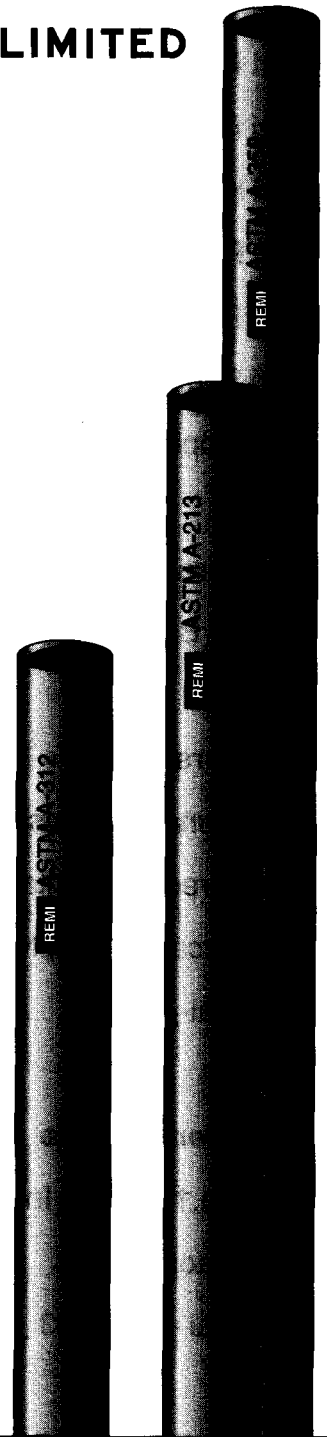


REMI GROUP

RAJENDRA MECHANICAL INDUSTRIES LIMITED

**38th ANNUAL REPORT
2008-2009**



TUV NORD

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
Shri Shankar Lal Jain	
Shri Gopikishan Biyani	

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

NOTICE

To
The Members,

RAJENDRA MECHANICAL INDUSTRIES LIMITED

NOTICE is hereby given that the 38th 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 Wednesday, the 30th September, 2009 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, 2009.
2. To re-appoint as Director Shri Rishabh R. Saraf who retires by rotation.
3. To re-appoint as Director Shri Vishwambhar C. Saraf who retires by rotation.
4. To re-appoint as Director Shri Kamal Kumar Dujodwala who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To appoint Shri Shankar Lal Jain as a Director.
7. To appoint Shri Gopikishan Biyani as a Director.
8. To pass the following resolutions :

A. As an Ordinary Resolution:

"Resolved that the remuneration being paid to Shri Ritvik V. Saraf, the Executive Director of the Company, be and is hereby revised as follows, with effect from the 1st April, 2009.

- 1) A monthly salary of Rs.1,25,000/-
- 2) Reimbursement of actual medical expenses incurred for self and family.
- 3) Leave Travel Concession for self and family once a year, in accordance with the rules of the Company.
- 4) Annual fees to not more than two clubs.
- 5) Free use of one or more Company car with driver for official purpose only.
- 6) Telephone at residence for official purpose only.
- 7) Company's contribution to Provident Fund as per the rules of the Company.
- 8) Gratuity as per the rules of the Company.
- 9) Encashment of Leave at the end of the tenure."

B. As a Special Resolution:

(i) "Resolved that the sub-clause (5) in Clause III B be and is hereby shifted as sub-clause (5) in Clause III A of the Memorandum of Association of the Company."

(ii) "Resolved that the name of the Company be changed to REMI EDELSTAHL TUBULARS LIMITED from the existing name RAJENDRA MECHANICAL INDUSTRIES LIMITED.

"Further Resolved that the Company do take steps to give effect to this proposed change by making the necessary application to the Registrar of Companies, Maharashtra, Mumbai, for obtaining the fresh Certificate of Incorporation consequent upon the change of name."

For **RAJENDRA MECHANICAL INDS. LTD.**

Place : Mumbai
Dated : 20th August, 2009

(RISHABH R. 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 Friday the 25th September, 2009 to Wednesday the 30th September, 2009, both days inclusive.
3. An explanatory statement relating to the item of special business set out in items 6, 7 & 8 accompanies.

Explanatory Statement - Annexure to the Notice

Items No.6 and 7

To comply with the relevant part in the Corporate Governance Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, the Company has appointed two additional Directors who hold office only upto the date of this Annual General Meeting. They are to be appointed at this Meeting.

Shri Shankar Lal Jain is a Chartered Accountant in Whole-Time Practice and is a tax consultant of repute. His association with the Company will be of benefit to it.

Shri Gopikishan Biyani is a business man of long standing and he also will be of assistance to the Company.

They are to be deemed to be interested in the item of business relating to their respective appointments.

Item No.8

A. The remuneration of Shri Ritvik V. Saraf was raised from the 1st April, 2009. This revision of the remuneration requires the approval of the General Meeting and this resolution seeks to achieve this.

Shri V.C. Saraf is a relative of Shri Ritvik V. Saraf and both are deemed to be interested in this item of business.

B. (i) To give effect to this proposal, to change the name of the Company, the present manufacturing activity of the Company covered by this sub-clause (5) has to be in the Main Objects part of this Clause III – Then only will the Registrar of Companies approve of the proposed change of name.

(ii) This Company is the oldest in the REMI Group Companies and your Directors feel that this is brought out by including this group name in its name. EDELSTAHL is a German word meaning Stainless Steel and it will be very appropriate to so indicate its main product in its name.

Your approval to this proposal will be appreciated.

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, 2009.

	(Rs. In Lacs)	
Financial Results	2008-2009	2007-2008
Profit/(Loss) before Depreciation & Taxation	(102.19)	1627.21
Depreciation	258.56	238.60
Taxation	(87.44) 171.12	467.27 705.87
Net Profit /(Loss) for the year	(273.31)	921.34
Add: Balance brought forward	1577.94	940.68
	1304.63	1862.02
Less: Prior year adjustments	6.34	---
Available for appropriation	1310.97	1862.02
APPROPRIATION:		
Transfer to General Reserve	100.00	200.00
Proposed Dividend	0.00	71.87
Distribution Tax on Dividend	0.00	12.21
Balance carried to Balance Sheet	1210.97	1577.94
	1310.97	1862.02

OPERATIONS:

The year 2008-09 was marked by a severe financial crisis internationally. The working of your Company was adversely affected due to the following major reasons:

- (1) The depressed financial markets led to existing projects/ orders being delayed/ shelved/ cancelled, resulting in drastic reduction of business opportunity for the Company.
- (2) Depreciation of the Indian rupee against U.S. Dollar and other foreign currencies resulting in erosion of margins.
- (3) Due to diminution in the value of the closing stock on account of a sharp fall in price (50% to 80%) of raw materials (alloys such as nickel, etc.), the valuation of the closing stock has dropped, adversely affecting the profits.

The Company has recorded an EBIDTA of Rs.464 Lacs (Previous Year - Rs.2211 Lacs), a fall of more than 75%, even though the Company's sales volume has recorded a fall of about 12% compared to the previous year.

The Company is taking various measures to face this abnormal situation and expects this temporary situation to improve in near future. Therefore, the Company continues its endeavour in marketing/ obtaining approvals from various international customers/ consultants and is also implementing envisaged expansion programme which in long run would lead in optimization of utilization of capacity and move to higher value added products. The project cost of Rs.10 Crores is already tied up through internal accruals and term loan from its bankers.

The Windmills are working satisfactorily and the same have been registered with United Nations Clean Development Mechanism (UNCDM) Board.

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	- 6162.36 Lacs
Earnings	- 4070.46 Lacs (including deemed exports & supplies to SEZ)

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.37.68 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 | : 7 years |
| (ix) Date of commencement | : 1st April, 2002 |
| (x) Age | : 30 years |
| (xi) Last employment | : None |
| (xii) Percentage of equity shares held | : 2.14% (204846 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 July, 2009

MANAGEMENT DISCUSSION AND ANALYSIS:

(a) Industry Structure and Development:

The stainless steel industry can be classified into the organized and unorganized sector. The organized sector, in which the Company operates, has witnessed a sharp growth in capacity over the recent years. The growth in demand has traditionally been witnessed in the oil and gas(refining) sectors. Now with the government aiming to provide electricity to all, the power sector (particularly thermal based power projects) has emerged as a major sector where the Company's products are used.

