

# **Remi Metals Gujarat Limited**

28<sup>th</sup> Annual Report  
2009-2010



# REMI METALS GUJARAT LIMITED

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Shri Atul Desai	–	Chairman
	Shri B K Goenka		
	Shri Murarilal Mittal		
	Shri Vijay Singh Bapna		
	Shri Rajendra C Saraf		
	Shri Rishabh Saraf		
	Shri Nirmal Gangwal		
	Shri Ramgopal Sharma		

**COMPANY SECRETARY** Mr. K.N. Kapasi

**AUDITORS** M/s. Chaturvedi & Shah.,  
Nariman Point,  
Mumbai – 400 021

**BANKERS**

- Bank of Baroda
- Lakshmi Vilas Bank
- Andhra Bank
- Federal Bank
- Corporation Bank

**REGISTERED OFFICE** G.I.D.C Industrial Estate,  
Valia Road, Jhagadia,  
Dist. Bharuch, Gujarat

**LISTING OF SHARES** The Bombay Stock  
Exchange Ltd, Mumbai  
Phiroze Jeejeebhoy Tower,  
Dalal Street, Mumbai 400 001.

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## NOTICE

To,  
The Members

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Company will be held at its Registered Office, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, in the state of Gujarat on Saturday, 4th September, 2010 at 12.30 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Shri Rajendra C. Saraf, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Nirmal Gangwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rishabh Saraf, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

6. To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** Shri Abhishek Mandawewala in respect of whom the company has received Notice under Section 257 of the companies Act, 1956 from a shareholder intimating his intention to appoint him as a director, be and is hereby appointed as a Director of the Company.”

7. To consider and if thought fit to pass with or without modification(s), following resolution as a Special Resolution:

**“RESOLVED THAT** Pursuant to Section 198, 269, 309 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, and subject to the approval of Central Government if required, Shri Abhishek Mandawewala, be and is hereby appointed as an Executive Director of the Company for a period of five years with effect from the date of this Annual General Meeting i.e. 4th September, 2010 on an aggregate remuneration of Rs.15 lacs per annum inclusive of all perquisites and benefits plus 1% Commission on Net Profits to the Company computed in the manner laid down under Section 349 & 350 of the Companies Act, 1956.”

**“RESOLVED THAT** Contribution to provident fund, superannuation fund or annuity fund and gratuity as may be payable under the provisions of relevant Acts and to the extent exempt under Income Tax Act and encashment of leave at the end of the tenure shall not be computed in the aforesaid ceiling for perquisites and allowances.”

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to issue letter of appointment, a draft whereof is placed before this meeting and do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this Resolution.”

**“RESOLVED FURTHER THAT** where in any financial year closing after 31st March, 2010, the Company has no profits or its profits are inadequate, the Company do pay to Shri Abhishek Mandawewala remuneration by way of salary, perquisites, allowances, etc as mentioned above.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions to the said appointment to the extent the Board may consider appropriate and as may be agreed to between the Board and Shri Abhishek Mandawewala.”

By Order of the Board

**K. N. Kapasi**  
Company Secretary

Date: 31st July, 2010

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
2. The Register of Members of the Company will remain closed from Tuesday, 24th August, 2010 to Friday, 27th August, 2010 both days inclusive.
3. An explanatory statement relating to the items of special business at nos. 6 to 7 is herewith attached.
4. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Share Transfer Agent M/s. Bigshare Service Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

**Explanatory Statement – Annexure to the Notice**

**Item No. 6 and 7**

The Company has received a Notice under section 257 of the Companies Act, 1956 from a shareholder intending to appoint Shri Abhishek Mandawewala as a Director of the company.

Board of Directors has recommended his appointment as a Director and also as an Executive Director with the effect from the date of passing of this resolution as mentioned in item no. 6 & 7.

Shri Abhishek Mandawewala is 23 years old and he is B.A. / M. Eng. (Honours) from University of Cambridge, UK and he has experience of more than one year. He was an Executive of Welspun Steel Limited till April 30, 2010 and he is Executive of the Company with effect from 1st May, 2010.

A copy of draft appointment letter for his appointment is available for inspection of members at the registered office of the Company on any working day of the Company between 11.00 a.m. & 1.00 p.m.

The above may also be treated as an abstract of the draft agreement proposed to be entered into between the Company and him pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Shri Abhishek Mandawewala himself is in any way concerned or interested in the said resolution.

By Order of the Board

**K. N. Kapasi**  
*Company Secretary*

Date: 31st July, 2010

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their 28th Annual Report together with Audited Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

(Rs. Lacs)

	Year ended 31-03-2010	Year ended 31-03-2009
<b>Sales &amp; Other Income</b>	<b>37314</b>	29,332
<b>Profit / (Loss) before interest, depreciation and Miscellaneous Expenses written off</b>	<b>(553)</b>	(1,983)
Interest and Financial Charges	<b>1494</b>	1,207
Depreciation and Amortization	<b>1888</b>	1,474
Profit / (Loss) before Exceptional Items	<b>(3935)</b>	(4,664)
<b>Exceptional Items</b>		
Interest including Funded Interest waived as per rehabilitation scheme	-	665
Principal waived as per rehabilitation scheme	-	474
<b>Profit/ (Loss) after Exceptional Items</b>	<b>(3935)</b>	(3,525)
Less : Fringe Benefit Tax	-	7
<b>Profit/ (Loss) after Tax</b>	<b>(3935)</b>	(3,532)
Profit/ (Loss) brought forward from previous year	<b>(4951)</b>	(8,224)
Adjustment on reduction of share capital	-	6,805
Balance carried to Balance Sheet	<b>(8886)</b>	(4,951)

### OPERATIONS

Performance of Alloy Steel and Seamless Tubes of the Company was as under:

Particulars	2009-10			2008-09		
	Production (Tones)	Sales (in Qty.)	Gross Sales (Rs. in Lacs)	Production (Tones)	Sales (in Qty.)	Gross Sales (Rs. in Lacs)
Steel	83742*	84076	36337	54089	52574	29748
Trading in steel	—	—	—	—	1409	989
Seamless Pipes	5772	5982	3936	5513	3765	2461

\* Includes 2972 MT processed by third parties.

Despite on-going recessionary situation in early FY 09-10 which has caused average realization of steel products lower by 17% over that of its preceding year, the organization has taken various steps which has resulted in 60% improvement in Sales Volume of Steel Products and 10% improvement in sales volume of Seamless Pipes in FY 09-10 over that of FY 08-09. Some of the noteworthy Plant

Improvements include Installation of Continuous DRI feeding system- which has brought in savings in manufacturing cost as well as stability in production, Outsourcing of smaller size rolled products to vendors -which has resulted in increased through-put of our rolling mill and recent Installation of LRF transformer which started showing results of reduced cycle time in steel thereby reducing the cost of steel making. Preventive Maintenance system has been further strengthened across all production processes which has resulted in increased production level of quality material.

By diversifying sales into Bearing, power, Defense and railway segments from hitherto Auto and General Engineering Segments, our product mix got a wider spread. We have also started developing niche products especially, high grade special steels (Creep Resistance Steel, Ball Bearing Steels, Low Phosphorous & Low Sulphur Nickel Chrome, Mo Steels & Round Ingots) to maximize sales & profitability. The newly installed heat-treatment furnace would aid in strengthening quality of these niche products.

In view of the above steps taken, the Company expects improvement in performance as compared to previous year.

### DIRECTORS

Shri Rajendra C. Saraf, Shri Nirmal Gangwal and Shri Rishabh Saraf, the directors of the Company retire by rotation at 28th Annual General Meeting and being eligible offered themselves for reappointment.

Your directors recommend their appointments.

### AUDITORS

M/s. Chaturvedi & Shah hold office of Auditors until the conclusion of the 28th Annual General Meeting. Members are requested to reappoint them for continuing in the office until conclusion of the next Annual General Meeting.

### AUDITORS' OBSERVATIONS

References drawn by the auditors' in their report are self explanatory.

### THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In terms of the above rules, the directors are pleased to give the particulars as prescribed therein in the Annexure, which forms part of the Directors' Report.

### PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules 1975 forms part of this report.

### DIRECTORS' RESPONSIBILITY STATEMENT

i. that in the preparation of the annual accounts, all the applicable accounting standards had been followed

along with proper explanations 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.

#### **ACKNOWLEDGEMENT**

The Board takes this opportunity to express its sincere appreciation for the excellent support and co-operation received from the Company's customers, suppliers, bankers, Government of Gujarat and the share holders for their consistent support to the Company. The directors also sincerely acknowledge the significant contributions made by all employees for their dedicated services to the Company.

