

**REMI GROUP**

**RAJENDRA MECHANICAL INDUSTRIES LIMITED**

**33rd ANNUAL REPORT  
2003-2004**

Report  junction.com



**Board of Directors**

Shri Vishwambhar C. Saraf  
 Shri Mahabir Prasad Jatia  
 Shri Rajendra C. Saraf  
 Shri Kamal Kumar Dujodwala  
 Shri Rishabh R. Saraf

Chairman

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**

Bigshare Services Pvt. Ltd.  
 E-2/3 Ansa Industrial Estate,  
 Saki - Vihar Road,  
 Sakinaka,  
 Andheri (East),  
 Mumbai - 400 0072.

# Rajendra Mechanical Industries Limited

## NOTICE

To

The Members,

### RAJENDRA MECHANICAL INDUSTRIES LIMITED

**NOTICE** is hereby given that the 33<sup>rd</sup> 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 **Thursday, the 30<sup>th</sup> September, 2004** 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, 31<sup>st</sup> March, 2004.
2. To declare a dividend.
3. To re-appoint as Director Shri Vishwambhar C. Saraf who retires by rotation.
4. To re-appoint as Director Shri Rishabh R. Saraf who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To pass the following ordinary resolution:

"Resolved that consent be and is hereby accorded to the Board of Directors of the Company to borrow moneys for the purpose of its business such that the total sum so borrowed, apart from temporary loans obtained from its bankers in the ordinary course of business, does not exceed Rs.50,00,00,000/- (Rupees Fifty Crores only)."

7. To pass the following special resolution:

"Resolved that power be and is hereby given to the Board of Directors of the Company to make investment or loan or give guarantee or provide security exceeding the limits specified in Section 372A of the Companies Act, 1956, in this behalf."

For **RAJENDRA MECHANICAL INDS. LTD.**

**(RISHABH R.SARAF)**  
**MANAGING DIRECTOR**

Place : Mumbai  
Dated : 26th August, 2004

### 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 Friday, the 24th September, 2004 to Thursday, the 30th September, 2004, both days inclusive.
3. The dividend when declared will be paid on and after the 4th October, 2004.

## Explanatory Statement - Annexure to the Notice

The borrowings of the Company at Rs.25,00,00,000/- (Rupees Twenty Five Crores) at present may be required to be increased depending upon the needs of the Company at any future date. The increase in the limit is required to be authorised by this Meeting and hence, this resolution is required to be passed.

Similarly, the investment limit is also required to be

increased beyond the limits of 60% of the aggregate of the paid-up capital and free reserves or 100% of the free reserves as provided in the said section.

Hence, this special resolution.

Your Directors commend these resolutions for your approval.

## Rajendra Mechanical Industries Limited

### 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, 2004.

	(Rs. In Lacs)	
Financial Results	2003-2004	2002-2003
Profit before Depreciation & Taxation	429.23	266.38
Depreciation	103.87	99.12
Taxation	98.93	202.80
Net Profit for the year	226.43	150.25
Add : Balance brought forward	334.07	233.84
Add : Prior year's adjustments	22.20	0.02
Profit available for appropriation	582.70	384.07

#### APPROPRIATION :

Transfer to General Reserve	50.00	50.00
Proposed Dividend	23.04	-
Distribution Tax on Dividend	2.95	-
Balance carried to Balance Sheet	506.71	334.07
	582.70	384.07

#### DIVIDEND:

Your Directors are pleased to recommend a dividend of 7% (Rs.0.70 per share) in view of the improved profitability of the Company during the year under report.

#### OPERATIONS:

During the year under review, Company's performance and capacity utilization have improved substantially due to robust growth in the Indian economy. Sales of S.S. Pipes have increased by over 50%, representing a substantial increase in utilization of available capacity. Local sales have increased by over 58% and exports by 24%.

As reported earlier, the property development at Andheri is complete. Some area had been sold during the year under report and a major portion of the remaining area during the current financial year.

The Windmill installed at Brahmanwel, Distt. Dhule, has been operating satisfactorily and meets the power requirement of the Company.

#### DIRECTORS:

Shri Rajendra Prakash Goyal resigned as Director on 22.03.2004. The Board places on record its appreciation of the valuable contribution made by Shri Rajendra Prakash Goyal during his tenure as director of the Company.

Shri Vishwambhar C. Saraf and Shri Rishabh R. Saraf retire by rotation and are to be reappointed.