(b) Opportunities and Threats:

The high rate of growth in the Indian economy, particularly the oil, gas, power, fertilizer sectors, offer growth for the requirement of the Company's product range. However, the volatile prices of oil, which have fallen from the lifetime high of app US\$150 to US\$40 in the span of a few months can affect the business opportunities of the Company since many projects have got delayed or shelved. The threat of dumping of secondary quality products from foreign manufacturers can have an adverse effect on the industry.

(c) Outlook:

The Company has geared itself to meet the demand from the above mentioned sectors by getting major approvals within India. The Company is also looking at getting approvals overseas to further enhance the value added component of its business. The progress of India's approval within the Nuclear community will also result in huge demand of the Company's products in the coming years.

(d) Risk and Concerns:

The Company is making necessary arrangements to cover its raw material costs and protect the conversion margins. However,

the imposition of duties/ restrictions (as witnessed for 3 months in this financial year) can affect the business model. Also a falling Rupee against the US \$ can make imports cheaper for the commodity grade of pipes.

(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 7 (Seven) times on 29/04/2004, 30/06/2008, 30/07/2008, 31/10/2008, 21/11/2008, 30/01/ 2009 and 23/03/2009.

3. Audit Committee:

The Audit Committee has two qualified, independent and non-executive directors and provides assistance to the Board of Directors in fulfilling its responsibilities.

The functions of the audit committee include:

- Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Discussing the adequacy of internal control systems, the scope of audit, internal audit reports and the compliance thereof.

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	5	3	---	1
2.	Mr. M.P. Jatia	Non-Executive Independent	No	7	8	---	1
3.	Mr. K.K. Dujodwala	Non-Executive Independent	No	6	4	---	---
4.	Mr. R. C. Saraf	Promoter Non-Executive	No	6	5	1	1
5.	Mr. R.R. Saraf	Promoter Executive	No	6	2	---	---
6.	Mr. R.V. Saraf	Promoter Executive	No	6	1	---	---
7.	Mr. S.L. Jain	Independent Non-Executive	No	---	---	---	---
8.	Mr. G. Biyani	Independent Non-Executive	No	---	---	---	---

- 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 2008-2009.

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

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 29 Complaints during the year 2008-2009. All have been disposed off. There are no shareholders' complaints or transfers pending.

5. General Body Meetings

Date	Venue	Time	No. of special resolutions
30/9/2006	11, Cama Industrial Estate, Goregaon (E), Mumbai – 400 063.	11.30 A.M.	One
29/9/2007	- do -	- do -	One
30/9/2008	- do -	- do -	One

In the last year one special resolution was passed.

6. Disclosures:

- a) Transactions with related parties are disclosed in Annexure to the Notes to Accounts. These are not in conflict with the interests of the Company.
- b) There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/strictures.
- c) Remuneration to Directors:-

d) Shri Rishabh R. Saraf, Shri Vishwambhar C. Saraf and Shri Kamal Kumar Dujodwala, Directors, who retire by rotation, are to be re-appointed. The brief resume of these Directors is given herebelow: -

- i) Shri Rishabh. R. Saraf has obtained a Bachelor of Arts in Business Administration from the University of Nottingham, England. He is the Managing Director of the Company since April, 2002, in full charge of the manufacturing and export activities of the Company.
- ii) Shri Vishwambhar C. Saraf is a commerce graduate of the University of Bombay and after graduation he joined the family business. He is Managing Director of Rajendra Electrical Industries Ltd. and is on the Board of Remi Process Plant and Machinery Ltd.
- iii) Shri Kamal Kumar Dujodwala is a B.Sc. Graduate. He has a vast experience of nearly 27 years in various sectors of business. He is currently controlling his family business in manufacture of Chemicals for paper industries. He is on the Board of Dujodwala Resins & Terpenes Ltd., Dujodwala Paper Chemicals Ltd., Dujodwala Products Ltd. and Indo Euro Securities Ltd. He is the Chairman of the Audit Committee of the Company.
- iv) Shri Shankar Lal Jain is a Chartered Accountant in Whole- Time Practice and is a tax consultant of repute. His association with the Company will be of benefit to it and to its Directors.
- v) Shri Gopikishan Biyani is a business man of long standing and He also will be of assistance to the other Directors and the Company.

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, 2009 being Wednesday at 11, Cama Industrial Estate, Goregaon (E), Mumbai - 400 063 at 11.30 A.M.

Financial year is from 01-04-2008 to 31-03-2009.

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 25th September, 2009, to Wednesday, the 30th September, 2009, both days inclusive.

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

(Rs. in Lacs)

	Salary	Benefits	Sitting fee
Shri R.R. Saraf -Managing Director	33.00	4.68	--
Shri R.V. Saraf -Executive Director	9.00	1.08	--
Shri V.C.Saraf - Chairman	--	--	0.13
Shri R.C. Saraf - Director	--	--	0.16
Shri Mahabir Prasad Jatia - Director	--	--	0.18
Shri Kamal Kumar Dujodwala - Director	--	--	0.16

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

**CERTIFICATE OF
CORPORATE GOVERNANCE**

Market Price Data	High (Rs.)	Low (Rs.)
April 2008	123.95	96.20
May 2008	123.00	93.15
June 2008	119.30	95.00
July 2008	114.00	90.00
August 2008	108.00	92.05
September 2008	100.95	60.15
October 2008	78.90	48.05
November 2008	43.95	21.60
December 2008	40.95	24.75
January 2009	36.90	23.30
February 2009	30.95	20.40
March 2009	21.25	18.00

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. Our Registrar & Transfer Agent M/s Bigshare Services Private Limited recently launched Gen-Next Investor Module iBoss the most advanced tool to interact with shareholders. Please login into iBoss (www.bigshareonline.com) and help them to serve you better.

Distribution of shareholding as on 31st March, 2009 is as follows: -

No. of Equity Shares held holders	No. of Share holders	% of Share held	No. of Shares holding	% of Share
Upto 5000	3,383	80.70	75,87,780	7.92
5001 - 10000	563	13.43	40,69,310	4.25
10001 - 20000	137	3.27	21,36,690	2.23
20001 - 30000	30	0.72	7,95,530	0.83
30001 - 40000	13	0.31	4,85,050	0.51
40001 - 50000	17	0.41	8,00,510	0.84
50001 - 100000	19	0.45	13,54,700	1.41
100001 and above	30	0.71	7,85,94,430	82.01
TOTAL:	4,192	100	9,58,24,000	100

As on 31st March 2009, 8859157 equity shares constituting 92.45% of the share capital have been dematerialized.

Categories of shareholders as on 31st March, 2009

Category	No. of Share holders	No. of Shares	% of Share holding
Individuals	4060	5879543	61.36
Companies	111	3679935	38.40
FII, NRIs, OCBs	18	12122	0.13
Mutual Funds, Banks, FIs	3	10800	0.11
TOTAL:	4192	9582400	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 July, 2009.

VISHWAMBHAR C. SARAF
CHAIRMAN

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, 2009 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 of effectiveness with which the management has conducted the affairs of the Company.

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

PLACE : **MUMBAI**
DATED : 30th July, 2009

(M. B. DESAI)
PARTNER

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, 2009, 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;
 - (b) in the case of the Profit and Loss Account, of the LOSS 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, 2009.

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

ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF
RAJENDRA MECHANICAL INDUSTRIES LTD. AS AT 31ST MARCH, 2009)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, all the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of fixed assets during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (a), (b), (c) and (d) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has taken unsecured loans during the year from 4 companies covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.4205.50 lacs.
- (c) In our opinion the rate of interest and other terms & conditions of unsecured loans taken by the Company are not prima facie prejudicial to the interest of the Company.
- (d) In our opinion payment of the principal amount and interest are also regular.
- (iv) 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 purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices except for items of specialized nature, where a question of comparison does not arise.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues as applicable to it with appropriate authorities and there were no undisputed arrears as at 31st March, 2009 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, the particulars of dues of Income tax, Wealth tax, Service tax, Sales tax, Customs Duty, Excise Duty and Cess as at 31st March, 2009, which have not been deposited on account

of a dispute, are as follows: -

Sr. No.	Name of the Statute	Nature of dues	Amount (Rs.)	From where dispute is pending
1.	Central Sales Tax Act, 1956	Sales Tax of F.Y. 2001-02 & 2002-03	72,83,399	Dy. Comm. of Sales Tax (Appeals)
2.	Bombay Sales Tax Act, 1959	Sales Tax F.Y. 2001-02 & 2002-03	43,40,005	Dy. Comm. of Sales Tax (Appeals)
3.	Central Excise Act, 1944	Central Excise Dues	2,07,23,712	Custom, Central Excise and Service Tax Appellate Tribunal
4.	Central Excise Act, 1944	Central Excise Dues	26,07,645	Comm. of Central Excise (Appeal)

- (x) The Company does not have accumulated losses and has incurred cash losses during the financial year covered by our audit however there was no cash loss in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

- (xvi) According to the information and explanations given to us, the Company has applied the term loans for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, there was no preferential allotment of shares to parties covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the order are not applicable to the Company.
- (xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(M. B. DESAI)

PLACE : **MUMBAI**
DATED : 30th June, 2009.

