

REMI GROUP

RAJENDRA MECHANICAL INDUSTRIES LIMITED

**32nd ANNUAL REPORT
2002-2003**

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Board of Directors

Shri Vishwambhar C. Saraf

Chairman

Shri Rajendra Prakash Goyal

Shri Mahabir Prasad Jatia

Shri Rajendra C. Saraf

Shri Kamal Kumar Dujodwala

Shri Rishabh R. Saraf

Managing Director

Bankers

STATE BANK OF INDIA

Auditors

M/s. Sundarlal, Desai & Kanodia
Chartered Accountants
903, Arcadia, 195, N.C.P.A. Road,
Mumbai- 400 021

Registered Office

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

Works

Plot No. N-211/1

M.I.D.C.

Tarapur,

Maharashtra

Registrar & Transfer Agent

R & D Consultants Limited

610, Dalamal Tower,

Nariman Point,

Mumbai - 400 021.

Rajendra Mechanical Industries Limited

NOTICE

To
The Members,
RAJENDRA MECHANICAL INDUSTRIES LIMITED

NOTICE is hereby given that the Thirtysecond 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 30th September, 2003 at 11.30 A.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, 2003.
2. To re-appoint as Director Shri Rajendra C. Saraf

who retires by rotation.

3. To re-appoint as Director Shri Mahabir Prasad Jatia who retires by rotation.
4. To appoint Auditors and to fix their remuneration.

For **RAJENDRA MECHANICAL INDS. LTD.**

(RISHABH R.SARAF)
MANAGING DIRECTOR

Place : Mumbai
Dated : 26th August, 2003

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 September, 2003, to Monday, the 29th September, 2003, both days inclusive.
3. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has been allotted ISIN INE-158G01015.

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DIRECTORS' REPORT

To
The Members,
RAJENDRA MECHANICAL INDUSTRIES LIMITED

Dear Shareholders,

We present herewith the Annual Report and Audited Statement of accounts of the Company for the year ended 31st March, 2003.

	(Rs. In Lacs)	
Financial Results	2002-2003	2001-2002
Profit before Depreciation & Taxation	266.38	223.45
Depreciation	99.12	79.37
Taxation	<u>17.01</u>	<u>15.14</u>
	<u>116.13</u>	<u>94.51</u>
Net Profit for the year	150.25	128.94
 Add : Balance brought forward	 233.84	 130.49
Add : Prior year's adjustments	<u>0.02</u>	<u>0.59</u>
Profit available for appropriation	384.07	258.84

APPROPRIATION:

Transfer to General Reserve	50.00	25.00
Balance carried to Balance Sheet	<u>334.07</u>	<u>233.84</u>
	384.07	258.84

OPERATIONS:

Your Company's performance and capacity utilization during the year have improved due to strong marketing efforts and an increase in demand for our products on both domestic and export fronts. The prospects for the current year are also expected to be good due to the expected growth in the production and capacity utilization of your Company. The Company's exports have increased and have now received status of a Government recognized Export House. Your Company has successfully upgraded its systems during the year as per ISO-9001:2000.

Property development at Andheri is complete. Realisation from the entire premises is not reflected in the accounts as a portion is still unsold because of the depressed real estate market for commercial properties.

The Windmill installed at Brahmanwel has achieved full-scale operations whereby the wind-generated power is partly used for captive consumption and the balance sold to MSEB.

DIRECTORS:

Shri Rajendra C. Saraf and Shri Mahabir Prasad Jatia 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 comment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956:

Sub-Sec. (1)(e)

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 modernizing and improving its products in quality and has obtained ISO 9002.

C. FOREIGN EXCHANGE OUTGO/ EARNINGS INCLUDING DEEMED EXPORTS:

Outgo	Rs. 903.36 Lacs.
Earnings	Rs. 1078.06 Lacs.

Sub-Sec. (2AA) :

Your Directors state:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

APPRECIATION :

Yours Directors place on record their sincere thanks for the financial support from State 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.

Registered Office:

52-A, Mittal Court,
Nariman Point,
Mumbai-400 021

ON BEHALF OF THE BOARD

VISHWAMBHAR C. SARAF
CHAIRMAN

Dated : 26th August, 2003.

CORPORATE GOVERNANCE

1. Company's basic philosophy.

The basic philosophy of the Company on Corporate Governance is to achieve business excellence and improve the needs and interests of its Members.

2. Board of Directors

The Directors met 6 times on 27-04-2002, 10-06-2002, 29-07-2002, 27-08-2002, 29-10-2002 and 29-01-2003.

Rajendra Mechanical Industries Limited

Attendance at Board Meetings

Sr. No.	Name of Director	Category	Whether attended AGM held on 28.09.2002	Attendance in Board Meetings		Other Board Directorship	Committee Chairmanship	Committee Membership
				Held	Attended			
1	Shri V.C. Saraf	Promoter	Yes	6	5	3	1	1
2	Shri R.P. Goyal	Independent Non-Executive	No	6	5	6	—	—
3	Shri M.P. Jatia	Independent Non-Executive	No	6	4	10	—	1
4	Shri K.K. Dujodwala	Independent Non-Executive	No	6	6	5	—	—
5	Shri R.C. Saraf	Promoter	Yes	6	6	5	2	5
6	Shri R.R. Saraf	Executive Director	Yes	6	6	1	—	—

3. Audit Committee

The Audit Committee was constituted on the 29th January, 2003.

