



Date: August 7, 2021

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 2020-2021 including Notice of the 33rd 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 2020-2021, including Notice of the 33rd Annual General Meeting being sent to the members through electronic mode.

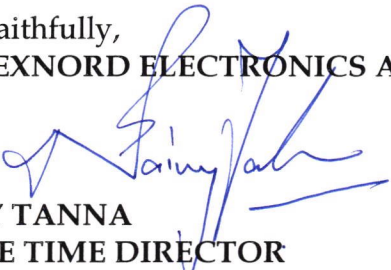
The said Annual Report containing the Notice is also uploaded on the Company's website and can be accessed at <http://www.rexnordindia.com/Annual-report.aspx>

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

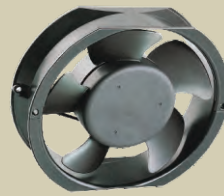


AC DC & ENERGY SAVING FANS & MOTORS

For Ventilation & Air Circulation

CE

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Cooling System to Rely On

33rd

Annual Report 2020 - 2021

BOARD OF DIRECTORS	Kishore Chand Talwar Nainy K. Tanna Krishnamoorthy Krishnan Ayyaswami Sundaram Sriram Shrinivasan	Chairman & Managing Director Wholetime Director Director Director Director
CHIEF FINANCIAL OFFICER	Kundan Talwar	
COMPANY SECRETARY	Shweta Kalantri	
AUDITORS	Rakesh Soni & Co. Chartered Accountants Mumbai	
SECRETARIAL AUDITORS	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 : investor@bigshareonline.com • Website : www.bigshareonline.com	

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 33rd Annual General Meeting (AGM) of the Members of **REXNORD ELECTRONICS AND CONTROLS LIMITED** will be held on Wednesday, September 1, 2021 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, 2021, including the Audited Balance Sheet as at March 31, 2021, 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, 2021, including the Audited Consolidated Balance Sheet as at March 31, 2021, 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.

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: June 30, 2021

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular Nos.14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021, respectively, issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/ HO/CFD/ CMD1/ CIR /P/2020/79 and SEBI/HO/CFD/CMD 2/ CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 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 33rd AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue.
2. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.
3. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

4. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of Members has been dispensed. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after 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 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.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
7. 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 related to e-voting are given in this Notice under Note No. 23 & 24. 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.
8. 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.
9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2021, 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 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.
 - a. 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>
 - b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
10. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.rexnordindia.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).
11. 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.

12. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
13. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the AGM are furnished below. The Directors have furnished the requisite consents / declarations for their appointment/re-appointment.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT PURSUANT TO REGULATION 36(3) OF THE SEBI (LODR) REGULATIONS, 2015:

Name of Director	Mrs. Nainy K. Tanna
Director Identification Number (DIN)	00351762
Date of Birth	September 24, 1981
Age	40 Years
Brief resume & Nature of expertise in specific functional areas	She is associated with the Company since August 01, 2001 as Director of the Company and has an experience of over 20 years to her credit. She looks after Finance, Import and Export related activities of the Company.
Disclosure of relationship between directors inter-se	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 and the membership of Committees of the Board	Not Applicable
No. of Shares held in the Company	3,62,200 shares
Membership & Chairmanships of Committees of the Board	Refer to Report on Corporate Governance.

14. The Company is not required to close Register of Members and Share Transfer Books for the purpose of AGM.
15. 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.
16. 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.
17. 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.
18. The Company's shares are listed on BSE Limited, Mumbai.
19. 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
20. 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 - 400 059.
Tel: 022 – 62638200/222
Email: investor@bigshareonline.com

21. 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.
22. 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.
23. **THE INSTRUCTIONS FOR SHAREHOLDERS OF REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- a) The voting period begins on **August 29, 2021 Start Time: 9:00 a.m. (IST)** and ends on **August 31, 2021 End Time: 5:00 p.m. (IST)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e **August 25, 2021** 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) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- d) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote

Type of shareholders	Login Method
	e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	1) If you are already registered for NSDL IDEAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDEAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDEAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDEAS" "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

e) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding in Demat form & physical shareholders.**

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digits 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. 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 (v).

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- j) 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.
- k) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- l) 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.
- m) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- n) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- o) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- p) **Facility for Non – Individual Shareholders and Custodians – Remote Voting**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - 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 linked in the login 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 scrutinizer to verify the same.
 - Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; finance@rexnordindia.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

24. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.

5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. 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 (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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.

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

To,

The Shareholders,

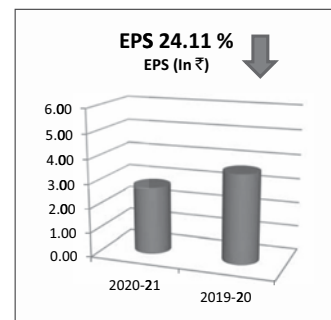
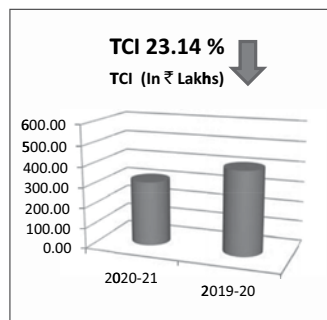
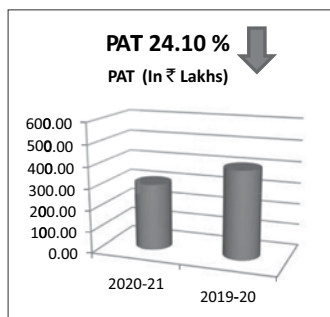
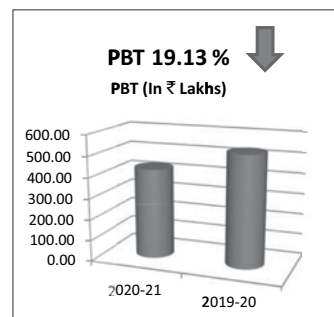
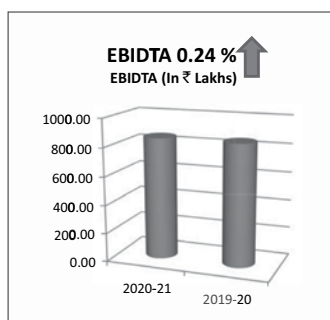
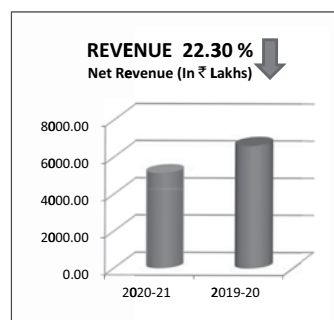
Your directors have pleasure in presenting the 33rd Annual Report, together with the Audited Financial Statements of the Company for the financial year ended March 31, 2021. The consolidated performance of the company and its subsidiary has been referred to wherever required.

FINANCIAL HIGHLIGHTS:

(₹ in Lakhs except EPS)

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2021	For the year ended 31.03.2020	For the year ended 31.03.2021	For the year ended 31.03.2020
Total revenue	5122.12	6591.87	5121.03	6579.89
Profit before finance cost, depreciation and amortization	853.27	851.21	819.22	796.99
Finance costs	65.11	157.54	65.12	157.55
Profit before depreciation and amortization	788.16	693.67	754.10	639.44
Depreciation and amortization	160.92	162.42	164.29	164.04
Profit before exceptional items & tax	627.24	531.25	589.81	475.40
Exceptional items	197.61	0.00	197.61	0.00
Profit before tax	429.63	531.25	392.20	475.40
Tax expense	120.48	123.95	120.48	123.95
Net profit after tax	309.15	407.30	271.72	351.45
Other comprehensive income (net of tax)	5.62	2.25	5.62	2.25
Total comprehensive income	314.77	409.55	277.34	353.70
Balance brought forward	2507.97	2098.42	2447.36	2093.65
Balance carried forward	2820.67	2507.97	2722.63	2447.36
Earning per Equity Share:				
Basic	2.77	3.65	2.43	3.15
Diluted	2.77	3.65	2.43	3.15

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



COMPANY OVERVIEW:

Your Company is one of India's leading manufacturing companies present in the Fans and Shaded Pole 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 the raging pandemic is posing formidable and unprecedented challenges across the business value chain, your company is facing the tide, taking nimble footed decisions and executing them with speed to meet the current challenges on the ground as well as remain firmly on course for long term sustainable growth.

At the start of the year, the outlook was uncertain & no specific expectations for growth were set, however as the year progressed, your Company tried to scale up and match up to sales similar to last year inspite of having lost on the initial months due to lock down, Encouraging business performance helped in achieving increased profitability during the year.

The revenue growth was led by:

1. Improvement in consumer sentiment as they adopted and learned to live with Covid related challenges.
2. Positive Government policies hereby supporting Integrated Indian manufacturers.
3. Robust supply chain gave an opportunity to capitalize on the vacuum created in the market due to supply chain disruptions faced by the unorganized sector and import related challenges.
4. Proactive Financial decisions for leading a smooth work flow environment.

The speed and scale of recovery ensured that Rexnord at overall level improved upon last financial year performance in both volumes and profitability, despite losing crucial initial part of the year.

Rexnord carries a robust Balance sheet with healthy working capital and liquidity position and going forward also your Company will continue its aim of filling the gaps in the portfolio by introducing technologically advanced products, and better designs.

IMPACT OF COVID-19 ON THE OPERATIONS OF THE COMPANY:

The year was indeed unique as the COVID-19 contagion ravaged socio-economic developments globally. We are living through unprecedented times. When it felt like the worst was over, unfortunately a second wave of Covid gripped the country again with even higher ferocity. During this protracted pandemic, we wish that all members of Rexnord's family and the country at large stay safe and follow Covid safety protocol.

Our Response

At Rexnord, we relied on agility, and a pragmatic approach to the unprecedented and unforeseen pandemic. In the initial period, we focussed on the safety of our employees, dealers and other stakeholders. We invoked the spirit of togetherness, hope and humanity to be helpful to each other.

We would like to express our sincere gratitude to the entire team for their exemplary contribution and efforts. We would single out our factory staff, the frontline staff, supervisors and supply chain team for their inexhaustible energy to keep going and fulfil deliveries against all odds. They are Rexnord's Covid warriors and we would thank them on your behalf.

As business gradually gained traction post lockdown, Rexnord was able to fulfil consumers' demands through its vast distribution network supported by continuity in product supply through in- house production. There have been

numerous examples set by each function of your Company where best results have been achieved this year. Sales, supply chain and manufacturing have surpassed their previous best by improving productivity. We are determined to continuously drive 'Innovation', 'Growth' and 'Productivity' throughout the organisation.

Rexnord has always believed in creating a long-term sustainable business with an innovative product development, aspirational brand, own manufacturing, well-entrenched distribution network, a strong supply chain and a responsive customer service.

Volumes and efficiency were the key during these times, and I am glad to share that your Company was able to deliver results because of the investments committed over the years. While one can scamper their way in, exploiting access to the trade network, success is ephemeral unless backed by solid infrastructure and a value system. We also maintain strong liquidity and prudent Capex and Opex mix to retain the nimbleness in the organisation.

We, at Rexnord, over the years have continued to take important strides in playing our part towards a sustainable environment. We have been working steadily towards conservation and management of natural resources, by installing solar panels and waste management systems.

FINANCIAL REVIEW:

On Standalone Basis: Your Company achieved a Total Revenue of ₹ 5122.12 lakhs as against ₹ 6591.87 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 4692.49 lakhs as against ₹ 6060.62 lakhs in the previous Year. The Profit before tax was ₹ 429.63 lakhs as against ₹ 531.25 lakhs in the previous year and the Net Profit after tax was ₹ 309.15 lakhs as against ₹ 407.30 lakhs in the previous Year.

On Consolidated Basis: Your Company achieved a Total Revenue of ₹ 5121.03 lakhs as against ₹ 6579.89 lakhs in the previous Year. The total expenditure during the Year under review was ₹ 4728.83 lakhs as against ₹ 6104.49 lakhs in the previous Year. The Profit before tax was ₹ 392.20 lakhs as against ₹ 475.40 lakhs in the previous year and the Net Profit after tax was ₹ 271.72 lakhs as against ₹ 351.45 lakhs in the previous year.

FUTURE OUTLOOK:

The challenge related to inflationary trends in commodity and the second wave of Covid-19 might affect consumer sentiment in the short-term. However, we are confident of the medium to long-term demand trends. With strategic building blocks in place – strengthening the core, broadening our portfolio and investing in people and process capability – we are looking at improved and sustainable growth.

Last fiscal, we gained market share across categories along with increased distribution penetration and Export boost. We will continue to strengthen our credentials in product development, emerging consumer trends and serving through distributed-channel network. We believe in secular growth potential of India and Rexnord.

We wish you, health and safety and urge you to follow Covid protocol.

CHANGE IN THE NATURE OF BUSINESS:

During the year, there was no change in the nature of business of the Company.

DIVIDEND:

To consolidate the financial position of the Company, the Board does not recommend any dividend for the year ended March 31, 2021.

TRANSFER TO RESERVES:

No amount is proposed to be transferred to Reserves out of the profits earned during the Financial Year 2020-2021.

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 48 (ii) to the Financial Statements for the year ended 31st March, 2021. 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.

SHARE CAPITAL OF THE COMPANY:

➤ Authorised Share Capital

The Authorised Capital of the Company as at March 31, 2021 was ₹ 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakhs) equity shares of ₹ 10/- each.

➤ Issued and Paid-up Share Capital

The Paid-up Equity Share Capital as at March 31, 2021 was ₹ 11.16 Crores divided into 1,11,60,000 Equity Shares, having face value of ₹ 10/- each fully paid up.

During the year under review, the Company has not issued any shares or convertible securities with differential voting rights nor has granted any stock options or sweat equity or warrants. As on March 31, 2021, none of the Directors of the Company hold instruments convertible into Equity Shares of the Company.

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, 2021:

i. Investments in Equity Shares of wholly owned subsidiary:

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2021
Rexnord Enterprise Private Limited	200.00

ii. Investments in Debentures & Bonds:

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2021
Reliance Securities Limited	29.78
Reliance Capital Limited	31.12

iii. Investments in mutual funds (Unquoted):

(₹ in Lakhs)

Name of Mutual funds	Amount as at March 31, 2021
ICICI Prudential Savings Fund - Growth of face value of ₹ 10/- each unit	50.67
SBI Magnum Low Duration Fund - Growth of face value of ₹ 10/- each unit	50.49
HDFC Low Duration Fund - Regular Plan - Growth of face value of ₹ 10/- each unit	50.66

iv. Investments in Equity shares (Quoted)

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2021
Infosys Limited of face value of ₹ 5 each share	0.07

B. Details of loans given by the Company to its wholly owned subsidiary as on 31st March, 2021:

(₹ in Lakhs)

Name of entity	Amount as at March 31, 2021
Rexnord Enterprise Private Limited	23.00

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

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 Directors including One (1) Woman Director and Three (3) Independent Directors as on March 31, 2021.

ii) Re-appointments:

Director liable to retire by rotation

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. Kishorechand Talwar was re-appointed as Chairman & Managing Director and Mrs. Nainy Tanna was re-appointed as Whole Time Director of the Company for a period of 3 years with effect from April 01, 2020, approved by the Shareholders at the Annual General Meeting held on September 23, 2020.

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

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.

SUBSIDIARIES & ASSOCIATE COMPANIES AND JOINT VENTURE:

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, 2021.

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.

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, 2021 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 company has 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.

ANNUAL RETURN:

In accordance with the Companies Act, 2013, read with the applicable Rules, the Annual Return in the prescribed format can be accessed at www.rexnordindia.com.

NUMBER OF MEETINGS:

(a) Board of Directors:

The Board of Directors met Five (5) 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.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134 of the Act, with respect to Directors Responsibility statement it is hereby confirmed:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

company at the end of the financial year and of the profit and loss of the company for that period;

- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

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 Executive Directors was also carried out by the Independent Directors in their meeting held on February 12, 2021.

Similarly, the performance of various committees, individual Independent and Executive 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.

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.

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

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 requirement for the annual ratification of auditors' appointment at every Annual General Meeting has been omitted pursuant to Companies (Amendment) Act, 2017, notified on May 7, 2018. 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, 2022 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, 2022.

The Report given by M/s. Rakesh Soni & Co., Chartered Accountants, on the financial statements of the Company for the financial year 2020-2021 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 Rath & Co., as internal auditors of the Company for the financial year 2021-22.

c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. GMJ & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended as **Annexure 'B'** and forms part of this report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

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, 2021. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

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 2020-2021 and 2021-22.

CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Section 135 of the Companies Act, 2013 for Corporate Social Responsibility (CSR) are applicable to the Company for the Financial Year 2020-2021 and accordingly, the Company has in place the Corporate Social Responsibility Committee.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and Annual Report on CSR activities during the year under review are set out in **Annexure 'C'** 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.

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 Code of Conduct deals with ethical issues and also foster a culture of accountability and integrity. The Code is 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.

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 a copy thereof, such member may write to the Company Secretary.

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.

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.

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.

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 have been denied access to the Audit Committee. The Whistle Blower Policy has been posted on the website of the Company www.rexnordindia.com

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 2020-2021, no complaint was received under the policy.

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

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

A. CONSERVATION OF ENERGY:

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

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

- Due consideration has been given to energy consumption while procuring equipment's.
- As a responsible Corporate Citizen and in adherence to our climate change strategy, Company is continuously taking effective steps to conserve energy.
- Except the emergency lights, all lights and electrical gadgets are turned off after working hours and on holidays at office premises of the Company to help in minimizing the energy consumption.