PARTNER.
Membership NO. 33978

BALANCE SHEET AS AT 31st MARCH, 2009

	SCH. NOS.	AS AT 31-03-2009 In Rupees	AS AT 31-03-2008 In Rupees
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
a) Share Capital	1	95,824,000	47,912,000
b) Reserves and Surplus	2	323,316,936	405,648,037
		419,140,936	453,560,037
(2) LOAN FUNDS			
a) Secured Loans	3	351,419,768	566,744,842
b) Unsecured Loans	4	111,047,760	101,089,897
		462,467,528	667,834,739
(3) DEFERRED TAX LIABILITY			
		69,419,525	79,217,631
	TOTAL	951,027,989	1,200,612,407
II. APPLICATION OF FUNDS			
(1) Fixed Assets			
a) Gross Block	5	537,544,841	531,594,318
b) Less: Depreciation		162,303,744	150,695,255
c) NET BLOCK		375,421,097	380,899,063
d) Add : Captial WIP		757,512	8,617,358
		375,998,609	389,516,421
(2) INVESTMENTS			
	6	7,470,651	23,105,898
(3) CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets			
a) Inventories	7	368,320,451	630,397,873
b) Sundry Debtors	8	207,403,067	299,973,851
c) Cash and Bank Balances	9	27,882,308	26,629,093
d) Loans and Advances	10	60,703,619	74,417,228
	TOTAL	664,309,445	1,031,418,045
LESS : CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	11	89,502,312	226,823,091
b) Provisions	12	7,248,404	16,604,866
		96,750,716	243,427,957
NET CURRENT ASSETS		567,558,729	787,990,088
	TOTAL	951,027,989	1,200,612,407
NOTES TO ACCOUNTS	20		

AS PER OUR REPORT OF EVEN DATE
FOR SUNDARLAL, DESAI & KANODIA,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(M. B. DESAI)
PARTNER

R. C. SARAF
DIRECTOR

R. R. SARAF
MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 30th June, 2009.

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH, 2009

	SCH NOS	For the year ended 31.03.2009 (IN RUPEES)	For the year ended 31.03.2008 (IN RUPEES)
INCOME			
Sales and Services	13	1,668,519,654	2,025,576,108
<u>Less: Excise Duty & Cess</u>		<u>131,668,249</u>	<u>216,021,241</u>
		1,536,851,405	1,809,554,867
Other Income	14	15,488,780	33,354,618
Increase/(Decrease) in Stocks	15	<u>(184,768,015)</u>	<u>68,083,292</u>
TOTAL		<u>1,367,572,170</u>	<u>1,910,992,776</u>
EXPENDITURE			
Consumption of Raw Material		1,078,442,236	1,416,889,329
Purchase for Resale		3,353,720	20,381,715
Manufacturing Expenses	16	79,975,548	87,678,765
Employees' Remuneration and Benefits	17	61,088,618	51,668,323
Administrative, Selling and Other Expenses	18	98,294,712	113,295,381
Financial Charges	19	56,636,016	58,357,825
Depreciation		<u>25,856,378</u>	<u>23,860,457</u>
TOTAL		<u>1,403,647,228</u>	<u>1,772,131,795</u>
PROFIT			
Profit / (Loss) before taxation		<u>(36,075,058)</u>	138,860,982
Provision for current taxation		54,000	30,500,000
Provision for deferred taxation / (Credit)		<u>(9,798,106)</u>	15,225,995
Provision for Fringe Benefit Tax		1,000,000	1,000,000
Profit / (Loss) after taxation		<u>(27,330,952)</u>	92,134,987
Prior Period Items		661,198	—
Short Provision of Taxation of Earlier Years		<u>(27,485)</u>	—
Profit / (Loss) after Tax available		<u>(26,697,239)</u>	92,134,987
Balance Brought Forward from Last Year		<u>157,794,298</u>	<u>94,067,508</u>
PROFIT AVAILABLE FOR APPROPRIATION		<u>131,097,058</u>	<u>186,202,495</u>
APPROPRIATIONS			
Transfer to General Reserve		10,000,000	20,000,000
Proposed Dividend		—	7,186,800
Distribution Tax on Dividend		—	1,221,397
BALANCE CARRIED FORWARD		<u>121,097,058</u>	<u>157,794,298</u>
EARNING PER SHARE			
Basic (Face Value of Rs. 10/- per share)		(2.79)	9.62
Diluted (Face Value of Rs.10/- per share)		(2.79)	9.62
NOTES TO ACCOUNTS			

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AS PER OUR REPORT OF EVEN DATE
FOR SUNDARLAL, DESAI & KANODIA,
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(M. B. DESAI)
PARTNER

R. C. SARAF
DIRECTOR

R. R. SARAF
MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 30th June, 2009.

SCHEDULES 1 TO 20 ANNEXED TO AND FORMING PART OF ACCOUNTS AS AT 31ST MARCH 2009

	AS AT 31.03.2009 (IN RUPEES)	AS AT 31.03.2008 (IN RUPEES)
SCHEDULE - "1"		
SHARE CAPITAL		
<u>Authorised</u> 1,00,00,000 (60,00,000) Equity Shares of Rs.10/- each	1,00,000,000	60,000,000
TOTAL	1,00,000,000	60,000,000
<u>Issued, subscribed and paid-up</u> 95,82,400 (47,91,200) equity shares of Rs.10/- each fully paid-up	95,824,000	47,912,000
 (NOTE: of the above 49,39,700 equity shares of Rs.10/- each were issued as fully paid bonus shares by capitalisation of reserves)		
TOTAL	95,824,000	47,912,000
SCHEDULE - "2"		
RESERVES AND SURPLUS		
i) <u>Capital Reserve</u> As per last Balance Sheet	4,501,000	4,501,000
ii) <u>General Reserve</u> As per last Balance Sheet	199,421,539	180,083,396
<u>Less :</u>		
i) Transitional effect on account of As 15 (Revised 2005) "Employee Benefits"	-	661,857
ii) Capitalised by issue of Bonus Shares	3,980,800	-
iii) Gain on account of exchange difference of previous year (As per note no.5 of schedule -20)	7,721,861	-
<u>Add :</u> Transferred from Profit & Loss Account	10,000,000	20,000,000
iii) <u>Share Premium Account</u> As per last Balance Sheet	43,931,200	43,931,200
<u>Less :</u> Capitalised by issue of Bonus Shares	43,931,200	43,931,200
iv) <u>Profit and Loss Account</u>	121,097,058	157,794,298
TOTAL	323,316,936	405,648,036
SCHEDULE - "3"		
SECURED LOANS		
(As per Note No.3 of Schedule 20)		
1 Loan from SBI on Cash Credit Accounts	177,293,554	339,791,971
2 Buyers' Credit From Bank	92,821,672	132,225,063
3 Term Loan From S. B. I.	71,647,125	84,433,800
4 Loan From other Banks	1,321,918	1,958,509
5 Loan From L. I. C.	8,335,500	8,335,500
TOTAL	351,419,768	566,744,842

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SCHEDULE - "4"	AS AT	AS AT
	31.03.2009	31.03.2008
UNSECURED LOANS	(IN RUPEES)	(IN RUPEES)
Interest-free Loans under Sales Tax Deferral Scheme (Payable within one year Rs.78,36,895/-, P.Y. Rs.67,47,841/-)	111,047,760	101,089,897
TOTAL	111,047,760	101,089,897

SCHEDULE - "5"

