



R. J. SHAH & COMPANY LIMITED

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43 RD ANNUAL REPORT

2000 - 2001

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

MR. S.P. MASAND

MRS. SWATI AGARWAL

MR. R.A. RAICHUR

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 43rd ANNUAL GENERAL MEETING of the members of R. J. SHAH & COMPANY LIMITED will be held on Friday, the 28th September, 2001 at 3.00 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, 2001 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 Shri Sunil Masand, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following Resolutions as Special Resolutions:

"RESOLVED THAT pursuant to provision of Section 31 and other applicable provisions if any of the Companies Act, 1956, the Articles of Association be altered in the following manner:-

- a) In Article 85(e) instead of "Forty Two Days" the same be written as "Thirty Days"
- b) The existing Article 75 be deleted and replaced by the following new Article 75 :

75. The remuneration of a Managing Director and Joint Managing Director shall from time to time be fixed by the Directors and may be by way of salary or commission or participation of profits or by any or all of those modes, or in any other form and shall be subject to the limitations prescribed in Sections 198 and 309 read with Schedule XIII of the Act."

"FURTHER RESOLVED THAT the Board of Directors be and are hereby authorised to complete the necessary formalities in order to give effect of the aforesaid amendments."

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 27th October 2001 to those shareholders whose names appear on the Register of Members as on 28th September, 2001.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 18th September, 2001 to Friday, the 28th September, 2001 (both days inclusive).
4. The Company has transferred unpaid dividend for the year ended 31st March, 1994 to General Revenue Account of Central Government.
5. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
6. Unpaid Dividend payable to the Shareholders in respect of the 37th dividend for the year ended 31st March, 1995 onwards shall be transferred to the concerned authorities under the amended provision of the Companies Act, 1956 on the expiry of the 7th year from the date of declaration of such dividend. No claim will lie from a member once the transfer is made to the said concerned authorities. Members who have not encashed their dividend warrants are requested to encash the same before the said transfer in their own interest.
7. Members are requested to notify immediately any change in their address to the Company.

MUMBAI

By Order of the Board

DATED: 29th June, 2001.

K.R. SHAH

REGISTERED OFFICE
Mahul Road, Antop Hill,
Mumbai 400 037.

Chairperson & Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FOR ITEM NO.5 FORMING PART OF THE NOTICE DATED 29TH JUNE 2001.

ITEM NO.5

The Companies Amendment Act, 2000 has reduced the time for payment of dividend from Forty Two Days to Thirty Days and therefore our Article No. 85(e) is to be amended accordingly.

Article 75 prescribing remuneration of a Managing Director and Joint Managing Director is to be altered by replacing the same with a new Article 75 so as to bring the same in line with the current provisions of the Companies Act, 1956.

Your Directors propose the aforesaid amendments for approval by the members.

None of the Directors of the Company are interested or concerned in the Resolutions except to the extent of remuneration payable to the Managing Director and Joint Managing Director.

Mumbai
DATED 29th June 2001

By Order of the Board

K.R. SHAH

Chairperson and Managing Director

DIRECTORS' REPORT

2000 - 2001

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

Your Directors have pleasure in submitting their 43rd Annual Report alongwith the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	Current Year Rs.	Previous Year Rs.
Profit before depreciation and provision for taxation	65,38,565	45,44,472
Less: Depreciation	18,89,540	22,77,334
	-----	-----
	46,49,025	22,67,138
Provision for Taxation	14,10,000	7,30,000
	-----	-----
	32,39,025	15,37,138
 Add:		
Balance Profit brought fwd from previous year	36,15,233	28,00,219
	-----	-----
Amount available for appropriation	68,54,258	43,37,357
	-----	-----
Less: Appropriations:		
Income Tax of earlier years	0	12,058
Proposed Dividend	4,20,150	3,36,120
Tax on proposed dividend	42,855	73,946
Transfer to General Reserve	10,00,000	3,00,000
Balance carried to Balance Sheet	53,91,253	36,15,233
	-----	-----
	68,54,258	43,37,357
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2. DIVIDEND

Your Directors are pleased to recommend payment of Dividend @ 15% (Previous Year 12%) for the year ended 31st March, 2001.

3. REVIEW OF OPERATIONS

During the year under review the progress of works in hand has been as per requirement of clients. For TRT - Surge Shaft - Lower Intake contract the revised and extra items have been executed with extension of time till June 2003 with enhanced contract value. Further works are being tendered and other jobs will be secured for the Company.

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, 2001 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, Shri Sunil Masand retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed.

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2001 on a "going concern" basis.

8. COMPLIANCE CERTIFICATE UNDER SECTION 383A(i)

As per the amendment by Companies Amendment Act, 2000 all Companies having a paid up capital of more than Rs. 10 Lakhs but less than Rs. 50 Lakhs requires Compliance Certificate from practising Company Secretary certifying that the Company has complied with various provisions under the Companies Act, 1956. This provision has been complied with by the Company.

9. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is not applicable since none of the employees are drawing more than Rs.1.00,000/- per month or Rs.12,00,000/- per annum.

8. AUDITOR'S REPORT

Regarding the Auditor's Report Paragraph 2 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.

10. APPOINTMENT OF AUDITORS

M/s. Maganlal & Company, the Auditors of the Company are due to retire at this Annual General Meeting and are eligible for re-appointment.

