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R. J. SHAH & COMPANY LIMITED

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39TH ANNUAL REPORT

1996-97

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R.J.Shah & Company Limited

BOARD OF DIRECTORS

Ms KALINDI R. SHAH CHAIRPERSON & MANAGING DIRECTOR

Ms.TEJASWINI R.SHAH JOINT MANAGING DIRECTOR

DR.M.N.PATEL

Smt. K.R. SHROFF

MR.P.S.MASAND

MR. S.P. MASAND

AUDITORS

Maganlal & Company

Chartered Accountants

BANKERS

BANK OF MAHARASHTRA

UNION BANK OF INDIA

STATE BANK OF INDIA

SOLICITORS & ADVOCATES

BHAISHANKER KANGA AND GIRDHARLAL

KIRIT N. DAMANIA & CO.

REGISTERED OFFICE

**Mahul Road, Antop Hill,
MUMBAI-400 037.**

N O T I C E

NOTICE is hereby given that the 39th ANNUAL GENERAL MEETING of the members of R. J. SHAH & COMPANY LIMITED will be held on Friday, the 26th September, 1997 at 2.00 P.M. at the Registered Office of the Company at Mahul Road, Antop Hill, Mumbai 400037 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1997 together with the Profit and Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Smt. K.R. Shroff, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint auditors for the current year and fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. P.S. Masand be and is hereby appointed a Director of the Company, liable to retire by rotation.

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

"RESOLVED THAT Miss Tejaswini R. Shah be and is hereby appointed a Director of the Company, not liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions (if any) of the Companies Act, 1956 and subject to consent of shareholders and such other approval as may be necessary the Company hereby approves the appointment of Miss Tejaswini R. Shah as the Joint Managing Director of the Company for a period of five years with effect from 9th May 1997 upon the terms and conditions including remuneration as set out in the draft Agreement (submitted to the meeting and for the purpose of identification initialed by the Chairperson hereof) which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the agreement, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Miss Tejaswini R. Shah."

"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions (if any) of the Companies Act, 1956 and subject to consent of shareholders and such other approval as may be necessary the Company hereby review the terms of appointment of Miss Kalindi R. Shah as the Managing Director of the Company for the balance tenure of her office with effect from 1st April 1997 upon the terms and conditions including remuneration as

set out in the draft Agreement (submitted to the meeting and for the purpose of identification initialed by the Chairperson hereof) which draft agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or the agreement, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto, as may be agreed to between the Board of Directors and Miss Kalindi R. Shah."

"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The Dividend when declared will be payable on or before 6th November, 1997 to those shareholders whose names appear on the Register of Members on 26th September, 1997.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 16th September, 1997 to Friday the 26th September, 1997 (both days inclusive).
4. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1993 have been transferred to the General Revenue Account of the Central Government and for the year ended 31st March 1994 the same will be transferred on or before 17th Nov. 1997. Shareholders who have not encashed their dividend warrants for the period upto 1993 are requested to claim the amount from the Registrar of Companies, Maharashtra.
5. Members are requested to notify immediately any change in their address to the Company.

MUMBAI

By Order of the Board

DATED: 28th June, 1997.

K.R. SHAH

Chairperson & Managing Director

REGISTERED OFFICE

Mahul Road, Antop Hill,
Mumbai 400 037.

ANNEXURE TO THE NOTICE

Explanatory Statements as required Under Section 173 of the Companies Act, 1956.

ITEM NO. 5

The Board of directors has appointed Mr. P.S. Masand as an additional Director of the Company with effect from 9th May, 1997. Mr. P.S. Masand holds office upto the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder - signifying his intention to propose the name of Mr. P.S. Masand as a candidate for the office of a Director of the Company to be appointed at this General Meeting. Except Mr. Sunil P. Masand no other Director is concerned or interested in the said Resolution.

ITEM NO. 6

The Board of Directors has appointed Miss Tejaswini R. Shah as an Additional Director of the Company with effect from 9th May 1997. Miss Tejaswini R. Shah holds office upto the date of the ensuing Annual

General Meeting. The Company has received a notice from a Shareholder - signifying his intention to propose the name of Miss Tejaswini R.Shah as a candidate for the Office of a Directorship of the Company to be appointed at this Annual General Meeting. Except Miss K.R.Shah and Miss T.R.Shah, no other Directors is concerned or interested in the said resolution.