FIXED ASSETS

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01/04/08	Additions during the year	Deductions /Adjustments	As at 31/03/09	Upto 31/03/08	For the Current Year	Deductions /Adjustments	Upto 31/03/09	As at 31/03/09	As at 31/03/08
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Tangible Assets										
1	Leasehold Land	5,300,020	-	-	5,300,020	980,969	55,790	-	1,036,759	4,263,261	4,319,051
2	Leasehold Land - Wind Mill	4,720,000	-	-	4,720,000	631,628	188,800	-	820,428	3,899,572	4,088,372
3	Factory Building	73,395,402	1,428,147	705,006	74,118,543	24,979,772	2,477,478	39,167	27,418,083	46,700,459	48,415,630
4	Plant and Machinery	264,562,486	24,882,285	24,054,673	265,390,098	81,768,825	12,720,382	13,010,871	81,478,336	183,911,762	182,793,661
5	Plant and Machinery - Wind Mill	126,471,324	7,258,052	3,582,943	130,146,433	19,403,338	6,901,292	335,914	25,968,716	104,177,717	107,067,986
6	Dies and Moulds	10,599,568	959,608	-	11,559,176	6,484,531	329,025	-	6,813,556	4,745,620	4,115,037
7	Electrical Installation	17,292,235	183,325	210,713	17,264,847	7,583,149	927,036	132,142	8,378,043	8,886,804	9,709,086
8	Office Equipments	1,325,435	81,300	-	1,406,735	624,264	64,684	-	688,948	717,787	701,171
9	Air Conditioners	1,445,460	37,537	-	1,482,997	394,133	68,218	-	462,351	1,020,645	1,051,327
10	Computers	3,778,885	180,855	-	3,959,741	2,042,403	443,486	-	2,485,889	1,473,852	1,736,482
11	Furniture and Fixtures	4,292,259	40,955	-	4,333,214	1,927,383	262,613	-	2,189,996	2,143,218	2,364,876
12	Vehicles	9,368,289	600,772	1,348,978	8,620,083	2,563,525	907,030	729,796	2,740,758	5,879,325	6,804,764
	Leased Assets										
13	Office Premises	4,728,738	-	-	4,728,738	327,216	77,078	-	404,294	4,324,444	4,401,522
14	Plant & Machinery	2,883,857	-	-	2,883,857	479,442	136,983	-	616,425	2,267,432	2,404,415
	Intangible Assets										
15	Computer Software	1,430,360	200,000	-	1,630,360	504,680	296,483	-	801,163	829,197	925,680
	TOTAL	531,594,318	35,852,836	29,902,313	537,544,841	150,695,255	25,856,378	14,247,890	162,303,744	375,241,097	380,899,063
	Previous Year Total	515,167,332	28,111,975	11,684,990	531,594,318	127,760,410	23,860,457	925,612	150,695,255	380,899,063	387,406,922
	Capital WIP									757,512.00	8,617,358.00

Note:- Additions include Rs.1,54,20,489/- on account of foreign exchange loss for the Current Year & deletions include Rs. 77,21,861/- on account of foreign exchange gain of Previous Year. Refer Note No.5 of Schedule 20.

SCHEDULE - "6"

INVESTMENTS

i) Long Term Investment -Trade

Quoted, Fully Paid-up, at Cost

3,34,634(38,33,333) equity shares of Rs.6/- each of Remi Metals Gujarat Ltd. **6,993,851** 22,999,998
(Refer note no 1(ix) of schedule 20)

ii) Unquoted, Fully Paid-up, at Cost

4,768 (1,059) equity shares of Rs. 100/- each of Tarapur Environment Protection Society Ltd. **476,800** 105,900

TOTAL **7,470,651** 23,105,898

Cost of unquoted Invesments **476,800** 105,900

Cost of quoted Invesments **6,993,851** 22,999,998

Market Value of quoted Investments **6,993,851** 30,091,664

AS AT
31.03.2009
(IN RUPEES)

AS AT
31.03.2008
(IN RUPEES)

SCHEDULE - "7"

INVENTORIES

(As per Inventory taken, valued and certified by Management)

Finished Goods	61,154,187	92,350,316
Work-in-Process	204,631,908	353,719,005
Raw Materials (Incl. Goods-in-Transit Rs. 147.21 Lacs, P.Y. Rs.427.51 Lacs)	92,921,911	169,755,334
Stores & Spare Parts	8,343,601	8,819,586
Scrap	1,268,843	5,753,633
TOTAL	368,320,451	630,397,873

SCHEDULE - "8"

SUNDRY DEBTORS

(Unsecured & Considered Good)

Outstanding Over Six months	9,494,876	7,552,732
Others	197,908,191	292,421,119
TOTAL	207,403,067	299,973,851

SCHEDULE - "9"

CASH AND BANK BALANCES

Cash in hand	200,379	178,333
<u>Balances with Scheduled Banks:</u>		
In Current Accounts	1,444,438	947,526
In Fixed Deposits (Pledged with Bankers as Margin)	26,237,491	25,503,235
TOTAL	27,882,308	26,629,093

SCHEDULE - "10"

LOANS AND ADVANCES

(Unsecured and considered good)

Advances recoverable in cash or in kind or for value to be received	24,544,702	11,235,030
Payment of Advance Income Tax, TDS and FBT (Net)	13,446,219	114,329
Cenvat Refundable	16,391,732	29,447,635
Balances with Central Excise and Credit Receivable	2,320,000	30,240,894
Interest Accrued but not due	1,482,503	849,729
Deposits	2,518,462	2,529,610
TOTAL	60,703,619	74,417,228

SCHEDULE - "11"

CURRENT LIABILITIES

Sundry Creditors	44,202,225	112,681,018
Advances Received	6,201,760	72,396,636
Deposits Received	4,505,000	4,540,000
Interest Accrued but not due	164,794	187,549
Other Liabilities (Include unpaid Dividend of Rs.7.86 lacs, P.Y. Rs.5.79 Lacs, which is not due for deposit to Investors' education & protection Fund)	34,428,533	37,017,888
TOTAL	89,502,312	226,823,091

SCHEDULE - "12"

PROVISIONS

Leave Salaries	4,095,136	3,320,402
Gratuity Liability	3,153,268	4,876,267
Proposed Dividend	-	7,186,800
Distribution Tax on Dividend	-	1,221,397
TOTAL	7,248,404	16,604,866

	For the year ended 31.03.2009 (IN RUPEES)	For the year ended 31.03.2008 (IN RUPEES)
SCHEDULE - "13"		
SALES AND SERVICES		
Sales - Local	1,357,422,847	1,848,155,588
Sales - Export	297,308,129	165,430,099
Job Work Charges (Gross-TDS Rs.0.6 Lacs; P.Y. Rs. Nil)	13,033,791	11,972,223
Income from Wind Power	754,887	18,198
TOTAL	1,668,519,654	2,025,576,108
SCHEDULE - "14"		
OTHER INCOME		
Rent Received (Gross; TDS Rs.2.88 Lacs, P.Y. Rs.4.44 Lacs)	2,130,500	2,775,450
Dividend Received	-----	341
Long Term Capital Gain on Sale of Investments	1,499,869	68,683
Capital Gain on Sale of Fixed Assets (Net)	21,530,683	15,183,844
Foreign Exchange Gain / (Loss)	(22,104,198)	7,996,426
Miscellaneous Income	12,431,926	7,329,874
TOTAL	15,488,780	33,354,618
SCHEDULE - "15"		
INCREASE/(DECREASE) IN STOCK		
Opening Stock		
Finished Goods	92,350,316	59,645,681
Work-in-Process	353,719,005	315,877,272
Scrap	5,753,633	8,216,709
	451,822,953	383,739,662
Closing Stock		
Finished Goods	61,154,187	92,350,316
Work-in-Process	204,631,908	353,719,005
Scrap	1,268,8433	5,753,633
TOTAL	267,054,939	451,822,953
INCREASE / (DECREASE) IN STOCK	(184,768,015)	68,083,292
SCHEDULE - "16"		
MANUFACTURING EXPENSES		
Stores and Spare-parts consumed	34,326,554	33,246,137
Electricity and Water charges	11,042,769	10,568,045
Labour Charges	19,576,434	23,885,538
Royalty	959,062	545,540
Excise Duty on Stock	(7,433,554)	2,762,329
Repairs & Maintenance		
a) Building	2,297,581	1,913,804
b) Plant and Machinery	9,706,424	6,210,340
c) Others	2,148,625	1,647,673
Property Tax and Lease Rent	433,207	612,104
Other Manufacturing Expenses	6,918,446	6,287,257
TOTAL	79,975,548	87,678,765

