>	<u>115.98</u>

The movement in deferred tax assets and liabilities during the year ended March 31, 2020 and March 31, 2019:

Particulars	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)	Credit/(charge) in statement of Profit and Loss	As at 31.03.2020 Deferred Tax Asset/ (Liabilities)
Depreciation	119.69	4.47	124.16	(8.03)	116.13
Income Taxable in the year of realisation	1.43	(1.38)	0.05	(0.05)	0.00
Expenses allowed in the year of payment*	(7.22)	(1.08)	(8.30)	(0.51)	(8.81)
Other	0.11	(0.04)	0.07	0.02	0.09

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

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 25: CURRENT BORROWINGS		
Secured loans:		
Working capital loans		
From a bank	0.00	0.00
Unsecured loans:		
Suppliers/Buyers credit in foreign currency		
From banks	398.89	731.18
Loan from a director*	103.00	0.00
Total	<u>501.89</u>	<u>731.18</u>

* Interest free

Secured Loans:

Nature of security:

I Working capital loans from HDFC Bank Limited are :

- primarily secured by hypothecation of stocks, book debts and plant & machineries of the company ;
- further secured by way of equitable mortgage of land and building at Plot No. 92-D Government Industrial Estate, Charkop, Kandivli (W), Mumbai 400067;
- 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
- also personally guaranteed by Chairman & Managing Director, Wholetime Director and two relatives of the Chairman & Managing Director of the Company.

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 26: TRADE PAYABLES		
Micro and small enterprises (Refer note 50)	90.78	52.12
Others*	864.54	352.96
Total	955.32	405.08
* Other trade payables include acceptances	211.71	61.60
NOTE 27: OTHER CURRENT FINANCIAL LIABILITIES		
Current maturities of long term debts (Refer note 20)	50.84	39.61
Interest accrued but not due	6.16	8.55
Security deposits	1.80	1.80
Creditors for capital expenditure*	2.24	2.59
Accrued expenses	73.12	78.52
Total	134.16	131.07
*Includes micro and small enterprises (Refer note 50)	0.00	0.00
NOTE 28: CURRENT LEASE LIABILITIES		
Current maturities of leased liability	0.23	0.00
Total	0.23	0.00
NOTE 29: OTHER CURRENT LIABILITIES		
Advances from customers	104.41	29.06
Deferred Revenue	1.09	1.45
Statutory dues	23.41	23.53
Total	128.91	54.04
NOTE 30: CURRENT PROVISIONS		
Provision for employees benefits (Refer note 43)	8.84	7.32
Total	8.84	7.32
NOTE 31: CURRENT INCOME-TAX LIABILITIES (NET)		
Provision for current tax (Net of advance tax ₹ 132.13lakhs)	2.04	0.00
Total	2.04	0.00
Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 32: REVENUE FROM OPERATIONS		
Sale of goods*	6467.51	6199.59
Other operating revenue		
Scrap sales	32.19	42.43
Export incentives	24.28	19.40
Total	56.47	61.83
*Sale of Products (Categorywise)	6523.98	6261.42
Instrument cooling fans	3630.46	3910.15
Shaded pole motors	2423.65	2031.83
Components	297.25	257.61
Spinned shell muffler	115.48	0.00
Agricultural Produce - Raw Groundnuts	0.67	0.00
*Sale of Products (Geographywise)		
Domestic	5384.04	5390.29
Exports	1083.47	809.30