- (ii) The Steps taken by the Company for utilizing alternate source of energy: The Company is constantly exploring avenues for cost saving as an ongoing process.
- (iii) The Capital invested on energy equipment's: Nil

B. TECHNOLOGY ABSORPTION:

a) Research & Development

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

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

b) Technology absorption, adaptation and innovation.

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

C. FOREIGN EXCHANGE EARNED AND USED:

The particulars regarding foreign exchange earnings and expenditure during the Financial Year 2020-21 is as under:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Foreign Exchange Earning	957.68	922.42
Foreign Exchange Outgo	1295.73	2804.99

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.

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.

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.

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.

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 Annexure's 'D' & 'E', 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.

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, 2021.

FINANCIAL YEAR:

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

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.

ISO CERTIFICATION:

The Company's products are awarded as ISO 9001:2015 Certification.

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: June 30, 2021

ANNEXURE 'A' TO THE DIRECTORS' REPORT 2020-2021

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)	(98.04)
6.	Total assets	125.63
7.	Total Liabilities (excluding share capital and reserves & surplus)	23.67
8.	Investments	—
9.	Turnover	0.00
10.	Profit before taxation	(37.43)
11.	Provision for taxation	—
12.	Profit after taxation	(37.43)
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
Wholtime Director
DIN 00351762

Krishnamoorthy Krishnan
Director
DIN 08129657

Kundan Talwar
Chief Financial Officer

Shweta Kalantri
Company Secretary

Place : Mumbai
Dated : June 30, 2021

ANNEXURE 'B' TO THE DIRECTORS' REPORT 2020-2021

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

(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, 2021, 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, 2021 according to the provisions of:

- i. The Companies Act, 2013 ("the Act") including the Companies (Amendment) Act, 2020 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; **[Not applicable during the period of audit]**
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **[Not applicable during the period of audit]**
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the period of audit]**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the period of audit]**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable during the period of audit]**

We 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 into 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 having regard to the compliance system prevailing in the Company and as per explanations and management representations obtained and relied upon by us the Company has adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.
2. 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.
3. 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.

We further report that during the audit period, no events/actions occurred which had a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

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 : June 30, 2021.

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

ANNEXURE A

To,

The Members,

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. We have verified the documents provided by the Company through Virtual Private Network (VPN) for audit purpose due to COVID-19 restrictions in Maharashtra, Mumbai, physical examination of documents is not possible.

For **GMJ & ASSOCIATES**
Company Secretaries

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

PLACE: MUMBAI
DATE : June 30, 2021.

ANNEXURE 'C' TO DIRECTORS' REPORT 2020-2021

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company: -

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. As per the CSR policy, Promotion of Education which inter-alia includes creation of infrastructure and necessary facilities, are the focus areas for CSR engagement.

2. Composition of CSR Committee:

Sr. No	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Krishnamoorthy Krishnan	Chairperson (Independent Director)	1	1
2.	Ayyaswami Sundaram	Member (Independent Director)	1	1
3.	Nainy K. Tanna	Member (Wholtime Director)	1	1

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: www.rexnordindia.com.

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014: **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: - **NIL**

6. Average net profit of the company as per section 135(5): **₹ 522.78 Lakhs**

7. (a) Two percent of average net profit of the company as per section 135(5): **₹ 10.46 Lakhs**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**

(c) Amount required to be set off for the financial year, if any: **NIL**

(d) Total CSR obligation for the financial year (7a+7b-7c): **₹ 10.46 Lakhs**

8. (a) CSR amount spent or unspent for the financial year: 2020-21.

(Amount in ₹ Lakhs)

Total Amount Spent for the Financial Year.	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer
11.00	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(Amount in ₹ Lakhs)

(1) Sr. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes / No).	(5) Location of the project.	(6) Project duration	(7) Amount allocated for the project	(8) Amount spent in the current financial Year	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6)	(10) Mode of Implementation - Direct (Yes/ No).	(11) Mode of Implementation - Through Implementing Agency
				State District						Name CSR Registration number.
1.										
	Total									

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(Amount in ₹ Lakhs)

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes / No).	(5) Location of the project.	(6) Amount spent for the project	(7) Mode of implementation - Direct (Yes/ No).	(8) Mode of implementation - Through implementing agency.
				State District			Name. CSR registration number
1.	Promotion of Education which inter-alia includes creation of infrastructure and necessary facilities for students of Marathwada Region of Maharashtra	Promoting Education	Yes	Maharashtra Aurangabad	11.00	No	Shree Goraksh Saikshanik Bahuuddeshiya Sanstha N.A.
	Total				11.00		

- (d) Amount spent in Administrative Overheads: **Nil**
- (e) Amount spent on Impact Assessment, if applicable: **Nil**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹ 11 Lakhs**
- (g) Excess amount for set off, if any: **Nil**

(Amount ₹ in Lakhs)

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per Section 135(5) of the Companies Act, 2013	10.46
(ii)	Total amount spent for the Financial Year	11.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.54
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**

(Amount in ₹ Lakhs)

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer.	
1.							
	Total						

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **- NIL**

(Amount in ₹ Lakhs)

(1) Sr. No.	(2) Project ID.	(3) Name of the Project.	(4) Financial Year in which the project was commenced.	(5) Project duration.	(6) Total amount allocated for the project	(7) Amount spent on the project in the reporting Financial Year	(8) Cumulative amount spent at the end of reporting Financial Year.	(9) Status of the project - Completed / Ongoing.
1								
2								
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **- Not Applicable (Asset-wise details).**

Date of creation or acquisition of the capital asset(s).

- (a) Amount of CSR spent for creation or acquisition of capital asset.
- (b) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **- Not Applicable**

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)

Place: Mumbai
Dated: June 30, 2021

ANNEXURE 'D' TO DIRECTORS' REPORT 2020-2021

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, 2021.

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 bench marking 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, 2021 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 Five (5) times during the year on July 30, 2020, August 29, 2020, September 15, 2020, November 12, 2020, and February 12, 2021 and the gap between two meetings was in compliance with the relaxations /circulars issued by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI') during the financial year 2020-21 due to widespread of COVID 19 Pandemic. 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, excluding this listed entity 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	5	Yes	-	1	-	-	-	-
2.	Mrs. Nainy Kunal Tanna (WTD)	Promoter and Executive Director	5	Yes	-	1	-	-	-	-
3.	Mr. Ayyaswami Sundaram	Non-Executive Independent Director	4	No	-	1	-	-	-	-
4.	Mr. Krishnamoorthy Krishnan	Non-Executive Independent Director	5	Yes	1	-	3	1	D C W Limited	Non-Executive Independent Director
5.	Mr. Sriram Shrinivasan	Non-Executive Independent Director	5	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 7 Listed Companies w.e.f. 1st April, 2020. 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 Listed 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 July 30, 2020, September 15, 2020, November 12, 2020 and February 12, 2021 and the gap between two meetings was in compliance with the relaxations / circulars issued by MCA and SEBI during the financial year 2020-21 due to widespread of COVID 19 Pandemic. The necessary quorum was present for 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 (2020-2021)				No. Meetings Entitled to Attended	No. of Meetings Attended
			July 30, 2020	Sep 15, 2020	Nov 12, 2020	Feb 12, 2021		
Mr. Krishnamoorthy Krishnan	Non-Executive Independent	Chairperson	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Non-Executive Independent	Member	No	Yes	Yes	Yes	4	3
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 23, 2020 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) Non-executive Independent Directors as members.

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

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

b) Composition & Meetings:

The Committee met One (1) time during the year on July 30, 2020. The necessary quorum was present throughout the meeting.

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 (2020-2021)	No. Meetings Entitled to Attended	No. of Meetings Attended
			July 30, 2020		
Mr. Krishnamoorthy Krishnan	Independent Non-Executive	Chairperson	Yes	1	1
Mr. Ayyaswami Sundaram	Independent Non-Executive	Member	No	1	0
Mr. Sriram Shrinivasan	Independent Non-Executive	Member	Yes	1	1

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, 2021:

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 2020-21.

The details of remuneration paid to Executive Directors during the Financial Year 2020-21 are given below:

(₹ in Lakhs)

Particulars	Mr. Kishore Chand Talwar	Mrs. Nainy K. Tanna
Salary	108.93	52.23
Allowances & Perquisites	0.00	0.32
Bonus	-	-
Pension	-	-
Fixed Components:		
Contribution to Provident Fund	0.31	0.32
Performance linked Incentive	-	-
Commission	24.21	-
Service Contract	-	-
Severance Fees	-	-
Stock Options	-	-
Total	133.45	52.87

e) Details of remuneration paid to Non-Executive Directors during the Financial Year 2020-21 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 2020-21 are as follows:

(₹ in Lakhs)

Particulars	Mr. Krishnamoorthy Krishnan	Mr. Ayyaswami Sundaram	Mr. Sriram Shrinivasan
Sitting Fees (₹ in Lakhs)	0.50	0.40	0.50
Shareholding in the Company	Nil	Nil	Nil

The Non-Executive Independent Directors have not been paid any remuneration except sitting fees during the financial year 2020-21.

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; and
- 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, 2021 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) Non- Executive Independent Directors as members.

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 2020-2021.

Sr. No.	Nature of Complaints	Received	Disposed off	Pending
1	Non receipt of Share Certificate (After Transfer)	0	0	0
2	Non receipt of Demat Rejected S/C's	0	0	0
3	Non receipt of Dividend Warrant	0	0	0
4	Non receipt of Annual Report	0	0	0
5	From SEBI	1	1	0
6	Others	0	0	0
	Total	1	1	0

There were no complaints pending as on 31st March, 2021.

Composition & Meetings

The Committee met Four (4) times during the year on July 30, 2020, September 15, 2020, November 12, 2020 and February 12, 2021. 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 (2020-2021)				No. Meetings Entitled to Attended	No. of Meetings Attended
			July 30, 2020	Sep 15, 2020	Nov 12, 2020	Feb 12, 2021		
Mr. Krishnamoorthy Krishnan	Non-Executive Independent	Chairperson	Yes	Yes	Yes	Yes	4	4
Mr. Ayyaswami Sundaram	Independent Non-Executive	Member	No	Yes	Yes	Yes	4	3
Mr. Sriram Shrinivasan	Independent Non-Executive	Member	Yes	Yes	Yes	Yes	4	4

Mrs. Shweta Kalantri is the Company Secretary and Compliance Officer.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has already in place 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.

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 February 12, 2021. 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 (2020-2021)	No. of Meetings entitled to attend	No. of Meetings Attended
			February 12, 2021		
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; and
- 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 12, 2021. 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, 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 along with the names of directors who have such skills / expertise / competence.					
	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 revised in the Board Meeting dated February 12, 2021. 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. This Policy can be accessed from the Company's website: www.rexnordindia.com

Policy for 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. The same is uploaded on the website of the Company 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
31.03.2018	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
31.03.2020	23.09.2020	11.00 a.m.	92-D Govt. Ind. Estate, Charkop, Kandivali (W), Mumbai - 400067 through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")

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

Date of AGM	Description of Special Resolution
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
23.09.2020	i) Re-appointment of Mr. Kishorechand Talwar as Chairman & Managing Director of the Company. ii) Re-appointment of Mrs. Nainy Kunal Tanna as Whole Time Director of the Company.

(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) 33rd Annual General Meeting Schedule to be held on

DAY & DATE : Wednesday, September 1, 2021
TIME : 11:00 a.m. IST
VENUE : Through VC/OAVM, the venue of the 33rd 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 2021-22 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, 2021	On or before August 14, 2021.
Un-audited Financial Results for the quarter and half year ending September 30, 2021	On or before November 14, 2021
Un-audited Financial Results for the quarter and nine months ending December 31, 2021	On or before February 14, 2022
Audited Financial Results for the quarter and year ending March 31, 2022	On or before May 30, 2022

(c) Book Closure:

The Company was not required to close Register of Members and Share Transfer Books 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 2020-2021 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, 2020 to March, 2021 are as under:

Month	Company's Share ₹		BSE Sensex	
	High	Low	High	Low
April, 2020	22.15	17.25	33,887.25	27,500.79
May, 2020	23.50	18.15	32,845.48	29,968.45
June, 2020	28.80	18.65	35,706.55	32,348.10
July, 2020	23.60	18.90	38,617.03	34,927.20
August, 2020	31.90	19.05	40,010.17	36,911.23
September, 2020	28.90	22.15	39,359.51	36,495.98
October, 2020	25.90	22.40	41,048.05	38,410.20
November, 2020	27.00	22.80	44,825.37	39,334.92
December, 2020	32.95	24.25	47,896.97	44,118.10
January, 2021	39.90	27.45	50,184.01	46,160.46
February, 2021	37.00	28.35	52,516.76	46,433.65
March, 2021	36.15	28.20	51,821.84	48,236.35

h) Registrar to an issue and Share Transfer Agents:

M/S. BIG SHARE SERVICES PRIVATE LIMITED
Bharat Tin Works Building, 1st Floor,
Opp. Vasant Oasis, Makwana Road, Marol,
Andheri – East, Mumbai – 400059
Tel: 022 – 62638200 Email: investor@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, 2021:

The shareholding of different categories of the shareholders as on March 31, 2021 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	1,000	0.01
Bodies Corporate	91,053	0.81
Indian Public	31,43,637	28.17
Clearing Members	37,634	0.34
NRI/FN	92,630	0.83
Total	1,11,60,000	100.00

k) Distribution of Shareholding as on March 31, 2021:

No. of Equity Shares held	No. of Shareholders	No. of Shares held	% of Equity Capital
Upto -500	4559	717580	6.43
501-1000	444	375700	3.36
1001-2000	214	331003	2.97
2001-3000	67	174980	1.57
3001-4000	26	92213	0.83
4001-5000	36	169669	1.52
5001-10000	44	313803	2.81
10001- & above	35	8985052	80.51
Total	5425	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, 2021, out of total Equity Capital 11160000 Equity Shares, 10570780 Equity Shares representing 94.72% 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: 1071

Number of Shares: 152115 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 currency options.

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

r) Address for Correspondence:

REXNORD ELECTRONICS AND CONTROLS LIMITED

92D, Government Industrial Estate, Charkop,

Kandivali (West), Mumbai - 400067

E-mail: finance@rexnordindia.com

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 48 to the Standalone Financial Statements and Note 50 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 have 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 is no audit modified opinions in the Company's financial

statement for the year under review.

- **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 Secretaries 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, 2021 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) 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, 2021 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".

p) Auditors' Certificate on Corporate Governance:

The Company has obtained a Report from Auditors of the Company regarding compliance with the provisions relating to the corporate governance laid down in the Listing Regulations. This Report 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: June 30, 2021

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, Kandivli (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, 2021 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: F003706C000550395

Place: Mumbai

Dated: June 30, 2021

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, 2021.

Kishorechand Talwar
Chairman & Managing Director
(DIN : 00351751)

Place: Mumbai
Dated: June 30, 2021

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, 2021 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: June 30, 2021

ANNEXURE 'D' TO CORPORATE GOVERNANCE REPORT

INDEPENDENT AUDITOR'S REPORT 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. The Corporate Governance Report prepared by Rexnord Electronics and Controls Limited ("the Company"), contains details as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2021. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include but not limited to verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 1 above.

Other Matters and Restriction on use

10. This report 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.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

R. K. Soni
Partner

Membership No. 047151
UDIN: 21047151AAAABW8873

Place: Mumbai.
Dated : June 30, 2021

ANNEXURE 'E' TO DIRECTORS REPORT 2020-2021

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The year gone by started with an unprecedented nation-wide lockdown due to pandemic which negatively impacted the economic activities across the globe. Post relaxation of lockdown economic activities gradually started picking up from mid May 2020. Rexnord, backed by manufacturing strength, robust supply chain management and strong distribution network made a strong come back.

The finance cost decreased tremendously as the Company leveraged posing a robust capital management plan. The company aimed at increasing its liquidity to meet its working capital requirements. As Company generated healthy cashflows, a significant part of the borrowings was repaid within the same fiscal year.

Economic environment continues to remain uncertain and challenging owing to Covid and partial lockdowns across the country. However, we as an organisation remain vigilant to the ground developments with confidence and optimism to manage emerging scenarios.

INDUSTRY OVERVIEW

Electrification is an enormous trend driving our growth, creating new opportunities to participate in the infrastructure development and demand emanating from semi-urban and rural markets.

The recent impetus to "Aatmanirbhar Bharat" serves well for integrated manufacturers like Rexnord. The Government's push towards large capital outlays, uptick in the private capital investment cycle supported by low interest rate regime too, will provide the much-needed stimulus. This will provide the necessary fundamental transformation in balancing our excessive dependence on consumption growth to investment growth.

Consumer preferences are changing too, moving towards reliable and quality brands, thereby creating a unique opportunity for organised players driving premiumisation with products which are feature led, energy efficient and have a digital footprint.

OPPORTUNITIES AND THREATS

Opportunities:

- A) Infrastructure Investment:** Government's focus on Infrastructure developments such as roads, railways, ports, housing is expected to create demand for electrical goods such as Industrial Fans, Motors, Switchgears and Inverters. Slowdown in the infrastructure activities may impact the near to mid-term growth prospects for Industrial and Infra segments.
- B) Favourable demographics:** Favourable demographic indicators like urbanisation, young aspirational population, increase in disposable income of individuals, aspiration for good quality branded products, nuclear families etc. are expected to catalyse the growth for electrical and electronic goods. Economic slowdown may impact disposable income resulting in low consumer sentiment.
- C) Penetration in the HVACR sector:** The Government's Make In India approach has created opportunity for the Company to expand into Urban and Semi-urban markets. This has enabled the Company to penetrate the HVACR sector in India which is a big market.
- D) Exports:** The world market is evaluating Indian companies as an alternative to other Asian countries. Having a large manufacturing base, gives us an opportunity to capture the export market especially the countries like Saudi Arabia, UAE, Bahrain, Sri Lanka, East Asia.
- E) Product basket:** Having a large product basket across Industrial and Consumer segment is a great opportunity to increase the shelf space at the retail counter and share of wallet of the consumer. It increases the chances of disproportionate gain when the consumer sentiment is positive and serves as a natural hedge in case of economic downturn. Management of Large basket requires focus and Investment and exposure to a degrowing segment to impact the overall performance.
- F) Energy Saving:** With the Government's Focus increasing on "GO Green Technology" the company has aimed at its share of promoting Green Products i.e. Energy Saving line of Fans and Motors thereby contributing to the Environment.