Rajendra Mechanical Industries Limited

	For the year ended 31.03.2009 (IN RUPEES)	For the year ended 31.03.2008 (IN RUPEES)
SCHEDULE - "17"		
EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Bonus etc.	56,024,328	46,929,406
Contribution to Provident Fund	4,412,811	3,863,793
Welfare Expenses	651,478	875,125
TOTAL	61,088,618	51,668,323
SCHEDULE - "18"		
ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Packing & Forwarding Expenses	16,908,296	12,955,897
Travelling & Conveyance	8,314,672	9,019,726
Rent	903,568	795,887
Insurance	3,042,632	3,092,337
Rates & Taxes	649,640	301,709
Payment to Auditors		
Audit Fees	225,000	170,000
In Other Capacity	77,000	17,500
Commission paid	4,844,733	4,574,922
Bad-Debts Written Off	517,300	-
Late Delivery Charges Written Off	4,125,992	9,775,987
Directors Sitting Fees	63,000	56,000
Directors Commission	-	1,078,622
Sales Tax	35,405,393	58,489,668
Service Tax Payment	56,011	1,344,215
Donations	-	169,500
Loss on Long Term Investments	13,084,147	-
Miscellaneous Expenses	10,077,330	11,453,411
TOTAL	98,294,712	113,295,381
SCHEDULE - "19"		
FINANCIAL CHARGES		
Interest:		
On Fixed Term Loans	6,112,477	9,094,169
On Working Capital Facilities to Bank	22,857,602	30,234,760
To Others	16,525,936	7,465,095
	45,496,015	46,794,024
Less: Interest Received (Gross, Tds Rs.4.86 Lacs; P.Y.Rs.4.76Lacs)	3,379,482	2,155,406
	42,116,534	44,638,618
Bank Charges & Commission	14,519,482	13,719,206
TOTAL	56,636,016	58,357,825

SCHEDULE – “20” – NOTES ON ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES****(i) BASIS OF ACCOUNTING**

The financial statements are prepared under historical cost convention on accrual basis and are in accordance with the requirements of the Companies Act, 1956, and comply with the Accounting Standards specified by the Institute of Chartered Accountants of India.

(ii) FIXED ASSETS, DEPRECIATION AND TREATMENT OF EXPENDITURE DURING CONSTRUCTION

- a) All Fixed Assets are valued at cost, which include expenditure incurred in acquisition and construction/ installation and other related expenses & difference in foreign exchange liability related to assets acquired in foreign currency in accordance with Notification dated 31st March, 2009.
- b) Depreciation for the year has been provided on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to and deductions from assets during the year is provided on a pro-rata basis.
- c) Leasehold Land is amortised over the lease period.

(iii) INTANGIBLE ASSETS

Expenditure incurred for acquiring Software is stated at acquisition cost less accumulated amortisation. They are amortised over their useful life not exceeding five years.

(iv) ASSETS GIVEN ON OPERATING LEASE

- a) All assets given on operating lease are capitalized as Fixed Assets and shown separately in the Fixed Assets Schedule.
- b) Depreciation has been provided for on assets given on operating lease on straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions to and deductions from assets during the year is provided on pro-rata basis.

(v) VALUATION OF INVENTORY

- a) Raw Materials and General Stores are valued at cost or realisable value, whichever is less, excluding Cenvat and VAT credit, by FIFO method.
- b) Work in Process is valued at raw material cost or realisable value, whichever is less plus estimated overheads but excluding Cenvat and VAT credit.
- c) Finished Goods valued at cost including estimated overheads or net realisable value whichever is less. The value includes excise duty paid/payable on such goods.
- d) Scrap is valued at realisable value. This value includes excise duty payable thereon.

(vi) SALES

Sales are inclusive of Excise duty and Sales Tax and net of returns, claims, discount etc. Domestic Sale is recognised at the point of dispatch/billing & Exports Sale is recognised on the date of Bill of Lading.

(vii) EMPLOYEE RETIREMENT BENEFITS:**1) Post-Employment Employee Benefits****a) Defined Contribution Plans:**

The Company has Defined Contribution Plan for Post employment benefits in the form of Provident Fund for all employees which is administered by Regional Provident Fund Commissioner. Provident Fund is classified as defined contribution plan as the Company has no further obligation beyond making the contributions. The Company's contribution to Defined Contribution Plan is charged to the Profit and Loss Account as and when incurred.

b) Defined Benefit Plans:

Funded Plan: The Company has defined benefit plan for Post-employment benefit in the form of Gratuity for all employees which is administered through Life Insurance Corporation (LIC). Liability for above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

2) Other Long-term Employee Benefit:

Liability for Compensated Absences (unutilized leave benefit) is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is the Projected Unit Credit method in respect of past service.

- 3) Termination benefits are recognized as an expense as and when incurred.
- 4) The actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year without resorting to any amortization.

(viii) SALES TAX INCENTIVE

Sales Tax deferred under the Incentive Scheme of Govt. of Maharashtra has been shown as unsecured Loans.

(ix) INVESTMENTS

Long term Investments are stated at cost or fair value, whichever is less, temporary fall in market value, if any, is not provided for. Current Investments are carried at lower of cost and fair value.

(x) FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency transactions are recorded at the exchange rate prevailing at the time of the transaction.
- b) Foreign currency transactions remaining unsettled at the year end and not covered by forward contract are translated at the exchange rate prevailing at the year end. Premium/discount on forward contracts are amortized over the period of the contract.
- c) The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account except .as referred in para (d) below.
- d) Company has exercised option as per Notification dated 31st March, 2009 to account for gain/loss in foreign exchange liability for fixed assets acquired in foreign currency.

(xi) BORROWING COSTS

Borrowing costs that are attributable to the acquisition of fixed assets are capitalised for the period until the asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(xii) TAXES

Tax expense for the year comprises of current income tax & wealth tax, deferred income tax and fringe benefit tax. Current income tax and fringe benefit tax provision has been determined on the basis of reliefs, deductions available under the Income Tax Act. Deferred tax is recognized for all timing differences, subject to the consideration of prudence, applying the tax rates and tax laws which have been enacted or substantively enacted by the Balance Sheet date.

(xiii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation

as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities are disclosed separately.

(xiv) IMPAIRMENT

Impairment of assets are assessed at each Balance Sheet date and loss is recognized whenever the recoverable amount of an asset is less than its carrying amount.

2. Contingent Liabilities not provided for :

	Current Accounting Year Ended 31-03-2009 (Rs.in Lacs)	Previous Accounting Year Ended 31-03-2008 (Rs.in Lacs)
a) Bank Guarantees given by bankers on behalf of the Company	1072.98	1171.10
b) Guarantee given by the Company to Bankers on behalf of associate Company	677.37	590.00
c) Bills Discounted	285.89	234.55
d) Claim of Collector	353.47	353.47
e) Sales Tax (Disputed in Appeal)	116.23	116.23
f) Show Cause Notice in respect of Central Excise	38.13	20.09
g) Central Excise (Disputed in Appeal)	233.31	207.23
h) Show Cause Notice in respect of Service Tax	--	16.61
i) Custom Duty	20.79	22.46
j) Water Charges	15.21	--

3. i) Loans from State Bank of India (SBI) on Cash Credit account are secured by first hypothecation charge on entire current assets consisting of raw material, semi finished, finished goods and receivables. Extension of first charge on entire fixed assets of the Company consisting of land, building, plant and machinery situated at Tarapur, Distt. Thane and at Brahmanwel, Distt. Dhule. The loans are also guaranteed by two of the directors.
- ii) Term loan from State Bank of India is secured by mortgage charge on land & building at Tarapur, land at Dhule for Wind Power Project and hypothecation charge on Plant & Machinery and extension of hypothecation charge on the entire current assets of the Company consisting of Raw Materials, Stock-in-Process, Finished Goods, Stores & Spares, Other Consumables, Book debts, both present and future. The term loan is also guaranteed by two of the directors. (Repayment in next one year is Rs.296.21 lacs; P.Y. Rs.296.21 lacs).
- iii) Loans from other banks are secured by hypothecation of the Vehicles purchased from such loans. Repayment due in next one year is Rs.7.99 lacs (P.Y. Rs.9.73 lacs).
- iv) Loans from LIC is secured by pledge of Keyman Insurance Policies. Repayment due in next one year Rs.83.36 Lacs; (P.Y. Rs. Nil).

4. Rent receivable in respect of assets given on operating lease in next one year is Rs.9.49 Lacs (P.Y. Rs.11.86 Lacs), beyond one year to five years Rs.15.00 Lacs (P.Y. 21.49 Lacs) and beyond five years Rs.0.25 Lacs (P.Y. Rs.0.25 Lacs).

