

NOTICE

To,
The Members

NOTICE is hereby given that the 31st Annual General Meeting of **RMG ALLOY STEEL LIMITED** (Formerly known as Remi Metals Gujarat Limited) will be held at its Registered Office, Plot No.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, in the state of Gujarat on Saturday, 21st September, 2013, 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 2013 and the Audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr Atul Desai who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Abhishek Mandawewala who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider and approve re-appointment of M/s. Chaturvedi & Shah, Chartered Accountants as Statutory Auditors, who retires at the meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr Ashok Jain, whose term as an additional director expires at this meeting and a notice under Section 257 has been received from a shareholder of the Company proposing his appointment as a director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Shashank Chaturvedi, whose term as an additional director expires at this meeting and a notice under Section 257 has been received from a shareholder of the Company proposing his appointment as a director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. V. S. Iyer, whose term as an additional director expires at this meeting and a notice

under Section 257 has been received from a shareholder of the Company proposing his appointment as a director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Mr. Hanuman Kanodia, whose term as an additional director expires at this meeting and a notice under Section 257 has been received from a shareholder of the Company proposing his appointment as a director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and, Schedule XIII to the Act and subject to approval of Banks and Financial Institutions and such other approval as may be required under the Act or otherwise, Mr. Shashank Chaturvedi be and is hereby appointed as an Executive Director of the Company for a period of 3 years w.e.f. 19th October 2012 on aggregate remuneration upto the limit of Rs.53,09,508 p.a. inclusive of all perquisites, allowances and gratuity with a power to the Board of Directors to increase remuneration upto 25% of the last drawn remuneration every year with effect from 1st April of the financial year commencing from the financial year 2013”

“RESOLVED FURTHER THAT the Board of Directors be and are 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, 2012. The Company has no profits or its profits are inadequate, the Company do pay to Mr. Shashank Chaturvedi remuneration by way of salary, perquisites, allowances and gratuity not exceeding Rs. 53,09,508 per annum or remuneration as increased by the Board of Directors as a minimum remuneration.”

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 Mr. Shashank Chaturvedi.”

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

“**RESOLVED THAT** pursuant to Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force) (hereinafter referred to as the “Act”), and other provisions and regulations as may be applicable in view of the nature of the transaction concerned, provisions in the Memorandum of Association and Articles of Association of the Company, the consent, approval and sanction of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “Board”, which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this resolution) to issue and allot Preference shares not exceeding issue amount of Rs. 15,00,00,000/- (Rupees Fifteen Crores only) in one or more tranche(s) including share premium to the Promoter/Co-promoter/Strategic Investor by way of preferential allotment on the terms and conditions including share premium, rate of dividend and terms of redemption as the Board at its absolute sole discretion may decide in accordance with applicable law;”

By Order of the Board

Place: Mumbai
Date: 31/05/2013

Shashank Chaturvedi
Executive Director

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, 17th September 2013 to Friday, 20th September 2013, both days inclusive.
3. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the special business to be transacted at the meeting is appended hereto.
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.
5. Members are requested to immediately inform about their change of address or consolidation of folios, if any, to the Company's Share Transfer Agent.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

SPECIAL BUSINESS:-

ITEM NO. 5 to 8

The terms of appointment of Mr Ashok Jain, Mr. Shashank Chaturvedi, Mr. V. S. Iyer, Mr. Hanuman Kanodia who had been appointed by the Board of Directors as Additional Directors under Section 260 of the Companies Act, 1956, hold office upto the conclusion of the 31st Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from shareholders of the Company for their appointment as directors of the Company.

Mr. Ashok Jain aged 62 years. He is Chartered Accountant and has more than 40 years of experience in the field of finance, accounts & banking.

Mr. Shashank Chaturvedi has long experience in steel industry and is professionally qualified Chartered Accountant.

Mr. V. S. Iyer aged 89 years is a practicing Company Secretary and has vast experience in company law matter.

Mr. Hanuman Kanodia aged 50 years is a Practicing Chartered Accountant

They do not have any share in the Company.

Members are requested to approve the resolution at item no. 5 to 8 as Ordinary Resolutions.

None of the directors of the Company except appointee themselves are in any way concerned or interested in the resolution relating to their respective appointment.

ITEM NO. 9

Appointment of Mr Shashank Chaturvedi as an Executive Director

Board of Director has recommended appointment of Mr. Shashank Chaturvedi as an Executive Director with the effect from 19th October 2012.

Mr. Shashank Chaturvedi has been associated with the Company since March, 1999 as an Executive Director of the Company and held this position upto 5th March 2009.

He held the position of President - Finance and Accounts of the Company with effect from 17th March 2011 and he is appointed as an Executive director with effect from 19th October 2012. He has long experience in steel industry and is professionally qualified Chartered Accountant.

A copy of draft appointment letter for appointment of Mr. Shashank Chaturvedi is available for inspection of members at the registered office of the Company at 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 Mr. Shashank Chaturvedi pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Shashank Chaturvedi himself is in any way concerned or interested in the said resolution.

RMG ALLOY STEEL LIMITED

(Formerly known as Remi Metals Gujarat Limited)

Information pursuant to Schedule XIII of the Company's Act, 1956.

GENERAL INFORMATION:

- 1) Nature of industry – Iron & steel
- 2) Financial performance based on given indicators –
(Rs. In Lacs)

	Year ended 31-03-2013	Year ended 31-03-2012
Sales & Other Income	35686	58712
Profit / (Loss) before interest, depreciation	(2253)	741
Interest and Financial Charges	4850	4215
Depreciation and Amortization	2227	2227
Profit / (Loss) before tax	(9330)	(5701)
Less : Fringe Benefit Tax	-	-
Profit/ (Loss) after Tax	(9330)	(5701)

- 3) Export performance and net foreign exchange collaboration -
FOB value of export : 2012-13 – Rs. 806 Lacs (2011-12 – Rs.1847 Lacs)

INFORMATION ABOUT THE APPOINTEE:

- 1) Background details:
Mr. Shashank Chaturvedi has been associated with the Company since March, 1999 as an Executive Director of the Company and held this position upto 5th March 2009.
He was appointed as a President - Finance and Accounts of the Company with effect from 17th March 2011 and then appointed as an Executive director with effect from 19th October 2012. He has long experience in steel industry and is professionally qualified chartered accountant.
2. Past remuneration: Rs.4,42,459 per month inclusive of all perquisite aggregating to Rs.53,09,508 p.a.
- 2) Job profile and his suitability
He is a Chartered Accountant and has more than 26 years of experience in the field of finance and steel industry. In view of his long experience with the Company as an executive director/President (Accounts and Finance) and his professional qualification, your directors are of view that he should be appointed as an executive director of the Company.
- 3) Remuneration proposed - not exceeding Rs. 53, 09,508 per annum inclusive of all perquisites, benefits, performance allowance, all other allowances, employers P.F. contributions, Books & periodicals, Leave Travel concessions etc. with power to the Board of Directors to increase his remuneration upto 25% of the last drawn remuneration every year with effect from 1st April of the financial year commencing from the

financial year 2013.

- 4) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) Looking to his long experience and association with the Company, the proposed remuneration is justified to retain the managerial person.
- 5) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

He is not related directly or indirectly with the managerial personnel. Further, he has no pecuniary relationship with the Company except as an Executive director of the Company

OTHER INFORMATION:

- 1) Reasons of loss or inadequate profits
The Company is a sick company. The Company suffered losses due to less utilization of Plant capacity in view of poor demand of steel.
- 2) Steps taken or proposed to be taken for improvement
The Company is trying to develop niche market, increase new customers, develop new grades of steel, etc to increase utilization of plant capacity.
- 3) Expected increase in productivity and profits in measurable terms
The Company expects to utilize the Plant's capacity to the maximum extent and the losses may be contained if steps are taken to reduce burden of interest

ITEM NO. 10

Issue of preference shares

The Company has to finance cost of scheme under Modified Draft Rehabilitation Scheme which is pending for approval before BIFR and as such the Company proposes to raise finance by way of issue of preference shares to promoter/ co promoter/strategic investor on preferential basis.