Risk and Concerns:

- A) Economic slowdown:** Slowdown in the Indian economy due to global developments could adversely impact growth in the short-term.

- B) Commodity inflation:** Sharp increase in commodity prices could lead to increase in cost of finished goods impacting the affordability and consumer sentiment.
- C) Slower than expected pick-up in housing:** Demand for new housing has been sluggish since couple of years. Continued weak demand for housing could impact demand for electrical goods.
- D) Increase in competition:** Hyper competitiveness is normal, but it becomes a risk in case it leads to irrational behaviour in the market in terms of pricing and other trade practices.
- E) Non-availability of regular and quality power:** Availability of quality electricity is the key for demand of electrical products, any substantial shortfall in the supply of electricity may hamper growth prospects for the industry.
- F) Pandemic:** Deterioration in supply chain and demand due to pandemic such as COVID-19 have emerged as a significant business risk. Strong supply chain system with robust digitisation and interlinking of various divisions is the need of the hour to tackle similar situations in future.

OUTLOOK

The challenges related to inflationary trends in commodity and the second wave of Covid-19 might affect consumer sentiment in the short-term. However, we are confident of the medium to long-term demand trends. With strategic building blocks in place – strengthening the core, broadening our portfolio and investing in people and process capability we are looking at improved and sustainable growth.

Last fiscal, we gained market share along with increased distribution penetration. We will continue to strengthen our credentials in product development, emerging consumer trends and serving through vastly distributed supply chain network. We believe that Rexnord will definitely achieve greater heights in the coming time.

COMPETITION

We maintain a constant focus on sharpening our competitive edge on all fronts – operational efficiency, optimal use of assets, high level of automation and backward integration. Strong relationships with dealers, vendors and an effective governance framework have been the key to our enduring enterprise. An effective organisational culture, environment-friendly and socially responsible practices further help deliver holistic change to achieve long-term social and environmental sustainability.

The following strategies have been adopted in order to suppress competition:

1. Robust balance sheet, domestic manufacturing, transparent and fair-trade practices and increasing the depth of our supply chain have helped to create a long-term sustainable business model. Regular and acute investment in technology, R&d and Brand building have enabled to build a strong and scalable portfolio.
2. We have gradually aimed at widening our product base in order to include high profit-making products and there thereby increase the turnover of the company.
3. We have also planned in investing in advanced technology in order to produce and provide Low cost and high efficiency products.
4. 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.
5. 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.
6. 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.
7. 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.
8. Strengthening our competitive market positioning through Intellectual

Capital by blocking competition from copying our ideas. We do this by protecting our intellectual property primarily through patent filings and trade mark registrations.

EXPORTS

Exports has been one of the main priorities for Rexnord and with supply chains evolving post Covid-19, international business is at its apex point. Many large organisations around the world are looking beyond China. Rexnord, with its brand strength, manufacturing base and R&D capabilities is well equipped to take advantage of this opportunity.

Rexnord is a well-recognised brand in the Indian sub- continent & Middle East, backed up with quality certifications. We are present in countries across SAARC, Middle East, Europe and Asia. We are investing strongly on new product development especially on Energy Saving Fans and Motors to fill the product gaps for international markets. Specific focus is on penetrating newer geographies and large customers.

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:

Financial Capital strength is an important foundation for building a sustainable and long-lasting organisation. Rexnord has always focussed on continuously building a strong financial capital framework while utilising the financial resources prudently and ensuring availability of capital for funding growth over the years. Last financial year was a unique year which required both abundant caution for initial few months given the unprecedented challenges posed by the pandemic onset and then a full throttle business acceleration and growth opportunity for the rest of the year.

During the year under review, the Company has achieved total revenue of ₹ 5122.12 Lakhs as against total revenue of ₹ 6591.87 Lakhs in the previous year. The Company has earned profit before tax of ₹ 429.63 Lakhs during the year as against the profit before tax of ₹ 531.25 Lakhs in the previous year.

Despite the recessionary trend and the impact on demonetization 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:

The year changed the world and the way we operate, bringing in new challenges, outlook and opportunities. However, one thing that remained constant was our commitment and compassion towards our employees and their well-being. At a time when several organisations, per force, took drastic measures to remain cost competitive, we fully supported our employees and ensured their well- being to the best of our abilities. We remain committed to promote a culture of togetherness and team spirit, along with a professional working environment, to reward the inhouse talent.

As the COVID-19 induced lockdown ended in May, an urgent priority was to keep the factory workers safe. Providing a secure manufacturing environment and giving employees the confidence to return to work was crucial. While we maintained hygiene and physical distancing, we formulated operational procedures / protocols for resuming work at the manufacturing units once the lockdown was lifted.

All this was aimed at preventing and controlling the spread of Covid-19 were adhered to at all the manufacturing facilities to make the employees, apprentices, contract workers and stakeholders feel safe and secure.

Rexnord believes in an equal opportunity approach. The employees within the organisation are evaluated solely on the basis of their qualification and performance. We provide equal opportunities in all aspects of employment, including retirement, training, work conditions, and career progression, among others. this reinforces our commitment that equal employment opportunities is a key element of our growth and competitiveness. Further, Rexnord is also committed to maintaining a workplace where each employee's privacy and personal dignity is respected and protected.

To deal with the COVID outbreak, we adopted a holistic approach to spread awareness amongst our employees through various platforms. We reassured the employees that their safety is paramount to us and the organisation will do everything possible to safeguard their health and wellness. We also arranged for the cost of Covid-19 vaccination for most employees.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS (i.e., change of 25% or more as compared to immediately previous financial year)

Ratio	2020-21	2019-20
Inventory turnover	1.42	1.90
Interest coverage ratio	10.07	5.40
Current ratio	2.76	2.05
Debt equity ratio	(0.11)	0.13

RETURN ON NET WORTH:

The return on net worth of the Company remained 7.73% for the year as against 11.03% 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 2021, 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 2021, 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
Appropriateness of revenue recognition on sale of goods. Refer note 2.2 and Note 32 of the standalone financial statements. The Company has revenue from sale of goods. Revenue from sale of goods is recognized under Ind AS 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.	Our audit procedures relating to revenue recognition include the following: - 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 recognizing 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. Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions 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 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021, 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 42 (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: 21047151AAAABU7724

Place: Mumbai
Dated: June 30, 2021

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2021

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 has been noticed by the management on such verification as compared to the aforesaid records of fixed assets; and
- (c) According to the information and explanations given to us, in our opinion, the title deeds of immovable properties are held in the name of the Company except in the case of a plot of land purchased during the financial year 2016-17 by the Company as detailed below:

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

- (ii) as certified by the management, physical verification of inventories was conducted by the management 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 of the Act with respect to the loan granted and investments made by it. 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 section 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 to 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) and term loans during the year. Accordingly, provisions of paragraph 3(ix) of the Order are not applicable to the Company.
- (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: 21047151AAAAU7724

Place: Mumbai
Dated: June 30, 2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2021

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

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

We have audited the internal financial controls over financial reporting of Rexnord Electronics and Controls Limited ("the Company") as of 31 March 2021 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 2021, 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: 21047151AAAABU7724

Place: Mumbai
Dated: June 30, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1921.61	1904.15
Right-of-use asset	3B	9.66	10.21
Intangible assets	3C	1.06	2.32
Financial assets			
Investments	4	200.00	256.19
Loans	5	40.66	17.43
Other financial assets	6	100.00	0.00
Income tax assets (net)	7	0.01	3.94
Other non-current assets	8	329.80	343.58
Total non-current assets		2602.80	2537.82
Current assets			
Inventories	9	1678.84	2160.87
Financial assets			
Investments	10	178.14	0.00
Trade receivables	11	255.07	869.07
Cash and cash equivalents	12	352.99	131.32
Bank balances other than cash and cash equivalents	13	415.00	215.00
Loans	14	2.85	1.91
Other financial assets	15	5.14	4.48
Income tax assets	16	0.00	11.77
Other current assets	17	123.11	150.01
Total current assets		3011.14	3544.43
TOTAL ASSETS		5613.94	6082.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1115.91	1115.91
Other equity	19	3112.95	2800.25
Total equity		4228.86	3916.16
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	20	151.72	291.97
Lease liabilities	21	10.09	10.34
Other financial liabilities	22	3.10	3.10
Provisions	23	21.69	23.97
Deferred tax liabilities (net)	24	109.14	107.41
Total non-current liabilities		295.74	436.79
Current liabilities			
Financial Liabilities			
Borrowings	25	398.07	501.89
Trade payables	26	471.18	954.19
Other financial liabilities	27	60.98	133.57
Lease liabilities	28	0.25	0.23
Other current liabilities	29	138.76	128.54
Provisions	30	4.03	8.84
Income-tax liabilities (Net)	31	16.07	2.04
Total current liabilities		1089.34	1729.30
TOTAL EQUITY AND LIABILITIES		5613.94	6082.25
Contingent liabilities and commitments (To the extent not provided for)	42		
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 : June 30, 2021

For and on behalf of the Board of Directors of

Rexnord Electronics and Controls Limited

CIN: L31200MH1988PLC047946

Kishore Chand Talwar

Chairman & Managing Director

DIN 00351751

Kundan Talwar

Chief Financial Officer

Place : Mumbai

Dated : June 30, 2021

Nainy K. Tanna

Wholtime Director

DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2021	For the year ended 31.03.2020
Revenue from operations	32	5016.29	6523.31
Other income	33	105.83	68.56
Total Revenue		5122.12	6591.87
Expenses:			
Cost of materials consumed	34	2727.47	3786.40
Purchases of stock in trade	35	0.00	110.12
Changes in inventories of finished goods and work in progress	36	91.98	101.96
Employee benefits expense	37	431.36	536.11
Finance costs	38	65.11	157.54
Depreciation and amortisation expense	3	160.92	162.42
Other expenses	39	1018.04	1206.07
Total expenses		4494.88	6060.62
Profit before exceptional items and tax		627.24	531.25
Exceptional items	40	197.61	0.00
Profit before tax		429.63	531.25
Tax expense:			
Current tax		120.26	133.48
Deferred tax		0.53	(8.64)
Tax adjustment for earlier years		(0.31)	(0.89)
		120.48	123.95
Profit for the year (A)		309.15	407.30
Other comprehensive income			
(a) Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans		7.51	0.24
Income tax on above		1.89	0.06
(b) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain (loss) on cash flow hedges		0.00	2.77
Income tax on above		0.00	0.70
Other comprehensive income for the year (B)		5.62	2.25
Total comprehensive income for the year (A+B)		314.77	409.55
Earning per equity share	41		
Basic ₹		2.77	3.65
Diluted ₹		2.77	3.65
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 : June 30, 2021

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

Kishore Chand Talwar
Chairman & Managing Director
DIN 00351751

Kundan Talwar
Chief Financial Officer

Place : Mumbai
Dated : June 30, 2021

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Wholetime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
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
Balance as at April 1, 2020	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2021	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, 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
Balance at the beginning of the reporting period i.e. 1st April, 2020	292.28	2507.34	(1.44)	2.07	2800.25
Profit for the year	0.00	309.15	0.00	0.00	309.15
Gain/(loss) on cash flow hedges reclassified to Statement of Profit and Loss	0.00	0.00	0.00	(2.07)	(2.07)
Other Comprehensive Income for the year*	0.00	0.00	5.62	0.00	5.62
Balance at the end of the reporting period i.e. 31st March, 2021	292.28	2816.49	4.18	0.00	3112.95

* Net of taxes.

Nature of reserves

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

Significant accounting policies

2

The accompanying notes form part of the financial statements

1 to 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 : June 30, 2021

For and on behalf of the Board of Directors of

Rexnord Electronics and Controls Limited

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DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

Place : Mumbai

Dated : June 30, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	429.63	531.25
Adjustments for		
Depreciation and amortization	160.92	162.42
Allowance for doubtful debt/loan s provided/written back (net)	0.00	0.16
(Profit)/loss on sale/discarding of fixed assets (net)	(20.29)	(0.16)
Allowance for impairment in the value of investments	34.65	0.00
Unrealised exchange (gain)/ loss	3.58	39.68
Net (gain)/loss on investments	(6.53)	(5.00)
Interest income	(27.24)	(28.50)
Dividend income	0.00	0.00
Interest and other borrowing costs	61.57	116.97
Operating profit before working capital changes	636.29	816.82
Adjustments for :		
Trade receivables	611.23	(195.57)
Other receivables	40.54	(134.50)
Inventories	482.03	(332.67)
Trade payables	(483.11)	543.83
Other payables	(9.47)	73.76
Cash generated from operations	1277.51	771.67
Direct taxes paid	(90.22)	(132.13)
Cash flow before extraordinary items	1187.29	639.54
Extraordinary items	0.00	0.00
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1187.29	639.54
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of tangible assets including CWIP	170.13	52.59
Purchase of tangible assets including CWIP	(326.41)	(433.04)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	0.00	(0.95)
Proceeds from sale of investments	0.00	80.27
Purchase of investments	(150.06)	(209.62)
Loan given to subsidiary	(35.00)	(90.00)
Loan refund received from subsidiary	12.00	175.00
(Increase)/ decrease in deposits	0.29	(0.13)
(Increase)/ decrease in bank fixed deposits	(300.00)	(55.00)
Interest income	25.26	30.84
Dividend income	0.00	0.00
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(603.79)	(450.04)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	0.00	203.72
Repayment of long term borrowings	(187.43)	(41.16)
Proceeds from short term borrowings	990.97	2049.94
Repayment of short term borrowings	(1100.91)	(2303.69)
Repayment of lease liability	(0.23)	(0.21)
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(64.23)	(119.35)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(361.83)	(210.75)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	221.67	(21.25)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	131.32	152.57
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	352.99	131.32

Notes :

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

Particulars	Non-current borrowing	Current borrowing
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
Balance as at 1st April 2020	342.81	501.89
Net cash flows	(187.43)	(109.94)
Effect of unrealised exchange gain/loss	(3.66)	6.12
Balance as at 31st March 2021	151.72	398.07

- Refer Note no. 12 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

Significant accounting policies 2
The accompanying notes form part of the financial statements 1 to 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 : June 30, 2021

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

Kishore Chand Talwar
Chairman & Managing Director
DIN 00351751

Kundan Talwar
Chief Financial Officer

Place : Mumbai
Dated : June 30, 2021

Nainy K. Tanna
Wholtime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Notes to the financial statements for the year ended 31st March 2021

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, Sahyadri Nagar 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 realization 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, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 30th June, 2021.

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 44.

- ii) Measurement and likelihood of occurrence of provisions and contingencies - Note 23 & 30 and 42.
- iii) Recognition of deferred tax liabilities - Note 24.

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 categorized 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 categorized 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 46.

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 MEIS/RoDTEP Schemes 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 2021

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 unutilized 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 realization 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 utilized. 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 realized; 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 amortization/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 derecognized.

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 capitalized.

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 2021

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

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

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

2.10) AMORTIZATION

Intangible assets (Application Software) acquired by the Company are 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 capitalized 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 capitalization.

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

2.12) LEASES

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

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

2.14) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, 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 realizable value. Obsolete, defective and unserviceable stocks are provided for. Materials-in-

Notes to the financial statements for the year ended 31st March 2021

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 is recognized in the statement of profit and loss. In other cases, the transaction cost is 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) **Amortized cost:** A financial asset is measured at amortized 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 include 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 amortized 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 amortized 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 amortized 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 recognizes 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 months 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 recognizing impairment loss allowance based on 12-month ECL.

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

I) Income recognition

Interest income

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

Dividend income

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

II. FINANCIAL LIABILITIES

A) Initial Recognition and Measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized 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 amortized cost, using the effective interest method.

B) Classification And Subsequent Measurement

Financial liabilities are subsequently measured at amortized 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.

Notes to the financial statements for the year ended 31st March 2021

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 realize 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 categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized 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 realized 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 recognized 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 recognized 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 recognized 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 recognized 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 2021

NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Property, plant & equipment									
Land	199.02	293.25	0.00	492.27	0.00	0.00	0.00	0.00	492.27
Factory buildings	870.73	0.00	0.00	870.73	143.80	32.36	0.00	176.16	694.57
Residential flats	15.83	0.00	0.00	15.83	1.39	0.35	0.00	1.74	14.09
Plant and machineries	801.27	20.74	123.34	698.67	185.69	59.28	8.58	236.39	462.28
Moulds and dies	171.47	0.00	0.00	171.47	75.26	19.12	0.00	94.38	77.09
Furniture and fixtures	101.06	0.00	0.00	101.06	37.34	10.24	0.00	47.58	53.48
Office equipments	32.30	1.71	0.66	33.35	18.20	4.62	0.11	22.71	10.64
Vehicles	186.73	5.98	78.75	113.96	70.21	22.57	44.21	48.57	65.39
Computers	20.34	4.14	0.00	24.48	16.28	2.77	0.00	19.05	5.43
Factory equipments	76.70	0.60	0.00	77.30	23.13	7.80	0.00	30.93	46.37
Total as at 31.03.2021	2475.45	326.42	202.75	2599.12	571.30	159.11	52.90	677.51	1921.61

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discarded 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

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 ₹ Nil (Previous Year ₹ 123.34 lakhs) given on operating lease.