For and on behalf of the Board of Directors

Director                      Director

Place : Mumbai

Date : May 21, 2010

#### **MANAGEMENT DISCUSSION & ANALYSIS**

##### **A) INDUSTRY STRUCTURE & DEVELOPMENT**

The year 2009 was not favorable for the steel industry as production dipped in response to weak demand from end—user industries. However, amidst the turmoil in the global industry, China and India stood apart with positive growth at the time when the world was reeling under demand pressures. Even other BRIC countries — Brazil and Russia didn't put up a good show with production down y-o-y.

The World Steel Association in its April 2010 forecast of "Short range outlook for Steel for 2010 and 2011" estimates that apparent steel usage will increase by 10.7% to 1241 Million tones after contracting by -6.7% in 2009. The report says that Indian Steel Demand Maintained stable growth during 2009 crisis and is expected to grow by 13.9% and 13.7% in 2010 and 2011 respectively after 7.7% in 2009, indicating that the worst is behind us.

The key drivers of growth would be significant investments toward large scale public infrastructure development, including roads, ports, power plants, airports, etc., as well

as increasing levels of urbanization generating demand for housing, automobiles and white goods.

##### **B) OPPORTUNITY & THREATS**

Demand of steel in global market mostly depends upon growth of infrastructure in China, India and other developing countries. Constant increase in price of steel in India may affect competitiveness of Indian end users of steel.

The Company concentrates in Niche market. The Company's products have been approved by Defense sector, large manufacturers of bearing industry, Automobile sector and Railway sector, wind power and Nuclear power etc. The Company is taking various steps to utilize its existing capacity to the maximum extent The future outlook of Alloy Steel/ Seamless Steel Tubular products looks promising considering the growth in the user segment and the general demand.

##### **C) SEGMENTWISE AND PRODUCTWISE PERFORMANCE**

Product wise performance is given in Directors Report under heading operations.

##### **D) RISK & CONCERNS**

Additional capacity being generated for production of Alloy Steel in India & dumping of Steel and Seamless Pipes from china caused pressure on sales & margin.

However the Company expects to mitigate the impact of risks and concerns since the Company concentrates on niche products.

##### **E) INTERNAL CONTROL SYSTEM**

The Company employs adequate and effective system of internal control systems that provide for:-

- i) security of the asset
- ii) efficient management information system
- iii) compliance with all laws and regulations
- iv) Compliance with all standard system and quality standards.

##### **F) INDUSTRIAL RELATIONS & HUMAN RESOURCES**

Human resource is the key factor for the success of any organization. Your Company places considerable emphasis on continuous enhancement of skills and performance of human resources across the organization.

##### **G) DISCUSSION & FINACIAL PERFORMANCE**

###### **SALES**

Net turnover of the Company is of Rs. 372 Crores during the year ended 31st March 2010 as against Rs. 292 Crores during the year 31st March 2009.

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### EBDITA

Losses before exceptional items, depreciation & financial charges during the year ended 31st March 2010 was of Rs. 553 Lacs as compared to losses of Rs. 1983 Lacs for the year ended 31st March 2009.

### H) FUTURISTIC STATEMENT

Company's performance as expressed or implied could differ materially due to economic conditions affecting demand/ supply and price condition in the domestic & overseas markets, changes in the Government regulations, tax laws & other incidental factors.

#### FORM - A (SEE RULE 2)

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 2009-2010	Previous Period 2008-2009
<b>A Power and fuel consumption</b>		
<b>1 Electricity</b>		
(a) Purchased		
Units (In '000S)	95070.75	64603.20
Total Amount (Rs.in Lacs)	5441.72	3626.92
Rate / Unit (Rs.)	5.72	5.61
(b) Own Generation	Nil	Nil
(i) Through Diesel/Gas Generator	Nil	Nil
Units (In '000S)		
Units .of Natural gas		
Cost / Unit (Rs.)		
(ii) Through Steam Turbine / Generator	Nil	Nil
<b>2 Gas Used</b>		
Units (In '000S)	10281.19	6149.04
Total Amount (Rs.in Lacs)	1485.04	700.26
Rate / Unit (Rs.)	14.44	11.38
<b>3 Furnace Oil</b>		
Quantity (K.Ltrs.)	95.38	942.27
Total amount (Rs.in Lacs)	24.29	215.40
Average Rate (K.Ltrs.)	25263.00	22824.00
<b>4 Others / Internal Generation</b>	Nil	Nil
<b>B CONSUMPTION PER UNIT OF PRODUCTION</b>		
	<b>STANDARDS</b>	
Products (With Details)		
steel(Prod. In MT)	83742.00	54089.44
Pipe(Prod. In MT)	5772.00	5512.69
Electricity/Steel Kwh	855 1018.65	1062.98
Electricity/Pipe Kwh	1305 1722.19	1289.25
Steel prodn/Mt		
Furnace Oil	82 Nil	Nil
Natural Gas Steel	86 86.77	91.65
Pipe prodn/Mt		
Gas	281 522.39	387.10



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**ANNEXURE**  
**FORM B**  
**(SEE RULE 2)**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION  
RESEARCH AND DEVELOPMENT (R&D)**

01	Specific area in which R&D is Carried out by the Company.	–	i) Reduction of rejection by using Ceramic dies in pipe plant ii) Round ingots for wind energy Sector
02	Benefit derived as a result of the above R&D for diversification of business	–	Rise in productivity and quality improvement
03	Future Plan of Action	–	
04	Expenditure on R&D		
05	Capital	–	–
	a) Recurring	–	–
	b) Total	–	–
	c) Total R&D expenditure as a percentage of total turnover.	–	–

**TECHNOLOGY ABSORPTION, ADAPTATION AND  
INNOVATION**

01	Efforts in brief made towards technology	–	–
02	Benefits derived as a result to the above efforts, etc Product improvement, cost reduction, product development, imports substitution.	–	–
03	In case of imported technology (imported during the last 5 year reckoned from the beginning of the financial year), Following information may be furnished:	–	–
	a) Technology imported		
	b) Year of import	–	–
	c) Has technology been fully absorbed?		
	d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

**Foreign exchange earnings and outgo:**

1)	Activities relating to exports, initiatives taken to increase exports development of new export markets for products and services and export plans.	–	–
(2)	Total foreign exchange used and earned		
	Used :	–	Rs. 6684 Lacs
	Earned :	–	Rs. 42 Lacs

ANNEXURE 'B'

ANNEXURE TO THE DIRECTORS' REPORT

- I) INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010.

REMUNERATION OF RS. 24,00,000 PER ANNUM RECEIVED BY EMPLOYEE THROUGH OUT YEAR:

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commence- ment of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
Shri Lallu Singh	Sr. V.P. - Marketing	37,25,776/-	B.Sc. (Met Engg.)	33	26.03.07	63	Marmagoa Steels Ltd
Shri S.S. Asawale	Sr. Vice President	36,95,368/-	B Tech Metallurgical	28	10.11.08	53	SE Forge Ltd.
Shri Pratap Kapoor	Vice President	20,35,251/-	DME DBM DPM MMS	26	31.07.09	46	ISMT Ltd.

REMUNERATION RECEIVED BY EMPLOYEE FOR A PART OF THE YEAR:

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commence- ment of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
Shri Vijay Singh Bapna	Executive Director & CEO	26,66,424/-	Chartered Accountant	37	30-06-2009	62	Inorama Group (Thailand)

Notes:

- Gross remuneration comprises salary & allowances.
- The nature of employment is contractual.
- Above mentioned employee is not a relative of any Directors of the Company.

## CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT

### A. Company's Philosophy

The Philosophy of the Company in relation to Corporate Governance is to ensure transparency, disclosures and reporting that confirms fully with laws, regulations and guidelines, and to promote ethical conduct throughout the organization, with the primary objective of enhancing shareholders value while being a responsible corporate citizen. The Company is committed to conforming to the highest standards of Corporate Governance. It recognizes that the Board is accountable to all shareholders and that each member of the Board owes his first duty to protecting and furthering the interest of the Company.

### B. Board of Directors

#### i) Composition:

The policy is to have an optimum combination of Executive, Independent and Non-Executive Directors, to ensure the independent functioning of the Board. The Board consists of 8 directors out of which 7 are non executive directors. The Chairman is an independent and Non Executive Director. The Board has 3 independent directors as on 31st March 2010. Details of composition of the existing Board of Directors as on 31st March 2010 are given below:

Sr. No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		Other Boards		
				Annual General Meeting	Board Meeting	Directorship in other public limited companies	Committee Chairman-ship	Committee Membership
1	Mr. R. C. Saraf	P,NE,S	100501	No	4	4	–	3
2	Mr. Rishabh R. Saraf	P,NE	Nil	No	5	1	–	–
3	Mr. B. K. Goenka	SI,NE	Nil	No	3	14	–	7
4	Mr. M. L. Mittal	NE	Nil	No	6	11	–	3
5	Mr. Atul Desai	I,NE,C	Nil	Yes	5	5	2	5
6	Mr. Nirmal Gangwal	I,NE	Nil	No	4	3	–	3
7	Mr. Vijay Singh Bapna	E	Nil	Yes	5	2	–	–
8	Mr. R. G. Sharma	I,NE	Nil	No	4	4	1	4

Abbreviations:

P = Promoter, E = Executive Director, NE = Non Executive Director, I = Independent Non Executive, S = Shareholder, C = Chairman, M = Member, SI= Strategic Investor.