11. LISTING

The Shares of the Company continue to be listed on The Stock Exchange, Mumbai and the Company has paid the necessary listing fees for the financial year 2001 - 2002.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure I forming part of this report as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

13. APPRECIATION

The Directors wish to record their sincere appreciation for the co-operation and guidance offered to the Company by the concerned contracting authorities and their officers for the execution of the works. The Directors also wish to place on record their sincere appreciation for the devoted and efficient services rendered by all workforce of the Company.

By Order of the Board

K.R.SHAH

Chairperson & Managing Director

MUMBAI

DATED: 29th June 2001.

AUDITOR'S REPORT

To
The Members of
R.J. SHAH & COMPANY LIMITED.

We have examined the attached Balance Sheet of **R. J. SHAH & COMPANY LIMITED** as at 31st March, 2001 and the Profit and Loss Account annexed hereto for the year ending on that date which are in agreement with the Company's Books of Accounts and Returns.

- 1). As required by the Manufacturing and other Companies (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2). The sum of Rs. 1,29,56,691/- included in Sundry Debtors, the company has approached the Himachal Pradesh State Electricity Board for settlement of the claim through compromise as per notes on accounts No.7 of this Balance Sheet. We are therefore unable to ascertain recoverability or otherwise of the amount.
- 3). Further to our comments in the annexure referred to in paragraph (1) and (2) above

We report that

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of Audit.
- b) In our opinion books of accounts as required by law have been kept by the Company so far as appears from our examination of books.
- c) The Balance-Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d). In our opinion, the profit and loss account and the balance sheet comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
- e) Based on the representations received from the Directors and information and explanations made available, we report that none of the Directors is disqualified as on 31st March 2001 from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read together with notes of Schedule 19 and as per the presentation indicated therein give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
- i. In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2001. and
- ii. In the case of Profit and Loss Account of the Profit for the year ended on that date.

FOR MAGANLAL & COMPANY
CHARTERED ACCOUNTANTS
(MUKESH C. BHATT)

PROPRIETOR

PLACE : MUMBAI

DATED : 29th June, 2001.

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2001 of the R.J.SHAH & COMPANY LIMITED.

- 1) The Company has maintained records showing full particulars of Fixed Assets except that of Furniture and Fixture and Scientific Apparatus. We are informed by the Management that these Assets are physically verified by the Management at the end of the year and as reported by the Management, no serious discrepancies were noticed on such verifications.
- 2) The Company has not revalued its Fixed Assets during the year.
- 3) As explained to us the Stocks of Raw Materials, Finished Goods, Spares, Stores and other materials have been physically verified by the Management as at the end of the financial year. In our opinion frequency of verification is reasonable.
- 4) The procedure of physical verification by the Management, in our opinion is reasonable and adequate in relation to the size of the Company and nature of its business.
- 5) The discrepancies noticed on verification between physical stocks and available records were not material having regard to the operations of the Company and the same have been properly dealt with in the Books of Accounts.
- 6) In our opinion the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and the Company has changed the basis of valuation of raw material and stores consumable at cost and Non-perishable at realisable value to "At Lower of Cost or Realisable Value" to make it confirmative with Accounting Standard" (AS:2) of the institute of Chartered Accountants of India.
- 7) The Company has accepted Fixed Deposits and Loans from Directors, Companies, Firms and other Parties listed in Register maintained under section 301 and 370(1C) of the Companies Act, 1956. In our opinion the rates of interest and terms and conditions on such loans and deposits are not prima facie prejudicial to the interest of the Company.
- 8) The Company has not granted any loans, secured or unsecured to Companies, Firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 9) The Company has not given any loans or advances in the nature of loans to any parties. However, the Company has given advances to some of the employees and sub contractors who are generally regular in repayment of principal.
- 10) In our opinion and according to the information and explanations given to us, there is Internal Control procedure commensurate with the size of the Company and nature of its business with regard to the purchase of the Raw Materials, Stores, Components, Plant and Machinery, Equipment, Other Assets and sale of Goods.
- 11) The transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market

prices which are reasonable having regard to prevailing market price of such goods or materials or services or the prices at which transaction for similar goods, materials or services have been made with other parties.

- 12) As explained to us the Company has procedure to determine unserviceable and damaged stores and provisions for loss in respect thereof has been made in accounts.
- 13) The Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58-A of the Companies Act, 1956 and the Rules framed thereunder for the deposits accepted from the public.
- 14) The Company maintains reasonable records for the sale and disposal of the scrap. The Company has no by products.
- 15) Commensurate with the size of operations of the Company, the Internal Audit carried out in our opinion is reasonable.
- 16) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the year under review.
- 17) According to the information and explanations given to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
- 18) The Company is generally regular in depositing the Provident Fund dues with appropriate authorities. To the best of our information there were no arrears of Provident Fund.
- 19) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under the contractual obligations or in accordance with generally accepted business practice.
- 20) The Company is not sick Industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).
- 21) A. The contracts undertaken by the Company may, under certain circumstances, be classified as service activities. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with its size and nature of business and it also provides for a reasonable allocation of materials consumed and man hours employed to relative jobs.
 B. The Company has reasonable system of authorisation at proper level with necessary control on the issue of stores and allocation of stores and labours to jobs, there is also system of internal control commensurate with the size of the Company and the nature of its business.

MUMBAI:

DATED: 29th June, 2001.

For MAGANLAL & COMPANY

Chartered Accountants

(MUKESH C. BHATT)

Proprietor