#### 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	-	1,200.92 Lacs.
Earnings	-	1,305.11 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, 2004.

#### 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 5 times on 29.04.2003, 29.07.2003, 26.08.2003, 31.10.2003 and 30-01-2004.

## 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 Attended	Other Board		
					Directorship	Committee Chairmanship	Committee Membership
1	Shri V.C. Saraf	Promoter	No	5	3	1	1
2	Shri R.P. Goyal	Independent Non-Executive	No	4	—	—	—
3	Shri M.P. Jatia	Independent Non-Executive	No	4	10	—	1
4	Shri K.K. Dujodwala	Independent Non-Executive	No	5	5	—	—
5	Shri R.C. Saraf	Promoter	Yes	4	5	2	5
6	Shri R.R. Saraf	Executive Director	Yes	5	1	—	—

### 3. Audit Committee

The Audit Committee at present consists of Shri K.K. Dujodwala, Shri M.P. Jatia and Shri R.C. Saraf.

The committee met three times – on 29.07.2003, 26.08.2003 and 30.01.2004.

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 and power sectors, 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. There is also concern for shortage of raw material due to huge demand from China and other Countries.

#### 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 has improved 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.

Bi-monthly meetings are held to approve the transfers, to issue duplicate certificates, deletions, transmissions and transpositions.

No Complaints are received.

### 6. General Body Meetings

The last three General Meetings were held on 29.09.2001, 30-09-2002 and 30.09.2003 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

## Rajendra Mechanical Industries Limited

the last three years) and hence, no penalties/ strictures.

### 9. General Shareholder Information

- Shri Vishwambhar C. Saraf and Shri Rishabh R. Saraf retire by rotation and are to be reappointed.

Shri Vishwambhar C. Saraf is a commerce graduate of the University of Bombay and after graduation he joined the family business.

Shri Rishabh R. Saraf has obtained a Bachelor of Arts degree in Business Administration from the University of Nottingham, England and is the Managing Director of the Company, in full charge of the manufacturing and export activities of the Company.

- The next Annual General Meeting will be held at 11, Cama Industrial Estate, Goregoan(East), Mumbai - 400 063 on Thursday, the 30th September, 2004.
- Financial year is from 1st April, 2003 to 31st March, 2004.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 24th September, 2004 to Thursday, the 30th September, 2004, 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
August 2003	5.00	5.00
September 2003	6.00	6.00
November 2003	14.00	7.00
December 2003	15.96	11.00
January 2004	12.00	10.00
February 2004	9.95	8.50

The transfers of shares of the Company are being done by Bigshare Services Pvt. Ltd. the R & T Agents having address at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka Andheri (E) Mumbai- 400 072.

Distribution of Shareholding as on 31st March, 2004 is as follows:

No. of Equity Shares held (in Rs.)	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 5,000	4962	95.19	829327	25.20
5,001 - 10,000	167	3.20	132932	4.04
10,001 - 20,000	46	0.88	70290	2.14
20,001 - 30,000	11	0.21	30286	0.92
30,001 - 40,000	6	0.12	20900	0.64
40,001 - 50,000	3	0.06	14800	0.45
50,001 - 1,00,000	5	0.10	38200	1.16
1,00,001 & Above	13	0.24	2154465	65.45
<b>Total</b>	<b>5213</b>	<b>100.00</b>	<b>3291200</b>	<b>100.00</b>

The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and has been allotted ISIN - INE158G01015.

Categories of Shareholders as on 31st March, 2004 is as follows:

Category	No. of Share Holders	No. of Shares	% of Share holding
Individuals	5162	1883557	57.22
Companies	43	1376543	41.83
Fils, NRIs, OCBs	4	500	0.02
Mutual Funds, Banks, Fls	4	30600	0.93
<b>Total</b>	<b>5213</b>	<b>3291200</b>	<b>100</b>

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

**VISHWAMBHAR.C. SARAF**

Dated : 26th August, 2004.

**CHAIRMAN**

## CERTIFICATE OF CORPORATE GOVERNANCE

To  
The Members,

### RAJENDRA MECHANICAL INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **RAJENDRA MECHANICAL INDUSTRIES LIMITED**, for the year ended on March 31, 2004 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.

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 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 records maintained by the Shareholders/Investors Grievance Committee of the Company.

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 & KANODIA**  
CHARTERED ACCOUNTANTS

PLACE: MUMBAI  
DATED: 26/08/2004

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