#### ii) Details of Date of Board Meeting:

During the year 2009-10, the Board of Directors met six times on the following dates: -  
30-05-2009, 29-06-2009, 31-07-2009, 27-10-2009, 29-01-2010 and 31-03-2010.

### C. COMMITTEES OF THE BOARD

The Committee constituted by the Board as on the date are mentioned below:

#### 1. AUDIT COMMITTEE

The Audit Committee consists of the following 3 Non-Executive Directors as on 31.03.2010.

Mr. Atul Desai	–	Chairman (Independent)
Mr. R. G. Sharma	–	Member (Independent)
Mr. M. L. Mittal	–	Member

The Secretary of the Company also acts as a Secretary to the Committee.

**Terms of reference:**

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under clause 49 of the Listing Agreement.

Five meetings of Audit Committee of Board of Directors were held on 30.05.2009, 29.06.2009, 31.07.2009, 27.10.2009 and 29.01.2010. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2009 to 31/03/2010)
1	Mr. Atul Desai	Chairman	4
2	Mr. Nirmal Gangwal (upto 30-06-2009)	Member	1
3	Mr. M. L. Mittal	Member	5
4	Mr. R. G. Sharma (from 30-06-2009)	Member	3

**2. REMUNERATION COMMITTEE**

Remuneration committee of the Board of Directors of the Company consists of the following persons:

Mr. Atul Desai	–	Member
Mr. Nirmal Gangwal	–	Member
Mr. M. L. Mittal	–	Member
Mr. R. G. Sharma ( w.e.f.29-04-2009)	–	Member

During the year 2009-10, Remuneration Committee meeting was held on 29.06.2009 and the meeting was attended by Mr. Atul Desai, Mr. M. L. Mittal, Mr. Nirmal Gangwal and Mr. R. G. Sharma the members of the Committee.

**Terms of Reference**

To recommend payment of Remuneration to Managing Director/Whole time director/ Executive Director/Technical Director from time to time.

The details of Remuneration paid/due during the period under review to Mr. Vijay Singh Bapna are mentioned below:

(Amt. in Rs.)

Basic	14,03,352
HRA / Rent Free Accomodation	5,61,339
Incentive	5,33,333
Bonus / Exgratia	
Other benefits	1,68,400
Total	26,66,424
Notice period	3 months
Service contract	3 Years

The details of sitting fees paid to Non Executive Directors of the Company are given below:

Name of Director	Total Sitting Fees Paid for attending meeting of Board of Directors /Audit Committee/ Remuneration Committee/Share transfer and Investors Grievance Committee for the year 2009-10
Mr. Atul Desai	Rs.36,000
Mr. Nirmal Gangwal	Rs. 18,000
Mr. R. G. Sharma	Rs.40,000

**3. SHAREHOLDERS AND INVESTORS' GRIEVANCE COMMITTEE**

- The Shareholders/Investors Grievances Committee focused on shareholder's grievances and strengthening of investor relations. The functions of the Committee include specifically looking into redressal of investors' grievances pertaining to Transfer of shares, Dematerialization of shares, replacement of lost/ stolen/ mutilated share certificates and other related issues.
- Composition and details of attendance of members of the Committee are as follows:

1.	Shri. M.L.Mittal	Member
2.	Shri. Atul Desai	Chairman
3.	Shri. Ram Gopal Sharma (w.e.f. 30.06.2009)	Member
4.	Shri Nirmal Gangwal (upto 30.06.2009)	Member

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2009 to 31/03/2010)
1.	Shri M.L.Mittal	Member	13
2.	Shri Atul Desai	Chairman	12
3.	Shri R.G.Sharma	Member	3
4.	Shri Nirmal Gangwal	Member	9

- Thirteen meeting of Share Transfer and Investors Grievance Committees were held on 09.04.2009, 17.04.2009, 24.04.2009, 08.05.2009, 15.05.2009, 22.05.2009, 29.05.2009, 05.06.2009, 19.06.2009, 26.06.2009, 31.07.2009, 24.10.2009, 05.02.2010.
- Number of shareholders complaints/ requests received during the year:

During the year under review, total 305 Investor's complaints/ requests were received. Break up and

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number of complaints/ requests received under different category is given hereunder:

Sr. No.	Category	No. of Complaints Recd
1	Non receipt of annual report	11
2	Non receipt of certificate against Indemnity / Name deletion / Transmission	3
3	Non receipt of Demat credit	8
4	Non receipt of Demat rejection documents	2
5	Non receipt of dividend warrant	11
6	Non receipt of exchange share certificates	233
7	Non receipt of share certificate after transfer	29
8	SEBI	7
9	Stock Exchange	1
	Total Complaints Recd	305

All the complaints/ requests received during the year under report were resolved within the time limit to the satisfaction of the investors/ shareholders and no complaints were pending as on 31st March 2010 for more than 30 days.

### D. GENERAL BODY MEETINGS:

(i) The details of General Meetings held in the last three years are given hereunder:

Date	Type of meeting	Location	Time	No. of special Resolutions
19/09/2007	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	12.15 P.M.	Nil
29/12/2007	Extra-ordinary General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	11.30 A.M	Nil
29/12/2008	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	12.30 P.M.	3
26/09/2009	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	12.30 P.M.	4
30/03/2010	Extra Ordinary General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	12.30 P.M.	1

(ii) Details of Special Resolutions passed in the last three years are given hereunder:

Date	Location	No. of special Resolutions	Special Resolutions passed
29/12/2008	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. - Bharuch, Gujarat.	Three	<p>(a) Alteration in Article 3 of the Articles of Association to give effect to the re-classification of share capital into Preference shares and equity shares.</p> <p>(b) Reappointment of Mr. Shashank Chaturvedi as Executive director on remuneration of Rs.46,50,000 per annum for a period of one year with effect from 1-04-2008.</p> <p>(c) Reappointment of Mr. L. S. Kshatriya as Technical director on remuneration of Rs.31, 60,000 per annum for the period from 1-04-2008 to 27-10-2008.</p>
26/09/2009	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	Four	<p>a) Appointment of Mr. Vijay Singh Bapna as an Executive Director on remuneration of Rs.40,00,000 per annum with effect from 30-06-2009 for a period of three years.</p> <p>b) Alteration of Articles no. 3 of Articles of Association for reclassification of authorized share capital into preference shares and equity shares.</p> <p>c) Consent to Board of Directors to issue and allot Preference shares not exceeding Rs.96 crores to the Promoters / co-promoters/ the strategic investors.</p>

Date	Location	No. of special Resolutions	Special Resolutions passed
			d) Consent to delist equity shares from Ahmedabad Stock Exchange, The Delhi Stock Exchange, Madras Stock Exchange, The Calcutta Stock Exchange and Vadodara Stock Exchange.
30/03/2010	GIDC Industrial Estate, Valia Road, Jhagadia, Dist.	One	Consent to Board of Directors to issue and allot Preference shares not exceeding Rs.135 crores to the Promoters/co promoters/ the strategic investors.

(iii) During the year under report, no resolution was passed through postal ballot.

**E. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis of various businesses of the Company is separately given in the Annual report.

**F. DISCLOSURES**

- (i) Transactions with related parties are disclosed in Note 9 of Section B of Notes to Accounts in Schedule 13. None of these are in conflict with the interests of the Company.
- (ii) There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/strictures.
- (iii) Certification by CEO/CFO – Certificate obtained from Managing Director and Executive Director (Finance) on the financial statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board meetings, who took the same on record.
- (iv) Brief resume of Directors being appointed / reappointed -
  1. Shri R. C. Saraf is engaged in the manufacture of capital goods, industrial goods and consumer items and has experience of nearly 35 years in the various sectors of business at both the factory and management levels.
  2. Shri Rishabh R. Saraf is MBA from the University of Nottingham, England. He is

managing director of Remi Edelstahl Tubulars Ltd.

- 3. Shri Nirmal Gangwal, Qualification - CA, CS & L.L.B. He is the founder promoter of Brescon Corporate Advisors Ltd. with over 22 years of experience in Finance & Management.
- 4. Shri Abhishek Mandawewala is 23 years old and he is B.A. / M. Eng. (Honours) from University of Cambridge, UK and he has experience of more than one year. He was an Executive of Welspun Steel Limited till April 30, 2010 and he is Executive of the Company with effect from 1st May, 2010.