Pursuant to Section 81 (1A) of the Companies Act, 1956 approval of shareholders is necessary by passing a special resolution.

None of the directors of the Company have any interest or concern in the proposed resolution except to the extent of subscribing the issue by any Company in which they are directly or indirectly interested.

By Order of the Board

Place: Mumbai
Date: 31/05/2013

Shashank Chaturvedi
Executive Director

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DIRECTORS' REPORT TO THE MEMBERS

The Directors present their 31st Annual Report together with Audited Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended 31-03-2013	Year ended 31-03-2012
Sales & Other Income	35686	58712
Profit / (Loss) before interest, depreciation	(2253)	741
Interest and Financial Charges	4850	4215
Depreciation and Amortization	2227	2227
Profit / (Loss) before tax	(9330)	(5701)

OPERATIONS

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

Particulars	2012-13			2011-12		
	Production (Tones)	Sales (in Qty.)	Gross Sales (in Lacs)	Production (Tones)	Sales (in Qty.)	Gross sales (₹ in Lac)
Steel	54048	54521	29011	96649	95768	53334
Seamless Pipes	6445	6186	6286	11543	11494	10824

Steel & pipe division have not operated on full capacity in view of lack of demand in view of recession in steel market. Automobile, construction, infrastructure sectors have not fared well during the year which resulted into poor demand for steel. Losses incurred by the Company have eroded working capital of the Company. Power cost has increased due to less heat order. Given the sluggish demand and high production cost, the pressure on the profitability is expected to continue.

The Company however is constantly trying to develop new grades, new customers and get their approvals for the products of the Company from reputed manufacturers.

DIRECTORS

Since the last report, the following changes took place in the Board of Directors-

- Resignation of Shri Rajesh R. Mandawewala w.e.f. 9th August 2012;
- Resignation of Shri.R.G.Sharma, Shri. Rajendra C. Saraf and Shri. Rishabh Saraf w.e.f. 07.02.2013
- Resignation of Shri Vijay Singh Bapna w.e.f. 1st April 2013
- Resignation of Shri Abhishek R. Mandawewala from the office of Executive Director w.e.f. 1st April 2013 but continues as a director of the Company
- Appointment of Shri Shashank Chaturvedi, Shri. Ashok Jain, Shri V. S. Iyer and Shri Hanuman Kanodia as Additional directors.

Your directors appreciate Shri Rajesh R. Mandawewala, Shri.R.G.Sharma, Shri. Rajendra C.Saraf, Shri. Rishabh Saraf and Shri Vijay Singh Bapna for their services as members of the Board.

In accordance with the provisions of the Companies Act, 1956, Mr. Abhishek Mandawewala, Shri Atul Desai retire by rotation at 31st Annual General Meeting and being eligible offered themselves for reappointment.

Mr. Ashok Jain, Mr. Shashank Chaturvedi, Mr. V. S. Iyer, Mr. Hanuman Kanodia who have been appointed by the Board of Directors as Additional Directors under Section 260 of the Companies Act, 1956, hold office upto the conclusion of the 31st Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from shareholders of the Company for their appointment as directors of the Company.

Your directors recommend their appointments/reappointments.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2013, all the applicable accounting standards had been followed along with proper explanations relating to material departures;
- they have 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;
- they have 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;
- they have prepared the annual accounts for the financial year ended March 31, 2013 on a going concern basis.

AUDITORS

M/S. Chaturvedi & Shah hold office of Auditors until the conclusion of the 31st 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 Form A, which forms part of the Directors' Report. Form B relating to research and technology absorption being nil is not attached.

Foreign exchange used and earning is mentioned below:

Used: Rs. 4275 Lacs (Rs..7476 Lacs)

Earning: Rs. 806 Lacs (Rs.1847 Lacs)

PARTICULARS OF EMPLOYEES

There were no employees covered under the purview of section 217 (2A) of the Companies Act 1956 and the rules framed thereunder.

COST AUDITOR

The Company has appointed M/S. Kiran J Mehta & Co, Cost Accountant as a Cost auditor of the Company. Due date of filing the cost audit report is 27th September 2013.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is annexed hereto as a part of this Report. Management Discussion and Analysis Statement is separately given in the Annual Report. A certificate from Ms. Mansi Damania, Practising Company Secretary regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

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 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

Abhishek Mandawewala Shashank Chaturvedi
Director Executive Director

Place: Mumbai
Date: 30/05/2013

ANNEXURE
FROM-A
(SEE RULE 2)

FROM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year 2012-13	Previous Year 2011-12
Power and Fuel Consumption			
1	Electricity		
	a Purchased		
	Units (In'000S)	61315	109195
	Total Amount (Rs. In Lacs)	4021	6715
	Rate / Unit (Rs.)	6.56	6.15
	b Own generation	Nil	Nil
2	Gas Used	Gas Used	
	Units (In'000S)	8317	12850
	Total Amount (Rs. In Lacs)	2609	2842
	Rate / Unit (Rs.)	31.37	22.12
3	Furnace Oil		
	Quantity (K.Ltrs)	Nil	Nil
	Total Amount (Rs. In Lacs)	Nil	Nil
	Average Rate (k Ltr.)	Nil	Nil
4	Others / Internal Generation	Nil	Nil
CONSUMPTION PER UNIT OF PRODUCTION		STANDARDS	
Products (with details)			
	Steel (Production In MT)	54045	96649
	Pipe (Production In MT)	6445	11543
	Electricity / Steel kwh	855	952
	Electricity / Pipe kwh	1305	1533
	Steel Production/ MT		
	Natural Gas	86	103
	Pipe Production/ MT		
	Gas	281	430
		362	

MANAGEMENT AND DISCUSSION ANALYSIS

A) INDUSTRY STRUCTURE, SCENARIO & DEVELOPMENT

Indian steel companies have been losing some of their sheen. Profits of many of these companies have either fallen or remained flat in the last 10 quarters

Steel industry growth is set to remain muted with subdued demand from consuming sectors such as infrastructure and realty. Besides, constraints in sourcing iron ore and restriction on mining activities will pose a major challenge for the industry. Given the sluggish demand and high production cost, the pressure on the profitability of steel companies is expected to continue.

The main factors impacting growth in India are the inflationary pressure, the fiscal deficit, lower demand from consuming sectors such as automotive, construction, capital goods and consumer durables and the problem of capital inflow. Further, there are delays in obtaining clearances, especially environmental clearances, land acquisition, overdue reforms.

Iron ore mining restrictions, high prices and inferior quality of iron ore being auctioned have also adversely impacted the Karnataka-based sponge iron players.

Struggling economies put the brakes on infrastructure building in the world during the financial crisis. That slowdown is going to hurt steel sector.

Lower industrial production and reduced investment in large scale infrastructure projects have resulted in a marked decrease in the growth of steel demand from both the developed and emerging markets.

It is unlikely that steel demand will significantly improve in 2013, largely because of the continuing economic crisis in developed countries and the structural shift in the Chinese economy. Moderate recovery is only expected in 2014-15, although steel demand is likely to improve faster in emerging markets.

Global steelmaking capacity will continue to exceed demand growth in 2013 with excess capacity of 479 million tons forecast. As a result, capacity utilization is expected to remain below 80% in 2013 to limit the amount of excess supply in the market. Margins will continue to be tight into 2013 as steel prices will remain flat and costs are unlikely to decrease significantly in 2013. From 2014, the demand outlook will improve modestly resulting in modest increases in capacity utilization and steel prices.