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 33: OTHER INCOME		
Interest Income :		
On fixed deposits with banks	14.19	10.06
On security deposits	1.29	1.24
On staff loans	0.28	0.33
On delay payment by customers	0.09	0.10
	15.85	11.73
Dividend on investments	0.00	2.95
Sundry balances written back/off (net)	6.24	3.46
Discount on purchase of FPS/FMS/MEIS entitlements	0.00	0.43
Profit on sale of fixed assets (net)	0.16	0.00
Gain/(Loss) on investments carried at fair value through Profit & Loss	0.48	0.18
Gain/(Loss) on investments carried at amortised cost	4.52	1.41
Rental Income(Refer Note 49)	27.11	20.01
Net gain on exchange rate fluctuations	1.55	43.76
Total	55.91	83.93
NOTE 34: COST OF MATERIALS CONSUMED*		
(Raw materials and components including packing materials)		
Opening stock	1044.61	959.83
Add : Cost of purchases	4221.54	3903.22
Less: Closing stock	1479.25	1044.61
Total	3786.40	3818.44
*Cost of materials consumed		
Aluminium ingots	699.26	770.56
Aluminium sheets	79.15	86.47
Ball bearings	108.36	122.33
Brass Insert	144.55	201.42
Copper wires	666.90	571.38
Plastic powders	314.64	352.90
Rotor lamination	213.87	248.68
Stator lamination	492.17	505.41
Others	1067.50	959.29
Groundnut crop	0.50	0.00
NOTE 35: PURCHASE OF STOCK IN TRADE		
Spinned shell muffler	110.12	0.00
Total	110.12	0.00
NOTE 36: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stocks:		
Finished goods	141.73	228.36
Work in progress	638.89	516.39
	780.62	744.75
Less:Closing stocks:		
Finished goods	260.45	141.73
Work in progress	418.21	638.89
	678.66	780.62
Total	101.96	(35.87)
NOTE 37: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	463.61	457.83
Contribution to provident and other funds	12.07	13.46
Staff welfare expenses	63.66	57.90
Total	539.34	529.19

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019
NOTE 38: FINANCE COSTS		
Interest expense on:		
Borrowings	50.44	42.01
Lease liability	0.99	0.00
Others	17.94	16.52
Other Borrowing Costs	47.60	46.83
Net loss(gain) on foreign currency transactions	40.58	18.30
Total	157.55	123.66
NOTE 39: OTHER EXPENSES		
Manufacturing expenses		
Consumption of stores and spares	29.57	26.43
Processing and labour charges	582.99	538.70
Power and fuel	202.42	198.22
Rent	0.00	1.36
Repairs to :		
buildings	20.67	28.99
machineries	22.33	16.90
mould & dies	16.45	19.19
others	11.91	71.36
Inward transportation and freight	3.00	3.79
Administrative and other expenses		
Auditors' remuneration (Refer note 42)	10.28	9.21
Communication expenses	11.86	16.58
Directors' sitting fees	1.80	2.20
Electricity expenses	3.90	3.66
Insurance	10.77	10.70
Loss on sale of investment (net)	0.00	1.95
Loss on sale of fixed assets (net)	0.00	5.71
Professional charges	22.10	21.83
Allowance for doubtful loans	0.16	0.55
Repairs and maintenance	17.81	19.54
Rates and taxes	20.40	11.45
Travelling and conveyance	78.69	105.99
Contribution for CSR Expenditure	11.00	0.00
Product development and research expenses	29.19	0.00
Miscellaneous expenses	58.66	58.15
Selling and distribution expenses		
Advertisement and business promotion	41.26	66.69
Commission and brokerage	7.91	0.00
Outward transportation and freight	29.45	20.95
Total	1244.58	1208.10
NOTE 40: EARNING PER EQUITY SHARE		
Net profit / (loss) after tax	₹ in Lakhs	2019-2020 351.45 391.71
Weighted average number of shares	Numbers in Lakhs	2018-2019 111.60 111.60
Basic earnings per share	₹	3.15 3.51
Diluted earnings per share	₹	3.15 3.51

Notes to the consolidated financial statements for the year ended 31st March 2020

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
NOTE 41: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	407.55	535.39
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	550.00	650.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	32.00	21.00
(d) The Holding Company received an assessment order ("Order") for LBT raising a LBT Tax Liability of ₹ 109.97 lakhs, Interest ₹ 109.97 lakhs and Penalty ₹ 549.95 Lakhs on 16th November 2019 passed by the Additional Commissioner of LBT, Vasai Virar City Municipal Corporation for the financial year 2011-12. The Group filed an appeal against the said Order with the Commissioner, Vasai Virar City Municipal Corporation ("Commissioner") on 2nd December 2019. The Commissioner passed the order for the said appeal on 31st December 2019 setting aside the Order and remanded back the same to the Assessing Authority to pass the fresh assessment order considering all the facts and documents produced in the appellate proceedings which is yet to be passed by the Assessing Authority. Based on the facts, the Group does not expect any material liability on fresh assessment.	-	-
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	228.96	329.20
(Amount in ₹ Lakhs)		
	2019-20	2018-19
NOTE 42: PAYMENT TO AUDITORS*		
Statutory audit fees	3.75	3.75
Tax audit fees	3.50	3.50
GST audit fees	1.65	1.00
Certification work	1.10	0.68
Out of pocket expenses	0.28	0.28
	10.28	9.21