**G. MEANS OF COMMUNICATION**

The Board of Directors of the Company approves and takes on record the audited and unaudited financial results and forwards the results to the Stock Exchange and published the same in 'The Free Press Journal' and 'Navshakti' (for the year ended 31-03-2009 and for quarter ended 30-06-2009,30-09-2009,31-12-2009) ,Western Times, Bharuch ( Gujarati edition), Western Times, Ahmedabad ( English edition) for the year ended 31-03-2009, and in Economic Times, Ahmedabad for quarter ended 30-06-2009,30-09-2009 and 31-12-2009

**H. GENERAL SHAREHOLDER INFORMATION:**

The next Annual General Meeting shall be held at –

- (i) Venue – GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat,
- Time – 12.30 P.M
- Day and Date – Saturday, 4th September, 2010
- Financial year – from 1st April 2009 to 31st March 2010
- (ii) Date of Book – from Tuesday, 24th August, 2010
- Closure – to Friday, 27th August, 2010
- (iii) Dividend payment date - No dividend has been declared for the financial year 2009-10.
- (iv) Listing on Stock Exchanges and codes  
The securities of the Company are listed on the Bombay Stock Exchange (Scrip code – 500365)
- (v) Market Price Data - High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month from April 1, 2009 to March 31, 2010 as follows:

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Sensex				
Month	High Price	Low Price	High	Low
Apr-09	26.9	20.5	11,492.10	9,546.29
May-09	41	24.8	14,930.54	11,621.30
Jun-09	44.2	29.55	15,600.30	14,016.95
Jul-09	34	25.9	15,732.81	13,219.99
Aug-09	35.4	27.65	16,002.46	14,684.45
Sep-09	50.05	30.05	17,142.52	15,356.72
Oct-09	39	30.45	17,493.17	15,805.20
Nov-09	33.7	29.4	17,290.48	15,330.56
Dec-09	34.2	28.4	17,530.94	16,577.78
Jan-10	34.5	26.75	17,790.33	15,982.08
Feb-10	30.9	22.7	16,669.25	15,651.99
Mar-10	26.8	18.65	17,793.01	16,438.45

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

Contact person: Shri Ashok Shetty, Vice President

- (vii) Distribution of shareholding of equity shares as on 31st March, 2010 is as follows:-

Shareholding of nominal value	Total Holders		Amount	
	(in Nos.)	% of Total	In Rs.	% of Total
1 - 5000	95,690	99.23	16658484	2.56
5001 - 10000	400	0.42	2710488	0.42
10001 - 20000	175	0.18	2436528	0.37
20001 - 30000	60	0.06	1485450	0.23
30001 - 40000	23	0.02	799746	0.12
40001 - 50000	14	0.02	600858	0.09
50001 - 100000	32	0.03	2265828	0.35
100001 and above	41	0.04	623657658	95.86
<b>Total</b>	<b>96435</b>	<b>100.00</b>	<b>650615040</b>	<b>100.00</b>

(viii) 5,72,55,259 equity shares constituting 52.80% of the share capital are in demat form as on 31-03-2010.

(ix) Plant Location: G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch.

(x) Address for Correspondence: G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch.

### Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

#### TO THE MEMBERS OF REMI METALS GUJARAT LIMITED

We have examined the compliance of conditions of Corporate Governance by Remi Metals Gujarat Limited, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure 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 as 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 in respect of investor's grievance received during the year ended 31st March 2010, the Registrar and Share Transfer Agents of the Company have certified that as at 31st March, 2010, there were no investors' grievances remaining unattended/ pending for more than 30 days.

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.

**A L Makhija**

*Wholetime Practising Company Secretary*

Membership No. 5087

C.P No. 3410

Place : Mumbai

Date : 31st July, 2010

**AUDITORS' REPORT**

TO,  
THE MEMBERS OF **REMI METAL GUJARAT LIMITED**

We have audited the attached Balance Sheet of Remi Metals Gujarat Limited as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both 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.

1. We conducted our audit in accordance with the 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Act, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :-
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
- e) on the basis of written representations received from the directors of the Company as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the director of the Company is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) without qualifying our opinion, we draw attention to note no.2 part B of Schedule 13. The accounts have been prepared on a going concern basis though the Company's accumulated losses exceed its net worth and its total liabilities exceed its assets, in view of the reasons referred to in the note therein;
- g) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the significant accounting policies and notes thereon give the information required by the Act, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & SHAH**  
*Chartered Accountants*  
Registration No. 101720W

**Parag. D. Mehta**  
*Partner*  
Membership No. 113904

Place : Mumbai  
Dated : 21st May, 2010



### ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 2 of Auditor's report of even date to the members of Remi Metals Gujarat Limited on the accounts for the year ended March 31, 2010

- 1) a) The Company has maintained proper records to show all particulars, including quantitative details and situations, of its fixed assets.
  - b) We have been informed that the fixed assets of the Company are physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year.
- 2) a) As explained to us, inventories have been physically verified by the management at the year end.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The Company has maintained proper records of inventory and the discrepancies between physical stocks and the book stocks noticed on physical verification were not material.
- 3) a) The Company has not granted any loans, secured or unsecured, to/from companies, firms and other parties listed in the register maintained under Section 301 of the Act.
  - b) The Company has taken unsecured interest free loan from one Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and year end balance was Rs.14085 lac.
  - c) In our opinion and according to information and explanation given to us, terms and condition of loans taken by the Company are not prima facie prejudicial to the interest of the Company.
  - d) The principal amounts, are repayable on demand and there is no repayment schedule.
- 4) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchases of inventories, fixed assets and sale of goods and services and we have not observed any continuing failure to correct the major weaknesses in such internal controls.
- 5) a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - b) In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and material and sale of goods, material and services made pursuant of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at a prices which are reasonable having regard to the prevailing market price at the relevant time.
- 6) The Company has not accepted any deposits under the provisions of section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under.
- 7) In our opinion, the Company's internal audit system is commensurate with its size and nature of business.
- 8) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- 9) a) According to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India and also based on management representations, undisputed statutory dues in respect of Provident Fund, Employees State Insurance Dues, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2010 for a period of more than six months from the date of becoming payable.
  - b) As at March 31, 2010, there have been no disputed dues which have not been deposited with the respective authorities in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess except disputed Sales Tax dues of Rs1.35 lac (under Central Sales Tax Act for the year 1994-95) pending before Deputy Commissioner (Appeal).
- 10) In our Opinion, the accumulated losses of the Company are more than fifty percent of it's net

- worth as at March 31, 2010, and the Company has incurred cash loss during the financial year and in the immediately preceding financial year.
- 11) In our opinion and according to information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank. There were no debentures issued during the year or outstanding at the beginning of the year.
  - 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
  - 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
  - 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the companies (Auditor's report) Order, 2003 is not applicable to the Company.
  - 15) The Company has not given any guarantees for loans taken by others from bank or financial institutions.
  - 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
  - 17) On the basis of review of utilization of funds which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, we are of the opinion that no funds raised on short term basis have been used for long term assets.
  - 18) The Company has made an allotment of equity shares on conversion of preference shares to companies covered in the register maintained under section 301 of the Act during the year. In our opinion, the price at which such shares have been issued is not prima facie prejudicial to the interest of the Company.
  - 19) According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the end of the year. Therefore, the provisions of clause 4(xix) of companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  - 20) The Company has not raised any money by public issue during the year.
  - 21) As per the information with us and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

For **CHATURVEDI & SHAH**  
*Chartered Accountants*  
Registration No. 101720W

**Parag. D. Mehta**  
*Partner*  
Membership No. 113904

Place : Mumbai  
Dated : 21st May, 2010

# 28TH ANNUAL REPORT 2009-10

## BALANCE SHEET

(Rs. in lac)

	Schedule	As at 31.03.10	As at 31.03.09
<b>A. SOURCES OF FUNDS</b>			
<b>I Shareholders Fund</b>			
Share Capital	1	<b>6,506</b>	6,506
<b>II Loan Funds</b>			
Secured Loans	2	<b>17,695</b>	10,575
Unsecured Loans	3	<b>16,640</b>	13,703
<b>TOTAL (A)</b>		<b>40,841</b>	<b>30,784</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>I Fixed Assets</b>			
i) Gross Block	4	<b>42,416</b>	33,384
Less: Depreciation		<b>17,867</b>	15,980
Net Block		<b>24,549</b>	17,404
ii) Capital Work in Progress		<b>187</b>	6,378
		<b>24,736</b>	23,782
<b>II Current Assets, Loans &amp; Advances</b>			
i) Inventories	5	<b>9,562</b>	7,505
ii) Sundry Debtors		<b>8,540</b>	4,825
iii) Cash & Bank Balances		<b>1,802</b>	423
iv) Loans & Advances		<b>1,496</b>	1,395
		<b>21,400</b>	14,148
<b>Less: Current Liabilities &amp; Provisions</b>			
i) Current Liabilities	6	<b>14,014</b>	11,980
ii) Provisions		<b>167</b>	117
		<b>14,181</b>	12,097
<b>Net Current Assets</b>		<b>7,219</b>	2,051
<b>III Balance in Profit &amp; Loss Account</b>		<b>8,886</b>	4,951
<b>TOTAL (B)</b>		<b>40,841</b>	<b>30,784</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	12		