Global steel prices are expected to remain flat in 2013 as supply continues to outstrip demand due to the failure of producers worldwide to shut down excess production capacity. China continues to struggle with overcapacity and sluggish demand.

Reforms announced by the Government will provide a fillip to growth in the economy. Huge investments planned in infrastructure-Railways, Seaports, Airports, Highways, Bridges, etc. if made, will boost demand for steel. With the general expectation of modest growth globally and sustained raw material prices, steel prices are expected to be firm up and be stable in the year ahead.

The formation of the Cabinet Committee on Infrastructure for single window clearance for mega projects will generate activity in the power and road sectors which would push up steel demand.

In addition, lowering of interest rates by Reserve Bank of India will provide impetus to the manufacturing and consumer durables sectors.

The full impact of all these will be felt in 2013-14.

The United States' economy showing signs of growth in the long-term augurs well for steel makers. This is because the US is the largest importer of steel. Industry watchers also expect a modest two-and-a-half per cent growth in Europe, against the backdrop of negative growth this year.

At the same time, demand for finished products such as cold rolled, galvanised and automotive steels is expected to go up.

After several months of range-bound movement, prices of steel products have started inching up gradually in the Indian markets, amid expectations of resurgence in construction demand after the winter season. The market is mirroring the global trend, where steel prices are continuously rising due to higher cost of production on an upsurge in input cost.

India is poised to become the world's second largest steel producer. However, this is subject to companies finding the right technology to produce special categories of steel. Currently, with 74 million tones annual production in 2011, India is the fourth largest producer. Per capita steel consumption went up to 59 kg in 2011-12, from 34 kg in 2004-05. Per capita steel consumption in Rural India is very low – about 10 kgs and as such there is abundant scope for increase in demand. Monsoons have improved, augurs well for the economy.

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 and coking coal may affect competitiveness of Indian end users of steel. Further, increase in competition affect margin of profits.

The Company concentrates in Niche market. The Company shall concentrate Aerospace, Defense, Railway, Drilling, Yellow Good, Oil & Gas (Export), Turbine, Wind Energy, Machine/Ship Building, Gear Development, Engines, Open Die Forgers etc.

The Company is taking various steps to utilize its existing capacity to the maximum extent.

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 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

REVENUE

Revenue from operation of the Company is of Rs.35686 Lacs during the year ended 31st March 2013 as compared to Rs. 58712 Lacs during the year 31st March 2012.

EBDITA

Profits/(Losses) before depreciation & financial charges during the year ended 31st March 2013 was of Rs.2253 Lacs as compared to profits of Rs.741 Lacs for the year ended 31st March 2012.

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.

CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT

A. Company's Philosophy

Remi Metals Gujarat Limited believes that for a company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness.

B. Board of Directors

i) Composition:

Details of composition of the existing Board of Directors as on 31st March 2013 are given below:

Sr. No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		Director-ship in other public limited companies	Committee Chairmanship/ membership in other public limited companies
				Annual General Meeting	Board Meeting		
1	Mr. Atul Desai	I,NE,C	Nil	Yes	5	9	3C/7M
2	Mr. Nirmal Gangwal	I,NE	Nil	No	2	5	1M
3	Mr. Abhishek Mandawewala (Executive director upto 1st April 2013)	SI,E	Nil	No	5	3	1M
4	Mr. Shashank Chaturvedi (Executive director with effect from 19th October 2012)	E	Nil	No	3	-	-
5	Mr. Ashok Jain	I,NE	Nil	No	1	2	-
6	Mr. Vijay Singh Bapna (upto 1st April 2013)	NE	Nil	No	5	2	1M
7	Mr. Hanuman Kanodia (w.e.f. 30/5/2013)	NP	Nil	No	N.A.	1	-
8	Mr. V. S. Iyer (w.e.f. 30/5/2013)	NP	Nil	No	N.A.	1	-

Abbreviations:

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

ii) Details of Date of Board Meeting:

During the year 2012-13, the Board of Directors met six times on the following dates: -15.05.2012, 13.07.2012, 09.08.2012, 19.10.2012, 09.11.2012 & 07.02.2013.

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 31.03.2013.

- Mr. Atul Desai - Chairman (Independent)
- Mr. R. G. Sharma - Member (Independent) (Upto 07.02.2013)
- Mr. Abhishek Mandawewala - Member
- Mr. Ashok Jain - Member (Independent) (w.e.f 06.02.2013)
- Mr. Nirmal Gangwal - Member (Independent) (w.e.f.13.07.2012)

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

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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 12.05.2012, 13.07.2012, 09.08.2012, 09.11.2012 & 07.02.2013. The details of Attendance of Members of audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2012 to 31/03/2013)
1	Mr. Atul Desai	Chairman	5
2	Mr. R. G. Sharma	Member	4
3	Mr. Abhishek Mandawewala	Member	5
4	Mr. Ashok Jain	Member	1
5	Mr. Nirmal Gangwal	Member	1

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. R. G. Sharma	- Member (upto 07.02.2013)
Mr. Abhishek Mandawewala	- Member
Mr. Ashok Jain	- Member (w.e.f 07.02.2013)

During the year 2012-13, Remuneration Committee meeting was held on 19.10.2012 and the meeting was attended by Mr. Atul Desai and Mr. R. G. Sharma the members of the Committee, Leave of absence was granted to Mr. Nirmal Gangwal & Mr. Abhishek Mandawewala.

Terms of Reference

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

The details of Remuneration paid/due during the period under review to Mr. Abhishek Mandawewala and Mr. Shashank Chaturvedi, Executive directors are mentioned below:

(Amt. in Rs.)

Particulars	Mr. Shashank Chaturvedi (Executive Director) (w.e.f. 19th October, 2012)	Mr. Abhishek Mandawewala (Executive Director)
Basic	9,59,134	6,63,192
HRA	2,87,740	2,65,272
Incentive	8,38,035	0
Bonus/ Exgratia	79,898	55,248
Other benefits	2,69,515	4,04,808
Total	24,34,322	13,88,520
notice period	3 months	3 months
service contract	3 Years	5 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/Share transfer and Investors Grievance Committee/Remuneration committee for the year 2012-13
Mr. Atul Desai	Rs.78000/-
Mr. R. G. Sharma	Rs.64000/-
Mr. Ashok Jain	Rs.13000/-
Mr. Nirmal Gangwal	Rs.18000/-

3. SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

- a) The Share Transfer and 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.

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b) Composition and details of attendance of members of the Committee are as follows:

Sr.No.	Name of the Member	Designation	Number of Meetings Attended (01/04/12 to 31/03/13)
1.	Shri. Atul Desai	Chairman	6
2.	Shri. Ram Gopal Sharma	Member (Upto 07.02.2013)	3
3.	Shri. Abhishek Mandawewala	Member	6
4.	Shri. Shashank Chaturvedi	Member (w.e.f 07.02.2013)	1

c) Compliance officer – Shri K. N. Kapasi, Company Secretary (upto 19-10-2012)

d) Six meetings of Share Transfer and Investors Grievance Committee were held on 13.04.2012, 22.06.2012, 06.07.2012, 31.10.2012, 30.11.2012 & 01.03.2013.

e) Number of shareholders complaints/ requests received during the year:

During the year under review, total Investor's complaints/ requests were received. Break up and number of complaints/ requests received under different category is given hereunder:

Sr. no.	Category	No. of complaints Recd
1	Non receipt of annual report	4
2	Non receipt of Demat credit	4
3	Non receipt of Demat rejection documents	4
4	Non receipt of dividend warrant	8
5	Non receipt of exchange share certificates	32
6	Non receipt of share certificate after transfer	4
7	SEBI	3
	Total Complaints Recd	59

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 2013.