3A(iv) Factory buildings includes part of premises at Kandivali (W) (value for the same not ascertainable) and industrial gala at Vasai (east) of gross block ₹ 41.73 lakhs for part of the year (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 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Leasehold land	10.77	0.00	0.00	10.77	0.56	0.55	0.00	1.11	9.66
Total as at 31.03.2021	10.77	0.00	0.00	10.77	0.56	0.55	0.00	1.11	9.66

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019 (see note 3B(i))	Additions during the year	Sold/discarded 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 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Intangible assets									
Computer software - acquired	7.26	0.00	0.00	7.26	4.94	1.26	0.00	6.20	1.06
Total as at 31.03.2021	7.26	0.00	0.00	7.26	4.94	1.26	0.00	6.20	1.06

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/ discarded 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

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	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	2000000	200.00
Investments measured at Amortized cost				
Investment in debentures and bonds				
Unquoted, fully paid up				
Reliance Securities Limited (face value of ₹ 1 Lakhs each debenture)	0	0.00	25.00	27.63
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	0	0.00	25.00	28.56
Total		200.00		256.19
Aggregate amount of Unquoted Investments		200.00		256.19
Aggregate provision for diminution in the value of Investments		0.00		0.00
NOTE 5: NON-CURRENT LOANS				
Unsecured, considered good				
Loan to wholly owned subsidiary company		23.00		0.00
Security deposits		15.93		15.93
Loan to employees		1.73		1.50
		40.66		17.43
Unsecured, considered doubtful				
Loan to employees		0.00		0.55
Allowance for doubtful loan to employees		0.00		(0.55)
		0.00		0.00
Total		40.66		17.43
NOTE 6: OTHER NON-CURRENT FINANCIAL ASSETS				
Other bank balances with banks				
In fixed deposit account with maturity more than 12 months		100.00		0.00
Total		100.00		0.00
NOTE 7: INCOME TAX ASSETS (NET)				
Taxes paid/adjustments during the year		(3.93)		(10.88)
Opening balance	(3.94)		(14.82)	
Add: Current tax payable for the year	0.00	(3.94)	0.00	(14.82)
Total		0.01		3.94
NOTE 8: OTHER NON-CURRENT ASSETS				
Unsecured, considered good				
Capital advances		325.87		230.72
MVAT refund receivable		2.30		2.30
Security deposits		0.59		0.59
Prepaid expenses		1.04		0.00
LBT paid under protest (Refer Note 42 & 53(a))		0.00		109.97
Total		329.80		343.58
NOTE 9: INVENTORIES				
Raw Materials and components including packing materials*		1091.14		1479.25
Work in progress		441.91		418.21
Finished goods		144.77		260.45
Stores and spares		1.02		2.96
Total		1678.84		2160.87
* Includes stock in transit		0.00		154.24

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Numbers	Amount	Numbers	Amount
NOTE 10: CURRENT INVESTMENTS				
Investments measured at fair value through Profit & Loss				
In equity shares (Quoted)				
Infosys Limited of face value of ₹ 5 each share	5	0.07	0	0.00
In mutual funds (Unquoted)				
ICICI Prudential Savings Fund - Growth of face value of ₹ 10/- each unit	12178.83	50.67	0	0.00
SBI Magnum Low Duration Fund - Growth of face value of ₹ 10/- each unit	1835.79	50.49	0	0.00
HDFC Low Duration Fund - Regular Plan - Growth of face value of ₹ 10/- each unit	112556.28	50.66	0	0.00
Investments measured at Amortized cost				
Investment in debentures				
Unquoted, fully paid up				
Reliance Securities Limited (face value of ₹ 1 Lakhs each debenture)	25	29.78	0	0.00
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	25	31.12	0	0.00
		212.79		0.00
Less: Allowance for impairment in value of investment in debentures				
Reliance Securities Limited		9.78		0.00
Reliance Capital Limited		24.87		0.00
Total		178.14		0.00
Aggregate amount of quoted investments		0.07		0.00
Market Value of quoted investments		0.07		0.00
Aggregate amount of unquoted investments		212.72		0.00
Aggregate provision for diminution in the value of investments		34.65		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		0.02		0.11
Others		255.05		868.96
Total		255.07		869.07

NOTE 12: CASH AND CASH EQUIVALENTS

Balances with banks				
In cash credit account		145.07		126.98
In current accounts		6.10		3.40
In fixed deposit accounts		200.00		0.00
Cash on hand		1.82		0.94
Total		352.99		131.32

NOTE 13: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Other bank balances:				
In fixed deposit account with maturity less than 12 months		200.00		0.00
Fixed deposits with banks held as margin money for letter of credit issued				
With maturity period less than 12 months*		215.00		215.00
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		415.00		215.00
*Details of lien on fixed deposit as under:				
Lien for margin money for letter of credit issued		130.09		167.10

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Numbers	Amount	Numbers	Amount
NOTE 14: CURRENT LOANS				
Unsecured, considered good				
Security deposits		0.58		0.87
Loan to employees		2.27		1.04
Unsecured, considered doubtful				
Loan to employees	0.00		0.16	
Less: allowance for doubtful loan to employees	0.00	0.00	0.16	0.00
Total		<u>2.85</u>		<u>1.91</u>

NOTE 15: OTHER CURRENT FINANCIAL ASSETS

Unsecured, considered good				
Derivative financial assets designated as hedges (net)		0.00		1.31
Interest accrued on deposits		4.98		3.17
Other financial assets		0.16		0.00
Total		<u>5.14</u>		<u>4.48</u>

NOTE 16: CURRENT INCOME TAX ASSETS

Unsecured, considered good				
Income tax refund receivable		0.00		11.77
Total		<u>0.00</u>		<u>11.77</u>

NOTE 17: OTHER CURRENT ASSETS

Unsecured, considered good				
Advances to suppliers		48.39		51.87
GST input credit receivable		0.00		22.79
Export benefit receivable		0.45		0.73
Export Benefits in Duty Credit Scrips receivable		33.99		21.77
Prepaid expenses		38.40		52.48
Other receivables		1.88		0.37
Total		<u>123.11</u>		<u>150.01</u>

NOTE 18: EQUITY SHARE CAPITAL

Authorised	Numbers	Amount	Numbers	Amount
Equity shares of ₹ 10/- each	15000000	1500.00	15000000	1500.00
Total		<u>1500.00</u>		<u>1500.00</u>
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		<u>1115.91</u>		<u>1115.91</u>

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	5325446	47.72
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Smt. Sangeetha S	587804	5.27	590290	5.29

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
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	2507.34	2100.04
Add : Profit (loss) after tax for the year	309.15	407.30
Balance at the end of the year	2816.49	2507.34
Other Comprehensive income		
Balance at the beginning of the year	0.63	(1.62)
Add / (Less): Gain/(loss) on cash flow hedges reclassified	(2.07)	0.00
Add: Movement in OCI (Net) during the year	5.62	2.25
Balance at the end of the year	4.18	0.63
Total	3112.95	2800.25

NOTE 20: NON-CURRENT BORROWINGS

Secured loans:

Term loans

From banks	0.00	110.87
From other parties	0.00	25.72

Unsecured loans:

Term loans

Suppliers credit in foreign currency from banks	151.72	155.38
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Total	151.72	291.97
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Secured Loans:

Nature of security:

(I) Term 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.

(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 i.e. in the financial year 2022-23 and carry interest rates 12 months libor plus 75 BPS where the libor is reset every 12 months.

NOTE 21: NON-CURRENT LEASE LIABILITIES

Lease liability	10.09	10.34
Total	10.09	10.34

NOTE 22: NON-CURRENT OTHER FINANCIAL LIABILITIES

Security deposits	3.10	3.10
Total	3.10	3.10

NOTE 23: NON-CURRENT PROVISIONS

Provision for employees benefits (Refer note 44)	21.69	23.97
Total	21.69	23.97

Notes to the financial statements for the year ended 31st March 2021

NOTE 24: INCOME TAX

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

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31.03.2021	31.03.2020
Profit before Tax	429.63	531.25
Enacted tax rate	25.168%	25.168%
Expected income tax expense at statutory income tax rate	108.13	133.71
Tax on Income exempt from tax/Items not deductible (net)	12.66	2.19
Adjustment for deferred tax of prior periods due to change in statutory tax rate.	0.00	(11.06)
Tax in respect of earlier years	(0.31)	(0.89)
Tax expense as reported	<u>120.48</u>	<u>123.95</u>

B) Deferred tax liabilities (net)

Particulars	As at 31.03.2021	As at 31.03.2020
Deferred tax liabilities	116.19	116.22
Deferred tax assets	7.05	8.81
Total	<u>109.14</u>	<u>107.41</u>

The movement in deferred tax assets and liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	As at 31.03.2019 Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31.03.2020 Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31.03.2021 Deferred Tax Liabilities/(Asset)
Depreciation	124.16	(8.03)	116.13	0.06	116.19
Income Taxable in the year of realisation	0.05	(0.05)	0.00	0.00	0.00
Expenses allowed in the year of payment*	(8.30)	(0.51)	(8.81)	1.76	(7.05)
Other	0.07	0.02	0.09	(0.09)	0.00

*Including the deferred tax charge/(credit) recognized through other comprehensive income and excluding the tax on cash flow hedges directly taken to OCI

Note: Deferred tax assets have not been recognised in respect of the provision for diminution in the value of investment, in absence of convincing evidence that future taxable profit (capital gain) will be available against which the Company can use these assets.

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 25: CURRENT BORROWINGS		
Secured loans:		
Working capital loans		
From a bank	0.00	0.00
Unsecured loans:		
Suppliers credit in foreign currency		
From banks	398.07	398.89
Loan from a director*	0.00	103.00
Total	<u>398.07</u>	<u>501.89</u>

* Interest free

Secured Loans:

Nature of security:

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

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 26: TRADE PAYABLES		
Micro and small enterprises (Refer note 50)	41.03	90.78
Others*	430.15	863.41
Total	471.18	954.19
* Other trade payables include acceptances	0.00	211.71
NOTE 27: OTHER CURRENT FINANCIAL LIABILITIES		
Current maturities of long term debts (Refer note 20)	0.00	50.84
Interest accrued but not due	3.52	6.16
Security deposits	0.00	1.80
Creditors for capital expenditure*	0.12	2.24
Accrued expenses	57.34	72.53
Total	60.98	133.57
*Includes micro and small enterprises (Refer note 50)	0.00	0.00
NOTE 28: CURRENT LEASE LIABILITIES		
Current maturities of leased liability	0.25	0.23
Total	0.25	0.23
NOTE 29: OTHER CURRENT LIABILITIES		
Advances from customers	99.01	104.41
Deferred Revenue	0.71	1.10
Statutory dues	39.04	23.03
Total	138.76	128.54
NOTE 30: CURRENT PROVISIONS		
Provision for employees benefits (Refer note 44)	4.03	8.84
Total	4.03	8.84
NOTE 31: CURRENT INCOME-TAX LIABILITIES (NET)		
Provision for current tax (Net of advance tax ₹ 104.19 lakhs P.Y. ₹ 132.13 lakhs)	16.07	2.04
Total	16.07	2.04
Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 32: REVENUE FROM OPERATIONS		
Sale of goods*	4998.61	6466.84
Other operating revenue		
Scrap sales	3.11	32.19
Export incentives	14.57	24.28
Total	5016.29	6523.31
*Sale of Products (Categorywise)		
Instrument cooling fans	3208.66	3630.46
Shaded pole motors	1644.34	2423.65
Components	145.61	297.25
Spinned shell muffler	0.00	115.48
*Sale of Products (Geographywise)		
Domestic	4035.14	5383.37
Exports	963.47	1083.47

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 33: OTHER INCOME		
Interest Income :		
On fixed deposits with banks	22.26	14.19
On security deposits	0.60	1.29
On staff loans	0.32	0.28
On subsidiary loans	1.09	12.66
On delay payment by customers	<u>2.97</u>	<u>0.09</u>
	27.24	28.51
Sundry balances written back/off (net)	0.00	6.23
Profit on sale of fixed assets (net)	20.29	0.16
Gain/(Loss) on investments carried at fair value through Profit & Loss	1.82	0.48
Gain/(Loss) on investments carried at amortised cost	4.71	4.52
Rental Income (Refer note 49)	20.30	27.11
Net gain on exchange rate fluctuations	<u>31.47</u>	<u>1.55</u>
Total	<u>105.83</u>	<u>68.56</u>
NOTE 34: COST OF MATERIALS CONSUMED*		
(Raw materials and components including packing materials)		
Opening stock	1479.25	1044.61
Add : Cost of purchases	2339.36	4221.04
Less: Closing stock	<u>1091.14</u>	<u>1479.25</u>
Total	<u>2727.47</u>	<u>3786.40</u>
*Cost of materials consumed		
Aluminium ingots	530.89	699.26
Aluminium sheets	49.38	79.15
Ball bearings	55.48	108.36
Brass Insert	26.99	144.55
Copper wires	514.49	666.90
Plastic powders	210.53	314.64
Rotor lamination	125.43	213.87
Stator lamination	373.21	492.17
Others	841.07	1067.50
NOTE 35: PURCHASE OF STOCK IN TRADE		
Spinned shell muffler	<u>0.00</u>	<u>110.12</u>
Total	<u>0.00</u>	<u>110.12</u>
NOTE 36: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stocks:		
Finished goods	260.45	141.73
Work in progress	<u>418.21</u>	<u>638.89</u>
	678.66	780.62
Less: Closing stocks:		
Finished goods	144.77	260.45
Work in progress	<u>441.91</u>	<u>418.21</u>
	586.68	678.66
Total	<u>91.98</u>	<u>101.96</u>
NOTE 37: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	383.55	461.61
Contribution to provident and other funds	7.24	12.06
Staff welfare expenses	<u>40.57</u>	<u>62.44</u>
Total	<u>431.36</u>	<u>536.11</u>

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 38: FINANCE COSTS		
Interest expense on:		
Borrowings	19.27	50.44
Lease liability	0.97	0.99
Others	11.51	17.94
Other Borrowing Costs	29.82	47.59
Net loss(gain) on foreign currency transactions	3.54	40.58
Total	65.11	157.54

NOTE 39: OTHER EXPENSES

Manufacturing expenses				
Consumption of stores and spares		27.62		29.57
Processing and labour charges		621.43		582.99
Power and fuel		145.88		202.42
Repairs to :				
factory buildings	7.35		20.47	
machineries	11.53		22.28	
mould & dies	7.95		16.45	
others	7.06	33.89	11.91	71.11
Inward transportation and freight		2.35		3.00
Administrative and other expenses				
Auditors' remuneration (Refer note 43)		9.63		10.03
Communication expenses		7.75		11.87
Directors' sitting fees		1.40		1.80
Electricity expenses		3.78		3.90
Insurance		11.22		10.77
Professional charges		13.27		20.62
Allowance for doubtful loans		0.00		0.16
Repairs and maintenance		14.81		17.81
Rates and taxes		14.87		20.40
Travelling and conveyance		33.97		76.85
Contribution for CSR Expenditure		11.00		11.00
Miscellaneous expenses		44.30		53.15
Selling and distribution expenses				
Advertisement and business promotion		5.99		41.26
Commission and brokerage		1.70		7.91
Outward transportation and freight		13.18		29.45
Total		1018.04		1206.07

2020-2021

2019-2020

NOTE 40: EXCEPTIONAL ITEMS

Local Body Tax for earlier years (Refer note 53(a))	162.96	0.00
Allowance for impairment in value of investment in debentures (Refer note 10 and 53(b))	34.65	0.00
Total	197.61	0.00

2020-2021

2019-2020

NOTE 41: EARNING PER EQUITY SHARE

Net profit / (loss) after tax	₹ in Lakhs	309.15	407.30
Weighted average number of shares	Numbers in Lakhs	111.60	111.60
Basic earnings per share	₹	2.77	3.65
Diluted earnings per share	₹	2.77	3.65

Notes to the financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 42: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the company	15.95	407.55
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	1100.00	550.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	32.00	32.00
(d) During the previous financial year 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 aggregating to ₹ 769.89 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 who 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. The said assessment was completed during the year and the Company provided and paid the liability arose in the said order (Refer note 53 (a))	-	-
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	16.53	228.96

(Amount in ₹ Lakhs)

	2020-21	2019-20
NOTE 43: PAYMENT TO AUDITORS*		
Statutory audit fees	3.50	3.50
Tax audit fees	3.50	3.50
GST audit fees	0.80	1.65
Certification work	1.55	1.10
Out of pocket expenses	0.28	0.28
	9.63	10.03

*excluding GST wherever input tax credit taken

NOTE 44: 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)

	2020-21	2019-20
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	5.15	8.53

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)

	2020-21	2019-20
I) Reconciliation of defined benefit obligation		
Present value of defined benefit obligation at start of year	32.81	28.01
<i>Recognised in Statement of Profit and Loss</i>		
Current service cost	2.38	3.64
Interest cost	2.09	2.04
Benefits paid	4.05	0.63
<i>Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations</i>		
Remeasurements - due to demographic assumptions	0.00	0.00
Remeasurements - due to financial assumptions	0.29	1.82
Remeasurements - due to experience adjustments	(7.80)	(2.07)
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year*	25.72	32.81

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

Notes to the financial statements for the year ended 31st March 2021

	(Amount in ₹ Lakhs)	
	2020-21	2019-20
II) Net liability / (asset) recognised in the balance sheet		
Present value of defined benefit obligation	25.72	32.81
Fair value of plan assets	0.00	0.00
Net liability / (asset)	25.72	32.81
Effect of asset ceiling / onerous liabilities	0.00	0.00
Liability / (asset) recognised in the balance sheet	25.72	32.81
Of which short term defined benefit obligation at end of the year	4.03	8.84
III) Expenses recognized during the year		
Current service cost	2.38	3.64
Interest cost	2.09	2.04
Defined benefit cost included in Statement of profit and loss	4.47	5.68
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations	(7.51)	(0.25)
Defined benefit cost included in Other Comprehensive Income	(7.51)	(0.25)
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income	(3.04)	5.43
IV) Actuarial assumptions		
Salary growth rate	4.00%	4.00%
Discount rate	6.70%	6.84%
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
V) Bifurcation of present value of defined benefit obligations		
Current liabilities	4.03	8.84
Non current liabilities	21.69	23.97
Total	25.72	32.81

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 31.03.2021	% Change	Defined benefit obligations as on 31.03.2020	% Change
Salary rate	Increase by 1%	28.13	9.4%	35.51	9.6%
	Decrease by 1%	23.63	-8.1%	29.73	-8.3%
Withdrawal rate	Increase by 1%	26.20	1.9%	32.56	0.5%
	Decrease by 1%	25.15	-2.2%	32.24	-0.5%
Discount rate	Increase by 1%	23.85	-7.3%	29.96	-7.5%
	Decrease by 1%	27.92	8.6%	35.30	8.9%

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 ₹ 12.86 Lakhs. (Previous year ₹ 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
31.03.2021	4.03	4.14	4.13	9.70
31.03.2020	8.44	0.54	7.40	8.54

The weighted average duration of the above defined benefit obligation is 14.39 years (31.03.2020 - 13.97 years)

IX) **Discontinuance Liability:** Amount payable upon discontinuance of all employment is ₹ 32.26 Lakhs (31.03.2020 - ₹ 33.96 Lakhs)

NOTE 45: 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. 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.