5. The Company has exercised option given in Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard - 11 (AS-11 issued by The Institute of Chartered Accountants of India) which was notified by the Ministry of Corporate Affairs regarding accounting of Exchange Rate Difference

8. The significant component and classification of deferred tax assets and liabilities on account of timing differences are: -

Deferred Tax Assets:
 Provision for Retirement Benefits
 Business Loss
 Long Term Capital Loss

Deferred Tax Liability:
 Depreciation

Net deferred tax liability on account of timing difference

related to long term foreign currency loan utilised for acquisition of Fixed Assets. Hitherto Company accounted for such Foreign Exchange Rate difference in Profit & Loss Account, but on exercise of option referred above such Foreign Exchange Rate Difference of Rs.1,54,20,489/- related to current year & Rs.77,21,861/- related to previous year is now capitalised and considered for calculation of depreciation. Company credited gain on Foreign Exchange Rate difference of Rs.77,21,861/- related to long term foreign currency loan availed for acquisition of fixed assets in Profit & Loss Account of previous year is now reversed by debiting General Reserve. This is change in method of accounting in accordance with Notification of Ministry of Company Affairs dated 31st March, 2009.

6. The Company was holding 33,46,333 equity shares of Remi Metals Gujarat Ltd. of Rs.6/- each fully paid-up amounting to Rs.2,00,77,998/- as long term investment. In case of Remi Metals Gujarat Ltd., BIFR vide its order dated 23.09.2008 ordered for reduction in share capital by 90%. As per the said BIFR order, said Remi Metals Gujarat Ltd. has reduced its existing equity share capital by 90% and consequently the Company's equity holding in Remi Metals Gujarat Ltd. reduced to 3,34,633 equity shares having face value of Rs.20,07,804/-. The market value of the reduced number of equity shares as on 31st March, 2009 is Rs.69,93,851/-. The management is of the opinion that it is fair to adopt cost of reduced equity shares valued at Rs.69,93,851/- in accordance with Accounting Standard 13 (AS-13) issued by The Institute of Chartered Accountants of India and the balance amount of Rs.1,30,84,147/- being loss arising on extinguishment of long term investment on account of reduction in capital has been charged to Profit & Loss Account as Long Term Capital Loss.
7. The Company has charged mark to market loss of Rs.31,359/- to Profit & Loss account on foreign currency derivative contracts.

As At 31-03-2009 (Rs.in Lacs)	As At 31-03-2008 (Rs.in Lacs)
13.92	15.13
141.35	---
53.31	---
208.58	15.13
902.78	807.31
694.20	792.18

9. a) Information about business segments: -

(Rs. in Lacs)

Revenue	S. S. Pipes & Tubes	Wind Mill Division	Others	Total
External	16,554.86 (20,136.04)	88.55 (88.19)	-- (--)	16,643.41 (20,224.23)
Inter Segment	-- (--)	41.79 (31.53)	-- (--)	41.79 (31.53)
Total Revenue	16,554.86 (20,136.04)	130.34 (119.72)	-- (--)	16,685.20 (20,255.76)
Result				
Segment Result	46.56 (1,612.69)	4.16 (25.95)	--	50.72 (1,638.64)
Other Income (Net)	107.20 (164.38)	-- (--)	47.69 (169.17)	154.89 (333.55)
Financial Charges (Net)				566.36 (583.58)
Loss/(Profit) Before Tax				360.75 (1,388.61)
Provision for current Taxation				0.54 (305.00)
Provision for deferred Taxation Credit/(Expense)				97.98 (152.26)
Provision for Fringe Benefit Tax				10.00 (10.00)
Loss/(Profit) after Tax				273.31 (921.35)
Other Information				
Segment Assets	9,234.64 (13,007.85)	1,116.17 (1,147.10)	126.98 (285.45)	10,477.79 (14,440.40)
Segment Liabilities	3,622.15 (7,090.62)	0.40 (1.87)	46.11 (61.96)	3,668.66 (7,154.45)
Capital Expenditure	285.95 (281.12)	72.58 (--)	-- (--)	358.53 (281.12)
Depreciation	185.90 (168.00)	70.95 (68.71)	1.71 (1.89)	258.56 (238.60)
Non cash expenses other than depreciation	-- (--)	-- (--)	-- (--)	-- (--)

b) Information about Secondary Business Segments Revenue by geographical market

	Domestic	International	Total
External	16,643.41 (18,569.93)	13,670.33 (1,654.30)	2,973.08 (20,224.23)
Inter Segment	41.79 (31.53)	-- (31.53)	41.79 (--)
Total	13,712.12 (18,601.46)	2,973.08 (1,654.30)	16,685.20 (20,255.76)
Segment Assets	10,354.22 (14,413.11)	123.57 (27.29)	10,477.79 (14,440.40)
Capital Expenditures	358.53 (281.12)	-- (--)	358.53 (281.12)

c) Notes

- i) Management has identified two reportable segments, namely: -
 - a) S.S. Pipes & Tubes -- Comprising of Stainless Steel Welded & Seamless Pipes & Tubes.
 - b) Wind Mill Division -- Comprising of Wind Turbines at Dhule.
- ii) The Segment Revenue in the geographical segments considered for disclosure are as follows: -
 - a) Domestic -- Comprising of sales to customers located within India and earning in India.
 - b) International -- Comprising of sales to customers located outside India.
- iii) Figures in brackets are for previous year.

10. Earning per Share

Reconciliation of basic and diluted shares used in computing earnings per share

- a) Number of shares considered as basic weighted average shares outstanding
 - i) Number of shares at the beginning of the year
 - Add: effect of issue of bonus shares during current year
 - Number of shares considered as basic weighted average shares outstanding for computing basic earning per share
 - Number of shares considered as weighted average shares outstanding for computing diluted earning per share.

Computation of basic & diluted earning per share

- b) Net profit after tax attributable to equity share-holders (Rs. in Lacs)
- c) Basic earnings per equity share of Rs.10/- each (in Rupees)
- d) Diluted earnings per equity share of Rs.10/- each (in Rupees)

	2008-2009	2007-2008
	95,82,400	47,91,200
	---	47,91,200
	95,82,400	95,82,400
	95,82,400	95,82,400
	(266.97)	921.35
	(2.79)	9.62
	(2.79)	9.62

Rajendra Mechanical Industries Limited

11. Related Parties disclosures: -

- i) (a) **Key Management Personnel:**
Shri. V. C. Saraf - Chairman, Shri. Rajendra C. Saraf - Director, Shri. Rishabh R. Saraf - Managing Director, Shri. Ritvik V. Saraf - Executive Director
- (b) **Associates:**
Remi Process Plant and Machinery Ltd., Rajendra Electrical Industries Ltd., Remi Metals Gujarat Ltd., Remi Finance & Investments Pvt. Ltd., Remi Sales & Engineering Ltd., Remi Anupam Mixie Ltd., Bajrang Finance Ltd., Remi Securities Ltd. and Rajendra Finance Pvt. Ltd.
- (c) **Relatives of key management personnel and other related parties:**
Smt. Vandana V. Saraf, Rajendra Electrical Motor Industries, Minakshi R. Saraf, Vishwambharlal Chiranjilal H.U.F., Shruti Trust, Rishabh Trust, Ritvik Trust.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.
ii) Transactions carried out with related parties referred in 1 above, in ordinary course of business:

(Rs. in Lacs)

Nature of Transactions	Related Parties		
	Referred in 1(a) above	Referred in 1(b) above	Referred in 1(c) above
Purchases			
Fixed Assets	--	30.57	--
	(--)	(39.08)	(--)
Goods & Materials	--	0.55	(--)
	(--)	(655.65)	(--)
Sales			
Goods and Materials	--	40.98	--
	(--)	(0.52)	(--)
Fixed Assets	--	337.52	--
	(--)	(--)	(258.41)
Expenses			
Rent and other service charges	1.20	6.74	--
	(1.20)	(6.62)	(--)
Job Work Charges	--	3.20	--
	(--)	(0.55)	(--)
Royalty Charges	--	--	9.59
	(--)	(--)	(5.46)
Remuneration	47.76	--	--
	(44.85)	(--)	(--)
Commission to Directors'	--	--	--
	(10.76)	(--)	(--)
Repairs & Maintenance	--	3.48	--
	(--)	(0.23)	(--)
General Expenses	--	0.25	--
	(--)	(--)	(0.49)
Interest paid	--	140.51	--
	(--)	(65.40)	(--)
Reimbursement of Expenses	--	3.59	--
	(--)	(3.40)	(--)
Directors' Fees	0.29	--	--
	(0.24)	(--)	(--)
Income			
Interest Received	--	0.01	--
	(--)	(0.08)	(--)
Rent and other service charges	--	11.02	--
	(--)	(11.04)	(--)
Testing Charges	--	1.30	--
	(--)	(0.73)	(--)
Job Work Charges	--	7.09	--
	(--)	(--)	(--)
Finance			
Loans and Advances taken	--	4,305.00	--
	(--)	(5,117.75)	(--)
Loans and Advances given	--	--	--
	(--)	(500.00)	(--)
Outstandings			
Payable	--	3.64	1.76
	(--)	(282.01)	(1.83)
Receivable	1.25	361.62	--
	(1.25)	(12.59)	(--)
Loans taken	--	111.56	--
	(--)	(50.89)	(--)
Loans given	--	--	--
	(--)	(0.06)	(--)