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
04/09/2010	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M.	1
29/09/2011	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M.	1
21/09/2012	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	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
04/09/2010	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Appointment of Mr. Abhishek Mandawewala as an Executive Director on remuneration of Rs.15,00,000 per annum with effect from the date of AGM for a period of Five years.
29/09/2011	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Alteration in Article no. 157 relating to affixation of Common Seal of the Company in the presence of any one of the directors or company secretary or any authorized person.
21/09/2012	Plot no.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch	One	Consent to Board of Directors to make investment in equity shares and preference shares of Welspun Captive Power Generation Limited upto a limit of Rs.1.30 crores.

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(iii) During the year under report, the following Special resolutions through postal ballot were announced as passed on 28th November 2012:

Sr. no. matter

- 1 Consent to Board of Directors to make investment in equity shares and preference shares of Welspun Captive Power Generation Limited upto a limit of Rs.1.30 crores.
- 2 Consent to Board of Directors to offer, issue and allot 4,02,42,857 12% Cumulative Redeemable Preference shares of Rs.10/- each fully paid up at a premium of Rs.25/- per share to Welspun Fintrade Private Limited by converting un-secured loan of Rs.140,84,99,995 obtained from them.

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 No.30 of Notes forming part of the financial statements. 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 Executive Director and Financial Controller (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. Mr. Abhishek Mandawewala aged 26 years is B.A./M. Eng. (Hons) form University of Combridge, UK and he has experience of more than four years.
 2. Mr. Shashank Chaturvedi aged 48 years. He is Executive Director of the Company since last 2 years and has more than 23 years of experience in the field of management of finance.
 3. Mr. Ashok Jain aged 62 years. He is Chartered Accountant and has more than 40 years of experience in the field of finance, accounts & banking.
 4. Mr. Atul desai is a partner of M/s. Kanga & Co., leading Law firm. Mr. Atul Desai has attended large number of matters relating to merger, amalgamation, litigations, arbitration involving commercial dispute etc.
 5. Mr. V.S.Iyer aged 89 years is practising Company Secretary and has vast exprience in Company law matter.
 6. Mr.Hanuman Kanodia aged 50 years is a practising Chartered Accountant.

G. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the audited financial results for the year ended 31-03-2012, unaudited financial results for quarter ended 30-06-2012,30-09-2012 and 31-12-2012 and forwarded the results to the Bombay Stock Exchange Ltd and published the same in Economic Times (E+G), Ahmedabad edition.

H. GENERAL SHAREHOLDER INFORMATION:

The next Annual General Meeting shall be held at –

- (i) Venue - Plot no. 1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat,
Time - 12.30 P.M
Day and Date - Saturday, 21st September, 2013
Financial year - from 1st April 2012 to 31st March 2013
- (ii) Date of Book Closure - from Tuesday 17th September 2013 to Friday 20th September 2013 (both days inclusive)
- (iii) Dividend payment date - No dividend has been recommended for the financial year 2012-13.
- (iv) Listing on Stock Exchanges and codes

The securities of the Company are listed on the Bombay Stock Exchange (Scrip code – 500365)

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- (v) Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month from April 1, 2012 to March 31, 2013 as follows:

Month	Market Price		Sensex	
	High	Low	High	Low
Apr-12	5.40	4.00	17664.1	17010.16
May-12	5.39	3.95	17432.33	15809.71
Jun-12	4.59	3.81	17448.48	15748.98
Jul-12	5.11	3.91	17631.19	16598.48
Aug-12	4.48	3.71	17972.54	17026.97
Sep-12	4.67	3.70	18869.94	17250.8
Oct-12	4.55	3.75	19137.29	18393.42
Nov-12	4.45	3.60	19372.7	18255.69
Dec-12	4.39	3.52	19612.18	19149.03
Jan-13	4.49	3.54	20203.66	19508.93
Feb-13	4.00	3.20	19966.69	18793.97
Mar-13	4.15	2.63	19754.66	18760.41

- (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, 2013 is as follows: -

Shareholding of nominal value ₹	Total Holders		Amount	
	(in Nos.)	% of Total	in ₹	% of Total
1 - 5000	91730	98.09	17519694	2.70
5001 - 10000	856	0.92	5736390	0.88
10001 - 20000	445	0.48	6128676	0.94
20001 - 30000	182	0.19	4571544	0.70
30001 - 40000	71	0.08	2454846	0.38
40001 - 50000	42	0.04	1837380	0.28
50001 - 100000	88	0.09	6186600	0.95
100001 and above	100	0.11	606179910	93.17
Total :	93514	100.00	650615040	100.00

- (viii) 107308059 equity shares constituting 98.96% of the share capital are in demat form as on 31.03.2013.

(ix) Plant Location : Plot no.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch.

(x) Address for Correspondence : Plot no.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch. Tel No. 09727774061/62, 02645-619700, Fax No.02645-619800

(xi) E-mail Id : kaushik_kapasi@welspun.com

(xii) Website : www.rmgalloysteel.com

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, 2013, 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 2013, the Registrar and Share Transfer Agents of the Company have certified that as at 31st March, 2013, 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.

Mansi Damania

Practising Company Secretary

ACS No. 22670

COP No. 8120

Place: Mumbai

Date: 30/05/2013

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INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF REMI METALS GUJARAT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Remi Metals Gujarat Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to following notes to the financial statements:

- (a) Note no. 25 of the financial statements regarding 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.
- (b) Note no. 31 regarding remuneration paid to Executive Director amounting to Rs. 49 lac is subject to approval at the shareholders' meeting and also from the Central Government in respect of which application has been made and pending with the Government.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, 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.
2. As required by Section 227(3) of the Act, 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2013 and taken on record by the Board of Directors, none of the director of the Company is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For CHATURVEDI & SHAH
Chartered Accountants
Registration No. 101720W

Parag. D. Mehta
Partner
Membership No. 113904

Place: Mumbai
Dated: 30th May, 2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 1)
 - a) The Company is in the process of updating its fixed asset register showing full particulars including quantitative details and situation of 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 explanations 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 companies, firms and other parties listed in the register maintained under Section 301 of the Act. Hence Clauses (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of Paragraph 4 of the Order are not applicable.
 - b) The Company has taken unsecured loan from two Companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is Rs. 15,085 lac and year end balance was Rs. Nil.

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- c) In our opinion and according to information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions of above loans taken 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 explanations 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 explanations 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 prices which are reasonable having regard to the prevailing market prices 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. However, in respect of Sales Tax, no payment has been made during the year. 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, 2013 for a period of more than six months from the date of becoming payable except the following:

Name of Statute	Nature of the dues	Amount (Rs. In lac)	Period to which amount relates	Date of Payment
Gujarat Value Added Tax Act, 2003	Sales Tax Deferment Loan Installment	673	April 2012	Not paid till date (Refer Note 5(b))
Gujarat Value Added Tax Act, 2003	Value Added Tax/ Central Sales Tax	163	April 2012 to August, 2012	Not paid till date

- b) As at March 31, 2013, 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 other than the following:

Name of Statute	Nature of the dues	Amount (Rs. In lac)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	1	2005-06 to 2007-08	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	118	2006-07 to 2011-2012	Commissioner of Central Excise
Central Excise Act	Excise Duty	34	1996-97 to 1998-99	Customs, Excise & Service Tax Appellate Tribunal
Income Tax Act	Income Tax	77	2004-05	Commissioner of Income Tax (Appeals)
Sales Tax Act	Value Added Tax	16	2007-08	Joint Commissioner, Commercial Tax (Appeal)
Sales Tax Act	Value Added Tax	12	2008-09	Joint Commissioner, Commercial Tax (Appeal)