Notes to the financial statements for the year ended 31st March 2021

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

	(Amount in ₹ Lakhs)	
	2020-21	2019-20
Equity share capital	1115.91	1115.91
Other equity	3112.94	2800.25
Total Equity (A)	4228.85	3916.16
Non-current borrowings	151.72	291.97
Current borrowings	398.08	501.89
Current maturities of long term borrowing	0.00	50.84
Lease liabilities (Non-current and current)	10.34	10.56
Gross Debt (B)	560.14	855.26
Gross Debt as above	560.14	855.26
Less: Current investments	178.14	0.00
Less: Cash and cash equivalents	352.99	131.32
Less: Bank deposits (including earmarked balances)	515.00	215.00
Net Debt (C)	(485.99)	508.94
Net debt to equity	(0.11)	0.13

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 and equity investment.

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

	31.03.2021			31.03.2020		
	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*	151.89	151.89	0.00	0.00	0.00	0.00
Derivative financial assets designated as hedges (net)	0.00	0.00	0.00	1.31	0.00	1.31
Financial assets measured at amortised cost						
Investments*	26.25	0.00	0.00	56.19	0.00	0.00
Trade receivables	255.07	0.00	0.00	869.07	0.00	0.00
Cash and cash equivalents	352.99	0.00	0.00	131.32	0.00	0.00
Bank balances other than cash and cash equivalents	515.00	0.00	0.00	215.00	0.00	0.00
Loans	43.50	0.00	0.00	19.34	0.00	0.00
Other financial assets	5.14	0.00	0.00	3.17	0.00	0.00
	1349.84	151.89	0.00	1295.40	0.00	1.31
Financial Liabilities						
Financial liabilities measured at amortised cost						
Borrowings	549.79	0.00	0.00	793.86	0.00	0.00
Lease liabilities	10.34	0.00	0.00	10.57	0.00	0.00
Trade payables	471.18	0.00	0.00	954.19	0.00	0.00
Other financial liabilities	64.08	0.00	0.00	136.67	0.00	0.00
	1095.39	0.00	0.00	1895.29	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

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.

Notes to the financial statements for the year ended 31st March 2021

- (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, 2021 and 31st March, 2020 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, 2021 and 31st March, 2020. 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 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	31.03.2021				31.03.2020			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	549.79	398.07	151.72	0.00	844.70	552.73	245.97	46.00
Lease liabilities	10.34	0.25	0.57	9.52	10.57	0.23	0.52	9.82
Trade payables	471.18	471.18	0.00	0.00	954.19	954.19	0.00	0.00
Other financial liabilities	64.08	60.98	3.10	0.00	85.83	82.73	3.10	0.00
Total	1095.39	930.48	155.39	9.52	1895.29	1589.88	249.59	55.82

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 impacting 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, 2021 and 31st March, 2020, 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.

Notes to the financial statements for the year ended 31st March 2021

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

(Amount in Lakhs)				
	As at 31.03.2021		As at 31.03.2020	
	USD	₹	USD	₹
Receivables	0.70	50.85	2.14	157.40
Less: Hedged through derivatives-currency options	0.00	0.00	1.41	104.48
Net unhedged exposure to foreign currency (assets)	0.70	50.85	0.73	52.92
Payables	8.68	646.52	10.40	790.52
Net unhedged exposure to foreign currency (liabilities)	8.68	646.52	10.40	790.52
Net unhedged exposure to foreign currency	(7.98)	(595.67)	(9.67)	(737.60)

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

(Amount in ₹ Lakhs)		
	31.03.2021	31.03.2020
1% Depreciation in INR		
Impact on Statement of profit and loss	(5.96)	(7.38)
1% Appreciation in INR		
Impact on Statement of profit and loss	5.96	7.38

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)		
	31.03.2021	31.03.2020
Long term borrowing-floating rate instruments	151.72	264.20
Long term borrowing-fixed rate instruments	0.00	78.61
Short term borrowing-fixed rate instruments	398.07	398.89
	549.79	741.70

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)		
	31.03.2021	31.03.2020
1% Increase in interest rates		
Impact on Statement of profit and loss	(0.66)	(1.78)
1% Decrease in interest rates		
Impact on Statement of profit and loss	0.66	1.86

NOTE 47: 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 48: RELATED PARTY DISCLOSURES:

I) Names of related parties and description of relationships

- Enterprises over which exercising control
Rexnord Enterprise Pvt Ltd
- Persons owning directly or indirectly, an interest in the voting power of the Company that gives him significant influence over the Company.
Shri Kishore Chand Talwar
- Key management personnel :
Executive directors
Shri Kishore Chand Talwar (Chairman & Managing Director)
Smt. Nainy K. Tanna (Wholetime Director)
Non-executive directors (Independent directors)
Shri Ayyaswami Sundram
Shri Krishnamoorthy Krishnan
Shri Sriram Shrinivasan

Notes to the financial statements for the year ended 31st March 2021

- d) Relatives of persons referred in b) and c) above
 Smt. Sharda Talwar (Wife of Chairman and Managing Director of the company)
 Shri Kundan Talwar (Son of Chairman and Managing Director of the company)
 Smt. Ramandeep Talwar (Daughter in law of Chairman and Managing Director of the company)
 Shri Kunal Tanna (Spouse of Smt. Nainy K. Tanna, Wholetime Director of the company)
- e) Enterprises over which any person described in (d) above is able to exercise significant influence.
 Excelum Enterprises (A proprietary concern of Shri Kunal Tanna)

II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

(Amount in ₹ Lakhs)

Particulars	Parties mentioned in I (a)	Parties mentioned in I (b) & (c)	Parties mentioned in I (d)	Parties mentioned in I (e)	Total
Sales including taxes	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.73 (0.00)	1.73 0.00
Interest Income	1.09 (12.66)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	1.09 (12.66)
Director's Remuneration (including commission if any)	0.00 (0.00)	186.32 (196.32)	0.00 (0.00)	0.00 (0.00)	186.32 (196.32)
Director sitting fees	0.00 (0.00)	1.40 (1.80)	0.00 (0.00)	0.00 (0.00)	1.40 (1.80)
Salary	0.00 (0.00)	0.00 (0.00)	82.28 (72.37)	0.00 (0.00)	82.28 (72.37)
Lease rentals	0.00 (0.00)	0.00 (0.00)	0.97 (0.99)	0.00 (0.00)	0.97 (0.99)
Reimbursement of expenses incurred by others	0.00 (0.00)	5.98 (4.15)	0.00 (0.45)	0.00 (0.00)	5.98 (4.60)
Recovery of expenses incurred for others	0.00 (0.00)	0.19 (0.11)	0.00 (0.00)	0.00 (0.00)	0.19 (0.11)
Investments	0.00 (190.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (190.00)
Loan given	35.00 (90.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	35.00 (90.00)
Loan refund received	12.00 (175.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	12.00 (175.00)
Unsecured loan taken	0.00 (0.00)	65.10 (103.00)	0.00 (0.00)	0.00 (0.00)	65.10 (103.00)
Unsecured loan repaid	0.00 (0.00)	168.10 (0.00)	0.00 (0.00)	0.00 (0.00)	168.10 0.00
Lease liability paid	0.00 (0.00)	0.00 (0.00)	0.23 (0.21)	0.00 (0.00)	0.23 0.21
Outstanding Balances					
Investments	200.00 (200.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	200.00 (200.00)
Loan given	23.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	23.00 (0.00)
Unsecured loan taken	0.00 0.00	0.00 (103.00)	0.00 (0.00)	0.00 (0.00)	0.00 (103.00)
Director's Remuneration/Commission Payable	0.00 (0.00)	10.98 (7.15)	0.00 (0.00)	0.00 (0.00)	10.98 (7.15)
Salary Payable	0.00 (0.00)	0.00 (0.00)	4.61 (3.63)	0.00 (0.00)	4.61 (3.63)
Lease rentals payable	0.00 (0.00)	0.00 (0.00)	10.34 (10.56)	0.00 (0.00)	10.34 (10.56)
Reimbursement of expenses incurred by others	0.00 (0.00)	0.34 (0.00*)	0.00 (0.00)	0.00 (0.00)	0.34 (0.00)

*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 perious year.
- 3) Personal guarantee of the Chairman & Managing Director, Wholetime Director and two relatives of the Chairman & Managing Director namely Smt. Sharda Talwar and Shri Kundan Talwar has been provided for the facilities sanctioned to the Company- Refer Note 20 and Note 25.

Notes to the financial statements for the year ended 31st March 2021

Details of transactions with individual related parties are as under

	(Amount in ₹ Lakhs)	
Particulars	31.03.2021	31.03.2020
Sales including taxes		
Excelum Enterprises	1.73	0.00
Interest Income		
Rexnord Enterprise Pvt Ltd	1.09	12.66
Director's Remuneration (including commission if any)		
Shri Kishore Chand Talwar	133.45	142.89
Smt. Nainy K. Tanna	52.87	53.43
Director sitting fees		
Shri Ayyaswami Sundaram	0.40	0.60
Sriram Shrinivasan	0.50	0.60
Krishnamoorthy Krishnan	0.50	0.60
Salary		
Shri Kundan Talwar	46.07	35.48
Smt. Sharda Talwar	26.89	27.40
Smt. Ramandeep Talwar	9.32	9.49
Interest on lease liability		
Shri Kundan Talwar	0.97	0.99
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	4.98	4.15
Shri Kundan Talwar	0.00	0.00
Sriram Shrinivasan	0.50	0.00
Krishnamoorthy Krishnan	0.50	0.00
Recovery of expenses incurred for others		
Smt. Sharda Talwar	0.00	0.11
Shri Ayyaswami Sundaram	0.19	0.00
Smt. Nainy K. Tanna	0.00	0.00
Investments		
Rexnord Enterprise Pvt Ltd	0.00	190.00
Loan given		
Rexnord Enterprise Pvt Ltd	35.00	90.00
Loan refund received		
Rexnord Enterprise Pvt Ltd	12.00	175.00
Unsecured Loan taken		
Shri Kishore Chand Talwar	65.10	103.00
Unsecured loan repaid		
Shri Kishore Chand Talwar	168.10	0.00
Lease liability paid		
Shri Kundan Talwar	0.23	0.21
Outstanding Balances		
Investments		
Rexnord Enterprise Pvt Ltd	200.00	200.00
Loan given		
Rexnord Enterprise Pvt Ltd	23.00	0.00
Unsecured Loan taken		
Shri Kishore Chand Talwar	0.00	103.00
Director's Remuneration Payable		
Shri Kishore Chand Talwar	8.21	4.35
Smt. Nainy K. Tanna	2.77	2.80
Salary payable		
Shri Kundan Talwar	2.42	1.99
Smt. Sharda Talwar	1.50	1.11
Smt. Ramandeep Talwar	0.69	0.52
Lease liabilities		
Shri Kundan Talwar	10.34	10.56
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	0.34	0.00*

* absolute figure ₹ 168.00

Notes to the financial statements for the year ended 31st March 2021

III) Compensation of Key management personnel	31.03.2021	31.03.2020
Short-term benefits	185.69	195.62
Post employment benefits*	0.63	0.70
Sitting fees paid to independent director	1.40	1.80
	<u>187.72</u>	<u>198.12</u>

* Post employment benefits do not include the gratuity as the partywise break is not available

IV) Terms and conditions of transactions with related parties:

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

NOTE 49: 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.

a) As a lessee

Right-of-use assets

(Amount in ₹ Lakhs)

Leasehold Land

	31.03.2021	31.03.2020
Cost		
At the beginning of the year/ on transition to Ind AS 116	10.77	10.77
Additions	0.00	0.00
Disposals	0.00	0.00
At the close of the year	<u>10.77</u>	<u>10.77</u>
Accumulated depreciation and impairment		
At the beginning of the year	0.56	0.00
Depreciation	0.55	0.56
Impairment loss	0.00	0.00
Eliminated on disposals of assets	0.00	0.00
At the close of the year	<u>1.11</u>	<u>0.56</u>
Carrying amounts		
At the beginning of the year	10.21	10.77
At the close of the year	<u>9.66</u>	<u>10.21</u>

Breakdown of lease expenses

(Amount in ₹ Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term lease expense	0.00	0.00
Total lease expense	<u>0.00</u>	<u>0.00</u>
Cash outflow on leases		
Repayment of lease liabilities	0.23	0.21
Interest on lease liabilities	0.97	0.99
Short-term lease expense	0.00	0.00
Total cash outflow on leases	<u>1.20</u>	<u>1.20</u>

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, 2021 Lease liabilities	10.34	0.25	1.27	8.82	9.29

Impact of changes in accounting policies in last financial year 2019-20

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

I. Statement of financial position

(Amount in ₹ Lakhs)

Impact of changes in accounting policies Adjustments

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

Notes to the financial statements for the year ended 31st March 2021

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 ₹ 02.43 lakhs (Previous year ₹ 04.02 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	(Amount in ₹ Lakhs)	
	2020-21	2019-20
Lease rental recognised in Statement of Profit and Loss	17.88	23.09
	31.03.2021	31.03.2020
Future minimum lease payments under non-cancellable operating lease		
Not later than one year	18.79	42.20
Later than one year and not later than five years	12.91	37.78
Later than five years	0.00	0.00
Total	31.70	79.98

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:

		(Amount in ₹ Lakhs)	
Sl. No.	Particulars	As at 31.03.2021	As at 31.03.2020
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	41.03	90.78
	– interest thereon	0.06	0.84
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	240.65	222.09
	– interest thereon	0.00	0.00
3	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the act.	4.95	2.23
4	The amount of interest accrued and remaining unpaid.	5.01	28.63
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.	5.01	3.07

NOTE 51: CORPORATE SOCIAL RESPONSIBILITY:

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceeding three financial years towards Corporate Social Responsibility (CSR). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Details of the CSR expenditure are as under:

Notes to the financial statements for the year ended 31st March 2021

Details of CSR expenditure:

Particulars	(Amount in ₹ Lakhs)	
	Year ended 31.03.2021	Year ended 31.03.2020
Contribution to Dhamangaon Education Society for promotion of education.	0.00	11.00
Contribution to Shree Goraksh Shaikshanik Bahuuddeshiya Sanstha for promotion of education.	11.00	0.00
Accrual towards unspent obligation in relation to		
Ongoing project	0.00	0.00
Other than ongoing project	0.00	0.00
Total	11.00	11.00
Less: Excess spent during the year to be carry forward to FY 2021-22	0.00	0.00
Amount recognised in Statement of Profit and Loss	11.00	11.00
Amount required to be spent as per section 135 of the Act.	10.46	10.14
Amount approved by the Board to be spent during the year.	11.00	11.00
Amount spent during the year on		
(i) Construction/acquisition of assets	0.00	0.00
(ii) On purpose other than above	11.00	11.00
Total amount spent	11.00	11.00
Amount yet to be spent	0.00	0.00
Total	11.00	11.00
Less: Excess spent during the year to be carry forward to FY 2021-22	0.00	0.00
Total	11.00	11.00

NOTE 52: COVID IMPACT:

The Covid-19 pandemic has impacted the businesses around the world, including India. There has been disruption to the regular operations of the company during the first quarter of FY 2020-21 due to restrictions and lockdown imposed by the Government. The Company has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. The Company will continue to monitor the future economic conditions and assess its impact on the financial performance. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of these financial statements.

NOTE 53: EXCEPTIONAL ITEMS INCLUDE:

- the provision made for Local Body Tax ("LBT") ₹ 162.97 lakhs consisting of tax liability ₹ 81.30 lakhs, Interest ₹ 81.32 lakhs and penalty ₹ 0.35 lakhs assessed, for the financial years 2011-12, 2012-13, 2013-14, 2014-15 and for the period from April 2015 to July 2015 by the Deputy Commissioner, Vasai Virar City Municipal Corporation on 5th February 2021. The Company provided for and paid the said LBT liability during the year after adjusting the payment made under protest of ₹ 109.97 lakhs during the last financial year.
- the provision made for ₹ 34.64 lakhs for impairment in value of investment in debentures of Reliance Capital Limited and Reliance Securities Limited during the year.