12. Disclosures in accordance with Revised AS - 15 on "Employee Benefits" :

(A) Defined Contribution Plans:

The Company has recognized the following amounts in the Profit and Loss Account for the year:

For the year ended March 31, 2009

Contribution to Employees' Provident Fund	44,12,811 (38,63,793)
Total	44,12,811 (38,63,793)

(B) Defined Benefits Plans:

(i) Changes in the Present Value of Obligation:

For the year ended March 31, 2009

	Gratuity	Leave Encashment	Total
(a) Present Value of Obligation as at April 1, 2008	1,03,50,070 (61,83,555) 8,28,006	33,20,402 (22,99,949) 2,65,632	1,36,70,472 (84,83,504) 10,93,638
(b) Interest Cost	(4,63,767)	1,83,996	(6,47,763)
(c) Past Service Cost	-- (--)	-- (--)	-- (--)
(d) Current Service Cost	11,37,563 (9,18,488) (2,71,388)	5,13,655 (2,63,642) (2,39,545)	16,51,218 (11,82,130) (5,10,933)
(e) Benefits Paid	(1,62,034) 7,69,207	(2,01,136) 2,34,992	(3,63,170) 10,04,199
(f) Actuarial (Gain)/Loss	(29,46,294) 1,28,13,458	(7,73,951) 40,95,136	(37,20,245) 1,69,08,594
(g) Present Value of Obligation as at March 31, 2009	(103,50,070)	(33,20,402)	(136,70,472)

(ii) Changes in the Fair value of Plan Assets:

For the year ended March 31, 2009

	Gratuity
(a) Present Value of Plan Assets as at April 1, 2008	54,73,803 (44,25,575)
(b) Expected Return on Plan Assets	7,76,086 (4,54,943)
(c) Actuarial (Gain)/Loss	-- (--)
(d) Employers' Contributions	36,81,689 (7,58,319)
(e) Employees' Contributions	-- (--)
(f) Benefits Paid	(2,71,388) (1,62,304)
(g) Fair Value of Plan Assets as at March 31, 2009	96,60,190 (54,73,803)

(iii) Amount recognized in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets:-

For the year ended March 31, 2009

	Gratuity	Leave Encashment	Total
(a) Present Value of Funded Obligation as at March 31, 2008	1,28,13,458 (103,50,070)	-- (--)	1,28,13,458 (103,50,070)
(b) Fair Value of Plan Assets as at March 31, 2009	96,60,190 (54,73,803)	-- (--)	96,60,190 (54,73,803)
(c) Present Value of Unfunded Obligation as at March 31, 2009	-- (--)	40,95,136 (33,20,402)	40,95,136 (33,20,402)
(d) Net Liability recognized in the Balance Sheet	31,53,268 (48,76,267)	40,95,136 (33,20,402)	72,48,404 (81,96,669)

(iv) Expenses recognized in the Profit and Loss Account:

For the year ended March 31, 2009

	Gratuity	Leave Encashment	Total
(a) Current Service Cost	11,37,563 (9,18,488)	5,13,655 (2,63,642)	16,51,218 (11,82,130)
(b) Past Service Cost	-- (--)	-- (--)	-- (--)
(c) Interest Cost	8,28,006 (4,63,767)	2,65,632 (1,83,996)	10,93,638 (6,47,763)
(d) Expected Return on Plan Assets	(7,76,086) (4,54,943)	-- (--)	(7,76,086) (4,54,943)
(e) Net actuarial (Gain)/Loss	7,69,207 (29,46,294)	2,34,992 (7,73,951)	10,04,199 (37,20,245)
(f) Employees' Contribution	-- (--)	-- (--)	-- (--)
(g) Total Expenses recognized in the Profit and Loss Account	19,58,690 (38,75,606)	10,14,279 (10,20,453)	29,72,969 (48,96,059)

Rajendra Mechanical Industries Limited

(v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2009

	Percentage
(a) Government of India Securities	--
(b) Corporate Bonds	(--)
(c) Special Deposit Scheme	(--)
(d) Equity Shares of Listed Companies	(--)
(e) Property	(--)
(f) Insurer Managed Funds	100% (100%)
(g) Others	(--)

(vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

(vii) The Actual Return on Plan Assets is as follows

S. No.	Particulars	Rs.
(a)	Actual return on plan assets	7,76,086 (4,54,943)

(viii) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Sr.No.	Particulars	Gratuity	Leave Encashment
(a)	Discount Rate	8% (8%)	8% (8%)
(b)	Expected Rate of Return on Plan Assets	8% (8%)	8% (8%)
(c)	Salary Escalation Rate	6% (6%)	6% (6%)

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

13. **Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.519.13 Lacs (P.Y. Rs.31.09 Lacs)**

Current Accounting Year Ended 31.03.2009		Previous Accounting Year ended 31.3.2008	
Qty. (Tones)	Value (Rs.in Lacs)	Qty. (Tones)	Value (Rs.in Lacs)

14. **Details of licensed capacity, installed capacity and actual production:**

a) Licensed Capacity: Stainless Steel Welded & Seamless Pipes.	N.A.	N.A.
b) Installed Capacity:*		
i) Stainless Steel Pipes & Tubes	6945	6345
ii) Wind Power	2.25 MW	2.25 MW
c) Actual Production:		
i) Stainless Steel Pipes & Tubes	4589.422	5455.386
ii) Wind Power (Units)	3435105	3300242

* Notes: 1. The Company manufactures wide range of small & big diameter stainless steel welded and Seamless pipe & tubes and installed capacity in tons is based on Standard size of diameter.
2. Installed capacity is as certified by the management and relied by auditor's being a technical matter.

15. **Details of Opening Stock, Purchases, Sales & Closing Stock:**

a) Opening Stock:				
i) Stainless Steel Pipes & Tubes	294.107	923.50	193.315	596.46
	<u>294.107</u>	<u>923.50</u>	<u>193.315</u>	<u>596.46</u>
b) Purchase for Resale S.S. Coils, Plates etc.	19.560	33.54	102.131	203.82
	<u>19.560</u>	<u>33.54</u>	<u>102.131</u>	<u>203.82</u>
c) Sales:				
Stainless Steel Pipes & Tubes	4684.081	16066.08	5,354.594	19,414.23
S.S. Coils, Plates etc.	19.560	49.16	102.131	256.71
Power (Including Captive Consumption of	--	130.34	--	119.72
Others	--	439.62	--	465.10
		<u>16685.20</u>		<u>20,255.76</u>
d) Closing Stock:				
i) Stainless Steel Pipes & Tubes	199.448	611.54	294.107	923.50
	<u>199.448</u>	<u>611.54</u>	<u>294.107</u>	<u>923.50</u>

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16. Raw Material Consumption:				
i) S.S.Sheets and Plates	3184.758	6276.81	4329.890	9009.63
ii) S.S.Mother Pipes	1406.341	4507.61	1867.493	5159.26
	<u>4591.099</u>	<u>10784.42</u>	<u>6197.383</u>	<u>14168.89</u>

17. Value of Imports calculated on C.I.F. basis in respect of:			
i) Raw Material		6075.64	10303.41
ii) Stores and Spare Parts		5.01	--
iii) Fixed Assets		81.71	42.38