- 10) In our Opinion, the accumulated losses of the Company are more than fifty percent of its net worth as at March 31, 2013, and the Company has incurred cash loss during the financial year and in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, there have been defaults in the repayment of dues to banks as under:

Period of Delay	Principal Amount (Rs. In Lac)	Interest Amount (Rs. In Lac)	Status of Payment
up to 30 Days	80	898	Paid
31 to 60 Days	119	443	Paid
60 days and above	500	265	Principal Rs. 40 lac unpaid, balance paid

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) As per information and explanations given to us, the Company has made preferential allotment of preference shares to a Company covered in the registered maintained under section 301, at price which is not prejudicial to the interest of the Company.
- 19) According to the information and explanations 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 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: 30th May, 2013

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BALANCE SHEET AS AT 31st MARCH, 2013

(Rs.in lac)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	10,530	6,506
Reserves and Surplus	3	(19,110)	(19,841)
		(8,580)	(13,335)
SHARE APPLICATION MONEY PENDING ALLOTMENT	4	1,500	-
Non-Current Liabilities			
Long Term Borrowings	5	16,142	21,061
Long Term Provisions	6	208	220
		16,350	21,281
Current Liabilities			
Short Term Borrowings	7	12,821	11,603
Trade Payables	8	8,684	17,850
Other Current Liabilities	9	5,491	8,447
Short Term Provisions	10	27	19
		27,023	37,919
TOTAL		36,293	45,865
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	18,465	20,662
Intangible assets		30	-
Capital Work-in-Progress		138	173
		18,633	20,835
Long Term Loans And Advances	12	292	277
		18,925	21,112
Current Assets			
Inventories	13	7,946	10,649
Trade Receivables	14	7,352	11,267
Cash and Bank Balances	15	1,715	1,852
Short Term Loans and Advances	16	314	901
Other Current Assets	17	41	84
		17,368	24,753
TOTAL		36,293	45,865
Significant accounting policies & notes to accounts form an integral part of these financial statements	1		

As per our attached report of even date

For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of the Board of Directors

Parag D. Mehta
Partner
Membership No.113904

Shashank Chaturvedi
Executive Director

Abhishek Mandawewala
Director

Place : Mumbai
Date : 30th May, 2013

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013

(Rs. in lac)

Particulars	Note	Year ended March 31, 2013	Year ended March 31, 2012
INCOME			
Revenue from Operations	18	35,419	58,487
Other Income	19	267	225
Total Revenue		35,686	58,712
EXPENSES			
Cost of Materials Consumed	20	21,340	39,586
Changes in Inventories of Finished & Semi Finished Goods	21	2,072	(2,092)
Employee Benefits Expense	22	2,518	2,816
Finance Costs	23	4,850	4,215
Depreciation		2,227	2,227
Others Expenses	24	12,009	17,661
Total Expenses		45,016	64,413
Profit/(Loss) before Tax		(9,330)	(5,701)
Tax Expense		-	-
Profit/(Loss) for the year		(9,330)	(5,701)
Earning per Equity Share (Face value of Rs.6 per share):			
Basic & Diluted (in Rs.)	26	(8.65)	(5.26)
Significant accounting policies & notes to accounts form an integral part of these financial statements			

As per our attached report of even date

For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of the Board of Directors

Parag D. Mehta
Partner
Membership No.113904

Shashank Chaturvedi
Executive Director

Abhishek Mandawewala
Director

Place : Mumbai
Date : 30th May, 2013

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Rs. in lac)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A) Cash Flow from Operating Activities		
Net Profit / (Loss) before Tax:	(9,330)	(5,701)
Adjustments for :		
Depreciation	2,227	2,227
Financial Costs	4,850	4,215
Provision for Gratuity & Compensated Absences	58	93
Exchange Difference on Translation (Net)	(20)	171
Loss on Sale of Assets	3	1
Bad Debts written off	33	-
Provision for Doubtful Debts	241	36
Provision for Obsolescence	5	21
Sundry balances written back	(31)	-
	7,366	6,764
Operating Cash Profit/(Loss) before Working Capital Changes	(1,964)	1,063
Changes in Working Capital :		
Trade Receivables	3,719	(261)
Inventories	2,698	(2,038)
Loans & Advances	970	(328)
Trade and other Payables	(8,664)	5,253
	(1,277)	2,626
Cash generated from / (used in) Operations	(3,241)	3,689
Income Tax (Net)	(15)	(17)
Net Cash generated from / (used in) Operating Activities	(3,256)	3,672
B) Cash Flow from Investing Activities:		
Acquisition of Fixed Assets (including Work in Progress)	(35)	(186)
Sale of Fixed Assets	1	1
Net Cash generated from / (used in) Investing Activities	(34)	(185)
C) Cash Flow from Financing Activities:		
Finance Costs	(4,478)	(4,274)
Share Application Money received	1,500	-
Net Increase / (Decrease) in Short Term Borrowings	1,116	1,240
Proceeds from Long Term Borrowings	11,000	1,064
Repayment of Long Term Borrowings	(5,645)	(1,587)
Net Cash generated from / (used in) Financing Activities	3,493	(3,557)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	203	(70)
Cash and cash equivalents at the beginning of the year	101	171
Cash and cash equivalents at the end of the year	304	101
NET INCREASE / (DECREASE) AS DISCLOSED ABOVE	203	(70)

Notes :

- Fixed Deposits with Banks under lien amounting to Rs.1411 lac (Previous Year Rs.1751 lac) are not included in Cash & Cash Equivalents.
- During the year, long term loan amounting to Rs.2150 lac (Previous year Rs.860 lac) were converted from dollar denominated loan to rupee loan.
However, the same has not been considered as movement in financing activities as it did not involve physical movement of cash.
- Previous year's figures have been regrouped wherever necessary to confirm current year's figures.
- All figures in brackets are outflows.

As per our attached report of even date

For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of the Board of Directors

Parag D. Mehta
Partner
Membership No.113904

Shashank Chaturvedi
Executive Director

Abhishek Mandawewala
Director

Place : Mumbai
Date : 30th May, 2013

Notes forming part of the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements 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 and the applicable accounting standards.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. FIXED ASSETS

Tangible Assets: Tangible 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.

Intangible Assets: Intangible Assets are recognized only if acquired and it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

D. DEPRECIATION/AMORTISATION

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. Intangible Assets are being amortised over a period not exceeding 4 years.

E. 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.

F. 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.

G. FOREIGN CURRENCY TRANSACTIONS / TRANSLATION

a) 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 Statement of Profit and Loss.

b) 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 Statement of Profit and Loss 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.

H. 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. Exports benefits are accounted on accrual basis.

I. 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.

J. EMPLOYEE BENEFITS

a) Defined Benefit and Other Long Term Benefit plan :

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss 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 Statement of Profit and Loss.

b) Short Term Employee Benefits:

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

K. 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 in the notes. Contingent assets are not recognized or disclosed in the financial statements.

L. 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 recognized as an expense in the period in which they are incurred.

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Notes forming part of the Financial Statements (Contd.)