* excluding GST wherever input tax credit taken

NOTE 43: EMPLOYEE BENEFITS EXPENSE

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

(a) Defined contribution plan	(Amount in ₹ Lakhs)
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.	

Contribution to defined contribution plan recognised, charged off for the year, are as under:

Employer's contribution to provident fund	2019-20	2018-19
	8.53	8.60

The Group is studying the legal position on the implications of the relevant judgement of the Supreme Court on applicability of provident fund on its various allowances and will be depositing the dues if any on this account.

(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)
	2019-20
I) Reconciliation of defined benefit obligation	
Present value of defined benefit obligation at start of year	28.01
<i>Recognised in Statement of Profit and Loss</i>	24.00
Current service cost	3.64
Interest cost	2.04
Benefits paid	0.63
<i>Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations</i>	1.69
Remeasurements - due to demographic assumptions	0.00
Remeasurements - due to financial assumptions	1.82
Remeasurements - due to experience adjustments	(0.15)
Past service cost	0.00
Present value of defined benefit obligation at end of the year*	32.81

*includes ₹ 0.40 lacs (P.Y. ₹ 1.04 lacs) accrued gratuity due which the Company will pay in subsequent year/s

Notes to the consolidated financial statements for the year ended 31st March 2020

	(Amount in ₹ Lakhs)	
	2019-20	2018-19
II) Net liability / (asset) recognised in the balance sheet		
Present value of defined benefit obligation	32.81	28.01
Fair value of plan assets	0.00	0.00
Net liability / (asset)	32.81	28.01
Effect of asset ceiling / onerous liabilities	0.00	0.00
Liability / (asset) recognised in the balance sheet	32.81	28.01
Of which short term defined benefit obligation at end of the year	8.84	7.18
III) Expenses recognized during the year		
Current service cost	3.64	3.34
Interest cost	2.04	1.70
Defined benefit cost included in Statement of profit and loss	5.68	5.04
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations	(0.25)	0.66
Defined benefit included in Other Comprehensive Income	(0.25)	0.66
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income	5.43	5.70
IV) Actuarial assumptions	2019-20	2018-19
Salary growth rate	4.00%	6.00%
Discount rate	6.84%	7.57%
Withdrawal rate	1% to 3%	1% to 3%
Mortality Rate (as % of IALM 2012-14 Ult. Mortality Table)	100%	100%
Normal retirement age	58 years	58 years
Adjusted average future service	12 years	12 years

	(Amount in ₹ Lakhs)					
	31.03.2020			31.03.2019		
	Directors	Others	Total	Directors	Others	Total
Current liabilities	4.80	4.04	8.84	4.64	2.54	7.18
Non current liabilities	2.14	21.83	23.97	1.76	19.07	20.83
Total	6.94	25.87	32.81	6.40	21.61	28.01

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:

Assumption	Change in assumption	Defined benefit obligations as on 31.03.2020	% Change	Defined benefit obligations as on 31.03.2019		% Change
Salary rate	Increase by 1%	35.51	9.6%	29.52	9.5%	
	Decrease by 1%	29.73	-8.3%	24.76	-8.2%	
Withdrawal rate	Increase by 1%	32.56	0.5%	27.22	0.9%	
	Decrease by 1%	32.24	-0.5%	26.68	-1.1%	
Discount rate	Increase by 1%	29.96	-7.5%	24.97	-7.4%	
	Decrease by 1%	35.30	8.9%	29.33	8.7%	

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 ₹ 16.20 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	Between 5-10 years
31.03.2020	8.44	0.54	7.40	8.54
31.03.2019	6.14	2.16	6.05	6.53