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**Parag D Mehta**  
Partner  
Membership No.113904

Place : Mumbai  
Date : 21st May, 2010

For and On behalf of the Board of Directors

**V S Bapna**                      **M L Mittal**  
Executive Director              Director

**Kaushik Kapasi**  
Company Secretary

**PROFIT & LOSS ACCOUNT**

		(Rs. in lac)	
	Schedule	For the year 31.03.10	For the year 31.03.09
<b>INCOME</b>			
Sales & Services		40,273	33,198
Less : Excise Duty		<u>3,123</u>	<u>3,996</u>
		37,150	29,202
Other Income	7	164	130
Increase / (Decrease) in Stock	8	724	(130)
<b>TOTAL</b>		<u><u>38,038</u></u>	<u><u>29,202</u></u>
<b>EXPENDITURE</b>			
Purchases		-	981
Material Cost	9	23,128	20,231
Manufacturing & Other Expenses	10	15,463	9,973
Financial Charges	11	1,494	1,207
Depreciation		<u>1,888</u>	<u>1,474</u>
<b>TOTAL EXPENSES</b>		<u><u>41,973</u></u>	<u><u>33,866</u></u>
Profit / (Loss) before Exceptional Items & Tax		<u>(3,935)</u>	<u>(4,664)</u>
<b>Exceptional Items</b>			
Interest including Funded Interest waived as per rehabilitation scheme		-	665
Principal waived as per rehabilitation scheme		<u>-</u>	<u>474</u>
<b>Profit / (Loss) before Tax</b>		<u>(3,935)</u>	<u>(3,525)</u>
Less : Fringe Benefit Tax		<u>-</u>	<u>(7)</u>
<b>Profit / (Loss) after Tax</b>		<u>(3,935)</u>	<u>(3,532)</u>
Less : Prior Year Adjustments		-	-
<b>Net Profit / (Loss) for the year</b>		<u>(3,935)</u>	<u>(3,532)</u>
Less : Loss Carried from the Earlier Years		<u>(4,951)</u>	<u>(8,224)</u>
Adjustment on Reduction of Share Capital		<u>-</u>	<u>6,805</u>
<b>Profit / (Loss) Carried to Balance Sheet</b>		<u>(8,886)</u>	<u>(4,951)</u>
Earnig / (Loss) per share of Rs 6/- each			
Basic/ Diluted (Before Exceptional Items)		<u>(6.72)</u>	<u>(4.46)</u>
Basic / Diluted (After Exceptional Items)		<u>(6.72)</u>	<u>(3.37)</u>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	12		

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**Parag D Mehta**  
Partner  
Membership No.113904

Place : Mumbai  
Date : 21st May, 2010

For and On behalf of the Board of Directors

**V S Bapna**                      **M L Mittal**  
Executive Director              Director

**Kaushik Kapasi**  
Company Secretary

# 28TH ANNUAL REPORT 2009-10

## SCHEDULES FORMING PART OF THE BALANCE SHEET

		(Rs. in lac)	
	As at 31.03.10	As at 31.03.09	

### SCHEDULE - 1

#### SHARE CAPITAL

##### Authorised Share Capital

11,00,00,000 (15,00,00,000) Equity Shares of Rs. 6/- each	6600	9000
5,40,00,000 (3,00,00,000) Preference Shares of Rs. 10/- each	5400	3,000
	<u>12,000</u>	<u>12,000</u>

##### Issued, Subscribed & Paid up Capital

108,435,840 (58,435,840) Equity Shares of Rs.6/- each fully paid up	6,506	3,506
10% Cumulative Optionally Convertible Preference Shares of Rs. 10/- each (3,00,00,000)	-	3,000

(The above Preference Shares are optionally convertible at par after 1 year from the date of allotment i.e. March 31, 2009 or upon the networth of the company turning positive or is redeemable at par in 4 equal annual installment commencing from the end of one year from the date of allotment)

<b>Total</b>	<u>6,506</u>	<u>6,506</u>
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### SCHEDULE - 2

#### SECURED LOANS

i Banks (Refer Note)			
Term Loans			
– In Indian Currency	9,800		
– Interest Accrued and Due	112	9,912	-
– In Foreign Currency		2,492	-

### SCHEDULE - 4

#### FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 01-04-2009	Addition during the year 2009-10	Deduction during the year	Total As at 31.03.2010	As at 01-04-2009	Deprecia- tion as on 31.03.2010	Deduction	Total As at 31.03.2010	Total As at 31.03.2010	Total As at 31-03-2009
Lease Hold Land	351	-	-	351	-	-	-	-	351	351
Free Hold	41	-	-	41	-	-	-	-	41	41
Plant & Machinery	25,751	4,597	20	30,328	12,416	1,536	1	13,951	16,377	13,335
Electrical Installation	1,882	115	-	1,997	1,130	92	-	1,222	775	752
Building	5,053	4,293	-	9,346	2,252	238	-	2,490	6,856	2,801
Office Equipment	175	20	-	195	93	13	-	106	89	82
Furniture & Fixture	71	12	-	83	59	4	-	63	20	12
Vehicles	60	15	-	75	30	5	-	35	40	30
	<u>33,384</u>	<u>9,052</u>	20	<u>42,416</u>	15,980	1,888	1	<u>17,867</u>	<u>24,549</u>	17,404
Previous Year	30,529	2,866	11	33,384	14,512	1,474	6	15,980	-	17,404
Capital Work In Progress									187	6,378

Capital Work in Progress includes preoperative expenses capitalised amounting to Rs. nil (Previous year - Rs.158 lac) and capital advances of Rs.126 lac (Previous Year - Rs.394 lac).

		(Rs. in lac)	
	As at 31.03.10	As at 31.03.09	
Working Capital Loans			
– In Indian Currency	4,294	3,462	
– In Foreign Currency	997	-	
ii Loan from Others	-	6,887	
iii Working Capital Loan from Others	-	203	
iv Interest Accrued and Due	-	23	
<b>Total</b>	<u>17,695</u>	<u>10,575</u>	

#### Note:

Term Loans are secured, on pari passu basis, by way of first charge through hypothecation of the moveable machinery including all spare parts relating thereto and second charge on current assets including stocks and book debts.

Creation of mortgage on fixed assets by way of first charge on pari passu basis is pending.

Working Capital Loans are secured, on pari passu basis, by way of first charge through hypothecation of current assets including stocks, book debts and other moveable assets and second charge on moveable machinery including all spare parts. Creation of mortgage on fixed assets by way of second charge on pari passu basis is pending.

### SCHEDULE - 3

#### UNSECURED LOANS

Sales Tax Deferment Loan	2,045	1,599
Electricity Duty Deferment	505	748
Interest Accrued/Deferred on Electricity Duty	5	8
Short Term Loan from Bank	-	1,500
Long Term Loan from Others	14,085	9,848
<b>Total</b>	<u>16,640</u>	<u>13,703</u>
Repayable within one year - Rs. 243 lac (Previous year - Rs.243 Lac)		

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in lac)

	As at 31.03.10	As at 31.03.09
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**SCHEDULE - 5**
**CURRENT ASSETS, LOANS & ADVANCES**
**A Current Assets :**
**1 Inventories**

(Certified &amp; Valued by Management)

i. Raw Materials (Including Goods in Transit - Rs.237.75 lac, Previous Year - Rs.177.58 lac)	2,156	1,067
ii. Consumable Stores & Spares (Including Goods in Transit - Rs.23.90 lac, Previous Year - nil)	2,116	1,872
iii. Finished Goods	1,095	1,314
iv. Work in Progress	4,195	3,252
<b>Total</b>	<b>9,562</b>	<b>7,505</b>

**2 Sundry Debtors**

(Unsecured )

Less than 6 months		
– Considered Good	8,143	4,468
More than 6 months		
– Considered Good	397	357
– Considered Doubtful	102	102
	<b>8,642</b>	<b>4,927</b>
Less : Provision for doubtful debts	102	102
	<b>8,540</b>	<b>4,825</b>
<b>Total</b>	<b>8,540</b>	<b>4,825</b>

**3 Cash & Bank Balances**

i. Cash on Hand	1	2
ii. Balance With Scheduled Banks		
– In Current Accounts	760	11
– As Margin Money	1,041	410
<b>Total</b>	<b>1,802</b>	<b>423</b>