2. SHARE CAPITAL

Particulars	As at 31st March 2013		As at 31st March 2012	
	Number of shares	Rs. lac	Number of shares	Rs. lac
Authorised				
Equity shares of Rs.6/- each	110000000	6,600	110000000	6,600
Preference Shares of Rs. 10/- each	54000000	5,400	54000000	5,400
Total		<u>12,000</u>		<u>12,000</u>
Issued Subscribed and Paid up				
108435840 (Previous year 108435840)				
Equity Shares - of Rs.6/- each fully paid up		6,506		6,506
40242857 (Previous year Nil)				
Preference Shares - of Rs 10/- each fully paid up		4,024		-
Total		<u>10,530</u>		<u>6,506</u>
a. Reconciliation of the Number of Shares				
Equity Shares : Face value of Rs.10 each				
As at beginning of the year	108435840	6,506	108435840	6,506
Share issued during the year	-	-	-	-
Buyback/ forfeiture/ reduction of shares	-	-	-	-
Outstanding at the end of the year	108435840	6,506	108435840	6,506
Preference Share :Face value of Rs 10 each				
As at beginning of the year	-	-	-	-
Share issued during the year	40242857	4,024	-	-
Buyback/forfeiture/ reduction of shares	-	-	-	-
Outstanding at the end of the year	40242857	4,024	-	-
b. Details of Shareholders holding more than 5% of the aggregate shares				
Name of the Shareholders	Number of	% held	Number of	% held
Equity Shares :	shares		shares	
Welspun Steel Limited	43247034	39.88	43247034	39.88
Widescreen Holding Pvt Limited	24143333	22.27	24143333	22.27
Mangnificent Trading Pvt Limited	7012334	6.47	7012334	6.47
Calplus Trading Pvt Limited	5520481	5.09	5520481	5.09
12% Cumulative Redeemable Preference Shares (CRPS) :				
Welspun Steel Limited	40242857	100	-	-

c. Terms/ rights attached to

Equity shares :

The Company has 108,435,840 equity share having par value of Rs 6/- each fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in indian rupees. The dividend proposed if any, by the board of Directors is subject to the approval of the Shareholders in ensuing annual general meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Preference Share :

The CRPS carry dividend (cumulative) of 12% per annum. The CRPS are redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from 19th February 2013, the date of allotment.

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
3. RESERVE AND SURPLUS		
Securities Premium Account		
As per the last Balance Sheet	-	-
Add: received on issue of shares	10,061	-
Less : utilized	-	-
Balance as at the end of the year	<u>10,061</u>	<u>-</u>
(Deficit) in Statement of Profit and Loss		
As per the last Balance Sheet	(19,841)	(14,140)
Add: Profit / (Loss) for the year	(9,330)	(5,701)
Balance as at the end of the year	<u>(29,171)</u>	<u>(19,841)</u>
Total	<u>(19,110)</u>	<u>(19,841)</u>
4. SHARE APPLICATION MONEY PENDING ALLOTMENT		
Share application money pending allotment	1,500	-
Total	<u>1,500</u>	<u>-</u>

The share application money is received against proposed issue of 4285714 CRPS of Rs.10 each at a premium of Rs.25 per share carrying dividend (cumulative) of 12% per annum. The shares shall be allotted after approval from shareholders. The CRPS shall be redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from the date of allotment.

5. LONG TERM BORROWINGS

(Rs.in lac)

Particulars	As at 31st March 2013		As at 31st March 2012	
	Non Current	Current	Non Current	Current
Secured				
Term loans from banks				
Rupee loans	13,463	1,981	1,625	6,235
Foreign currency loan	-	-	1,935	229
	<u>13,463</u>	<u>1,981</u>	<u>3,560</u>	<u>6,464</u>
Unsecured				
Sales tax deferred loan	2,679	1,356	3,416	678
Electricity duty deferred loan	-	-	-	20
Other loan	-	-	14,085	-
	<u>2,679</u>	<u>1,356</u>	<u>17,501</u>	<u>698</u>
Total	<u>16,142</u>	<u>3,337</u>	<u>21,061</u>	<u>7,162</u>

- a) Rupee loans of Rs.15,444 lac (Previous year Rs.7,860 lac) and foreign currency loan of Rs. Nil (previous year Rs.2164 lacs) are secured, on pari passu basis, by way of:
- i. Equitable mortgage of immovable properties on first charge basis.
 - ii. Hypothecation of movable fixed assets on first charge basis.
 - iii. Second charge on current assets.
- Rupee loans carry interest at bank prime lending rate /base rate plus margin. Loans of
- i) Rs.4,844 lac are repayable in 20 quarterly installment starting from September 2010 and ending in September 2015.
 - ii) Rs.3,700 lac are repayable in 12 quarterly installments starting from April 2014 and ending in January 2017.
 - iii) Rs.6,900 lac are repayable in 21 quarterly installment starting from September 2014 with last of the installments in April 2020.
- b) Sales Tax Deferred Loan was repayable from April 2012 in six equal yearly installments. The payment of the sales tax installment due of Rs.673 lac due has been stayed/kept in abeyance by the Board for Industrial and Financial Reconstruction (BIFR) as modifications in the scheme of rehabilitation proposed by the company are under consideration.
- c) Rupee Term loans include installment of Rs.141 lac due on the balance sheet date. The same but for Rs.40 lac, have since been paid.

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Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
6. LONG TERM PROVISIONS		
Provision for Employee benefits		
Gratuity	151	153
Compensated absences	57	68
Total	208	221
7. SHORT TERM BORROWINGS		
Secured		
From bank		
Working capital loan	10,989	8,873
Other loan	-	1000
Unsecured		
Buyers credit arrangement	1,832	1,730
Total	12,821	11,603
a) Working Capital Loans are secured, on pari passu basis, by way of		
i. Hypothecation of current assets on first charge basis.		
ii. Hypothecation of movable fixed assets on second charge basis.		
iii. Equitable mortgage of immoveable properties on second charge basis.		
b) Working Capital Loans carry interest, at bank prime lending rate/base rate plus margin, ranging from 13.50% to 15.15%.		
c) Rupee loan from bank was secured by second pari passu charge on immoveable properties of the company and it carried interest at 13.15%.		
d) Buyers Credit carry interest at LIBOR plus margin (60 bps to 120 bps).		
8. TRADE PAYABLES		
Micro small and medium enterprises (Refer Note No.36)	4	-
Others	8,680	17,850
Total	8,684	17,850
9. OTHER CURRENT LIABILITIES		
Current maturity of long term borrowings	3,337	7,162
Interest accrued and due	333	111
Interest accrued but not due	165	1
Advances from Customers	132	50
Book overdraft	69	80
Payable for purchase of fixed assets	285	291
Payable to employees	170	169
Statutory liabilities	540	64
Provision for expenses	262	314
Other payables	198	200
Total	5,491	8,442
10. SHORT TERM PROVISIONS		
Provision for Employee benefits		
Gratuity	22	15
Compensated absences	5	4
Total	27	19

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

Notes forming part of the Financial Statements (Contd.)

11 FIXED ASSETS

(Rs. in lac)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2012	Additions	Deductions/ Adjustments	As at 31-03-2013	Upto 31-03-2012	For the year	Deductions/ Adjustments	Upto 31-03-2013	As at 31-03-2013	As at 31-03-2012
TANGIBLE ASSETS :										
Lease hold Land	351	-	-	351	-	-	-	-	351	351
Free hold Land	41	-	-	41	-	-	-	-	41	41
Plant & Machinery	30,852	23	-	30,875	17,600	1,779	-	19,379	11,496	13,252
Electrical Installation	2,007	1	-	2,008	1,412	96	-	1,508	500	596
Buildings	9,407	-	-	9,407	3,142	326	-	3,468	5,939	6,265
Office Equipments	241	5	-	246	139	18	-	157	89	102
Furniture and Fixtures	107	3	-	110	71	3	-	74	36	36
Vehicles	49	-	15	34	29	3	11	21	13	20
	43,055	32	15	43,072	22,393	2,225	11	24,607	18,465	20,663
INTANGIBLE ASSETS:										
Computer Software	-	32	-	32	-	2	-	2	30	-
	-	32	-	32	-	2	-	2	30	-
Total	43,055	64	15	43,104	22,393	2,227	11	24,609	18,495	20,663
Previous Year	42,884	176	5	43,055	20,169	2,227	3	22,393	20,663	-
Capital Work-in-Progress									138	173

(Rs.in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
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12. LONG TERM LOANS AND ADVANCES