The weighted average duration of the above defined benefit obligation is 13.97 years (31.03.2019 - 14.39 years)

IX) Discontinuance Liability : Amount payable upon discontinuance of all employment is ₹ 33.96 Lakhs (31.03.2019 - ₹ 29.92 Lakhs)

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 44: BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS

A. Reconciliation of carrying amount

March 31, 2020

Particulars	March 31, 2020 Groundnut crop	March 31, 2019 -
Opening	0.00	0.00
Add:		
Purchases	0.00	0.00
Production/ Cost of Development	0.50	0.00
Less:		
Sales / Disposals	0.50	0.00
Change in fair value less cost to sell:	0.00	0.00
Realised	0.00	0.00
Unrealised	0.00	0.00
Closing	0.00	0.00

B. Measurement of Fair value

i Fair Value hierarchy

The fair value measurements for Groundnut crop has been categorised as Level 3 fair values based on the inputs to valuation technique used.

ii Level 3 Fair values

The following table shows a break down of the total gains (losses) recognised in respect of Level 3 fair values-

Particulars	March 31, 2020 Groundnut crop	March 31, 2019 -
Gain/(loss) included in 'other operating revenue	0.00	0.00
Change in fair value (realised)	0.00	0.00
Change in fair value (unrealised)	0.00	0.00

iii Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Groundnut crop - it comprises the stock under crop cultivation	Cost approach and percentage completion method	N.A.	The estimated fair valuation would increase/(decrease) if - Estimated cost to complete was lower (higher)

C. Risk Management strategies related to agricultural activities

The Group is exposed to the following risks relating to its plantations and crop.

i Regulatory and environmental risks

The Group is subject to laws and regulations in the country in which it operates. It has established environmental policies and procedures aimed at compliance with the local environmental and other laws.

ii Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of agriculture produce from crop. Management performs regular industry trend analyses for projected crop volumes and pricing.

iii Climate and other risks

The Group's groundnut crop is exposed to the risk of damage from climatic changes, diseases, pests and other natural forces.

The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular crop health surveys and industry pest and disease surveys

A reasonably possible change of 10% in Estimated cost of completing the stock under cultivation/crop at the reporting date would have increased (decreased) profit or loss by the amounts shown below.

Particulars	Profit or (loss) for the year ended March 31,2020		Profit or (loss) for the year ended March 31,2019	
	10% increase	10% decrease	10% increase	10% decrease
Variable cost (Groundnut crop)	0.00	0.00	-	-
Cash flow sensitivity (net)	0.00	0.00	-	-

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 45: CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain creditors 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 Group 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 Group

	(Amount in ₹ Lakhs)	
	2019-20	2018-19
Equity share capital	1115.91	1115.91
Other equity	2739.64	2385.94
Total Equity (A)	3855.55	3501.85
Non-current borrowings	291.97	130.23
Current borrowings	501.89	731.18
Current maturities of long term borrowing	50.84	39.61
Gross Debt (B)	844.70	901.02
Total Capital (A+B)	4700.25	4402.87
Gross Debt as above	844.70	901.02
Less: Current investments	0.00	60.18
Less: Cash and cash equivalents	146.99	162.09
Less: Other balances with bank (including earmarked balances)	215.00	160.00
Net Debt (C)	482.71	518.75
Net debt to equity	0.13	0.15

NOTE 46: 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). This category includes the derivatives financial assets designated as hedges.

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

	31.03.2020			31.03.2019		
	Carrying Amount	Fair Value - Level 1	Fair Value - Level 2	Carrying Amount	Fair Value - Level 1	Fair Value - Level 2
Financial Assets						
Financial assets measured at fair value through profit and loss						
Investments*	0.00	0.00	0.00	60.18	60.18	0.00
Derivative financial assets designated as hedges (net)	1.31	0.00	1.31	0.00	0.00	0.00
Financial assets measured at amortised cost						
Investments*	56.19	0.00	0.00	51.66	0.00	0.00
Trade receivables	869.07	0.00	0.00	670.28	0.00	0.00
Cash and cash equivalents	146.99	0.00	0.00	162.09	0.00	0.00
Bank balances other than cash and cash equivalents	215.00	0.00	0.00	160.00	0.00	0.00
Loans	19.34	0.00	0.00	17.78	0.00	0.00
Other financial assets	3.17	0.00	0.00	2.50	0.00	0.00
	1311.07	0.00	1.31	1124.49	60.18	0.00
Financial Liabilities						
Financial liabilities measured at amortised cost						
Borrowings	793.86	0.00	0.00	861.41	0.00	0.00
Lease liabilities	10.57	0.00	0.00	0.00	0.00	0.00
Trade payables	955.32	0.00	0.00	405.08	0.00	0.00
Other financial liabilities	137.26	0.00	0.00	134.18	0.00	0.00
	1897.01	0.00	0.00	1400.67	0.00	0.00

