

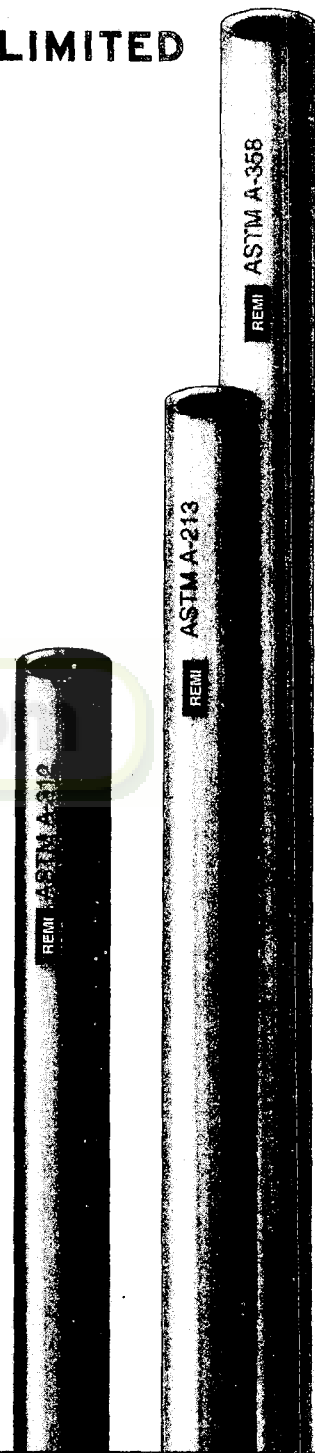
REM GROUP

MD	✓		PKC	✓
CS	NA		DEV	NA
ED	✓		DEV	NA
TRA	NA		✓	✓
ACM	✓	✓	✓	✓
YE	✓			✓

RAJENDRA MECHANICAL INDUSTRIES LIMITED

27th ANNUAL REPORT
1997-98

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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 DEVELOPEMENT BANK OF INDIA
BANK OF INDIA

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

Registered Office 52, Mittal Court 'A',
Jamanalal Bajaj Marg,
Nariman Point,
Mumbai 400 021.

Works Plot No. 9,
Shah Industrial Estate,
Veera Desai Road,
Andheri (West)
Mumbai 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-seventh Annual General Meeting of the Company will be held at the Company's Administrative Office, 11, Cama Industrial Estate, Goregaon East, Mumbai 400 063, on Tuesday, the 29th September, 1998, at 2.30 p.m. to transact the following business :

1. To adopt the Audited Balance Sheet as at, and Profit and Loss Account for the year ended, 31st March, 1998.

2. To re-appoint as Director Shri Chiranjilal K. Saraf who retires by rotation.
3. To re-appoint as Director Shri Vishwambhar C. Saraf who retires by rotation.
4. To appoint Auditors and to fix their remuneration.

For Rajendra Mechanical Industries Ltd.,
R.C. Saraf
Managing Director

Place : Mumbai
Dated 21st August, 1998.

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 Tuesday, the 22nd, to Tuesday, the 29th September, 1998, both days inclusive.
3. The Company had transferred, on the 26th November, 1997 to the general revenue account of the Central Government, the amount of dividend remaining unpaid and unclaimed out of the 19th equity dividend for the year ended 31-3-94. 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.

DIRECTORS' REPORT

To
The Members,
Rajendra Mechanical Industries Ltd.

Dear Shareholders,

We present herewith the Annual Report and Audited statement of accounts of the Company for the year ended 31st March, 1998.