NOTE 54: CODE ON SOCIAL SECURITY

The Parliament of India has approved the Code on Social Security, 2020 (the Code) which may impact the contributions by the Company towards Provident fund, ESIC and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. Final rules are yet to be notified. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

NOTE 55: TAXATION MATTERS:

- 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.
- The income tax assessments of the company have been completed upto assessment Year 2019-2020.

NOTE 56: 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 registered with the appropriate authorities.

NOTE 57: 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.

- Loans outstanding from wholly owned subsidiary of the Company for the year ended March 31, 2021:

(Amount in ₹ Lakhs)

Name of the Company	Debts outstanding as at March 31, 2021	Maximum balance outstanding during the year	Shares held by Loanee in the Company
Rexnord Enterprise Pvt Ltd	23.00 <i>0.00</i>	35.00 <i>175.00</i>	NIL <i>NIL</i>

- The above loans have been given for business purpose.
- Figures in italics represents comparative figures of previous year.

- Details of investments made

The required details of Investments outstanding as on 31.03.2021 are given in note 4 and 10 to the financial statements. The investments made in subsidiary is to fund the long term working capital of the Subsidiary company. Other investments were made with a view of cash management.

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

NOTE 58: 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 : June 30, 2021

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

Kishore Chand Talwar
Chairman & Managing Director
DIN 00351751

Kundan Talwar
Chief Financial Officer

Place : Mumbai
Dated : June 30, 2021

Nainy K. Tanna
Wholtime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

INDEPENDENT AUDITOR'S REPORT

To

The Members of

REXNORD ELECTRONICS AND CONTROLS LIMITED

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Rexnord Electronics and Controls Limited** ("Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2021, 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 2021, 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. Refer note 2.2 and Note 33 of the consolidated financial statements. The Group has revenue from 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.	Our audit procedures relating to revenue recognition include the following: - 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. Based on the above procedures performed, we did not identify any exceptions in revenue recognition on sale of goods.

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 provisions 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 2021, taken on record by the Board of Directors of the respective company, none of the directors is disqualified as on 31 March 2021, 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 43 (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:21047151AAAABT5100

Place: Mumbai
Dated: June 30, 2021

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT – 31st MARCH 2021

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

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

We have audited the internal financial controls over financial reporting of Rexnord Electronics and Controls Limited ("the Holding Company") and its Subsidiary Company (the Holding Company and its Subsidiary Company together referred to as "the Group") as of 31 March 2021 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 2021, 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:21047151AAAABT5100

Place: Mumbai
Dated: June 30, 2021

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	Note	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non-current assets			
Property, plant and equipment	3A	2044.76	2026.90
Right-of-use asset	3B	9.66	10.21
Intangible assets	3C	1.06	2.32
Financial assets			
Investments	4	0.00	56.19
Loans	5	17.66	17.43
Other financial assets	6	100.00	0.00
Income tax assets (net)	7	0.04	3.94
Other non-current assets	8	329.80	343.58
Total non-current assets		2502.98	2460.57
Current assets			
Biological assets	9	0.00	0.00
Inventories	10	1678.84	2160.87
Financial assets			
Investments	11	178.14	0.00
Trade receivables	12	255.07	869.07
Cash and cash equivalents	13	355.11	146.99
Bank balances other than cash and cash equivalents	14	415.00	215.00
Loans	15	2.85	1.91
Other financial assets	16	5.14	4.48
Income tax assets	17	0.00	11.77
Other current assets	18	123.44	153.07
Total current assets		3013.59	3563.16
TOTAL ASSETS		5516.57	6023.73
EQUITY AND LIABILITIES			
Equity			
Equity share capital	19	1115.91	1115.91
Other equity	20	3014.91	2739.64
Total equity		4130.82	3855.55
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	21	151.72	291.97
Lease liabilities	22	10.09	10.34
Other financial liabilities	23	3.10	3.10
Provisions	24	21.69	23.97
Deferred tax liabilities (net)	25	109.14	107.41
Total non-current liabilities		295.74	436.79
Current liabilities			
Financial Liabilities			
Borrowings	26	398.07	501.89
Trade payables	27	471.18	955.32
Other financial liabilities	28	61.57	134.16
Lease liabilities	29	0.25	0.23
Other current liabilities	30	138.84	128.91
Provisions	31	4.03	8.84
Income-tax liabilities (Net)	32	16.07	2.04
Total current liabilities		1090.01	1731.39
TOTAL EQUITY AND LIABILITIES		5516.57	6023.73
Contingent liabilities and commitments (To the extent not provided for)	43		
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 62		

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 : June 30, 2021

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

Wholtime Director

DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

Place : Mumbai

Dated : June 30, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	Note	For the year ended 31.03.2021	For the year ended 31.03.2020
Revenue from operations	33	5016.29	6523.98
Other income	34	104.74	55.91
Total Revenue		5121.03	6579.89
Expenses:			
Cost of materials consumed	35	2727.47	3786.90
Purchases of stock in trade	36	0.00	110.12
Changes in inventories of finished goods and work in progress	37	91.98	101.96
Employee benefits expense	38	436.44	539.34
Finance costs	39	65.12	157.55
Depreciation and amortisation expense	3	164.29	164.04
Other expenses	40	1045.92	1244.58
Total expenses		4531.22	6104.49
Profit before exceptional items and tax		589.81	475.40
Exceptional items	41	197.61	0.00
Profit before tax		392.20	475.40
Tax expense:			
Current tax		120.26	133.48
Deferred tax		0.53	(8.64)
Tax adjustment for earlier years		(0.31)	(0.89)
		120.48	123.95
Profit for the year (A)		271.72	351.45
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit plans		7.51	0.24
Income tax on above		1.89	0.06
(b) Items that will be reclassified subsequently to profit or loss			
Effective portion of gain (loss) on cash flow hedges		0.00	2.77
Income tax on above		0.00	0.70
Other comprehensive income for the year (B)		5.62	2.25
Total comprehensive income for the year (A+B)		277.34	353.70
Net Profit attributable to:			
a) Owners of the Company		271.72	351.45
b) Non Controlling Interest		0.00	0.00
Other Comprehensive Income attributable to:			
a) Owners of the Company		5.62	2.25
b) Non Controlling Interest		0.00	0.00
Total Comprehensive Income attributable to:			
a) Owners of the Company		277.34	353.70
b) Non Controlling Interest		0.00	0.00
Earning per equity share	42		
Basic ₹		2.43	3.15
Diluted ₹		2.43	3.15
Significant accounting policies	2		
The accompanying notes form part of the financial statements	1 to 62		

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 : June 30, 2021

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

Wholtime Director

DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

Place : Mumbai

Dated : June 30, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity Share Capital

(Amount in ₹ Lakhs)

Particulars	Value
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
Balance as at April 1, 2020	1115.91
Changes during the year	0.00
Balance at the end of the reporting period i.e. 31st March, 2021	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, 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
Balance at the beginning of the reporting period i.e. 1st April, 2020	292.28	2446.73	(1.44)	2.07	2739.64
Profit for the year	0.00	271.72	0.00	0.00	271.72
Gain/(loss) on cash flow hedges reclassified to Statement of Profit and Loss	0.00	0.00	0.00	(2.07)	(2.07)
Other Comprehensive Income for the year*	0.00	0.00	5.62	0.00	5.62
Balance at the end of the reporting period i.e. 31st March, 2021	292.28	2718.45	4.18	0.00	3014.91

* Net of taxes.

Nature of reserves

- a) 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 62

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 : June 30, 2021

For and on behalf of the Board of Directors of

Rexnord Electronics and Controls Limited

CIN: L31200MH1988PLC047946

Kishore Chand Talwar

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DIN 00351751

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Chief Financial Officer

Place : Mumbai

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Nainy K. Tanna

Wholtime Director

DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	392.20	475.40
Adjustments for		
Depreciation and amortization	164.30	164.04
Allowance for doubtful debt/loan s provided/written back (net)	0.00	0.16
(Profit)/loss on sale/discarding of fixed assets (net)	(20.29)	(0.16)
Allowance for impairment in the value of investments	34.65	0.00
Unrealised exchange (gain)/ loss	3.58	39.68
Net (gain)/loss on investments	(6.53)	(5.00)
Interest income	(26.15)	(15.85)
Dividend income	0.00	0.00
Interest and other borrowing costs	61.58	116.98
Operating profit before working capital changes	603.34	775.25
Adjustments for :		
Trade receivables	611.23	(195.57)
Other receivables	43.27	(137.56)
Inventories	482.03	(332.67)
Trade payables	(484.23)	544.95
Other payables	(9.77)	74.03
Cash generated from operations	1245.87	728.43
Direct taxes paid	(90.26)	(132.13)
Cash flow before extraordinary items	1155.61	596.30
Extraordinary items	0.00	0.00
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	1155.61	596.30
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of tangible assets including CWIP	170.13	52.59
Purchase of tangible assets including CWIP	(330.19)	(472.99)
Proceeds from sale of intangible assets	0.00	0.00
Purchase of intangible assets	0.00	(0.95)
Proceeds from sale of investments	0.00	80.27
Purchase of investments	(150.06)	(19.62)
(Increase)/ decrease in deposits	0.29	(0.13)
(Increase)/ decrease in bank fixed deposits	(300.00)	(55.00)
Interest income	24.17	15.19
Dividend income	0.00	0.00
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(585.66)	(400.64)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (Contd..)

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	0.00	203.72
Repayment of long term borrowings	(187.43)	(41.16)
Proceeds from short term borrowings	990.97	2049.94
Repayment of short term borrowings	(1100.91)	(2303.69)
Repayment of lease liability	(0.23)	(0.21)
Change in working capital borrowings from banks	0.00	0.00
Interest and other borrowing costs	(64.23)	(119.36)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES	(361.83)	(210.76)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	208.12	(15.10)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	146.99	162.09
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	355.11	146.99

Notes :

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

Particulars	Non-current borrowing	Current borrowing
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
Balance as at 1st April 2020	342.81	501.89
Net cash flows	(187.43)	(109.94)
Effect of unrealised exchange gain/loss	(3.66)	6.12
Balance as at 31st March 2021	151.72	398.07

- Refer Note no. 13 for details of cash and cash equivalents.
- All figures in brackets reflects cash outflow.
- Figures of the previous year have been regrouped wherever necessary.

Significant accounting policies 2
The accompanying notes form part of the financial statements 1 to 62

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 : June 30, 2021

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

Kishore Chand Talwar
Chairman & Managing Director
DIN 00351751

Kundan Talwar
Chief Financial Officer

Place : Mumbai
Dated : June 30, 2021

Nainy K. Tanna
Wholetime Director
DIN 00351762

Shweta Kalantri
Company Secretary

Krishnamoorthy Krishnan
Director
DIN 08129657

Notes to the consolidated financial statements for the year ended 31st March 2021

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 2021. The principal 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

- 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.
- 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.
- The financial statements of the Group for the year ended 31st March, 2021 were approved for issue in accordance with the resolution of the Board of Directors on 30th June, 2021.

B) Principles of Consolidation

- 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.
- Profits or losses resulting from intra-group transactions that are recognised in assets are eliminated in full.
- 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.
- The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- The carrying amount of the parent's investment in subsidiary is offset (eliminated) against the parent's portion of equity in subsidiary.
- 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.
- 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

- 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.
- 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:
 - Measurement of defined benefit obligations - Note 45.
 - Measurement and likelihood of occurrence of provisions and contingencies - Note 24, 31 and 43
 - Recognition of deferred tax liabilities - Note 25.

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 categorized 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 categorized 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 46 and 48.

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

Notes to the consolidated financial statements for the year ended 31st March 2021

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 MEIS/RoDTEP Schemes 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 unutilized 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 realization 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 utilized. 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 realized; 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 amortization/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.

Notes to the consolidated financial statements for the year ended 31st March 2021

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 derecognized.

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 capitalized.

2.9) DEPRECIATION

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

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

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

2.10) AMORTIZATION

Intangible assets (Application Software) acquired by the Group are 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 capitalized 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 capitalization.

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

2.12) LEASES

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 recognized 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 recognized 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 recognized 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 capitalized 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 recognized 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 arise from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is probable that an outflow of resources will not be required to settle the obligation. However, if the possibility of outflow of resources, arising out of present obligation, is remote, it is not even disclosed as contingent liability. The Group does not recognize a contingent liability but discloses its existence in the financial statement.

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

2.14) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss

Notes to the consolidated financial statements for the year ended 31st March 2021

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 amortization, 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 realizable 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 is recognized in the statement of profit and loss. In other cases, the transaction cost is 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

- Amortized cost:** A financial asset is measured at amortized 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.
- 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.
- 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

- 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.

- 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 amortized 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 amortized 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:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, security deposits, bank deposits and bank balance.
- 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 recognizes 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 months 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 recognizing impairment loss allowance based on 12-month ECL.

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

H) Income recognition

Interest income

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

Dividend income

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

II. FINANCIAL LIABILITIES

A) Initial Recognition and Measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized 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 amortized cost, using the effective interest method.

Notes to the consolidated financial statements for the year ended 31st March 2021

B) Classification And Subsequent Measurement

Financial liabilities are subsequently measured at amortized 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 realize 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 categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized 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 realized 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 recognized 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 recognized 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 recognized 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 recognized 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 2021

NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹ Lakhs)

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Property, plant & equipment									
Land	290.39	293.25	0.00	583.64	0.00	0.00	0.00	0.00	583.64
Building	888.13	2.78	0.00	890.91	144.42	34.46	0.00	178.88	712.03
Residential flats	15.83	0.00	0.00	15.83	1.39	0.35	0.00	1.74	14.09
Plant and machineries	816.26	20.74	123.34	713.66	186.69	60.27	8.58	238.38	475.28
Moulds and dies	171.47	0.00	0.00	171.47	75.26	19.12	0.00	94.38	77.09
Furniture and fixtures	101.06	0.00	0.00	101.06	37.34	10.24	0.00	47.58	53.48
Office equipments	32.30	1.71	0.66	33.35	18.20	4.62	0.11	22.71	10.64
Vehicles	186.73	5.98	78.75	113.96	70.21	22.57	44.21	48.57	65.39
Computers	20.94	4.14	0.00	25.08	16.39	2.97	0.00	19.36	5.72
Factory / other equipments	76.82	1.60	0.00	78.42	23.13	7.89	0.00	31.02	47.40
Total as at 31.03.2021	2599.93	330.20	202.75	2727.38	573.03	162.49	52.90	682.62	2044.76

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discarded 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 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

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 21 and 26

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

3A(iv) 3A(iv) Factory buildings includes part of premises at Kandivali (W) (value for the same not ascertainable) and industrial gala at Vasai (east) of gross block ₹ 41.73 lakhs for part of the year (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 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Leasehold land	10.77	0.00	0.00	10.77	0.56	0.55	0.00	1.11	9.66
Total as at 31.03.2021	10.77	0.00	0.00	10.77	0.56	0.55	0.00	1.11	9.66

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019 (Refer note 3B(i))	Additions during the year	Sold/discarded 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 01.04.2020	Additions during the year	Sold/discarded during the year	Total as at 31.03.2021	Provided upto 31.03.2020	Provided for the Year	Written back during the year	Total upto 31.03.2021	Total as at 31.03.2021
Intangible assets									
Computer software - acquired	7.26	0.00	0.00	7.26	4.94	1.26	0.00	6.20	1.06
Total as at 31.03.2021	7.26	0.00	0.00	7.26	4.94	1.26	0.00	6.20	1.06

PARTICULARS	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK
	As at 01.04.2019	Additions during the year	Sold/discarded 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

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	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)	0	0.00	25	27.63
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	0	0.00	25	28.56
Total		0.00		56.19
Aggregate amount of Unquoted Investments		0.00		56.19
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		15.93
Loan to employees		1.73		1.50
		17.66		17.43
Unsecured, considered doubtful				
Loan to employees		0.00		0.55
Allowance for doubtful loan to employees		0.00		(0.55)
		0.00		0.00
Total		17.66		17.43
NOTE 6: OTHER NON-CURRENT FINANCIAL ASSETS				
Other bank balances with banks				
In fixed deposit account with maturity more than 12 months		100.00		0.00
Total		100.00		0.00
NOTE 7: INCOME TAX ASSETS (NET)				
Taxes paid/adjustments during the year		(3.90)		(10.88)
Opening balance	(3.94)		(14.82)	
Add: Current tax payable for the year	0.00	(3.94)	0.00	(14.82)
Total		0.04		3.94
NOTE 8: OTHER NON-CURRENT ASSETS				
Unsecured, considered good				
Capital advances		325.87		230.72
MVAT refund receivable		2.30		2.30
Security deposits		0.59		0.59
Prepaid expenses		1.04		0.00
LBT paid under protest (Refer Note 43 & 55(a))		0.00		109.97
Total		329.80		343.58
NOTE 9: BIOLOGICAL ASSETS (REFER NOTE NO.46)				
Groundnut crop				
		0.00		0.00
Total		0.00		0.00
NOTE 10: INVENTORIES				
Raw Materials and components including packing materials*		1091.14		1479.25
Work in progress		441.91		418.21
Finished goods		144.77		260.45
Stores and spares		1.02		2.96
Total		1678.84		2160.87
* Includes stock in transit		0.00		154.24