* Excludes financial assets measured at Cost

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

Notes to the consolidated financial statements for the year ended 31st March 2020

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 are 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 management 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, 2020 and 31st March, 2019 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, 2020 and 31st March, 2019. 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	31.03.2020				31.03.2019			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	844.70	552.73	245.97	46.00	901.02	770.79	85.80	44.43
Lease liabilities	10.57	0.23	0.52	9.82	0.00	0.00	0.00	0.00
Trade payables	955.32	955.32	0.00	0.00	405.08	405.08	0.00	0.00
Other financial liabilities	86.42	83.32	3.10	0.00	94.57	91.46	0.00	3.11
Total	1897.01	1591.60	249.59	55.82	1400.67	1267.33	85.80	47.54

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. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transaction. It hedges its foreign exchange risk using foreign exchange forward contracts and currency options wherever considered. As at 31st March, 2020 and 31st March, 2019, 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.

Notes to the consolidated financial statements for the year ended 31st March 2020

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

	As at 31.03.2020		As at 31.03.2019	
	USD	₹	USD	₹
Receivables	2.14	157.40	1.46	98.96
Less: Hedged through derivatives-currency options	1.41	104.48	0.00	0.00
Net unhedged exposure to foreign currency (assets)	0.73	52.92	1.46	98.96
Payables	10.40	790.52	10.98	769.86
Net unhedged exposure to foreign currency (liabilities)	10.40	790.52	10.98	769.86
Net unhedged exposure to foreign currency	(9.67)	(737.60)	(9.52)	(670.90)

Sensitivity analysis of 1% change in exchange rate at the end of reporting period net unhedged exposure	(Amount in ₹ Lakhs)	
	31.03.2020	31.03.2019
1% Depreciation in INR		
Impact on Statement of profit and loss	(7.38)	(6.71)
1% Appreciation in INR		
Impact on Statement of profit and loss	7.38	6.71

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 Company's interest-bearing financial liabilities is as follows.

	(Amount in ₹ Lakhs)	
	31.03.2020	31.03.2019
Long term borrowing-floating rate instruments	264.20	72.30
Long term borrowing-fixed rate instruments	78.61	97.54
Short term borrowing-fixed rate instruments	398.89	731.18
	741.70	901.02

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)	
	31.03.2020	31.03.2019
1% Increase in interest rates		
Impact on Statement of profit and loss	(1.78)	(0.76)
1% Decrease in interest rates		
Impact on Statement of profit and loss	1.86	0.76

NOTE 47: SEGMENT REPORTING

The segment reporting as required under Indian Accounting Standard 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 48: RELATED PARTY DISCLOSURES:

I) Names of related parties and description of relationships

- Persons owning directly or indirectly, an interest in the voting power that gives him significant influence.
Shri Kishore Chand Talwar
- Key management personnel :
Executive directors
Shri Kishore Chand Talwar (Chairman & Managing Director of Holding Company)
Smt. Nainy K. Tanna (Wholetime Director of Holding Company)
Non-executive directors (Independent directors of Holding Company)
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 Sanehi (director upto 01.04.2018)

Notes to the consolidated financial statements for the year ended 31st March 2020