	Rs. in Lacs	
Financial Results	1997-98	1996-97
Profit before	73.95	113.92
Depreciation & Taxation		
Depreciation	66.57	63.86
Taxation	0.80	6.50
	67.37	70.36
Net Profit for the year	6.58	43.56
Add : Sales Tax Deferred		
Liabilities of earlier years written back	230.17	
Add : Balance brought forward	154.01	185.11
Add : Prior year's adjustments	1.31	0.34
	392.07	229.01
Appropriations :		
General Reserve	—	75.00
Balance Carried to Balance Sheet	392.07	154.01

OPERATIONS

The Company's performance during the year under report continues to be adversely affected due to the poor offtake coupled with low pricing caused due to the economic slow down, liberalised imports, reduced tariff barrier and the virtual stand-still in the new green field project. These factors have severely affected the performance and the installed capacities are not being utilised.

The Company's plans to develop the Andheri property could not also materialise due to deteriorating real-estate market and the tied-up loan of Bank of India could not be disbursed due to delay in release of the property from existing charge. Further the tied-up loan will have to be revalidated and then the project will have to be reviewed in view of the present situation.

PROSPECTS

The Company's prospects can improve with higher capacity utilisation which can be achieved only by the economic growth in the country. Alternatively, the Company has also

taken steps to develop export market to achieve higher capacity utilisation.

DIRECTORS :

Shri Chiranjilal K. Saraf and Shri Vishwambhar C. Saraf 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 PURSUANT TO SECTION 217(i) (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.278.74 Lacs (Rs.872.69 Lacs)

Earnings Rs.220.40 Lacs (Rs.744.88 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
Chiranjilal Saraf
Chairman

Place : Mumbai

Dated : August 21, 1998

RAJENDRA MECHANICAL INDUSTRIES LIMITED

AUDITORS' REPORT

To

The Members of Rajendra Mechanical Industries Limited

We have audited the attached Balance Sheet of **RAJENDRA MECHANICAL INDUSTRIES LIMITED** as at **31st March, 1998** and also the Profit and Loss Account for the year ended on that date annexed thereto and report as under :

- 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 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 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 these books,

- (c) the Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account,
- (d) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998;
 - and
 - (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **SUNDARLAL, DESAI AND KANODIA,**
Chartered Accountants,

Place : MUMBAI
Date : Aug. 21, 1998

(M.B. Desai)
Partner

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date.)

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the assets have been physically verified by the Management during the year and no serious discrepancies have been noticed on such verification.
- (ii) None of the Fixed Assets have been revalued during the year.
- (iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- (iv) In our opinion and according to the information and explanations given to us, the procedures for the verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) The discrepancies noticed on verification between the physical stocks and book records were not significant and the same have also been properly dealt with in the books of account.
- (vi) In our opinion the valuation of the stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
- (vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from companies, firms, and other parties listed in the Register maintained under Section 301 and from Companies under the same management as defined under Section 370(1-B) of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company.
- (viii) The Company has not granted any secured or unsecured loans to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 and to companies under the same management as defined under Section 370(1-B) of the said Act.

- (ix) The Company has given interest-free loans or advances in nature of loans to its employees who are generally repaying the principal amount as stipulated. In case of other loans the repayment of principal and payment of interest is regular and as stipulated.
- (x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of raw materials including components, stores and spare parts, Plant and Machinery, equipment, other assets and for the sale of goods.
- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs.50,000/- or more during the period in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services.
- (xii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising thereout.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public as per the provisions of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (xiv) In our opinion reasonable records have been maintained by the Company for the sale and disposal of scrap, wherever applicable and significant and there are no by-products.
- (xv) In our opinion the Company's present internal audit system is commensurate with its size and nature of business.
- (xvi) On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, have been maintained. However, we have not carried out any detailed examination of such accounts and records.
- (xvii) According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
- (xviii) There are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as on 31st March, 1998, for a period of more than six months from the date they became payable.
- (xix) In our opinion and according to the information and explanations given to us, no personal expenses have been charged to revenue account.
- (xx) The Company is not a Sick Industrial Company within the meaning of Clause (O) of Sub-section (i) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (I of 1986).

For **SUNDARLAL, DESAI AND KANODIA,**
Chartered Accountants,

Place : Mumbai
Date : August 21, 1998

(M.B. Desai)
Partner