



RAJENDRA MECHANICAL INDUSTRIES LIMITED

**37th ANNUAL REPORT
2007-2008**

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Board of Directors

Shri Vishwambhar C. Saraf

Chairman

Shri Mahabir Prasad Jatia

Shri Rajendra C. Saraf

Shri Kamal Kumar Dujodwala

Shri Rishabh R. Saraf

Managing Director

Shri Ritvik V. Saraf

Executive 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

Plot No.11, Cama Industrial Estate,

Goregaon (East),

Mumbai – 400 063

Works

Plot No. N-211/1

M.I.D.C.

Tarapur,

Maharashtra

Rajendra Mechanical Industries Limited

NOTICE

To
The Members,
RAJENDRA MECHANICAL INDUSTRIES LIMITED

NOTICE is hereby given that the 37th Annual General Meeting of the Company will be held at the Company's Registered Office, 11, Cama Industrial Estate, Goregaon (East), Mumbai-400 063, on Tuesday the **30th September, 2008** at 11.30 A.M. to transact the following business:

1. To adopt the audited Balance Sheet as at, and the Profit and Loss Account for the year ended, 31st March, 2008.
2. To declare a dividend.
3. To re-appoint as Director Shri Rajendra C. Saraf who retires by rotation.
4. To re-appoint as Director Shri Mahabir Prasad Jatia who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To pass the following resolutions:

Ordinary Resolutions

- (a) "Resolved that the Authorised Share Capital of the Company be and is hereby increased from the existing Rs.6,00,00,000/- to Rs.10,00,00,000/- by the addition thereto of Rs.4,00,00,000/- divided into 40,00,000 (Forty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each."
- (b) "Resolved that, the sum of Rs.43,931,200 standing to the credit of the Share Premium Account and another sum of Rs.3,980,800 out of the General Reserve Account of the Company, be and are hereby capitalized and that the total sum of Rs.4,79,12,000/- be credited to the Share Capital Account on behalf of the holders of the 4791200 Equity Shares as on the 30th September, 2008, in payment in full of 4791200 new Equity Shares of Rs.10/- each and that such new Equity Shares credited as fully paid be issued and allotted in the proportion of One new Equity Share for every Equity Share held by them respectively on that date and that the said shares be treated as an increase in the nominal amount of capital held by each of them and not as income.

"Further Resolved that the new shares will be allotted subject to the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing shares."

Special Resolution

- (c) "Resolved that Article No.89 of the Articles of Association of the Company be and is hereby deleted."

For **RAJENDRA MECHANICAL INDUSTRIES LTD.**

PLACE: **MUMBAI**

(**RISHABH R. SARAF**)

Dated : 30th July, 2008

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 Friday the 26th September, 2008 to Tuesday the 30th September, 2008, both days inclusive.
3. An explanatory statement relating to the item of special business set out in item 6 accompanies.
4. The dividend will be paid on and after the 4th October, 2008.

Explanatory Statement - Annexure to the Notice

6 (a) and (b)

The Board of Directors of the Company, at the Meeting held on the 30th June, 2008, took a decision to issue bonus shares in the proportion of one equity share for every share held on the record date, which is 30th September, 2008.

For giving effect to this decision, it is necessary to increase the authorized share capital and a resolution for the issue of bonus shares.

The enabling resolutions are set out in this Notice.

Shri Vishwambhar C. Saraf, Shri Rajendra C. Saraf, Shri Rishabh R. Saraf and Shri Ritvik V. Saraf, Directors of the Company, hold shares in the Company and who will, therefore, be allotted new bonus shares, are to be deemed to be interested in this resolution to that extent.

6 (c)

The Article refers to payment of dividend on the shares issued and allotted during the financial year. It is proposed that dividend on these new shares be paid for the whole year and not pro-rata for a part of the year. Hence, this Article is proposed to be deleted.

Your Directors commend these resolutions for your approval.

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DIRECTORS' REPORT

To
The Members,
RAJENDRA MECHANICAL INDUSTRIES LIMITED

Dear Shareholders,

We present herewith the Annual Report and Audited Statements of accounts of the Company for the year ended 31st March, 2008.

	(Rs. In Lacs)	
Financial Results	2007-2008	2006-2007
Profit before Depreciation & Taxation	1627.21	774.85
Depreciation	238.60	230.77
Taxation	467.26 705.86	204.37 435.14
Net Profit for the year	921.35	339.71
Add: Balance brought forward	940.68	777.19
	1862.03	1116.90
Less: Prior year adjustments	—	10.67
Available for appropriation	1862.03	1106.23
APPROPRIATION:		
Transfer to General Reserve	200.00	100.00
Interim Dividend	—	57.50
Proposed Dividend	71.87	—
Distribution Tax on Dividend	12.21	8.06
Balance carried to Balance Sheet	1577.95	940.67
	1862.03	1106.23

DIVIDEND:

Your Directors recommend distribution of a dividend at Rs.1.50 (15%) per equity share for this year as compared to Rs.1.20 (12%) per equity share paid in previous year.