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

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) & (b)	Parties mentioned in I (c)	Total
Director's Remuneration (including commission if any)	196.86	0.00	196.86
	(198.91)	(0.00)	(198.91)
Director sitting fees	1.80	0.00	1.80
	(2.20)	(0.00)	(2.20)
Salary	0.00	72.37	72.37
	(0.00)	(62.82)	(62.82)
Lease Rentals	0.00	1.20	1.20
	(0.00)	(1.20)	(1.20)
Reimbursement of expenses incurred by others	4.15	0.45	4.60
	(7.35)	(0.45)	(7.80)
Recovery of expenses incurred for others	0.11	0.05	0.16
	(0.08)	(0.05)	(0.13)
Unsecured loan taken	103.00	0.00	103.00
	(0.00)	(0.00)	(0.00)
Outstanding Balances			
Unsecured Loan taken	103.00	0.00	103.00
	(0.00)	(0.00)	(0.00)
Director's Remuneration/Commission Payable	7.15	0.00	7.15
	(6.06)	(0.00)	(6.06)
Salary Payable	0.00	3.63	3.63
	(0.00)	(4.30)	(4.30)
Lease Rent Payable	0.00	3.00	3.00
	(0.00)	(1.80)	(1.80)
Reimbursement of expenses incurred by others	0.00*	0.00	0.00
	(0.00)	(0.00)	(0.00)

* absolute figure ₹ 168.00

Note:

1) Related party relationship is identified by the Group 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 20 and Note 25.

Notes to the consolidated financial statements for the year ended 31st March 2020

Details of transactions with individual related parties are as under

	(Amount in ₹ Lakhs)	
	31.03.2020	31.03.2019
Particulars		
Director's Remuneration (including commission if any)		
Shri Kishore Chand Talwar	143.05	147.27
Smt. Nainy K. Tanna	53.81	51.64
Director sitting fees		
Shri Ayyaswami Sundaram	0.60	0.80
Shri D.Ganapathy	0.00	0.10
Shri Ram Sanehi	0.00	0.10
Sriram Shrinivasan	0.60	0.60
Krishnamoorthy Krishnan	0.60	0.60
Salary		
Shri Kundan Talwar	35.48	25.23
Smt. Sharda Talwar	27.40	27.89
Smt. Ramandeep Talwar	9.49	9.70
Lease Rentals		
Shri Kundan Talwar	1.20	1.20
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	4.15	6.15
Shri Kundan Talwar	0.00	0.45
Sriram Shrinivasan	0.00	0.60
Krishnamoorthy Krishnan	0.00	0.60
Recovery of expenses incurred for others		
Smt. Sharda Talwar	0.11	0.05
Smt. Nainy K. Tanna	0.00	0.08
Unsecured Loan taken		
Shri Kishore Chand Talwar	103.00	0.00
Outstanding Balances		
Unsecured Loan taken		
Shri Kishore Chand Talwar	103.00	0.00
Director's Remuneration Payable		
Shri Kishore Chand Talwar	4.35	3.29
Smt. Nainy K. Tanna	2.80	2.77
Salary Payable		
Shri Kundan Talwar	1.99	1.55
Smt. Sharda Talwar	1.11	1.95
Smt. Ramandeep Talwar	0.52	0.80
Lease Rentals Payable		
Shri Kundan Talwar	3.00	1.80
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	0.00*	0.00
*absolute figure ₹ 168.00		
III) Compensation of Key management personnel	31.03.2020	31.03.2019
Short-term benefits	195.62	197.93
Post employment benefits	1.24	0.98
Sitting fees paid to independent director	1.80	2.20
	<u>198.66</u>	<u>201.11</u>
IV) Terms and conditions of transactions with related parties:		
Outstanding balances at the year-end are unsecured and settlement occurs in cash.		

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 49: LEASES

The Group adopted Ind AS 116, 'Lease' effective from April 01, 2019, and has elected to apply this standard to its leases with modified retrospective approach with the cumulative effect, recognised at the date of initial application. Initial lease liability has been measured at present value of the remaining lease payments, and discounted at incremental borrowing rate of the Group as on April 01, 2019, with an equivalent amount for the right-of-use asset. The comparative information of previous year is not restated as permitted by Ind AS 116.

a) As a lessee

Right-of-use assets

(Amount in ₹ Lakhs)