ITEM NO. 7

Consequent to Miss Tejaswini R.Shah being appointed the Joint Managing Director of the Company for a period of five years with effect from 9th May 1997 subject to the approval of the Central Government, if required, on the following remuneration:

A.Salary of Rs.20,000/- (Rupees Twenty thousand only) per month in the scale of 20000 - 2500 - 30000.

B.COMMISSION:-- 1 % on the net profit of the Company.

C.PERQUISITES -- Perquisites as under will be paid and/or provided to her in addition to salary and commission which shall be restricted to an amount equal to her salary of Rs.1,80,000/- per annum.

CATEGORY 'A'

(i) HOUSING I - The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceiling: Sixty percent of the salary, over and above ten percent payable by her.

HOUSING II - In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

HOUSING III - In case no accommodation is provided by the Company, she shall be entitled to house rent allowance subject to the ceilings laid down in Housing I above.

(ii) GAS, ELECTRICITY, WATER AND FURNISHINGS: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of her salary.

(iii) MEDICAL REIMBURSEMENT: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iv) LEAVE TRAVEL CONCESSION: For self and family once in a year incurred in accordance with any Rules specified by the Company.

(v) CLUB FEES: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(vi) PERSONAL ACCIDENT INSURANCE: Premium not to exceed Rs.4,000/- per annum.

CATEGORY 'B'

(1) Contribution to Provident Fund, Superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. (ii) Gratuity not exceeding half a month's salary last drawn for each completed year of service with the Company subject to the admissible ceiling in this respect.

(2) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of a Car or any type of conveyance for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Joint Managing

Director. The aggregate of salary, commission and perquisites will however not exceed the ceilings as prescribed by the Central Government under Schedule XIII to the Companies Act, 1956 or any modifications thereof from time to time.

This should be treated as an abstract under section 302 of the Companies Act, 1956.

Except Miss K.R.Shah and Miss T.R.Shah, no other Directors is concerned or interested in the Resolution.

ITEM NO. 8

Consequent to the terms of Miss Kalindi R.Shah as Managing Director of the Company being reviewed for the balance period of her appointment with effect from 1st April 1997 subject to the approval of the Central Government, if required, on the following remuneration:

A.Salary of Rs.25,000/- (Rupees Twentyfive thousand only) per month in the scale of 25000 - 4000 - 37,000.

B.COMMISSION:-- 1 % on the net profit of the Company.

C.PERQUISITES -- Perquisites as under will be paid and/or provided to her in addition to salary and commission which shall be restricted to an amount equal to her annual salary.

CATEGORY A

(i) HOUSING I - The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to the following ceiling: Sixty percent of the salary, over and above ten percent payable by her.

HOUSING II - In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

HOUSING III - In case no accommodation is provided by the Company, she shall be entitled to house rent allowance subject to the ceilings laid down in Housing I above.

(ii) GAS, ELECTRICITY, WATER AND FURNISHINGS: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten percent of her salary.

(iii) MEDICAL REIMBURSEMENT: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

(iv) LEAVE TRAVEL CONCESSION: For self and family once in a year incurred in accordance with any Rules specified by the Company.

(v) CLUB FEES: Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

(vi) PERSONAL ACCIDENT INSURANCE: Premium not to exceed Rs.4,000/- per annum.

CATEGORY 'B'

(1) Contribution to Provident Fund, Superannuation fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act. (ii) Gratuity not exceeding half a month's salary last drawn for each completed year of service with the Company subject to the admissible ceiling in this respect.

(2) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

CATEGORY 'C'

Provision of a Car or any type of conveyance for use on Company's business and telephone at residence will not be considered as perqui-

sites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Joint Managing Director. The aggregate of salary, commission and perquisites will however not exceed the ceilings as prescribed by the Central Government under Schedule XIII to the Companies Act, 1956 or any modifications thereof from time to time.

This should be treated as an abstract under section 302 of the Companies Act, 1956.

Except Miss T.R.Shah and Miss K.R.Shah , no other Directors is concerned or interested.

MUMBAI

DATED: 28th June, 1997.

REGISTERED OFFICE

Mahul Road, Antop Hill,
Mumbai 400 037.