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Numbers	Amount	Numbers	Amount
NOTE 11: CURRENT INVESTMENTS				
Investments measured at fair value through Profit & Loss				
In equity shares (Quoted)				
Infosys Limited of face value of ₹ 5 each share	5	0.07	0	0.00
In mutual funds (Unquoted)				
ICICI Prudential Savings Fund - Growth of face value of ₹ 10/- each unit	12178.83	50.67	0	0.00
SBI Magnum Low Duration Fund - Growth of face value of ₹ 10/- each unit	1835.79	50.49	0	0.00
HDFC Low Duration Fund - Regular Plan - Growth of face value of ₹ 10/- each unit	112556.28	50.66	0	0.00
Investments measured at Amortized cost				
Investment in debentures				
Unquoted, fully paid up				
Reliance Securities Limited (face value of ₹ 1 Lakhs each debenture)	25	29.78	0	0.00
Reliance Capital Limited (face value of ₹ 1 Lakhs each debenture)	25	31.12	0	0.00
		212.79		0.00
Less: Allowance for impairment in value of investment in debentures				
Reliance Securities Limited		9.78		0.00
Reliance Capital Limited		24.87		0.00
Total		178.14		0.00
Aggregate amount of quoted investments		0.07		0.00
Market Value of quoted investments		0.07		0.00
Aggregate amount of unquoted investments		212.72		0.00
Aggregate provision for diminution in the value of investments		34.65		0.00
NOTE 12: TRADE RECEIVABLES				
Unsecured, considered good				
Debts outstanding for a period exceeding six months from the date they are due for payments		0.02		0.11
Others		255.05		868.96
Total		255.07		869.07
NOTE 13: CASH AND CASH EQUIVALENTS				
Balances with banks				
In cash credit account		145.07		126.98
In current accounts		8.09		18.26
In fixed deposit accounts		200.00		0.00
Cash on hand		1.95		1.75
Total		355.11		146.99
NOTE 14: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS				
Other bank balances:				
In fixed deposit account with maturity less than 12 months		200.00		0.00
Fixed deposits with banks held as margin money for letter of credit issued				
With maturity period less than 12 months*		215.00		215.00
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		415.00		215.00
*Details of lien on fixed deposit as under:				
Lien for margin money for letter of credit issued		130.09		167.10

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Numbers	Amount	Numbers	Amount
NOTE 15: CURRENT LOANS				
Unsecured, considered good				
Security deposits		0.58		0.87
Loan to employees		2.27		1.04
Unsecured, considered doubtful				
Loan to employees	0.00		0.16	
Less: allowance for doubtful loan to employees	0.00	0.00	0.16	0.00
Total		2.85		1.91
NOTE 16: OTHER CURRENT FINANCIAL ASSETS				
Unsecured, considered good				
Derivative financial assets designated as hedges (net)		0.00		1.31
Interest accrued on deposits		4.98		3.17
Other financial assets		0.16		0.00
Total		5.14		4.48
NOTE 17: CURRENT INCOME TAX ASSETS				
Unsecured, considered good				
Income tax refund receivable		0.00		11.77
Total		0.00		11.77
NOTE 18: OTHER CURRENT ASSETS				
Unsecured, considered good				
Advances to suppliers		48.72		54.87
GST input credit receivable		0.00		22.79
Export benefit receivable		0.45		0.73
Export Benefits in Duty Credit Scrips receivable		33.99		21.77
Prepaid expenses		38.40		52.54
Other receivables		1.88		0.37
Total		123.44		153.07
NOTE 19: 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	5325446	47.72
2 Smt. Sharda Talwar	1926400	17.26	1926400	17.26
3 Smt. Sangeetha S	587804	5.27	590290	5.29

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 20: 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	2446.73	2095.28
Add : Profit (loss) after tax for the year	271.72	351.45
Balance at the end of the year	2718.45	2446.73
Other Comprehensive income		
Balance at the beginning of the year	0.63	(1.62)
Add / (Less): Gain/(loss) on cash flow hedges reclassified	(2.07)	0.00
Add: Movement in OCI (Net) during the year	5.62	2.25
Balance at the end of the year	4.18	0.63
Total	3014.91	2739.64
NOTE 21: NON-CURRENT BORROWINGS		
Secured loans:		
Term loans		
From banks	0.00	110.87
From other parties	0.00	25.72
Unsecured loans:		
Term loans		
Suppliers credit in foreign currency from banks	151.72	155.38
Total	151.72	291.97
Secured Loans:		
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 i.e. in the financial year 2022-23 and carry interest rates 12 months libor plus 75 BPS where the libor is reset every 12 months.		
NOTE 22: NON-CURRENT LEASE LIABILITIES		
Lease liability	10.09	10.34
Total	10.09	10.34
NOTE 23: NON-CURRENT OTHER FINANCIAL LIABILITIES		
Security deposits	3.10	3.10
Total	3.10	3.10
NOTE 24: NON-CURRENT PROVISIONS		
Provision for employees benefits (Refer note 45)	21.69	23.97
Total	21.69	23.97

Notes to the consolidated financial statements for the year ended 31st March 2021

NOTE 25: INCOME TAX

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

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31.03.2021	31.03.2020
Profit before Tax	392.20	475.40
Enacted tax rate	25.168%	25.168%
Expected income tax expense at statutory income tax rate	98.71	119.65
Tax on Income exempt from tax/Items not deductible (net)	12.67	3.15
Effect of differential future tax rates	0.00	(11.06)
Tax in respect of earlier years	(0.32)	(0.89)
Others	9.42	13.10
Tax expense as reported	120.48	123.95

B) Deferred tax liabilities (net)

Particulars	As at 31.03.2021	As at 31.03.2020
Deferred tax liabilities	116.19	116.22
Deferred tax assets	7.05	8.81
Total	109.14	107.41

The movement in deferred tax assets and liabilities during the year ended March 31, 2021 and March 31, 2020:

Particulars	As at 31.03.2019 Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31.03.2020 Deferred Tax Liabilities/(Asset)	Charge/(Credit) in statement of Profit and Loss	As at 31.03.2021 Deferred Tax Liabilities/(Asset)
Depreciation	124.16	(8.03)	116.13	0.06	116.19
Income Taxable in the year of realisation	0.05	(0.05)	0.00	0.00	0.00
Expenses allowed in the year of payment*	(8.30)	(0.51)	(8.81)	1.76	(7.05)
Other	0.07	0.02	0.09	(0.09)	0.00

*Including the deferred tax charge/(credit) recognized through other comprehensive income and excluding the tax on cash flow hedges directly taken to OCI.

Note: Deferred tax assets have not been recognised in respect of the provision for diminution in the value of investment of holding company and the losses of the subsidiary company, in absence of convincing evidence that future taxable profit will be available against which the holding company and subsidiary company respectively can use these assets.

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 26: CURRENT BORROWINGS		
Secured loans:		
Working capital loans		
From a bank	0.00	0.00
Unsecured loans:		
Suppliers credit in foreign currency		
From banks	398.07	398.89
Loan from a director*	0.00	103.00
Total	398.07	501.89

* Interest free

Secured Loans:

Nature of security:

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

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 27: TRADE PAYABLES		
Micro and small enterprises (Refer note 52)	41.03	90.78
Others*	430.15	864.54
Total	471.18	955.32
* Other trade payables include acceptances	0.00	211.71
NOTE 28: OTHER CURRENT FINANCIAL LIABILITIES		
Current maturities of long term debts (Refer note 21)	0.00	50.84
Interest accrued but not due	3.52	6.16
Security deposits	0.00	1.80
Creditors for capital expenditure*	0.12	2.24
Accrued expenses	57.93	73.12
Total	61.57	134.16
*Includes micro and small enterprises (Refer note 52)	0.00	0.00
NOTE 29: CURRENT LEASE LIABILITIES		
Current maturities of leased liability	0.25	0.23
Total	0.25	0.23
NOTE 30: OTHER CURRENT LIABILITIES		
Advances from customers	99.01	104.41
Deferred Revenue	0.70	1.09
Statutory dues	39.13	23.41
Total	138.84	128.91
NOTE 31: CURRENT PROVISIONS		
Provision for employees benefits (Refer note 45)	4.03	8.84
Total	4.03	8.84
NOTE 32: CURRENT INCOME-TAX LIABILITIES (NET)		
Provision for current tax (Net of advance tax ₹ 104.19 lakhs P.Y. ₹ 132.13 lakhs)	16.07	2.04
Total	16.07	2.04
Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 33: REVENUE FROM OPERATIONS		
Sale of goods*	4998.61	6467.51
Other operating revenue		
Scrap sales	3.11	32.19
Export incentives	14.57	24.28
	17.68	56.47
Total	5016.29	6523.98
*Sale of Products (Categorywise)		
Instrument cooling fans	3208.66	3630.46
Shaded pole motors	1644.34	2423.65
Components	145.61	297.25
Spinned shell muffler	0.00	115.48
Agricultural Produce - Raw Groundnuts	0.00	0.67
*Sale of Products (Geographywise)		
Domestic	4035.14	5384.04
Exports	963.47	1083.47

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 34: OTHER INCOME		
Interest Income :		
On fixed deposits with banks	22.26	14.19
On security deposits	0.60	1.29
On staff loans	0.32	0.28
On delay payment by customers	<u>2.97</u>	<u>0.09</u>
	26.15	15.85
Sundry balances written back/off (net)	0.00	6.24
Profit on sale of fixed assets (net)	20.29	0.16
Gain/(Loss) on investments carried at fair value through Profit & Loss	1.82	0.48
Gain/(Loss) on investments carried at amortised cost	4.71	4.52
Rental Income(Refer note 51)	20.30	27.11
Net gain on exchange rate fluctuations	<u>31.47</u>	<u>1.55</u>
Total	<u>104.74</u>	<u>55.91</u>
NOTE 35: COST OF MATERIALS CONSUMED*		
(Raw materials and components including packing materials)		
Opening stock	1479.25	1044.61
Add : Cost of purchases	2339.36	4221.54
Less: Closing stock	<u>1091.14</u>	<u>1479.25</u>
Total	<u>2727.47</u>	<u>3786.90</u>
*Cost of materials consumed		
Aluminium ingots	530.89	699.26
Aluminium sheets	49.38	79.15
Ball bearings	55.48	108.36
Brass Insert	26.99	144.55
Copper wires	514.49	666.90
Plastic powders	210.53	314.64
Rotor lamination	125.43	213.87
Stator lamination	373.21	492.17
Others	841.08	1067.50
Groundnut crop	0.00	0.50
NOTE 36: PURCHASE OF STOCK IN TRADE		
Spinned shell muffler	<u>0.00</u>	<u>110.12</u>
Total	<u>0.00</u>	<u>110.12</u>
NOTE 37: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stocks:		
Finished goods	260.45	141.73
Work in progress	<u>418.21</u>	<u>638.89</u>
	678.66	780.62
Less:Closing stocks:		
Finished goods	144.77	260.45
Work in progress	<u>441.91</u>	<u>418.21</u>
	586.68	678.66
Total	<u>91.98</u>	<u>101.96</u>
NOTE 38: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	386.43	463.61
Contribution to provident and other funds	7.24	12.07
Staff welfare expenses	<u>42.77</u>	<u>63.66</u>
Total	<u>436.44</u>	<u>539.34</u>

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
NOTE 39: FINANCE COSTS		
Interest expense on:		
Borrowings	19.27	50.44
Lease liability	0.97	0.99
Others	11.52	17.94
Other Borrowing Costs	29.82	47.60
Net loss(gain) on foreign currency transactions	3.54	40.58
Total	65.12	157.55

NOTE 40: OTHER EXPENSES

Manufacturing expenses				
Consumption of stores and spares		27.62		29.57
Processing and labour charges		621.43		582.99
Power and fuel		145.88		202.42
Repairs to :				
buildings	11.18		20.67	
machineries	12.27		22.33	
mould & dies	7.95		16.45	
others	7.06	38.46	11.91	71.36
Inward transportation and freight		2.35		3.00
Administrative and other expenses				
Auditors' remuneration (Refer note 44)		9.88		10.28
Communication expenses		7.75		11.86
Directors' sitting fees		1.40		1.80
Electricity expenses		3.78		3.90
Insurance		11.22		10.77
Professional charges		14.39		22.10
Allowance for doubtful loans		0.00		0.16
Repairs and maintenance		14.81		17.81
Rates and taxes		14.87		20.40
Travelling and conveyance		35.22		78.69
Contribution for CSR Expenditure		11.00		11.00
Product development and research expenses		20.13		29.19
Miscellaneous expenses		44.86		58.66
Selling and distribution expenses				
Advertisement and business promotion		5.99		41.26
Commission and brokerage		1.70		7.91
Outward transportation and freight		13.18		29.45
Total		1045.92		1244.58

2020-2021 2019-2020

NOTE 41: EXCEPTIONAL ITEMS

Local Body Tax for earlier years (Refer note 55(a))	162.96	0.00
Allowance for impairment in value of investment in debentures (Refer note 11 and 55(b))	34.65	0.00
Total	197.61	0.00

2020-2021 2019-2020

NOTE 42: EARNING PER EQUITY SHARE

Net profit / (loss) after tax	₹ in Lakhs	271.72	351.45
Weighted average number of shares	Numbers in Lakhs	111.60	111.60
Basic earnings per share	₹	2.43	3.15
Diluted earnings per share	₹	2.43	3.15

Notes to the consolidated financial statements for the year ended 31st March 2021

(Amount in ₹ Lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
NOTE 43: CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
(i) Contingent liabilities:		
(a) Letter of credit issued by the bankers of the group	15.95	407.55
(b) Bonds/Undertakings given under duty exemption under advance licence scheme pending fulfilment of export obligation.	1100.00	550.00
(c) Bonds/Undertakings given under duty exemption under EPCG licence scheme pending fulfilment of export obligation.	32.00	32.00
(d) During the previous financial year 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 aggregating to ₹ 769.89 lakhs on 16th November 2019 passed by the Additional Commissioner of LBT, Vasai Virar City Municipal Corporation for the financial year 2011-12. The Holding Company filed an appeal against the said Order with the Commissioner, Vasai Virar City Municipal Corporation ("Commissioner") on 2nd December 2019 who 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. The said assessment was completed during the year and the Holding Company provided and paid the liability arose in the said order (Refer note 55 (a))	-	-
(ii) Contingent commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	16.53	228.96

(Amount in ₹ Lakhs)

	2020-21	2019-20
NOTE 44: PAYMENT TO AUDITORS*		
Statutory audit fees	3.75	3.75
Tax audit fees	3.50	3.50
GST audit fees	0.80	1.65
Certification work	1.55	1.10
Out of pocket expenses	0.28	0.28
	9.88	10.28

*excluding GST wherever input tax credit taken

NOTE 45: EMPLOYEE BENEFITS EXPENSE

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

(a) Defined contribution plan

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

(Amount in ₹ Lakhs)

	2020-21	2019-20
Contribution to defined contribution plan recognised, charged off for the year, are as under:		
Employer's contribution to provident fund	5.15	8.53

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)

	2020-21	2019-20
I) Reconciliation of defined benefit obligation		
Present value of defined benefit obligation at start of year	32.81	28.01
Recognised in Statement of Profit and Loss		
Current service cost	2.38	3.64
Interest cost	2.09	2.04
Benefits paid	4.05	0.63
Recognised in Other Comprehensive Income -Actuarial (gains)/losses on obligations		
Remeasurements - due to demographic assumptions	0.00	0.00
Remeasurements - due to financial assumptions	0.29	1.82
Remeasurements - due to experience adjustments	(7.80)	(2.07)
Past service cost	0.00	0.00
Present value of defined benefit obligation at end of the year*	25.72	32.81

*includes ₹ Nil (P.Y. ₹ 0.40 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 2021

	(Amount in ₹ Lakhs)	
	2020-21	2019-20
II) Net liability / (asset) recognised in the balance sheet		
Present value of defined benefit obligation	25.72	32.81
Fair value of plan assets	0.00	0.00
Net liability / (asset)	25.72	32.81
Effect of asset ceiling / onerous liabilities	0.00	0.00
Liability / (asset) recognised in the balance sheet	25.72	32.81
Of which short term defined benefit obligation at end of the year	4.03	8.84
III) Expenses recognized during the year		
Current service cost	2.38	3.64
Interest cost	2.09	2.04
Defined benefit cost included in Statement of profit and loss	4.47	5.68
Remeasurements of the net defined benefit plans-Actuarial (gains)/losses on obligations	(7.51)	(0.25)
Defined benefit cost included in Other Comprehensive Income	(7.51)	(0.25)
Total defined benefit recognized in Statement of profit & loss and Other Comprehensive Income	(3.04)	5.43
IV) Actuarial assumptions		
Salary growth rate	4.00%	4.00%
Discount rate	6.70%	6.84%
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
V) Bifurcation of present value of defined benefit obligations		
Current liabilities	4.03	8.84
Non current liabilities	21.69	23.97
Total	25.72	32.81

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 31.03.2021	% Change	Defined benefit obligations as on 31.03.2020	% Change
Salary rate	Increase by 1%	28.13	9.4%	35.51	9.6%
	Decrease by 1%	23.63	-8.1%	29.73	-8.3%
Withdrawal rate	Increase by 1%	26.20	1.9%	32.56	0.5%
	Decrease by 1%	25.15	-2.2%	32.24	-0.5%
Discount rate	Increase by 1%	23.85	-7.3%	29.96	-7.5%
	Decrease by 1%	27.92	8.6%	35.30	8.9%

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 ₹ 12.86 Lakhs (previous year ₹ 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
31.03.2021	4.03	4.14	4.13	9.70
31.03.2020	8.44	0.54	7.40	8.54

The weighted average duration of the above defined benefit obligation is 14.39 years (31.03.2020 - 13.97 years)

IX) **Discontinuance Liability** : Amount payable upon discontinuance of all employment is ₹ 32.26 Lakhs (31.03.2020 - ₹ 33.96 Lakhs)

Notes to the consolidated financial statements for the year ended 31st March 2021

NOTE 46: BIOLOGICAL ASSETS OTHER THAN BEARER PLANTS

A. Reconciliation of carrying amount

Particulars	March 31, 2021 Groundnut crop	March 31, 2020 Groundnut crop
Opening	0.00	0.00
Add:		
Purchases	0.00	0.00
Production/ Cost of Development	0.00	0.50
Less:		
Sales / Disposals	0.00	0.50
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, 2021 Groundnut crop	March 31, 2020 Groundnut crop
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, 2021		Profit or (loss) for the year ended March 31, 2020	
	10% increase	10% decrease	10% increase	10% decrease
Variable cost (Groundnut crop)	-	-	-	-
Cash flow sensitivity (net)	-	-	-	-

Notes to the consolidated financial statements for the year ended 31st March 2021

NOTE 47: 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)	
	2020-21	2019-20
Equity share capital	1115.91	1115.91
Other equity	3014.91	2739.64
Total Equity (A)	4130.82	3855.55
Non-current borrowings	151.72	291.97
Current borrowings	398.07	501.89
Current maturities of long term borrowing	0.00	50.84
Lease liabilities (Non-current and current)	10.34	10.56
Gross Debt (B)	560.13	855.26
Gross Debt as above	560.13	855.26
Less: Current investments	178.14	0.00
Less: Cash and cash equivalents	355.11	146.99
Less: Bank deposits (including earmarked balances)	515.00	215.00
Net Debt (C)	(488.12)	493.27
Net debt to equity	(0.12)	0.13

NOTE 48: 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 and equity 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

	31.03.2021			31.03.2020		
	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*	151.89	151.89	0.00	0.00	0.00	0.00
Derivative financial assets designated as hedges (net)	0.00	0.00	0.00	1.31	0.00	1.31
Financial assets measured at amortised cost						
Investments*	26.25	0.00	0.00	56.19	0.00	0.00
Trade receivables	255.07	0.00	0.00	869.07	0.00	0.00
Cash and cash equivalents	355.11	0.00	0.00	146.99	0.00	0.00
Bank balances other than cash and cash equivalents	515.00	0.00	0.00	215.00	0.00	0.00
Loans	20.51	0.00	0.00	19.34	0.00	0.00
Other financial assets	5.14	0.00	0.00	3.17	0.00	0.00
	1328.97	151.89	0.00	1311.07	0.00	1.31
Financial Liabilities						
Financial liabilities measured at amortised cost						
Borrowings	549.79	0.00	0.00	793.86	0.00	0.00
Lease liabilities	10.34	0.00	0.00	10.57	0.00	0.00
Trade payables	471.18	0.00	0.00	955.32	0.00	0.00
Other financial liabilities	64.67	0.00	0.00	137.26	0.00	0.00
	1095.98	0.00	0.00	1897.01	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 2021

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 managements believes that there is no credit risk lies with the security deposits given and loans to employees.