Unsecured and considered good unless otherwise stated

Capital advances	19	19
Security deposits	184	184
Income tax paid/deducted (Net of provisions)	89	74
Total	292	277

13. INVENTORIES

Raw materials (Includes material in transit of Rs.nil, Previous year Rs..449 lac)	1,228	1,632
Semi finished goods	3,083	5,129
Finished Goods	1,797	1,823
Stores and spares (net of provision for obsolescence of Rs. 26 lac, Previous year Rs. 21 lacs) (Includes Material in transit of Rs. nil, Previous year Rs..67 lacs)	1,838	2,065
Total	7,946	10,649

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Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
14. TRADE RECEIVABLES		
Unsecured considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	756	335
Others	6,596	10,927
	7,352	11,262
Considered doubtful		
Outstanding for a period exceeding 6 months from the date they are due for payment	276	36
Others	-	-
	276	36
	7,628	11,298
Less: Provision for Doubtful Debts	276	36
Total	7,352	11,262
15. CASH AND BANK BALANCES		
Cash and cash equivalent		
Balances with banks		
In Current accounts	303	97
Cash on hand	1	4
Other bank balances		
In Margin deposit accounts*	1,411	1,751
Total	1,715	1,852
* Balance in Margin money accounts includes deposits of Rs.119 lac (Previous year Rs.Nil lac) with maturity more than 12 months		
16. SHORT TERM LOANS AND ADVANCES		
Unsecured considered good unless otherwise stated		
Security deposit	12	43
Balance with statutory/government authorities	108	148
Advance to vendors	41	521
Loans & advance to employees	1	12
Prepaid expenses	68	122
Cenvat/other claims receivable/recoverable	84	55
Total	314	901
17. OTHER CURRENT ASSETS		
Interest receivable on Margin deposits	41	84
Total	41	84

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
18. REVENUE FROM OPERATIONS		
Sales of products – gross	39,525	63,946
Less: Excise duty	4,228	5,721
Sales of products – net	<u>35,297</u>	<u>58,225</u>
Particulars of sale of products		
Steel	29,011	48,248
Seamless Pipe	6,286	9,977
	<u>35,297</u>	<u>58,225</u>
Other operating revenues		
Export Incentives	19	75
Other revenue	103	187
	<u>122</u>	<u>262</u>
Total	<u><u>35,419</u></u>	<u><u>58,487</u></u>
19. OTHER INCOME		
Interest from bank & others	176	216
Sundry balances written back	31	-
Miscellaneous income	60	9
Total	<u>267</u>	<u>225</u>
20. COST OF RAW MATERIAL CONSUMED		
Cost of Raw materials consumed (Refer Note No. 35(a))		
Inventory at the beginning of the year	1,632	1,691
Add : Purchases	20,935	39,527
Less : Inventory at the end of the year	1,227	1,632
Total	<u>21,340</u>	<u>39,586</u>
Particulars of raw materials		
Metallics	16,735	31,828
Ferro alloys	4,156	6,961
Others	449	797
Total	<u>21,340</u>	<u>39,586</u>

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Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	Yearended 31st March 2013	Year ended 31st March 2012
21. CHANGES IN INVENTORIES		
Inventories (at beginning)		
- Finished goods	1,823	1,112
- Semi finished goods	5,129	3,748
	6,952	4,860
Inventories (at close)		
- Finished goods	1,797	1,823
- Semi finished goods	3,083	5,129
	4,880	6,952
Net (Increase) / Decrease		
- Finished goods	25	(711)
- Semi finished goods	2,046	(1,381)
	2,072	(2,092)
Total		
	2,072	(2,092)
Particulars of Inventories		
Finished goods		
Steel	1,356	1,640
Seamless pipe	441	183
	1,797	1,823
Semi finished goods		
Steel	1,873	2,906
Seamless pipe	1,210	2,223
	3,083	5,129
	3,083	5,129
22. EMPLOYEE BENEFIT EXPENSES		
Salaries, wages, allowances and benefits	2,251	2,447
Contribution to provident and other funds	149	171
Provision for gratuity	44	65
Provision for compensated absences	14	28
Staff welfare expenses	60	75
	2,518	2,816
Total	2,518	2,816
	2,518	2,816
23. FINANCE COST		
Interest expense	4,368	3,513
Other borrowing cost	353	507
Net loss on foreign currency transactions and translation	129	195
	4,850	4,215
Total	4,850	4,215
	4,850	4,215

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

Notes forming part of the Financial Statements (Contd.)

(Rs.in lac)

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
24. OTHER EXPENSES		
Manufacturing and Other Expenses		
Stores and spares Consumed (Refer Note No. 35(b))	2,056	3,653
Power and fuel	6,846	10,015
Repairs to buildings	23	75
Repairs to plant & machinery	441	699
Labour Charges	352	598
Job work charges	338	475
Insurance	70	69
Excise duty on change in inventories	(3)	97
Lease rentals and hire charges	69	114
Security charges	27	22
Safety expenses	15	22
Vehicle expenses	82	96
Communication expenses	30	34
Travelling and conveyance	92	117
Rates and taxes	20	22
Rent	53	117
Printing & stationery	17	19
Listing fees	4	4
Directors' sitting fees	2	1
Auditors' remuneration		
- Audit fees	9	9
- Certification charges	1	1
Legal and professional fees and expenses	130	122
Net loss on foreign currency transactions and translation	263	338
Freight	183	322
Discounts on sales	496	521
Brokerage & commission	5	5
Sales promotion expenses	9	5
Provision for doubtful debts	241	36
Bad debts written off	33	-
Loss on assets sold/scrapped (Net)	3	1
Miscellaneous expenses	102	53
Total	12,009	17,661

25. Losses incurred in the financial year due to sharp slowdown in the industry, increased finance costs and volatility in foreign exchange movements have further eroded the net worth. The proposed modification in the scheme of rehabilitation which includes capital expenditure plans (majority funds tied up with banks), infusion of capital, monetization of surplus assets and other mitigating factors is pending for approval before the BIFR. Together with rationalisation of operations, release & mobilisation of additional long term funds already done, the Company expects to achieve earnings recovery to recoup its recent operative losses and as such financial statements have been prepared on going concern basis and no adjustment is required to the carrying amount of assets and liabilities.

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Notes forming part of the Financial Statements (Contd.)

26. EARNING PER SHARE

(Rs.in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
Net Profit / (Loss) for the year (Rs. lac)	(9,330)	(5,701)
Less: Cumulative dividend on 12% CRPS	54	-
Net Profit / (Loss) for the year considered for calculating earnings per share	(9,384)	(5,701)
Number of equity shares outstanding during the year	108435840	108435840
Basic and Diluted earnings / (loss) per equity share of Rs.6/- each:	(8.65)	(5.26)

27. The balances of trade receivables and trade payables 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.

28. 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.

29. 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.

30. 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
-Shashank Chaturvedi	Key Management Personnel (wef 19.10.2012)
-Abhishek Mandawewala	Key Management Personnel
- Welspun Steel Limited	Enterprise having significant influence over the Company
- Wide Screen Holding Pvt Ltd	Enterprise having significant influence over the Company

Above mentioned related parties are identified by the Management and relied upon by the Auditor.

Transactions with related parties

(Rs.in lac)

Particulars	Enterprise having significant influence	Key Management Personnel
Welspun Steel Limited		
Purchases	787 (-)	
Sales	13(-)	
Reimbursement of expenses	76(14)	
Outstanding		
Payable	222(-)	
Share application money received	1500(-)	
Remuneration		
Shashank Chaturvedi (refer note 31)		49(-)
Abhishek Mandawewala		15(15)

(figures in bracket represent Previous year figures)

31. The remuneration paid to the Executive Director is subject to approval of shareholders and Central Government.

Application made in this respect is pending with the Central Government.