**B Loans & Advances**

 (Unsecured, considered good  
except stated otherwise)

i. Advances Recoverable in cash or in kind or for Value to be received	571	377
ii. Balance with Excise Authorities	370	550
iv. Security Deposits	513	426
v. Tax paid in advance (net of provision)	42	42
<b>Total</b>	<b>1,496</b>	<b>1,395</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in lac)

	As at 31.03.10	As at 31.03.09
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**SCHEDULE - 6**
**CURRENT LIABILITIES AND PROVISIONS**
**A. Current Liabilities**
**i) Sundry Creditors**

 Micro and Small Enterprise  
(Refer Note 14 of Part B  
of Schedule 12)

Others	58	83
	<b>13,038</b>	<b>8,607</b>
ii) Advance from Customers	46	184
iii) Other Liabilities	548	874
iv) Capital Goods Creditors	313	1,491
v) Book Overdraft	9	728
vi) Intrest Accrued but not Due	2	13
<b>Total</b>	<b>14,014</b>	<b>11,980</b>

**B Provisions**

i) Gratuity	93	64
ii) Leave Encashment	74	50
iii) Fringe Benefit Tax (net of advance)	–	3
	<b>167</b>	<b>117</b>
<b>Total</b>	<b>14,181</b>	<b>12,097</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

(Rs. in lac)

	As at 31.03.10	As at 31.03.09
--	-------------------	-------------------

**SCHEDULE 7**
**OTHER INCOME**

Bank Interest & Other Interest [(Tax deducted at source Rs. 5.35 lac) (Previous Year Rs.12.9 lac)]	114	87
Sundry Credit Balances Written back	–	6
Dividend Income	2	3
Miscellaneous Income	6	34
Exchange Rate Variation	41	–
Profit on Discarded Asset	1	–
<b>Total</b>	<b>164</b>	<b>130</b>

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### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in lac)

	As at 31.03.10	As at 31.03.09
<b>SCHEDULE - 8</b>		
<b>INCREASE/ (DECREASE) IN STOCK</b>		
Opening Stock of		
– Finished Goods	1,314	717
– Work in Process	3,252	3,979
	<u>4,566</u>	<u>4,696</u>
Less : Closing Stock		
– Finished Goods	1,095	1,314
– Work in Process	4,195	3,252
	<u>5,290</u>	<u>4,566</u>
Increase / (Decrease) in Stock	<u>724</u>	<u>(130)</u>

### SCHEDULE - 9

#### MATERIAL COST

Opening Stock	1,067	949
Add: Purchases During the Year	24,217	20,349
Less: Closing Stock	2,156	1,067
Raw Material Consumed	<u>23,128</u>	<u>20,231</u>

### SCHEDULE - 10

#### MANUFACTURING & OTHER EXPENSES

Stores Consumed	3,611	1,972
Power & Fuel	7,291	4,804
Labour Charges	352	150
Job Work	400	242
Excise Duty	6	10
Salaries, Wages & Other Benefits	1,648	1,124
Gratuity and Leave Encashment	96	81
Contribution to PF & Other Funds	141	107
Staff Welfare	45	14
Repairs & Maintenance - Building	40	19

### SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in lac)

	As at 31.03.10	As at 31.03.09
– Plant & Machinery	120	97
– Others	15	29
Hire charges	107	42
Insurance Charges	72	59
Safety Expenses	16	11
Security charges	24	19
Vehicles Expenses	99	62
Rent	25	11
Rates & Taxes	3	5
Listing Fees	4	4
Director Sitting Fees	1	1
Auditors' Remuneration	8	7
Legal & profession fees	112	120
Exchange Rate Variation	–	127
Loss on sale of fixed asset	–	3
Printing & Stationery	18	15
Post & Telegram ,Telephone Expenses	27	45
Travelling & Conveyance	49	45
Discount on Sales	552	359
Brokerage & Commission	19	35
Freight	512	305
Miscellaneous Expenses	50	49
<b>Total</b>	<u>15,463</u>	<u>9,973</u>

### SCHEDULE - 11

#### FINANCIAL CHARGES

Interest :		
Fixed Loans	675	112
Others	534	880
	<u>1,209</u>	<u>992</u>
Bank Charges	285	215
<b>Total</b>	<u>1,494</u>	<u>1,207</u>

**SCHEDULE - 12**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The accounts are prepared on the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 .

**2. FIXED ASSETS**

Fixed Assets are stated at cost (net of cenvat credit availed) less accumulated depreciation. The cost of fixed asset includes cost of acquisition, taxes, duties, freight, incidental expenses related to acquisition, construction and installation, allocated pre-operative expenditure and borrowing cost during the preoperational period.

**3. DEPRECIATION**

The depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in schedule XIV to the Companies Act, 1956. Premium on leasehold land is not amortized as the lease is for long period.

**4. IMPAIRMENT OF ASSETS**

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**5. INVESTMENTS**

Long Term Investments are stated at cost less provision for diminution in the value which is other than temporary. Current Investments are carried at lower of the cost and fair value.

**6. FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Any fluctuation on account of realisation/ payment is accounted as an exchange fluctuation. Foreign Currency transactions remaining unsettled at the end of the year are converted at the year end rates. Exchange differences are dealt within the Profit and Loss account.

Forward contracts are entered into to hedge the foreign currency risk of the underlying transaction. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Exchange differences on forward contracts are recognised as income or expense in the profit and loss account of the year / period. Any profit or loss arising on the cancellation and renewal of forward contract are recognised as income or expense for the year / period.

**7. REVENUE RECOGNITION**

Sales are recognized when risks and rewards of ownership are passed on to the customers. Export sales are accounted for on the basis of date of bill of lading. Sales are inclusive of excise duty and net of sales tax and sales during trial run.

**8. INVENTORIES**

Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

Stores and Spares are valued at cost determined on weighted average basis or net realizable value, except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

Semi finished and finished Goods are valued at lower of cost or net realisable value. Cost includes raw material, labour, manufacturing expenses, allocable overheads and depreciation.

Scrap is valued at net realizable value.

**9. EMPLOYEE BENEFITS**

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

**10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent liabilities, if material, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statements.

**11. BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

**B. NOTES TO ACCOUNTS**

1. In pursuance to the approved rehabilitation scheme, the Company has written back Rs. Nil (previous year Rs.474 lac) and Rs.Nil (previous year Rs.665 lac) as waiver of principal and interest including funded interest term loan respectively on receipt of sanction from the remaining



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Secured Lender vide letter dated January 5, 2009.

The equity share capital was reduced by 90% amounting to Rs.6805 lac in the previous year and the same was adjusted against brought forward losses.

The equity share capital of the Company is increased on conversion of optionally convertible preference shares of Rs.30 crores into 5,00,00,000 equity shares of Rs.6 each pursuant to the scheme.

- The rehabilitation scheme has been implemented with the raising of long term funds and utilization thereof for capital expenditure and other purposes as envisaged. The Company has also tied up working capital funds during the year.

With additional facilities, balancing equipments for debottlenecking and outsourcing, the product mix is widened to enhance productivity and profitability. The management is continuously taking initiatives directed towards wider/richer product mix and improving operating margin.

The Management is hopeful of improved performance in the coming year. In view of the foregoing, the accounts have been prepared on a going concern basis despite the fact that the Company's accumulated losses exceed its net worth.

- With effect from April 1, 2009 the Company has implemented SAP R3 as ERP platform and accordingly valuation of inventories of raw materials and stores and spares is done on the basis of weighted average price method instead of first in first out basis applied in earlier years. The impact on the loss due to this change is not material.

#### 4. CAPITAL EXPENDITURE PLAN

The Company, as envisaged in the approved modified rehabilitation scheme, has undertaken capital expenditure programme. The programme involves acquisition of new machineries, balancing equipments, complete revamping and modernization of existing plant facilities.

