

REMI GROUP

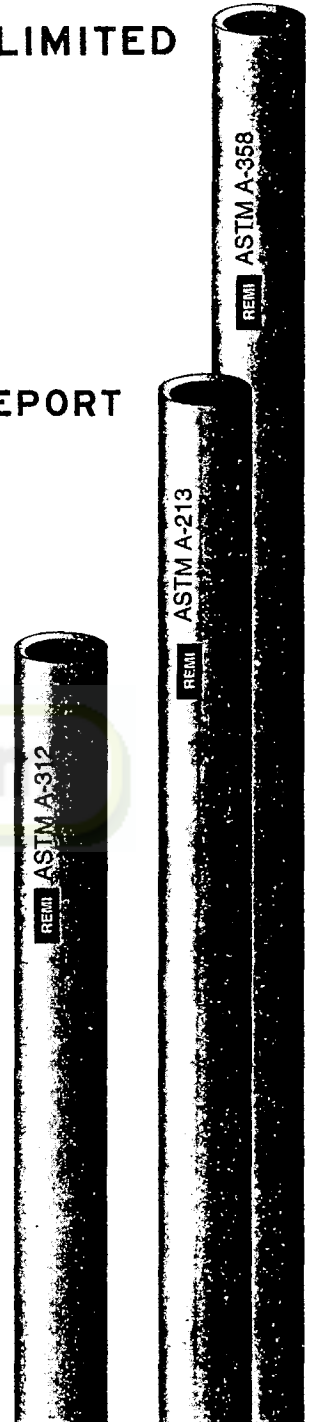
MD	✓			BKC	✓
CS	NA			DPY	ND
RO	✓			DIV	ND
TRA	NA			AC	✓
ACM	✓	✓	✓	SHI	✓
YE	✓	✓	✓		✓

RAJENDRA MECHANICAL INDUSTRIES LIMITED

26TH ANNUAL REPORT

1996-97

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Board of Directors

Shri Chiranjilal Saraf, *Chairman*
Shri Rajendra Prakash Goyal
Shri Mahabir Prasad Jatia
Shri Vishwambhar Saraf
Shri Rajendra Saraf, *Managing Director*
Shri Kamal Dujodwala

Bankers

STATE BANK OF INDIA,
INDUSTRIAL DEVELOPMENT BANK OF INDIA
BANK OF INDIA

Auditors

M/s. Sundarlal, Desai & Kanodia
Chartered Accountants,
59, Dr. V.B. Gandhi Marg,
1st Floor, Fort,
Bombay - 400 023.

Registered Office

52, Mittal Court 'A',
Jamnalal Bajaj Marg,
Nariman Point,
Bombay - 400 021.

Works

Plot No. 9,
Shah Industrial Estate,
Veera Desai Road,
Andheri (West)
Bombay - 400 058.

Plot No. N 211/1
M.I.D.C.
Tarapur,
Maharashtra

RAJENDRA MECHANICAL INDUSTRIES LIMITED**NOTICE**

The Members,

RAJENDRA MECHANICAL INDUSTRIES LIMITED.

Notice is hereby given that the twenty-sixth Annual General Meeting of the Company will be held at the Kilachand Conference Room, 2nd floor, IMC LNM Building, Churchgate, Mumbai 20, on Tuesday, the 30th September, 1997, at 2.30 p.m. to transact the following business:-

1. To adopt the Company's Audited Balance Sheet as at, and Profit and Loss Account for the year ended, 31st March, 1997.
2. To re-appoint as Director Shri Rajendra C. Saraf who retires by rotation.
3. To re-appoint as Director Shri Kamal Kumar Dujodwala who retires by rotation.
4. To appoint auditors and to fix their remuneration.
5. To consider and pass the following resolution :

"Resolved that Shri Rajendra C. Saraf be and is hereby appointed as the Managing Director of the Company to manage the affairs of the Company for a period of 5 years from the 1st January, 1997, on the following terms and conditions:

- i) his monthly salary for his services to the company as aforesaid will be Rs. 50,000/-
- ii) he will be paid 40% of the salary as house rent allowance.
- iii) he will be entitled to :
 - a. reimbursement of actual medical expenses incurred by him and his family,
 - b. leave travel concession for self and family once a year, in accordance with the rules of the Company.
 - c. contribution to Provident Fund,
 - d. gratuity not exceeding half a month's salary for each completed year of service,
 - e. encashment of leave at the end of his tenure."

For Rajendra Mechanical Industries Ltd.

Place : Mumbai
Dated : August 19, 1997

R.C. SARAF
Managing Director

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING WILL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 24th, to Tuesday, the 30th September, 1997. both days inclusive.
3. The Company had transferred, on the 12th December, 1996, to the general revenue account of the Central Government, the amount of dividend remaining unpaid and unclaimed out of the 18th equity dividend for the year ended 31.3.93. Any person claiming to be entitled to any money thereout may apply to the Registrar of Companies, Maharashtra, Mumbai, for an order for the payment of the money so claimed.
4. An Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, relating to the special business at item No. 5 accompanies.