The Group's maximum exposure to credit risk as at 31st March, 2021 and 31st March, 2020 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, 2021 and 31st March, 2020. 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 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	31.03.2021				31.03.2020			
	Carring Value	0-1 years	1-3 years	above 3 years	Carring Value	0-1 years	1-3 years	above 3 years
Borrowings	549.79	398.07	151.72	0.00	844.70	552.73	245.97	46.00
Lease liabilities	10.34	0.25	0.57	9.52	10.57	0.23	0.52	9.82
Trade payables	471.18	471.18	0.00	0.00	955.32	955.32	0.00	0.00
Other financial liabilities	64.67	61.57	3.10	0.00	86.42	83.32	3.10	0.00
Total	1095.98	931.07	155.39	9.52	1897.01	1591.60	249.59	55.82

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 impacting 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, 2021 and 31st March, 2020, 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 2021

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

(Amount in ₹ Lakhs)				
	As at 31.03.2021		As at 31.03.2020	
	USD	₹	USD	₹
Receivables	0.70	50.85	2.14	157.40
Less: Hedged through derivatives-currency options	0.00	0.00	1.41	104.48
Net unhedged exposure to foreign currency (assets)	0.70	50.85	0.73	52.92
Payables	8.68	646.52	10.40	790.52
Net unhedged exposure to foreign currency (liabilities)	8.68	646.52	10.40	790.52
Net unhedged exposure to foreign currency	(7.98)	(595.67)	(9.67)	(737.60)

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

(Amount in ₹ Lakhs)		
	31.03.2021	31.03.2020
1% Depreciation in INR		
Impact on Statement of profit and loss	(5.96)	(7.38)
1% Appreciation in INR		
Impact on Statement of profit and loss	5.96	7.38

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)		
	31.03.2021	31.03.2020
Long term borrowing-floating rate instruments	151.72	264.20
Long term borrowing-fixed rate instruments	0.00	78.61
Short term borrowing-fixed rate instruments	398.07	398.89
	549.79	741.70

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)		
	31.03.2021	31.03.2020
1% Increase in interest rates		
Impact on Statement of profit and loss	(0.66)	(1.78)
1% Decrease in interest rates		
Impact on Statement of profit and loss	0.66	1.86

NOTE 49: 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 50: RELATED PARTY DISCLOSURES:

I) Names of related parties and description of relationships

- a) Persons owning directly or indirectly, an interest in the voting power that gives him significant influence.

Shri Kishore Chand Talwar

- b) Key management personnel :

Executive directors

Shri Kishore Chand Talwar (Chairman & Managing Director of Holding Company)

Smt. Nainy K. Tanna (Wholtime Director of Holding Company)

Non-executive directors (Independent directors of Holding Company)

Shri Ayyaswami Sundram

Shri Krishnamoorthy Krishnan

Shri Sriram Shrinivasan

Notes to the consolidated financial statements for the year ended 31st March 2021

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

- d) Enterprises over which any person described in (c) above is able to exercise significant influence.
 Excelum Enterprises (A proprietary concern of Shri Kunal Tanna)

II) Transactions during the year and balances outstanding as at year end with the related parties are as follows:

(Amount in ₹ Lakhs)

Particulars	Parties mentioned in I (a) & (b)	Parties mentioned in I (c)	Parties mentioned in I (d)	Total
Sales including taxes	0.00 (0.00)	0.00 (0.00)	1.73 (0.00)	1.73 0.00
Director's Remuneration (including commission if any)	186.32 (196.32)	0.00 (0.00)	0.00 (0.00)	186.32 (196.32)
Director sitting fees	1.40 (1.80)	0.00 (0.00)	0.00 (0.00)	1.40 (1.80)
Salary	0.00 (0.00)	82.28 (72.37)	0.00 (0.00)	82.28 (72.37)
Lease rentals	0.00 (0.00)	0.97 (0.99)	0.00 (0.00)	0.97 (0.99)
Reimbursement of expenses incurred by others	5.98 (4.15)	0.00 (0.45)	0.00 (0.00)	5.98 (4.60)
Recovery of expenses incurred for others	0.19 (0.11)	0.00 (0.00)	0.00 (0.00)	0.19 (0.11)
Unsecured loan taken	65.10 (103.00)	0.00 (0.00)	0.00 (0.00)	65.10 (103.00)
Unsecured loan repaid	168.10 (0.00)	0.00 (0.00)	0.00 (0.00)	168.10 0.00
Lease liability paid	0.00 (0.00)	0.23 (0.21)	0.00 (0.00)	0.23 0.21
Outstanding Balances				
Unsecured loan taken	0.00 (103.00)	0.00 (0.00)	0.00 (0.00)	0.00 (103.00)
Director's Remuneration/Commission Payable	10.98 (7.15)	0.00 (0.00)	0.00 (0.00)	10.98 (7.15)
Salary Payable	0.00 (0.00)	4.61 (3.63)	0.00 (0.00)	4.61 (3.63)
Lease rentals payable	0.00 (0.00)	10.34 (10.56)	0.00 (0.00)	10.34 (10.56)
Reimbursement of expenses incurred by others	0.34 (0.00*)	0.00 (0.00)	0.00 (0.00)	0.34 (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 21 and Note 26.

Notes to the consolidated financial statements for the year ended 31st March 2021

Details of transactions with individual related parties are as under

	(Amount in ₹ Lakhs)	
	31.03.2021	31.03.2020
Particulars		
Sales including taxes		
Excelum Enterprises	1.73	0.00
Director's Remuneration (including commission if any)		
Shri Kishore Chand Talwar	133.45	142.89
Smt. Nainy K. Tanna	52.87	53.43
Director sitting fees		
Shri Ayyaswami Sundaram	0.40	0.60
Sriram Shrinivasan	0.50	0.60
Krishnamoorthy Krishnan	0.50	0.60
Salary		
Shri Kundan Talwar	46.07	35.48
Smt. Sharda Talwar	26.89	27.40
Smt. Ramandeep Talwar	9.32	9.49
Interest on lease liability		
Shri Kundan Talwar	0.97	0.99
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	4.98	4.15
Shri Kundan Talwar	0.00	0.00
Sriram Shrinivasan	0.50	0.00
Krishnamoorthy Krishnan	0.50	0.00
Recovery of expenses incurred for others		
Smt. Sharda Talwar	0.00	0.11
Shri Ayyaswami Sundaram	0.19	0.00
Smt. Nainy K. Tanna	0.00	0.00
Unsecured Loan taken		
Shri Kishore Chand Talwar	65.10	103.00
Unsecured loan repaid		
Shri Kishore Chand Talwar	168.10	0.00
Lease liability paid		
Shri Kundan Talwar	0.23	0.21
Outstanding Balances		
Unsecured Loan taken		
Shri Kishore Chand Talwar	0.00	103.00
Director's Remuneration Payable		
Shri Kishore Chand Talwar	8.21	4.35
Smt. Nainy K. Tanna	2.77	2.80
Salary payable		
Shri Kundan Talwar	2.42	1.99
Smt. Sharda Talwar	1.50	1.11
Smt. Ramandeep Talwar	0.69	0.52
Lease liabilities		
Shri Kundan Talwar	10.34	10.56
Reimbursement of expenses incurred by others		
Smt. Nainy K. Tanna	0.34	0.00*
* absolute figure ₹ 168.00		
III) Compensation of Key management personnel	31.03.2021	31.03.2020
Short-term benefits	185.69	195.62
Post employment benefits*	0.63	0.70
Sitting fees paid to independent director	1.40	1.80
	<u>187.72</u>	<u>198.12</u>

* Post employment benefits do not include the gratuity as the partywise break is not available

IV) Terms and conditions of transactions with related parties:

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

NOTE 51: 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 Company as on April 01, 2019, with an equivalent amount for the right-of-use asset.

Notes to the consolidated financial statements for the year ended 31st March 2021

a) As a lessee

Right-of-use assets

(Amount in ₹ Lakhs)

	Leasehold Land	
	31.03.2021	31.03.2020
Cost		
At the beginning of the year/ on transition to Ind AS 116	10.77	10.77
Additions	0.00	0.00
Disposals	0.00	0.00
At the close of the year	10.77	10.77
Accumulated depreciation and impairment		
At the beginning of the year	0.56	0.00
Depreciation	0.55	0.56
Impairment loss	0.00	0.00
Eliminated on disposals of assets	0.00	0.00
At the close of the year	1.11	0.56
Carrying amounts		
At the beginning of the year	10.21	10.77
At the close of the year	9.66	10.21

Breakdown of lease expenses

(Amount in ₹ Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term lease expense	0.00	0.00
Total lease expense	0.00	0.00
Cash outflow on leases		
Repayment of lease liabilities	0.23	0.21
Interest on lease liabilities	0.97	0.99
Short-term lease expense	0.00	0.00
Total cash outflow on leases	1.20	1.20

Maturity analysis of lease liability

(Amount in ₹ Lakhs)
Weighted average
effective interest
rate %

	Total Lease Payable	Less than 1 year	1 and 5 years	Over 5 years	
March 31, 2021 Lease liabilities	10.34	0.25	1.27	8.82	9.29

Impact of changes in accounting policies in last financial year 2019-20

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

I. Statement of financial position

(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

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

Notes to the consolidated financial statements for the year ended 31st March 2021

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 ₹ 02.43 lakhs (Previous year ₹ 04.02 lakhs) in accordance with the agreement is credited to the statement of profit and loss for the year.

Non-cancellable leases

The Group 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 Group 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:

(Amount in ₹ Lakhs)		
Particulars	2020-21	2019-20
Lease rental recognised in Statement of Profit and Loss	17.88	23.09
	31.03.2021	31.03.2020
Future minimum lease payments under non-cancellable operating lease		
Not later than one year	18.79	42.20
Later than one year and not later than five years	12.91	37.78
Later than five years	0.00	0.00
Total	31.70	79.98

NOTE 52: DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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

(Amount in ₹ Lakhs)			
Sl. No.	Particulars	As at 31.03.2021	As at 31.03.2020
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year		
	– principal amount	41.03	90.78
	– interest thereon	0.06	0.84
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	240.65	222.09
	– interest thereon	0.00	0.00
3	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the act.	4.95	2.23
4	The amount of interest accrued and remaining unpaid.	5.01	28.63
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.	5.01	3.07

Notes to the consolidated financial statements for the year ended 31st March 2021

NOTE 53: CORPORATE SOCIAL RESPONSIBILITY:

As per provision of section 135 of the Companies Act, 2013, the Group has to incur at least 2% of average net profits of the preceeding three financial years towards Corporate Social Responsibility (CSR). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Details of the CSR expenditure are as under:

Details of CSR expenditure:

Particulars	(₹ Lakhs)	
	Year ended 31.03.2021	Year ended 31.03.2020
Contribution to Dhamangaon Education Society for promotion of education.	0.00	11.00
Contribution to Shree Goraksh Shaikshanik Bahuuddeshiya Sanstha for promotion of education.	11.00	0.00
Accrual towards unspent obligation in relation to		
Ongoing project	0.00	0.00
Other than ongoing project	0.00	0.00
Total	11.00	11.00
Less: Excess spent during the year to be carry forward to FY 2021-22	0.00	0.00
Amount recognised in Statement of Profit and Loss	11.00	11.00
Amount required to be spent as per section 135 of the Act.	10.46	10.14
Amount approved by the Board to be spent during the year.	11.00	11.00
Amount spent during the year on		
(i) Construction/acquisition of assets	0.00	0.00
(ii) On purpose other than above	11.00	11.00
Total amount spent	11.00	11.00
Amount yet to be spent	0.00	0.00
Total	11.00	11.00
Less: Excess spent during the year to be carry forward to FY 2021-22	0.00	0.00
Total	11.00	11.00

NOTE 54: COVID IMPACT:

The Covid-19 pandemic has impacted the businesses around the world, including India. There has been disruption to the regular operations of the Group during the first quarter of FY 2020-21 due to restrictions and lockdown imposed by the Government. The Group has assessed the impact on liquidity position and carrying amounts of inventories, trade receivables, investments, property, plant and equipment and other financial assets. Our assessment based on estimates and judgements, available from internal and external sources of information including economic forecasts does not indicate any material impact on the carrying value of assets and liabilities as on the reporting date. The Group will continue to monitor the future economic conditions and assess its impact on the financial performance. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on date of the approval of these consolidated financial statements.

NOTE 55: EXCEPTIONAL ITEMS INCLUDE:

- the provision made by the Holding Company for Local Body Tax ("LBT") ₹ 162.97 lakhs consisting of tax liability ₹ 81.30 lakhs, Interest ₹ 81.32 lakhs and penalty ₹ 0.35 lakhs assessed, for the financial years 2011-12, 2012-13, 2013-14, 2014-15 and for the period from April 2015 to July 2015 by the Deputy Commissioner, Vasai Virar City Municipal Corporation on 5th February 2021. The Holding Company provided for and paid the said LBT liability during the year after adjusting the payment made under protest of ₹ 109.97 lakhs during the last financial year.
- the provision made by the Holding Company for ₹ 34.64 lakhs for impairment in value of investment in debentures of Reliance Capital Limited and Reliance Securities Limited during the year.

NOTE 56: CODE ON SOCIAL SECURITY

The Parliament of India has approved the Code on Social Security, 2020 (the Code) which may impact the contributions by the Group towards Provident fund, ESIC and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. Final rules are yet to be notified. The Group will assess the impact of the Code when it comes into effect and will record related impact, if any.

NOTE 57: TAXATION MATTERS:

- 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.
- The income tax assessments of the Holding Company have been completed upto assessment Year 2019-2020.

NOTE 58: 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 registred with the appropriate authorities.

NOTE 59: DISCLOSURE UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

The required details of investments outstanding as on 31.03.2021 are given in note 4 and 11 to consolidated the financial statements. Investments were made with a view of cash management.

Notes to the consolidated financial statements for the year ended 31st March 2021

NOTE 60: INTERESTS IN OTHER ENTITY

(Amount in ₹ Lakhs)

Name of the Company	Country of incorporation	Proportion of ownership of interest	Proportion of ownership of interest
		31.03.2021	31.03.2020
Wholly Owned Subsidiary			
Rexnord Enterprise Private Limited	India	100%	100%

NOTE 61: 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	2020-21							
	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	102.37%	4228.86	113.78%	309.15	100.00%	5.62	113.50%	314.77
Subsidiary								
Rexnord Enterprise Private Limited	2.47%	101.96	-13.78%	(37.43)	0.00%	0.00	-13.50%	(37.43)
Total	104.84%	4330.82	100.00%	271.72	100.00%	5.62	100.00%	277.34
Adjustment due to consolidation	-4.84%	(200.00)	0.00%	0.00	0.00%	0.00	0.00%	0.00
Total	100.00%	4130.82	100.00%	271.72	100.00%	5.62	100.00%	277.34
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	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%	353.7
Non Controlling Interest in Subsidiary	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00

NOTE 62: 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 : June 30, 2021

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

Wholtime Director

DIN 00351762

Shweta Kalantri

Company Secretary

Krishnamoorthy Krishnan

Director

DIN 08129657

Place : Mumbai

Dated : June 30, 2021

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website : www.rexnordindia.com