- Pre-operative expenses including (net expenditure during trial run of Rs.Nil) of Rs.517 lac during the year (previous year Rs.302 lac) in respect of assets capitalized during the year has been allocated to the direct cost of the respective assets.
- The details of preoperative expenses are as:

Particulars	(Rs. in lac) 2009-10	(Rs. in lac) 2008-09
Opening Balance (A)	158	–
Salaries, Wages and Allowances	46	126
Hire Charges	48	38
Power, Fuel and Water Charges	17	26
Technical Consultancy fees	23	8
Interest on Term Loan	383	–
<b>Sub Total (B)</b>	<b>675</b>	<b>198</b>

Particulars	(Rs. in lac) 2009-10	(Rs. in lac) 2008-09
Trial Run Expenses		
Raw Material Consumed	–	676
Stores, Spares and Consumables	–	112
Power	–	216
Fuel and Gas	–	106
Salary, Wages and Allowances	–	101
Repairs and Maintenance Expenses	–	33
Sub Total	–	1244
Net Sale Realization	–	982
Net Loss (C)	–	262
<b>Total (A+B+C)</b>	<b>675</b>	<b>460</b>
Less : Amount allocated to assets capitalized during the year	<b>675</b>	302
Balance carried to Balance Sheet	–	158

- The balances of Sundry Debtors and Sundry Creditors are subject to confirmation from the respective parties and consequential adjustments arising there from, if any. The management however does not expect any material variations on reconciliation.
- During the year the Company purchased and sold current investments in mutual fund as detailed below:

Particulars	Units Purchased and Sold during the year ended March 31, 2010	Face Value of Units (Rs.)	Cost of Units (Rs. in lac)
LIC Liquid Fund – Dividend Plan	70,20,807	10	700
Baroda Pioneer Liquid Fund	69,99,053	10	700

- In the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet, unless stated otherwise. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

#### 8. SEGMENT REPORTING

The Company operates in a single business segment i.e. manufacture of steel and steel products such as seamless tubes and rolled products and as such there are no primary and secondary segments as per the requirement of Accounting Standard (AS-17) on "Segment Reporting" as notified in the Companies (Accounting Standards) Rules 2006. The Company has no reportable geographical segment.

#### 9. RELATED PARTY DISCLOSURE

As for Accounting Standard (AS – 18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions

with the related parties as defined in the Standard are given below:

Name of related party	Relationship
– Vijay Singh Bapna	Key Management Personnel (w.e.f. 30.06.2009)
– Rajendra C Saraf	Key Management Personnel (upto 15.11.2008)
– L S Kshatriya	Key Management Personnel (upto 27.10.2008)
– Shashank Chaturvedi	Key Management Personnel (upto 05.03.2009)
– Welspun Power and Steel Limited	Associate (w.e.f. 31.03.2010)
– Wide screen Holding Pvt Ltd	Associate (w.e.f. 31.03.2010)

Transactions with related parties

(Rs. in lac)

Particulars	Key Management Personnel	
	2009-10	2008-09
Remuneration		
– Vijay Singh Bapna	27	–
– R.C.Saraf	–	06
– L.S.Kshartiya	–	52
– Shashank Chaturvedi	–	74
<b>Total</b>	<b>27</b>	<b>132</b>

Sundry Creditors include - Welspun Power and Steel Limited Rs.1,777 lac (previous year – Rs. Nil).

## 10. EARNING PER SHARE

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Net Profit / (Loss) (Rs. in lac)	<b>(3935)</b>	(3532)
Number of equity shares outstanding during the year	<b>58,572,826</b>	10,47,13,114
Basic and Diluted earning / (loss) per equity share of Rs.6/- each:		
– Before Exceptional Items	<b>(6.72)</b>	(4.46)
– After Exceptional Items	<b>(6.72)</b>	(3.37)

11. In terms of Accounting Standard 22 issued by ICAI, in respect of "Accounting of Taxes on Income" the company has computed deferred tax asset amounting to Rs.12138 lac (previous year Rs.10864 lac) on account of carried forward losses and disallowances and the deferred tax liability amounting to Rs.3407 lac (previous year Rs.3058lac). The net deferred tax assets amounting to Rs.8731 lac (previous year Rs.7806 lac) has not been recognized as a matter of prudence.

## 12. EMPLOYEE BENEFITS

### a) Defined Contribution Plan

The Company makes contributions at a specified percentage of payroll cost towards Employees Provident Fund (EPF) for qualifying employees.

The Company recognized Rs.141 lac (previous year Rs.107 lac) for provident fund contributions in the profit and loss account.

### b) Defined Benefit Plans

Gratuity payable to all eligible employees of the company on superannuation, death and resignation in terms of the provision of the payment of Gratuity Act. The present value of obligations is determined based on actuarial valuation using Projected Unit Credit Method, which recognized each period of service as given rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at 31st March, 2010:

(Rs. in lac)

Sr. No.	Particulars	Gratuity (Non-Funded)	
		As on 31.03.2010	As on 1.03.2009
I)	<b>Reconciliation of Present Value of Obligation PVO – defined benefit obligation</b>		
	PVO at the beginning of the year	64	80
	Current Service Cost	14	10
	Interest Cost	5	6
	Actuarial (gain) / losses	25	11
	Benefits paid	(15)	(43)
	PVO at end of the year	93	64
II)	<b>Net cost for the year ended March 31, 2010</b>		
	Current Service cost	14	10
	Interest cost	5	6
	Actuarial (gain) / losses	25	11
	Net cost	44	27
III)	<b>Assumption used in accounting for the gratuity plan</b>		
	Discount rate (%)	7.75% p.a.	7.75% p.a.
	Salary escalation rate (%)	5.00% p.a.	5.00% p.a.

### c) Others disclosures

(Rs. in lac)

	2009-2010	2008-2009	2007-2008
Present value of defined benefit obligation	93	64	80
Fair value of plan assets	–	–	–
(Deficit)/ Surplus of the plan	(93)	(64)	(80)
Experience adjustments on plan liabilities [loss / (gain)]	–*	–*	–*
Experience adjustments on fair value of plan assets [(loss) / gain]	–*	–*	–*

\* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

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## d) Other Long Term Employee Benefits

The Leave encashment charge for the year ended 31st March, 2010, based on actuarial valuation carried out using the Projected Accrued Benefit Method, amounting to Rs.52 lac (previous year Rs.54 lac) has been recognized in the Profit and Loss Account.

## 13. FINANCIAL AND DERIVATIVE INSTRUMENTS

The forward exchange to hedge the foreign currency exposure for payments to be made against foreign currency loan is Rs.3488.73 lac equivalent to USD 77.70 lac (previous year nil).

The foreign currency exposure, that have not been hedged by any derivative instrument or otherwise, related to current liabilities as on 31st March, 2010 is Rs.383.79 lac, equivalent to USD 8.44 lac and Euro 0.06 lac (previous year Rs.1091.13 lac equivalent to USD 20.52 lac and Euro 0.75 lac).

## 14. ADDITIONAL INFORMATION

Pursuant to the provisions of paras 3 and 4 of Part II of Schedule VI to the Companies Act, 1956:

### a) Directors' Remuneration

	(Rs. in lac)	
	Year ended 31.03.2010	Year ended 31.03.2009
Salary	14	47
House Rent Allowance	6	1
Other Benefits	7	84
	<u>27</u>	<u>132</u>

Since the Directors are not in receipt of commission, computation under section 349 of the Companies Act, 1956 has not been prepared.

### b) Auditors' Remuneration

	(Rs. in lac)	
	Year ended 31.03.2010	Year ended 31.03.2009
Audit Fees	7.00	7.00
Certification Charges	1.00	0.40
	<u>8.00</u>	<u>7.40</u>

### c) Quantitative Information

	Year ended 31.03.2010 Qty. (MT)	Year ended 31.03.2009 Qty. (MT)
i) Licensed Capacity	— *	— *
ii) Installed Capacity		
- Steel Bloom	150000	150000
- Rolled Products	100000	100000
- Seamless Pipes	70000	70000
iii) Production		
- Steel	83742 **	54089
- Seamless Pipes	5772	5513

\* Not applicable in terms of Government of India's Notification No.SO.477(E)dated 25th July 1991.

\*\* Includes 2972 MT processed by third parties.

Year ended 31.03.2010		Year ended 31.03.2009	
Qty (MT)	Value (Rs. in lac)	Qty (MT)	Value (Rs. in lac)

### iv) a) Consumption of Raw Material

- Steel and Others	119590	23128	85224	20231
- Seamless Pipes / Tubes	-	-	-	-
<b>Total</b>	<b>119590</b>	<b>23128</b>	<b>85224</b>	<b>20231</b>

### b) Purchase for Resale -

- Seamless Pipes	5982	3936	3765	2461
- Steel	84076	36337	52574	29748
- Job Work	-	-	-	-
- Trading	-	-	1409	989
<b>Total</b>	<b>90058</b>	<b>40273</b>	<b>57748</b>	<b>33198</b>

### v) Sales and Services \*

- Seamless Pipes	5982	3936	3765	2461
- Steel	84076	36337	52574	29748
- Job Work	-	-	-	-
- Trading	-	-	1409	989
<b>Total</b>	<b>90058</b>	<b>40273</b>	<b>57748</b>	<b>33198</b>

\* Sales and Services includes 273 MT (previous year 184 MT) towards captive consumption amounting to Rs.141 lac (previous year Rs.125 lac) and excludes Nil MT (previous year 1537 MT towards trial run sales amounting to Rs.982 lac).