Explanatory Statement - Annexure to the Notice

Shri Rajendra C. Saraf was managing the affairs of the Company since August 1980 as its Managing Director. You would have noted that the Company was progressing well during his regime.

He resigned at the end of March, 1993, from this full-time assignment to take up the managing directorship of another Company and at the request of the Board of Directors of this Company, continued to guide this Company whenever he was free to devote time.

As the Company was not faring well from the beginning of the financial year 1996-97, the Board wanted him to again become the Managing Director of the Company and requested him to accept this office. Shri Rajendra C. Saraf was appointed as the Managing Director of the Company for a period of five years from 1st January, 1997, on the terms and conditions set out in the resolution in the Notice. This appointment and payment of remuneration to him were in accordance with the provisions of Section 269 of the Companies Act, 1956 and the Schedule XIII annexed thereto.

Your approval is hereby sought for the same.

Shri Chiranjilal Saraf, Shri Vishambhar C. Saraf and Shri Rajendra C. Saraf are to be deemed to be interested in this item of business.

DIRECTORS' REPORT

The Members,
Rajendra Mechanical Industries Ltd.

Dear Shareholders,

We present herewith the Annual Report and Audited statements of accounts of the Company for the year ended 31st March, 1997.

(Rs. in Lacs)
1996-97 1995-96

Financial Results :

Profit before		
Depreciation & Taxation	113.92	287.49
Depreciation	63.86	46.47
Taxation	6.50	5.00
	<u>70.36</u>	<u>51.47</u>
Net Profit for the year	43.56	236.02
Add : Balance brought forward	185.11	107.42
Add : Prior year's adjustment	0.34	-1.84
	<u>229.01</u>	<u>341.60</u>

Appropriations :

Debenture Redemption Reserve	—	2.50
General Reserve	75.00	75.00
Proposed Dividend	—	78.99
	<u>75.00</u>	<u>156.49</u>
Balance carried to		
Balance Sheet	<u>154.91</u>	<u>185.11</u>

DIVIDEND :

In view of the reduced profit for the year, your Directors regret that they are unable to recommend any dividend.

OPERATIONS :

The Company's performance during the year under report had been adversely affected mainly due to (a) liberalized imports and reduced import duty making the country as a dumping ground for prime and secondary material, (b) unfavorable financial conditions in the equity market and Project-financing and (c) Government policies creating a non-level-playing field for capital goods based on imported raw materials. As a result of all these factors, sales were reduced, resulting in erosion of profitability. Your Directors are taking suitable measures such as cost reduction, etc. to tide over this difficult situation.

Expansion of Tarapur Works with additional investments of Rs.10 Crores in the above changed economical condition could not be utilized to contribute to the revenue of the Company.

PROSPECTS :

The Company has been able to tie up with Bank of India a loan of Rs.500 lacs to part-finance the development of Commercial Complex on Andheri property. However, even after obtaining Commencement Certificate from

Municipal Authorities, the Company could not start construction before Monsoon pending release of charge on the property by State Bank of India. SBI is in final stage of processing the release of charge of Andheri property to enable the Company to create charge in favour of Bank of India to obtain disbursement for starting of Construction for development of Commercial Complex. Your Directors are hopeful of starting construction in this year.

The prospects of the Company will improve with the revival of industrial growth of the country whereby the demand for the Company's products will increase to enable the Company to utilize the expansion of the capacity created.

DIRECTORS :

Shri Rajendra Saraf and Shri Kamal Dujodwala retire by rotation and are eligible for re-appointment.

AUDITORS :

You are requested to appoint Auditors and fix their remuneration.

The observations made in the Auditors' Report are self-explanatory and do not call for any further comments.

Information under Section 217(1)(e) of the Companies Act, 1956 :

A. Conservation of Energy

All efforts are being made to conserve energy.

B. Technology Absorption

Though the Company does not have any foreign collaboration for manufacture, the Company is continuously modernising and improving its products in quality and has obtained ISO 9002.

C. Foreign Exchange earnings including deemed exports and outgo

Outgo : Rs.872.69 Lacs (Rs.997.80 Lacs)

Earned : Rs.744.88 Lacs (Rs.580.92 Lacs)

APPRECIATION :

Your Directors place on record their sincere thanks for the financial support from State Bank Of India, Industrial Development Bank Of India and Bank Of India. They also place on record their appreciation for the dedicated services of the executives, staff and workers of the Company. Your Directors also appreciate the faith you have reposed in the Company and are confident that the Company can depend upon your continued support in its endeavour to grow.

On behalf of the Board

Place : Mumbai
Date : August 19, 1997

CHIRANJILAL SARAF
Chairman