BONUS SHARES:

Your Directors are very happy to propose issue and allotment of one equity share as Bonus Share for one equity share held.

OPERATIONS:

It was another year of solid performance by the Company. During the year under report the Company achieved its highest turnover which increased by 48% and EBIDTA (Earning before Interest Depreciation Tax Amount) increased by 72% compared to last year.

The Company has obtained approvals from consultants, users in India as well as for export which will add to the Company's performance in the coming year. This will further augment the plant operating margins. The order book outstanding at the end of June 2008 is approximately Rs.65 Crores.

The windmills installed by the Company are operating satisfactorily. The Company has initiated registration of its windmill project under the UNCDM (United Nation Clean Development Mechanism) guidelines and anticipates that the approvals will be obtained in the current year.

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 is having ISO 9001/PED Certification (which is required for Export Sales).

C. FOREIGN EXCHANGE OUTGO/ EARNINGS INCLUDING DEEMED EXPORTS:

Outgo	-	10603.22 Lacs
Earnings	-	4607.95 Lacs (including deemed exports & supplies to SEZA)

Sub-Sec. (2A):

The particulars of employee who received remuneration above Rs.24 Lacs in this year are given below.

- (i) Name : Rishabh R. Saraf- He is a relative of a Director, Shri Rajendra C. Saraf
- (ii) Designation : Managing Director
- (iii) Remuneration : Rs.37.29 Lacs
- (iv) Nature of employment : Contractual for 3 (Three) years
- (v) Other terms and Conditions : -
- (vi) Nature of Duties : Entire Management of the Company
- (vii) Qualification : Bachelor of Arts in Business Administration from the university of Nottingham, England
- (viii) Experience : 6 years
- (ix) Date of commencement : 1st April, 2002
- (x) Age : 29 years
- (xi) Last employment : None
- (xii) Percentage of equity shares held : 2.14% (102143 Shares)

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:

Your 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:

11, Cama Industrial Estate,
Goregaon (East),
Mumbai-400 063

ON BEHALF OF THE BOARD

VISHWAMBHAR C. SARAF
CHAIRMAN

Dated: 30th June, 2008

Rajendra Mechanical Industries Limited

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry Structure and Development:

Stainless steel pipe industry can be categorized in to organized and unorganized sectors. Future development and growth of this sector are bright with industrial growth taking place in oil/ power and chemical industry. The high rise of oil prices internationally has its implication on the global economy. Increasingly, refineries are looking to utilize sour crude. Due to this, the requirement of tubular products remains buoyant. In the power sector, the demand for energy continues to rise (especially in the Indian /Asian markets). With major capacities being added in the power generation sector, the demand for tubular products in this segment is also strong. The demand for S.S. pipes/tubes is growing at approximately 15 to 20% per annum.

(b) Opportunities and Threats:

The high rate of growth in the Indian economy especially Oil, Power, Automobile and Process industries offers many opportunities for the Company's product. However, the threats are from (a) import dumping of secondary/commercial grade products and (b) substituting higher content Nickel grade S.S. Pipes with other types of material of construction considering an abnormal increase in the price of Nickel.

(c) Outlook:

In the coming years the Company is intending to increase its capacity utilization and the Company has focus on higher value added products.

(d) Risk and Concerns:

The company's sale realizations are fixed whereas its import prices are fluctuating. Reduction in custom peak duties coupled

with the fluctuation of Indian rupee vis-à-vis dollar which may hamper high growth of S.S. pipe industry.

(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.

(h) Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or productions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand and supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments within or outside India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revive any forward looking statements on the basis of any subsequent developments, information or events.

CORPORATE GOVERNANCE

1. Company's basic philosophy:

The Company's philosophy is to undertake its business with integrity, fairness, transparency and accountability and to ensure that adequate internal control systems are devised and put in place so that the interests of shareholders, employees, suppliers and those associated with the company are protected.

2. Board of Directors:

The Board of Directors met 6 (Six) times on 30/04/2007, 30/06/2007, 30/07/2007, 05/10/2007, 31/10/2007 and 31/01/2008.

Composition and Category of Directors

Sr. No.	Name of Director	Category	Attendance Particulars		Other Board		
			Annual General Meeting	Board Meetings	Directorship	Committee Chairmanship	Committee Membership
1.	Mr. V. C. Saraf	Promoter	No	6	3	—	1
2.	Mr. M. P. Jatia	Independent Non-Executive	No	6	8	—	1
3.	Mr. K. K. Dujodwala	Independent Non-Executive	No	6	4	—	—
4.	Mr. R. C. Saraf	Promoter	No	5	4	1	1
5.	Mr. R. R. Saraf	Executive	No	5	—	—	—
6.	Mr. R. V. saraf	Executive	No	4	—	—	—

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- Recommending the fixation of the audit fee and also approval for payment for any other services of the Auditors.
- Reviewing with management the quarterly and annual financial statements, before submission to the Board.

Attendance of the members at the Audit Committee Meetings held during 2007-2008.