### vi) Opening Stock of Finished Goods

- Seamless Pipes	293	189	82	49
- Steel	2579	1125	1064	668
<b>Total</b>	<b>2872</b>	<b>1314</b>	<b>1146</b>	<b>717</b>

### vii) Closing Stock of Finished Goods

- Seamless Pipes	83	80	293	189
- Steel	2245	1015	2579	1125
<b>Total</b>	<b>2328</b>	<b>1095</b>	<b>2872</b>	<b>1314</b>

### viii) Opening Stock of Work in Progress

- Seamless Pipes	2189	1704	1312	703
- Steel	4034	1548	6781	3276
<b>Total</b>	<b>6223</b>	<b>3252</b>	<b>8093</b>	<b>3979</b>

### ix) Closing Stock of Work in Progress

- Seamless Pipes	1786	1507	2189	1704
- Steel	6185	2688	4034	1548
<b>Total</b>	<b>7971</b>	<b>4195</b>	<b>6223</b>	<b>3252</b>

	Year ended 31.03.2010 (Rs. in lac)	Year ended 31.03.2009 (Rs. in lac)
--	--	--

### x) Value of Imports on CIF Basis in respect of

- Raw Materials	5838	1520
- Stores and Spares	668	324
- Capital goods	175	460

# REMI METALS GUJARAT LIMITED

xi) Value of Raw Material Consumed	Value	%	Value	%	Particulars	Year Ended	Year Ended
						March, 2010	March, 2009
						Rs. In lac	Rs. in lac
- Imported	5254	23	1581	8	Principal amount remaining unpaid as on 31st March, 2010	58	83
- Indigenous	17874	77	18650	92	Interest due thereon as on 31st March, 2010	2	5
<b>Total</b>	<b>23128</b>	<b>100</b>	<b>20231</b>	<b>100</b>	Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
					Interest due and payable for the period of delay lay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
					Interest accrued and remaining unpaid as at 31st March, 2009	-	-
					Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-
					<b>16. Previous year figures have been rearranged and regrouped, wherever necessary.</b>		

15. Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosures are the information required under the said Act could not be compiled and discloses are given below.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**Parag D Mehta**  
Partner  
Membership No. 113904

Place : Mumbai  
Date : 21st May, 2010

For and on behalf of the  
Board of Directors

**V S Bapna**                      **M L Mittal**  
Executive Director              Director

**Kaushik Kapasi**  
Company Secretary

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	(Rs. in lac)	
	2009-10	2008-09
<b>(A) Cash Flow from Operational Activities</b>		
Net Profit / (Loss) before Tax & Extra-Ordinary items :	(3,935)	(3,525)
<b>Adjustment for :</b>		
Waiver of Principal & Interest including Funded Interest as per Rehabilitation Scheme	-	(1,139)
Depreciation	1,888	1,474
Foreign Exchange Fluctuation	(41)	127
Financial Charges	1,494	1,207
Loss on sale of Assets	-	3
Profit on Discarded Assets	(1)	-
Provision for Gratuity	44	27
Provision for Leave Encashment	52	54
Sundry Credit Balances Written Back	-	(6)
Income from Dividend	(2)	(3)
	<b>3,434</b>	<b>1,744</b>
<b>Operating Profit/(Loss) before Working Capital Changes</b>	<b>(501)</b>	<b>(1,781)</b>
Changes in Working Capital :		
Decrease / (Increase) in Sundry Debtors	(3,715)	2,351
Decrease / (Increase) in Inventories	(2,057)	(191)
Increase/(Decrease)in Current Liabilities	3,207	(1,070)
Decrease / (Increase) in Loans & Advances	(194)	(84)
Decrease / (Increase) in other Current Assets	93	(366)
	<b>(2,666)</b>	<b>640</b>
Cash generated from / (used in) operations	<b>(3167)</b>	<b>(1141)</b>
Income Tax Paid (Net of Refund)	<b>0</b>	<b>(17)</b>
<b>Net Cash generated from / (used in) Operating Activities: (A)</b>	<b>(3167)</b>	<b>(1158)</b>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(4,039)	(6,974)
Proceeds from Discarded Asset	20	2
Purchase of Investments	(1,400)	(5,538)
Sale of Investments	1,400	5,538
Income from dividend	2	3
<b>Net Cash generated from / (used in) Investing Activities: (B)</b>	<b>(4017)</b>	<b>(6969)</b>

Particulars	(Rs. in lac)	
	2009-10	2008-09
<b>(C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Fresh Shares	-	5,750
Interest Paid	(1,408)	(1,695)
Proceeds /(Repayments) from Short Term Borrowings	126	86
Proceeds from Long Term Borrowings	26,823	4,578
Repayment of Long Term Borrowings	(16,978)	(876)
<b>Net Cash generated from / (used in) Financing Activities:</b>	<b>(C)</b>	
	<b>8,563</b>	7,843
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(A + B + C)</b>	
	<b>1,379</b>	(284)
Cash and cash equivalents Opening Balance	423	707
Cash and cash equivalents Closing Balance	1,802	423
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE	1379	(284)

Note: (1) All Figures in brackets are outflows.

(2) Previous year's figures have been regrouped wherever necessary to confirm current year's figures.

As per our report of even date

For **CHATURVEDI & SHAH**  
Chartered Accountants

**Parag D Mehta**  
Partner  
Membership No.113904

Place : Mumbai  
Date : 21st May, 2010

For and on behalf of the Board of Directors

**V S Bapna**  
Executive Director

**M L Mittal**  
Director

**Kaushik Kapasi**  
Company Secretary

# 28TH ANNUAL REPORT 2009-10

## ANNEXURE

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.  
(Balance Sheet abstract and Company's General Business Profile).

### I Registration Details

Registration No. : 20358 State Code : 004  
Balance Sheet Date : 31-3-2010

### II Capital Raised during the year (Amount in Rs. Lacs)

Public Issue : Nil Right Issue : Nil  
Bonus Issue : Nil Private Placement : Nil

### III Position of mobilisation and deployment of funds (Amount in Rs. Lacs)

<b>Total Liabilities</b>	: 40,841	<b>Total Assets</b>	: 40,841
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up capital	: 6,506	Net Fixed Assets	: 24,736
Secured Loan	: 17,695	Net Current Assets	: 7,219
Unsecured Loan	: 16,640	Investments	: Nil
Accumulated Losses	: 8886	Misc. Expenditure	: Nil

### IV Performance of Company (Amount in Rs. Lacs)

Total Income	: 38,038	Total Expenditure	: 41,973
Profit / ( Loss ) Before Tax	: (3,935)	Profit / ( Loss ) after tax	: (3,935)
Basic Earning per share(In Rs.):	(6.72)	Dividend Rate (%)	: Nil

### V Generic Names of Three Principal Products / Services of Company (As per monetary Terms)

Product Description : Seamless Pipes  
Item Code No. : 730400  
(ITC Code)  
Product Description : Other Alloy Steels  
Item Code No. : 722400  
(ITC Code)  
Product Description : Non Alloy Steels  
Item Code No. : 720600  
(ITC Code)

For and on behalf of the Board of Directors

**V S Bapna**  
Executive Director

**M L Mittal**  
Director

Place : Mumbai  
Date : 21st May, 2010

**Kaushik Kapasi**  
Company Secretary

**REMI METALS GUJARAT LIMITED**

**Regd. Office:** GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat

DP. Id*	
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Master Folio	
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**PROXY FORM**

Client Id*	
------------	--

No. of Shares	
---------------	--

I/We ..... resident/s of .....  
in the district of .....being a member/s of the above named Company hereby appoint  
Shri/Smt. .... resident of ..... in the  
district of ..... or failing him, Shri/Smt. ....  
..... resident of .....  
in the district of ..... as my/our proxy to vote for me/us and on my/our behalf at  
the 28TH ANNUAL GENERAL MEETING of the shareholders of the Company to be held on Saturday, 4th September,  
2010 at the Registered office of the Company at GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat  
at 12.30 p.m.

Signed this ..... day of ..... 2010.

Affix  
Revenue  
Stamp  
Re. 1

\_\_\_\_\_  
**Signature of Proxy**

\_\_\_\_\_  
**Signature of first named/  
Sole shareholder**

**Note:** The Proxy form duly signed across the stamp should reach the Company's Registered office at least 48 hours before the Meeting. Proxy need not be a member of the Company.

\* Applicable for investors holding shares in electronic form only.

----- . (TEAR HERE) . -----

**REMI METALS GUJARAT LIMITED**

**Regd. Office:** GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat

DP. Id*	
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Master Folio	
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**ATTENDANCE SLIP**

DP. Id*	
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Master Folio	
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I hereby record my presence at the 28TH ANNUAL GENERAL MEETING of the Remi Metals Gujarat Ltd. at Regd Office: GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat to be held on Saturday, 4th September, 2010 at 12.30 p.m.

Signature of the Shareholder or Proxy \_\_\_\_\_.

Shareholders/Proxy holders are requested to bring the attendance slip with them, when they come to the Meeting and hand it over at the entrance after signing the same.

\* Applicable for investors Holding shares in electronic form only.



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