	Leasehold Land
Cost	
As at 1 April 2019 (on transition to IND AS 116)	10.77
Additions	0.00
Disposals	0.00
Balance at 31 March 2020	10.77
Accumulated depreciation and impairment	
As at 1 April 2019 (on transition to IND AS 116)	0.00
Depreciation	0.56
Impairment loss	0.00
Eliminated on disposals of assets	0.00
Balance at 31 March 2020	0.56
Carrying amounts	
As at 1 April 2019	10.77
Balance at 31 March 2020	10.21

Breakdown of lease expenses

(Amount in ₹ Lakhs)

Year ended
March 31, 2020

Short-term lease expense	0.00
Total lease expense	0.00
Cash outflow on leases	
Repayment of lease liabilities	0.21
Interest on lease liabilities	0.99
Short-term lease expense	0.00
Total cash outflow on leases	1.20

Maturity analysis of lease liability

(Amount in ₹ Lakhs)

	Total Lease Payable	Less than 1 year	1 and 5 years	Over 5 years	Weighted average effective interest rate %
March 31, 2020 Lease liabilities	10.57	0.23	1.15	9.19	9.29

Impact of changes in accounting policies

The following table provides the extract of impacts of adopting Ind AS 116 on the financial statements

(Amount in ₹ Lakhs)

Impact of changes in accounting policies

Adjustments

As at April 1, 2019	
Right-of-use assets	10.77
Total assets	10.77
Lease liabilities	10.77
Deferred tax liabilities (net)	0.00
Total liabilities	10.77
Retained earnings	0.00
Total equity	0.00

Notes to the consolidated financial statements for the year ended 31st March 2020

Reconciliation between operating lease commitments disclosed in March 2019 financials applying Ind AS 17 and lease liabilities recognised in the statement of financial position

Particulars	(Amount in ₹ Lakhs)
Operating lease commitments disclosed in March 2019 financials (under Ind AS 17)	0.00
Add: Liability on account of reassessment of lease term	23.30
Less: Discounting impact (total interest)	12.53
Lease liability as at April 1, 2019	10.77

b) As a lessor

Operating Lease:

Cancellable leases

The Group has given its industrial galas under operating lease or on leave and licence basis. The agreement for the same is not non-cancellable for a period of 11 months and is 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 ₹ 04.02 lakhs (Previous year ₹ 03.83 lakhs) in accordance with the agreement is credited to the statement of profit and loss for the year.

Non-cancellable leases

The Company has given its part of the premise and ceratin plant and machineries under operating lease for the period of 3 years and 1.5 years respectively. The company has taken refundable interest free security deposit 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	2019-20	2018-19
Lease rental recognised in Statement of Profit and Loss	23.09	16.18
	31.03.2020	31.03.2019
Future minimum lease payments under non-cancellable operating lease		
Not later than one year	42.20	17.01
Later than one year and not later than five years	37.78	49.58
Later than five years	0.00	0.00
Total	79.98	66.59

NOTE 50: 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 31.03.2020	As at 31.03.2019
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	90.78	52.12
	– interest thereon	0.84	0.22
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	222.09	344.04
	– 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.	2.23	4.63
4	The amount of interest accrued and remaining unpaid.	28.63	25.56
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.	3.07	4.85

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 51: CORPORATE SOCIAL RESPONSIBILITY:

As per Section 135 of the Act, a Corporate Social Responsibility (CSR) committee has been formed by the Group. The Group has also framed CSR policy based on the provisions of CSR Rules, 2014 as amended update. During the year, as a part of CSR initiatives, the Group has contributed to Dhamangaon Education Society, Dhamangaon Rly, Amravati for undertaking CSR activities "Promotion of Education" which inter-alia includes creation of infrastructure and necessary facilities for the students in Vidharbha Region of Maharashtra. The said contribution is in compliance with the CSR policy, provisions of the Act read with Schedule VII and CSR Rules, 2014.