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

Notes forming part of the Financial Statements (Contd.)

32. DEFERRED TAX LIABILITY (Net)

(Rs. in lac)

Particulars	As at 31st March 2013	As at 31st March 2012
Deferred Tax Liability		
Related to Fixed Assets	2569	2,915
Deferred Tax Asset		
Other Disallowances under Income Tax Act, 1961	166	91
Unabsorbed Depreciation/ Business Loss (Refer note below)	2403	2,824
Net Deferred Tax Liability	-	-

Note:- In the absence of virtual certainty, Deferred Tax asset on account of unabsorbed depreciation and business loss has been recognized to the extent it can be realized against reversal of deferred tax liability.

33. 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.149 lac (Previous year Rs.171 lac) for provident fund contributions in the Statement of Profit and Loss.

b) Defined Benefit Plans

Gratuity is 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, 2013:

(Rs.in lac)

Particulars	Gratuity Non Funded	
	As at 31st March 2013	As at 31st March 2012
Reconciliation of Present Value of Obligation PVO– defined benefit obligation		
PVO at the beginning of the year	168	131
Current service cost	30	32
Interest Cost	13	10
Actuarial (gain) / losses	1	23
Benefits paid	(39)	(28)
PVO at end of the year	173	168
Net cost for the year ended 31st March		
Current service cost	30	32
Interest cost	13	10
Actuarial (gain) / losses	1	23
Net cost	44	65
Assumption used in accounting for the gratuity plan		
Discount rate (%)	8.25 % p.a.	7.75 % p.a.
Salary escalation rate (%)	5.00 % p.a.	5.00 % p.a.

c) OTHER DISCLOSURES

	2012-13	2011-12	2010-11	2009-10	2008-09
Present value of defined benefit obligation	173	168	131	93	64
Fair value of plan assets	—	—	—	—	—
(Deficit)/ Surplus of the plan	(173)	(168)	(131)	(93)	(64)
Experience adjustments on plan liabilities [loss / (gain)]	8	23	31	30	50
Experience adjustments on fair value of plan assets [(loss) / gain]	-*	-*	-*	-*	-*

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Notes forming part of the Financial Statements (Contd.)

*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.

d) Other Long Term Employee Benefits

The compensated absences charge for the year ended 31st March, 2013, based on actuarial valuation carried out using the Projected Unit Credit Method, amounting to Rs.14 lac (Previous year Rs.28 lac) has been recognized in the Statement of Profit and Loss.

34. FINANCIAL AND DERIVATIVE INSTRUMENTS

Particulars	INR equivalent (Rs.in lac)		USD equivalent (USD in lac)	
	As at 31st March			
	2013	2012	2013	2012
Foreign currency				
Hedged				
Short term loan	-	247	-	5
Long term loan	-	2,150	-	44
Foreign currency				
Unhedged				
Buyers' credit	1,832	1,730	34	73
Current liabilities	464	2,003	8	-

35. ADDITIONAL INFORMATION

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

Sr. No.	Particulars	For the year ended 31st March			
		2013		2012	
		Amount (Rs.in lac)	(%)	Amount (Rs.in lac)	(%)
a)	Value of Raw material consumed				
	- Imported	4,681	22	7,316	18
	- Indigenous	16,659	78	32,270	82
	Total	21,340	100	39,586	100
b)	Value of Stores and spares consumed				
	- Imported	403	20	520	14
	- Indigenous	1,653	80	3,133	86
	Total	2,056	100	3,653	100

(Rs.in lac)

Particulars	For the year ended 31st March	
	2013	2012
c) Value of Imports on CIF Basis in respect of		
- Raw materials	3,554	6,260
- Stores and spares	471	962
d) Expenditure in foreign currency		
- Interest / Bank charges	234	237
- Repairs to plant & machinery	-	5
- Foreign travels	7	12
- Others	9	-
e) Earnings in Foreign exchange		
- FOB value of export	806	1,847

Notes forming part of the Financial Statements (Contd.)

	As at 31st March	
	2013	2012
f) Contingent liability		
Capital commitments not provided for (net of advances)	23	23
Bank guarantees	1,104	1,354
Bills discounted	1,177	2,301
Service tax	119	130
Excise duty	34	34
Disputed sales tax demands	49	44
Disputed Income tax demand	86	86
Claim against the Company not acknowledged as debts	73	73
Dividend on cumulative redeemable preference shares (CRPS)	54	-

36. Disclosures relating to amounts payable as at the yearend 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. The required disclosures are the information required under the said Act as given below

(Rs.in lac)

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Principal amount remaining unpaid as on 31st March	4	-
Interest due thereon as on 31st March (Previous year – Rs.24212)	1	-
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 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, 2012	-	-
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.	-	-

37. Name of the company is proposed to be changed to RMG Alloy Steel Limited pursuant to resolution passed in the shareholders' meeting held on 14th May, 2013. The approval from Central Government/Registrar of Companies is awaited.

38. PREVIOUS YEAR'S FIGURES

Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our attached report of even date

For CHATURVEDI & SHAH
Chartered Accountants

For and on behalf of the Board of Directors

Parag D. Mehta
Partner
Membership No.113904

Shashank Chaturvedi
Executive Director

Abhishek Mandawewala
Director

Place : Mumbai
Date : 30th May, 2013

RMG ALLOY STEEL LIMITED

(Formerly known as Remi Metals Gujarat Limited)

Regd. Office: Plot No. 1, GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat

DP. Id*	
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Master Folio	
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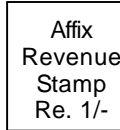
Client Id*	
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PROXY FORM

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 ofin the district ofor failing him, Shri/Smtresident of in the district ofas my/our proxy to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the shareholders of the Company to be held on Saturday, 21st September, 2013 at the Registered office of the Company at Plot No. 1, GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat at 12.30 p.m.

Signed this.....day of.....2013.



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).....

RMG ALLOY STEEL LIMITED

(Formerly known as Remi Metals Gujarat Limited)

Regd. Office: Plot No. 1, GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat

DP. Id*	
---------	--

Master Folio	
--------------	--

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

ATTENDANCE SLIP

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

I hereby record my presence at the 31ST ANNUAL GENERAL MEETING of the RMG ALLOY STEEL LIMITED at Regd Office: Plot No. 1, GIDC, Indl. Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat to be held on Saturday, 21st September, 2013 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.

BOOK - POST

If undelivered, please return to:

BIGSHARE SERVICES PVT. LTD.,
(Unit: **RMG ALLOY STEEL LIMITED**)
(Formerly known as Remi Metals Gujarat Limited)
E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Saki Naka, Andheri (E), Mumbai- 400 072.

RMG ALLOY STEEL LIMITED

(Formerly known as Remi Metals Gujarat Limited)

**31ST ANNUAL REPORT
2012 - 2013**

RMG ALLOY STEEL LIMITED
(Formerly known as Remi Metals Gujarat Limited)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Atul Desai	- Chairman
Shri Abhishek Mandawewala	- Director
Shri Shashank Chaturvedi	- Executive Director
Shri Ashok Jain	
Shri Hanuman Kanodia	
Shri V. S. Iyer	
Shri Nirmal Gangwal	

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 AND WORKS Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat.INDIA
Tel. :02645 - 619700, Fax : 02645 - 619800

LISTING OF SHARES THE BOMBAY STOCK EXCHANGE LTD, MUMBAI
Phiroze Jeejeebhoy Tower,
Dalal Street, Mumbai 400 001.

CORPORATE OFFICE B-9, Trade World, Kamala City,
S. B. Marg, Lower Parel,
Mumbai - 400013
Tel. : 022-66136000 / 24908000
Website:www.rmgalloysteel.com

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