Shri Rajendra Prakash Goyal, Shri Rajendra C. Saraf and Shri Kamal Kumar Dujodwala are the members. Shri Kamal Kumar Dujodwala is the Chairman.

There was no meeting in the said year.

The broad terms of reference of the Audit Committee are:

- Review of the Company's financial reporting process and its financial statements.
- Review the remuneration payable to the auditors, both internal and statutory and to recommend change in auditors, if felt necessary.
- Review of the Internal control and internal audit systems.
- Review of significant findings with the Internal auditors.
- Review of financial and risk management policies and practices

4. Management Discussion And Analysis

a) Industry Structure and Development:

The industry can be classified in organized and unorganized sector where the capacities are stagnant. The Company is a leading manufacturer in the country, having a major share in the local market and presence in the export market.

b) Opportunities and Threats:

There is potential for investment in the process industry, especially oil sector, along with an export opportunity for the Company. However, there are threats of imports dumping.

c) Outlook:

Outlook for the coming year is positive, both for local and export markets and the Company is prepared to meet the increase in demand.

d) Risks and Concerns:

The Company's sales prices are fixed whereas the raw material prices are varying. Similarly for exports there is negative impact in realization due to rupee strengthening.

e) Internal Control Systems and their adequacy:

The Company has adequate internal control systems in technical and financial fields.

f) Financial Performance:

The Financial Performance of the Company is marginally improving with better capacity utilization and product mix.

g) Human Relations/Industrial Relations:

The Company has maintained good industrial relations and is continuously adding to the human resources of the Company.

5. Shareholders Committee

The shareholders committee has two members, Shri Vishwambhar C. Saraf and Rajendra C. Saraf.

Very few transfers are received.

Monthly meetings are held to approve the transfers, to issue duplicate certificates, deletions, transmissions, transpositions.

No Complaints are received.

6. General Body Meetings

The last three General Meetings were held on 30-09-2000, 29-09-2001 and 30-09-2002 at 11, Cama Industrial Estate, Goregaon(East), Mumbai - 400 063.

There were no special resolutions passed by the Company through postal ballot last year.

7. Means of Communication

The Board of Directors of the Company approves and takes on record the unaudited financial results in the proforma prescribed by the Stock Exchange, Mumbai and announces the results in The Free Press Journal & Navshakti.

8. Disclosures

There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/ strictures.

9. General Shareholder Information

Shri Rajendra C. Saraf and Shri Mahabir Prasad Jatia retire by rotation and are to be reappointed.

Shri Rajendra C. Saraf is a Commerce Graduate of the Bombay University. From early years, after graduation he joined the family business and became well versed in his field.

Shri Mahabir Prasad Jatia is a businessman of long standing, managing the Pudumjee Paper Mills and other companies. He is an industrialist of repute.

The next Annual General Meeting will be held at 11, Cama Industrial Estate, Goregaon(East), Mumbai - 400 063 on Tuesday, the 30th September, 2003.

- Financial year is from 1st April, 2002 to 31st March, 2003.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 24th to Monday, the 29th September, 2003, both days inclusive.
- The Shares of the Company are listed on the Stock Exchange, Mumbai.
- The Stock code is 513043 at the Stock Exchange, Mumbai.

Market Price Data - High Low
April'02— March'2003 No Tradings

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The Transfer of shares of the Company are being done in-house at 11, Cama Industrial Estate, Goregaon (East), Mumbai- 400 063.

Distribution of Shareholding as on 31st March, 2003 is as follows:

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 5,000	5018	95.254	8377860	25.455
5,001 - 10,000	169	3.208	1341890	4.077
10,001 - 20,000	39	0.740	611390	1.858
20,001 - 30,000	11	0.209	299740	0.911
30,001 - 40,000	6	0.114	206000	0.626
40,001 - 50,000	4	0.076	198000	0.602
50,001 - 1,00,000	5	0.095	382000	1.161
1,00,001 & Above	16	0.304	21495120	65.311
Total	5268	100	32912000	100.000

The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has been allotted ISIN 158G01015.

On and from 26th August, 2003 the share transfer work of the Company both in terms of physical as well as electronic shall be done

at R & D Consultants Limited 610, Dalamal Tower, Nariman Point, Mumbai - 400 021.

Categories of Shareholders as on 31st March, 2003 are as follows:

Category	No. of Share Holders	No. of Shares	% of Share holding
Individuals	5228	1917057	58.25
Companies	32	1342043	40.77
FIs, NRIs, OCBs	4	500	0.02
Mutual Funds, Banks, FIs	4	31600	0.96
Total	5268	3291200	100.00

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

Postal Ballot -Not being resorted to at present.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 26th August, 2003.

VISHWAMBHAR.C. SARAF

CHAIRMAN

CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members of
Rajendra Mechanical Industries Limited

We have examined the compliance of conditions of Corporate Governance by **RAJENDRA MECHANICAL INDUSTRIES LIMITED**, ('the Company') for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

As more fully discussed in paragraph 3 of the Corporate Governance report prepared by the Company :

Until January 28, 2003, the Audit Committee was not constituted and no meeting was held during the financial year, as required under sub-clause II(A) of clause 49 of the Listing Agreement.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

**For SUNDARLAL, DESAI AND KANODIA,
CHARTERED ACCOUNTANTS,**

PLACE: MUMBAI

DATED: 26th August, 2003

**(M. B. DESAI)
PARTNER.**