Committee Members	No. of Meetings	
	Held	Attended
Mr. K.K. Dujodwala	4	4
Mr. M.P. Jatia	4	4
Mr. R.C. Saraf	4	3

4. Shareholders' Committee:

The Members of the Committee comprise of Shri V.C. Saraf and Shri R.C. Saraf. Shri V.C. Saraf is the Chairman of the Committee.

The Company had received 9 Complaints during the year 2007-2008. All have been disposed off. There are no shareholders' complaints or transfers pending.

5. General Body Meetings

Date	Venue	Time	No. of special resolutions
30/9/2005	11, Cama Industrial Estate, Goregaon (E), Mumbai - 400 063.	11.30 A.M.	-
30/9/2006	- do -	- do -	One
30/9/2007	- do -	- do -	One

In the last year one special resolution was passed.

6. Disclosures:

- Transactions with related parties are disclosed in Annexure to the Notes to Accounts. These are not in conflict with the interests of the Company.
- There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/strictures.
- Remuneration to Directors:-
- Shri Rajendra C. Saraf and Shri Mahabir Prasad Jatia, Directors, who retire by rotation, are to be re-appointed. The brief resume of these Directors is given herebelow: -

(Rs. in Lacs)

	Salary	Benefits	Commission	Sitting fee
Shri R.R. Saraf -Managing Director	33.00	4.29	--	--
Shri R.V. Saraf -Executive Director	6.75	0.81	--	--
Shri V.C.Saraf - Chairman	--	--	1.65	0.12
Shri R.C. Saraf - Director	--	--	1.65	0.12
Shri Mahabir Prasad Jatia - Director	--	--	--	0.16
Shri Kamal Kumar Dujodwala - Director	--	--	--	0.16

- Shri Rajendra C. Saraf is a commerce graduate of the University of Bombay. After graduation, he joined the family business. He is the Managing Director of Remi Metals Gujarat Ltd. and Remi Process Plant and Machinery Ltd. and is a Director of Rajendra Electrical Industries Ltd. and Pudumjee Agro Industries Ltd. He was the Managing Director of this Company for a long period.
- Shri Mahabir Prasad Jatia is an industrialist of repute and is the Managing Director of Pudumjee Pulp and Paper Mills Ltd. He is a Director of some other companies also.

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 Bombay Stock Exchange Limited, Mumbai and announces the results in The Free Press Journal & Navshakti.

8. General Shareholder Information:

The next Annual General Meeting will be on 30th September, 2008 being Tuesday at Plot No. 11, Cama Industrial Estate, Goregaon (E), Mumbai - 400 063 at 11.30 A.M.

Financial year is from 01-04-2007 to 31-03-2008.

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 26th September, 2008, to Tuesday, the 30th September, 2008, both days inclusive.

The securities of the Company are listed on Bombay Stock Exchange Limited, Mumbai.

The Stock code is 513043 at the Stock Exchange, Mumbai.

Market Price Data	High (Rs.)	Low (Rs.)
April 2007	37.75	30.60
May 2007	37.90	31.45
June 2007	45.50	34.40
July 2007	65.90	42.00
August 2007	84.00	56.00
September 2007	129.95	69.00
October 2007	106.00	83.40
November 2007	114.50	87.00
December 2007	199.85	96.10
January 2008	241.75	144.55
February 2008	190.00	125.00
March 2008	152.45	82.65

	Rajendra Mechanical Industries Limited	
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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 (East), Mumbai- 400 072.

Distribution of shareholding as on 31st March, 2008 is as follows: -

No. of Equity Shares held	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
Upto 5000	3,717	93.46	56,9090	11.88
5001 - 10000	148	3.72	115622	2.41
10001 - 20000	45	1.13	66210	1.38
20001 - 30000	16	0.40	38837	0.81
30001 - 40000	11	0.28	39732	0.83
40001 - 50000	6	0.15	28284	0.59
50001 - 100000	8	0.20	60299	1.26
100001 and above	26	0.66	3873126	80.84
TOTAL:	3977	100.00	4791200	100.00

As on 31st March 2008, 4358445 equity shares constituting 91% of the share capital have been dematerialized.

Categories of shareholders as on 31st March, 2008

Category	No. of Share holders	No. of Shares	% of Share holding
Individuals	3853	2912778	60.79
Companies	104	1857846	38.78
FIs, NRIs, OCBs	16	5176	0.11
Mutual Funds, Banks, FIs	4	15400	0.32
TOTAL:	3977	4791200	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 : 30th June, 2008.

VISHWAMBHAR C. SARAF
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, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, 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 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 of the Company.

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

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

PLACE : **MUMBAI**
DATED : 30th June, 2008

(M. B. DESAI)
PARTNER

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AUDITORS' REPORT

To,

The Members of Rajendra Mechanical Industries Limited

1. We have audited the attached Balance Sheet of RAJENDRA MECHANICAL INDUSTRIES LIMITED as at 31st March, 2008, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

(i) 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;

(ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) on the basis of written representations received from the Directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

(b) in the case of the Profit and Loss Account, of the PROFIT for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

PLACE : **MUMBAI**
DATED : 30th June, 2008.

(M. B. DESAI)
PARTNER.
Membership No. 33978