



R. J. SHAH & COMPANY LIMITED

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44TH ANNUAL REPORT

2001 - 2002

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

UNION BANK OF INDIA

STATE BANK OF INDIA

H.D.F.C. BANK

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 44th ANNUAL GENERAL MEETING of the members of R. J. SHAH & COMPANY LIMITED will be held on Monday, the 30th September, 2002 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, 2002 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 R. A. Raichur, who retires by rotation and being eligible, offers himself 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 a Special Resolution:

"RESOLVED THAT pursuant to section 198/309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and subject to necessary approvals required if any, the Company doth hereby approve of and consent to the payment and distribution thereof of a sum equivalent to one percent of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 1956, each to the Managing Director and Joint Managing Director of the Company, as decided by the Board of Directors and such payments shall be made in respect of the profits of the Company for the year ended March 31, 2002."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Ms. Tejaswini R. Shah as Joint Managing Director of the Company and payment of remuneration to her for a period of 5 years w.e.f. 09th May 2002 upon the terms and conditions set out in the draft agreement submitted to this meeting and for identification purpose initialed by Dr. M.N. Patel. Director which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the

terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Ms. Tejaswini R. Shah"

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to review and / or revise the remuneration, perquisites and benefits to be paid or provided to, or any other terms and conditions of the appointment of Ms. Tejaswini R. Shah as the Joint Managing Director in the light of and in conformity with any amendments to the relevant provisions in the Companies Act, 1956 and / or the Rules and Regulations made there under and/or the guidelines as may be announced by the Central Government from time to time, and in accordance with the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or substitution thereof, as may be agreed to between the Board of Directors and Ms. Tejaswini R. Shah".

"RESOLVED FURTHER THAT in the absence or inadequacy of profit in any financial year, remuneration payable to Ms. Tejaswini R. Shah as contained in the draft agreement, now placed before this meeting shall be the minimum remuneration, subject to the over all ceiling prescribed under Schedule XIII/Section 198 to the Companies Act, 1956 as may be applicable".

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:

"RESOLVED THAT in modification of the Resolution concerning the terms of appointment and remuneration of Ms. Kalindi R. Shah passed by the Company at the 41st Annual General Meeting held on 30.09.1999, the terms of remuneration of Ms. Kalindi R. Shah, the Managing Director of the Company be and is hereby revised as under:

The Salary payable to Ms. Kalindi R. Shah, the Managing Director shall be Rs.50,000 in the grade of 50,000-5000-60,000 w.e.f. 01.01.2002 till the balance tenure of her office ending on 31.12.2004 and/or as may be decided by the Board of Directors of the Company, and subject to any approval that are required under the Companies Act, 1956. The other terms of remuneration as approved by the shareholders shall remain unaltered."

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 29th October 2002 to those shareholders whose names appear on the Register of Members as on 30th September, 2002.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 20th September 2002 to Monday, the 30th September, 2002 (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 Item as 5, 6 & 7 is annexed hereto.
6. Unpaid Dividend payable to the Shareholders in respect of the 37th Dividend for the year ended 31st, 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 and hence un-paid dividend for the year 1994-95 declared on 29-09-1995 will be transferred to General Revenue Account of Central Government on or before 29-09-2002. No claim will lie from a member once the transfer is made to the 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

DATED: 28th June, 2002.

By Order of the Board

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. ANNEXED TO AND FORMING PART OF THE NOTICE.

ITEM NO.5

Section 198 of the Companies Act, 1956 permits payment of remuneration to the Directors including Managing Director and Whole time Director, by way of commission on the net profit of the Company for a financial year computed in the manner referred to in section 198 of the Act. In case of the Company having a Managing Director or Whole time Director, the commission amount shall not exceed 10% of the net profit of the Company. In view of the increased activities of the Company, the responsibilities shouldered by them have also widened. Therefore, it is proposed to pay commission to the Managing Director and Joint Managing Director of the Company, @ 1% each of net profits of the Company for the year ended March 31, 2002. Approval of the members of the Company is sought by way of Special resolution proposed under this item.

The Managing Director and the Joint Managing Director of the Company who are entitled to the commission, are interested in the proposed resolution to the extent of their entitlement as commission. None of the other Directors of the Company are in any way, concerned or interested in the said resolution.

Your Directors recommend the aforesaid resolution for your

approval.

ITEM NO.6

Miss. Tejaswini R. Shah has been the Joint Managing Director of the Company and looking after various activities of the Company such as administration, accounts, as well as various other matters including legal and court matters of the Company. During these years, the Company has performed exceedingly well assisted by various personnel including at sites. The Board of Directors of your Company at its meeting held on 31st January, 2002 in appreciation of the valuable contributions of Ms. Tejaswini R. Shah, has decided to re-appoint her as a Joint Managing Director of the Company with effect from May 09, 2002 on the following terms and conditions:

REMUNERATION PAYABLE TO Ms. Tejaswini R. Shah, Joint Managing Director:

Remuneration subject to the ceiling limits laid down in Sections 198, 269 and 309 read with Schedule XIII, by way of salary and perquisites shall be as follows:

1. Salary : Rs.40,000/- per month in the grade 40,000-4000-60,000.
2. Commission: Based on the Net Profit of the Company subject to the ceiling under Section 198 read with Schedule XIII of the Companies Act, 1956.
3. Increments : The Board of Directors / or Remuneration Committee shall be entitled to decide the increments based on performance of the Joint Managing Director subject to the ceiling prescribed under Schedule XIII as per the effective Capital.
4. Perquisites : Perquisites shall be restricted to an amount within the Annual Salary restricted by Schedule XIII of the Companies Act, 1956 as indicated in Part A, B & C.