18. Value of Raw Materials and Stores & Spare Parts consumed & percentage of total consumption:

	Value (Rs.in Lacs)	% of total consumption	Value (Rs.in Lacs)	% of total consumption
a) Raw Materials:				
i) Imported	7408.99	68.70	11025.85	77.82
ii) Indigenous	3375.43	31.30	3143.04	22.18
	<u>10784.42</u>	<u>100.00</u>	<u>14168.89</u>	<u>100.00</u>
b) Stores and Spare Parts:				
i) Imported	8.04	2.34	--	--
ii) Indigenous	335.23	97.66	332.46	100.00
Total	<u>343.27</u>	<u>100.00</u>	<u>332.46</u>	<u>100.00</u>

19. (a) Computation of Net Profit under Section 349/198(1) of the Companies Act, 1956 for the purpose of Directors' Commission: -

	Current Accounting Year Ended 31-03-2009 Value (Rs.in Lacs)	Current Accounting Year Ended 31-03-2008 Value (Rs.in Lacs)
Profit before Taxation as per Profit & Loss Account: -	(360.75)	1388.61
Less: Depreciation as per Section 350	(354.35)	407.54
Capital Gain on sale of Fixed Assets (Net)	(215.31)	151.84
	(930.41)	829.23
Add: Depreciation as per accounts	258.56	238.60
Loss on Long Term Investments (Net)	115.84	--
Commission to Directors	--	10.79
Net Profit/(Loss)	<u>(556.01)</u>	<u>1078.62</u>
Directors' Commission 1% of Net Profit/(Loss)	Nil	10.79

(b) Managerial Remuneration

i) Directors' Fees	0.63	0.56
ii) Directors' Commission	0.00	10.79
iii) Remuneration (incl. contribution to Provident Fund and estimated value of perquisites)	47.76	44.85
	<u>48.39</u>	<u>56.20</u>

20. Expenditure in Foreign Currency:

i) Travelling expenses	22.68	26.44
ii) Interest & Bank Charges	106.12	151.03
iii) Other Expenses	35.82	50.36
	<u>164.62</u>	<u>227.83</u>

21. Earning in Foreign Exchange:

Export of S.S. Pipes (at F.O.B. Value)	<u>4070.46</u>	<u>4,607.95</u>
--	----------------	-----------------

(Including value of Deemed Exports & Supplies to SEZ & EOU of Rs.1,034.58 lacs; P.Y. Rs. 3,032.99 lacs)

22. Company does not have complete information to determine Micro, Small and Medium Enterprises as specified in Micro, Small and Medium Enterprises Development Act, 2006 hence it is not possible for us to verify the amount due to such enterprises.

23. The Balance Sheet extract and Company's general business profile as required by Part IV of Schedule VI to the Companies Act, 1956, are given in the annexure.

24. Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable with current years figures. As per our report of even date.

**AS PER OUR REPORT OF EVEN DATE
FOR SUNDARLAL, DESAI & KANODIA,
CHARTERED ACCOUNTANTS**

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE : MUMBAI
DATED : 30th June, 2009.

**R. C. SARAF
DIRECTOR**

**R. R. SARAF
MANAGING DIRECTOR**

**ANNEXURE REFERRED TO IN NOTE 18 OF THE NOTES ANNEXED TO AND FORMING
PART OF THE BALANCE SHEET AS AT 31st MARCH, 2009 AND THE
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No.	14746	State Code	11
Balance Sheet Date	31.03.2009		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	47912	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1047779	Total Assets	1047779
Sources of Funds			
Paid-up Capital	95824	Reserves & Surplus	323317
Secured Loans	351420	Unsecured Loans	111048
Deferred Tax Liability	69420		
Application of Funds			
Net Fixed Assets	375999	Investments	7471
Net Current Assets	567559	Misc. Expenditure	NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1366072	Total Expenditure	1402147								
Profit / (Loss) before tax	(36075)	Profit / (Loss) after tax	(27331)								
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+	-										
-	-										
+	-										
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(Please mark Appropriate box "+" for Profit "-" for Loss)

Earning Per Share in Rs. (Annualised)	(2.79)	Dividend rate %	NIL
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**V. General Names of Three Principal Products/Services of Company
(as per monetary terms)**

Item Code No. (ITC)	730640.00
Product Description	S. S. WELDED PIPE
Item Code No. (ITC)	730410.01
Product Description	S. S. SEAMLESS PIPE
Item Code NO. (ITC)	
Product Description	POWER GENERATION

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

R. C. SARAF
DIRECTOR

R. R. SARAF
MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 30th June, 2009.

CASH FLOW STATEMENT FOR THE YEAR 2008-2009

	(Rupees in Lakhs)	
	2008-2009	2007-2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extra-ordinary item	(360.75)	1,388.61
Adjustment for :		
Depreciation	258.56	238.60
Interest	566.36	583.58
Profit on sale of Fixed Assets	(215.31)	(151.58)
Profit on sale of Investments	(15.00)	(0.69)
Loss on sale of Investments	130.84	--
Other Income	(21.31)	(181.02)
Operating profit before working capital charges	343.39	1,877.24
Adjustment for :		
Trade and Other Receivables	1,062.84	(1,498.09)
Inventories	2,620.77	(724.00)
Trade Payable and Provision	(1,466.77)	(307.04)
Cash Generated from Operations	2,560.23	(651.89)
Interest Paid	(566.36)	(583.58)
Direct Taxes Paid	(10.54)	(315.00)
Dividend & Tax thereon	--	(84.08)
Cash Flow before Extra-ordinary items	1,983.33	(1,634.55)
Extra-ordinary items	(0.27)	(10.03)
Net Cash from Operating Activities (A)	1,983.06	(1,644.58)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investment	(3.71)	(1.06)
Purchase of Fixed Assets	(279.92)	(367.29)
Sale of Fixed Assets	301.24	259.43
Sale of Investments	44.22	0.69
Other Income	21.13	181.02
Net Cash used in Investing Activities (B)	83.14	72.79
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Loan	(201.71)	(458.21)
Repayment of Short Term Loan	(2,019.02)	--
Proceeds from Long Term Loan	167.06	75.98
Proceeds from Short Term Loan	--	1,960.78
Proceeds from State Government Subsidy	--	20.00
Net Cash used in Financial Activities (C)	(2,053.67)	1,598.55
Net Increase in Cash and Cash Equivalents (A+B+C)	12.53	26.76
Cash as at (Closing Balance)	278.82	266.29
Cash as at (Opening Balance)	266.29	239.53
Increase/Decrease in Cash Balance	12.53	26.76

NOTES ON ACCOUNTS
AS PER OUR REPORT OF EVEN DATE
FOR SUNDARLAL, DESAI & KANODIA,
CHARTERED ACCOUNTANTS

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FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(M. B. DESAI)
PARTNER

R. C. SARAF
DIRECTOR

R. R. SARAF
MANAGING DIRECTOR

PLACE : MUMBAI
DATED : 30th June, 2009.

RAJENDRA MECHANICAL INDUSTRIES LIMITED

Regd. Office : 11, Cama Industrial Estate, Goregaon (East), Mumbai - 400 063.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of Member (in BLOCK LETTERS).....

Member's Folio NumberClient ID :.....DP ID :.....

Name of proxy (in BLOCK LETTERS)

(To be filled in if the Proxy attends instead of the Member/s

No. of Shares Held

I hereby record my presence at the 38th ANNUAL GENERAL MEETING held on **Wednesday**, the **30th September, 2009** at 11, Cama Industrial Estate, Goregaon (East), Mumbai - 400 063.

Note : To be signed at the time of handing over this slip.

Member's / Proxy's Signature

RAJENDRA MECHANICAL INDUSTRIES LIMITED

Regd. Office : 11, Cama Industrial Estate, Goregaon (East), Mumbai - 400 063.

PROXY FORM

Member's Folio NumberClient ID :.....DP ID:.....

I/Weof

..... being a Member/members of the above-named Company, hereby appoint of as my / our proxy to attend and vote for me/us on my/our behalf at the 38th ANNUAL GENERAL MEETING to be held on **Wednesday**, the **30th September, 2009** at its Regd. Office: 11, Cama Industrial Estate, Goregaon (E), Mumbai-400 063. at 11.30 a.m.

Signed

Date :

Notes :

Affix
Re. 1/-
Revenue
Stamp

1. The instrument of Proxy shall be deposited at the Reg. Office of the Company not less than 48 hours before the time fixed for the holding of the Meeting.
2. The Form should be signed across the stamp as per specimen signatures registered with the Company.

BOOK – POST

If undelivered, please return to:

RAJENDRA MECHANICAL INDUSTRIES LIMITED

Plot No.11, Cama Industrial Estate,
Goregaon (East), Mumbai – 400 063