- a) The gross amount required to be spent by the Company on CSR activities is ₹ 10.14 Lakhs.
- b) The total expenditure incurred on 'Corporate Social Responsibility Activities' for the current year are ₹ 11.00 Lakhs details of which is as under:

Particulars	(Amount in ₹ Lakhs)		
	In cash	Yet to be paid in cash	Total
1) Construction/ acquisition of any asset	-	-	-
2) On purposes other than (1) above	11.00	-	11.00
Total	11.00	0.00	11.00

NOTE 52: COVID IMPACT:

Manufacturing facilities of the Group at Village Kaman Taluka Vasai in Maharashtra were closed since 21st March 2020 following the lockdown due to Covid 19. The Group has restarted the activities in the second week of May 2020 with the required permissions. Based on the immediate assessment of Covid 19 on the operations of the Group and ongoing discussions with customers, vendors and service providers, the Group is positive of serving customers orders and obtaining regular supply of raw materials and logistics services after resumption of operations. In assessing the recoverability of trade receivables, the Group has considered subsequent recoveries, past trends and credit risk profile of the customers based on the micro economic forecasts and internal & external information available upto the date. In assessing the recoverability of inventories, the Group has considered, the latest selling price, customers orders in hand and margins. Based on the above assessment, the Group is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of Covid-19 may be different from that estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor the developments.

NOTE 53: TAXATION MATTERS:

- a) The sales tax assessments of the Holding Company have been completed upto financial year 2006-2007 for its erstwhile unit at Daman and upto financial year 2016-17 for its Kandivali unit.
- b) The income tax assessments of the Holding Company have been completed upto assessment Year 2017-2018.

NOTE 54: 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 55: Disclosure under section 186(4) of the Companies Act, 2013

The required details of investments outstanding as on 31.03.2020 are given in note 4 and 10 to the financial statements. Investments were made with a view of cash management.

NOTE 56: Previous year figures have been regrouped, rearranged and recasted to make them comparable with the current year figures.

NOTE 57: Interests in Other Entity

(Amount in ₹ Lakhs)

Name of the Company	Country of incorporation	Proportion of ownership of interest	Proportion of ownership of interest
		31.03.2020	31.03.2019
Wholly Owned Subsidiary Rexnord Enterprise Private Limited	India	100%	100%

Notes to the consolidated financial statements for the year ended 31st March 2020

NOTE 58: 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	2019-20							
	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)
Parent								
Rexnord Electronics and Controls Limited	101.57%	3916.16	115.89%	407.30	100.00%	2.25	115.79%	409.55
Subsidiary								
Rexnord Enterprise Private Limited	3.62%	139.39	-15.89%	(55.85)	0.00%	0.00	-15.79%	(55.85)
Total	105.19%	4055.55	100.00%	351.45	100.00%	2.25	100.00%	353.70
Adjustment due to consolidation	-5.19%	(200.00)	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	100.00%	3855.55	100.00%	351.45	100.00%	2.25	100.00%	353.70
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	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)
Parent								
Rexnord Electronics and Controls Limited	100.14%	3506.61	101.05%	395.81	100.00%	(0.48)	101.05%	395.33
Subsidiary								
Rexnord Enterprise Private Limited	0.15%	5.24	-1.05%	(4.10)	0.00%	0.00	-1.05%	(4.10)
Total	100.29%	3511.85	100.00%	391.71	100.00%	(0.48)	100.00%	391.23
Adjustment due to consolidation	-0.29%	(10.00)	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	100.00%	3501.85	100.00%	391.71	100.00%	(0.48)	100.00%	391.23
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 : July 30, 2020

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

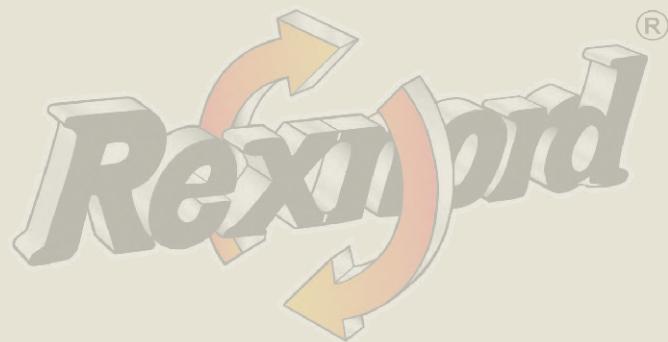
Nainy K. Tanna
Wholetime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Place : Mumbai
Dated : July 30, 2020

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

website : www.rexnordindia.com