PART A

- a) Housing : Furnished / Unfurnished accommodation, the expenditure on which shall not exceed 60% of the Salary or allowance in lieu thereof subject to ceiling of 60% of the salary.
In addition Gas, water, electricity and furnishing or allowance in lieu thereof will also be provided, the expenditure on which will be valued as per Income Tax Rules.
- b) Medical Reimbursement: Medical Expenditure incurred by the Joint Managing Director and her family subject to a ceiling of one month salary in a year.
- c) Leave Travel Concession: For the Joint Managing Director and her family once a year.
- d) Club Expenses : Fees of clubs subject to a maximum of two clubs. This will not include Admission and Life Membership Fees.
- e) Personal Accident Insurance: Personal Accident Insurance of an amount, shall be provided as the Board may decide from time to time.

PART B

The following perquisites shall not be included in the computation of remuneration for deciding the ceiling specified for minimum remuneration under Schedule XIII of the Companies Act 1956.

a) Contribution to Provident Funds:

As per the rules of the Company.

b) Gratuity:

Benefits in accordance with the rules and regulations and scheme in force in the Company from time to time, but shall not exceed half a months salary for each completed year of service.

c) Contribution to Superannuation / Annuity fund:

As per the rules of the Company.

d) Encashment of Leave:

At the end of the tenure.

PART C

a) Free use of car: Provision of fully maintained car with reimbursement of driver's salary for use on Company's business shall not be considered as perquisite. The use of car for private purpose, if any shall be billed by the Company to the Joint Managing Director.

b) Free use of Telephone at Residence: Provision of Telephone at the residence of the Joint Managing Director at Company's Cost shall not be considered as a perquisite. Personal long distance calls, if any, shall be billed by the Company to the Joint Managing Director. The Company shall also provide mobile phone for use on Company's business.

The word "Family" include spouse, dependent parents and children.

Provided however that in the event of loss or inadequacy of profits in any financial year during the term of office of the Joint Managing Director, the remuneration as stated above shall be payable to her as minimum remuneration, subject to the limits prescribed under the Companies Act, 1956 or Schedule XIII thereof (including any statutory modification or re-enactment thereof for the time being in force).

Your Directors have thought it prudent and in the interest of the Company to appoint Ms. Tejaswini R. Shah as the Joint Managing Director of the Company on the terms and conditions as mentioned hereinabove. Your Directors are of the opinion that her re-appointment will benefit your Company and therefore recommends the resolution at Item No.6 above for your approval.

The Draft of the agreement proposed to be entered into with Ms. Tejaswini R. Shah as mentioned in the above resolution of her re-appointment will be available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. upto the date of the meeting.

Ms. Tejaswini R. Shah will be benefited by her appointment to the extent of the remuneration that she will get as mentioned above.

Apart from her, Ms. Kalindi R. Shah is also concerned or interested in the above resolution.

The Resolution given under this item and this explanatory statement may be construed as an abstract and memorandum of interest as required to be circulated to the members under Section 302 of the Companies Act, 1956.

ITEM NO.7.

At the 41st Annual General Meeting held on 30-09-1999, the shareholders had approved the payment of remuneration without any grade indicating about the annual hike. This necessitated that the Company approach the members every time whenever there is a hike. Hence it has been decided that w.e.f. 01.01.2002 her salary will be Rs.50,000 p.m. in the grade 50,000-5000-60,000 till the end of her tenure i.e. 31-12-2004.

The Board recommends the acceptance of the resolution set out in item No.7 of the Notice. None of the Directors of the Company are interested except Ms. K.R. Shah to the extent she receives remuneration and Ms. T.R. Shah being related.

MUMBAI

By Order of the Board

DATED 28TH JUNE 2002

K.R. SHAH
Chairperson & Managing Director

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

DIRECTORS' REPORT**2001 - 02**

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

Your Directors have pleasure in submitting their 44th Annual Report alongwith the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

	Current Year Rs.	Previous Year Rs.
Profit before depreciation and provision for taxation	1,89,58,490	65,38,565
Less: Depreciation	19,75,223	18,89,540
	1,69,83,267	46,49,025
Provision for Taxation	60,17,675	14,10,000
	1,09,65,592	32,39,025
Add: Excess provision of Income Tax written back	9,813	Nil
Balance Profit brought fwd from previous year	53,91,253	36,15,233
Amount available for appropriation	1,63,66,658	68,54,258
Less: Appropriations:		
Proposed Dividend	7,00,250	4,20,150
Tax on proposed dividend	Nil	42,855
Transfer to General Reserve	1,00,00,000	10,00,000
Balance carried to Balance Sheet	56,66,408	53,91,253
	1,63,66,658	68,54,258

2. DIVIDEND

Your Directors are pleased to recommend payment of Dividend @25% (Previous Year 15%) for the year ended 31st March, 2002.

3. REVIEW OF OPERATIONS

The Directors of the Company have great pleasure in announcing that all the outstanding & long pending dues of Bank of Maharashtra have