By Order of the Board

K.R.SHAH

Chairperson & Managing Director

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DIRECTORS' REPORT

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To
The Members
R.J. Shah & Co. Ltd.

Your Directors have pleasure in submitting 39th Annual Report alongwith the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1997.

1. FINANCIAL RESULTS

	Rs.	Previous Year Rs.
The Profit before depreciation, provision for taxation and investment allowance reserve.	38,99,175	43,43,904
Less: Depreciation	20,24,210	20,72,663
	18,74,965	22,71,241
Provision for Taxation	9,66,000	15,27,500
	9,08,965	7,43,741
Add: Investment Allowance Reserve no longer required	13,700	-
Excess provision of I.T. of earlier years written back	1,589	-
Balance profit brought forward from previous year	18,10,318	18,14,737
Amount available for appropriation	27,34,572	25,58,478
Less: Appropriations:		
Retirement benefit i/c gratuity of earlier years	12,67,080	-
Proposed Dividend	5,60,000	4,48,160
Tax on proposed dividend	1,50,000	
Transfer to General Reserve	1,50,000	3,00,000
Balance carried to Balance Sheet	7,01,272	18,10,318
	27,34,572	25,58,478

The Company has changed the method of Accounting of Retirement benefits including gratuity from cash basis to accrual basis of Accounting during the year under review. Due to that the profit for the year is understated by Rs. 5,16,119 and Reserves and surplus is understated by Rs. 12,67,080/-.

2. DIVIDEND

Your Directors are pleased to recommend payment of Dividend of 20 % (Previous Year 16%) for the year ending 31st March, 1997.

3. REVIEW OF OPERATIONS

During the year under review, the Company has secured further works for Approach Tunnel for Ghatghar Hydro Electric Project. The other works at Bhandardara Hydro Electric Project and Kakkad Hydro Electric Project have progressed as per the schedules required by the Project Authorities. The Company is tendering to secure further works. Consent terms have

been signed with Bank of Maharashtra by both the parties after withdrawing the suits filed by both the parties. High Court is yet to grant a decree in terms of it. The repayment schedules drawn up as per the terms of the Consent Terms have been adhered to.

MINERAL WATER PROJECT

The sales of mineral water have not picked up. The Company hopes to improve the sales.

DIVERSIFICATION

The Company is making efforts for securing the works for Industrial waste Management in joint venture with M.I.D.C.

4. INSURANCE

All the fixed assets of the Company have been adequately insured.

5. SUBSIDIARY

As required by the provisions of Section 212 of the Companies Act, 1956 the Balance Sheet and the Profit & Loss Account for the year ended 31st March, 1997 and the Report of the Directors and Auditors thereon of subsidiary Company, Rajendra Shipping Ltd., are annexed to this Report.

6. DIRECTORS

Under Article no.45(d) of the Articles of Association Smt.K.R.Shroff retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

During the year Shri C.V.Sheth, who has been associated with the Company since 1972, first as a Director and later as Chairman, resigned due to his preoccupation. The Board elected Miss K.R.Shah as the Chairperson of the Board and she will now hold the post of Chairperson and Managing Director. The Board places on record its appreciation of the invaluable services rendered by Shri C.V.Sheth. Shri P.S.Masand and Miss Tejaswini R.Shah were appointed as Additional Directors and further Miss Tejaswini R.Shah has been designated as Joint Managing Director of the Company with effect from 9th May 1997. Both of them hold office upto the date of the ensuing Annual General Meeting.

The Company has received notices from members under section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Shri P.S.Masand and Miss Tejaswini R.Shah as Directors of the Company. Further your Directors have pleasure in recommending the appointment of Shri P.S.Masand as Director and Miss Tejaswini R.Shah as Joint Managing Director of the Company.

7. PARTICULARS OF EMPLOYEES

There were no employees who were in receipt of remuneration in excess of the amount prescribed under section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

8. AUDITOR'S REPORT

Regarding the Auditor's Report Paragraph 4 (a) the Company has secured expert legal advice on the subject and accordingly the Company is satisfied and considers this as a good debt.

Regarding other comments in the Auditor's Report, the relevant notes in the accounts are self explanatory.

9. APPOINTMENT OF AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION,

FOREIGN EXCHANGE EARNING AND OUTGO

The information relating to conservation of energy, technology