

# **Remi Metals Gujarat Limited**

**27<sup>TH</sup> ANNUAL REPORT  
2008 - 2009**

# REMI METALS GUJARAT LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Shri B K Goenka  
Shri Murarilal Mittal  
Shri Vijay Singh Bapna - Executive Director  
Shri Rajendra C Saraf  
Shri Rishabh Saraf  
Shri Atul Desai - Chairman  
Shri Nirmal Gangwal  
Shri Ramgopal Sharma

### COMPANY SECRETARY

Shri K.N.KAPASI

### AUDITORS

M/S. Chaturvedi & Shah., Nariman Point, Mumbai - 400 021

### BANKERS

State Bank of India  
State Bank of Hyderabad  
State Bank of Travancore  
Allahabad Bank  
The Federal Bank Ltd  
Union Bank of India  
Vijaya Bank

### REGISTERED OFFICE

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

### LISTING OF SHARES

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

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NOTICE

To,  
The Members

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the Company will be held at its Registered Office, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat State on Saturday, the 26th September, 2009, 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 2009 and the Audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. B. K. Goenka, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Murarilal Mittal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Atul Desai, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

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

**"Resolved that** Shri Ramgopal Sharma who has been appointed as an additional director by the Board of Directors of the Company and holds office until the conclusion of the 27th Annual General Meeting, be and is hereby appointed as a 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. Vijay Singh Bapna who has been appointed as a director to fill casual vacancy caused by the resignation of Mr. Shashank Chaturvedi by the Board of Directors of the Company and holds office until the conclusion of the 27th Annual General Meeting, be and is hereby appointed as a director liable to retire by rotation."

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

**"RESOLVED THAT** Pursuant to Section 198, 269, 309 and other applicable provisions of and Schedule XIII to the Companies Act, 1956, and subject to the approval

of Central Government if required, Mr. Vijay Singh Bapna, be and is hereby appointed as an Executive director of the Company for a period of three years with effect from 30th June, 2009 on an aggregate remuneration of Rs. 40, 00,000 per annum inclusive of all perquisites and benefits."

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

**"RESOLVED FURTHER THAT** where in any financial year closing after 31st March, 2009, the Company has no profits or its profits are inadequate, the Company do pay to Mr. Vijay Singh Bapna remuneration by way of salary, perquisites and benefits as mentioned above."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions to the said appointment to the extent the Board may consider appropriate and as may be agreed to between the Board and Mr. Vijay Singh Bapna."

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

**"RESOLVED THAT** pursuant to Section 16, 94 of the Companies Act, 1956 and other provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) the Authorised share capital of the Company consisting of 15,00,00,000 (Fifteen Crores) Equity Shares of Rs. 6/- (Rupees Six Only) each, and 3,00,00,000 (Three crore) Preference Shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 120,00,00,000/- (Rupees One Hundred Twenty Crores Only) be and is hereby re-classified in to 11,00,00,000 (Eleven Crores) Equity Shares of Rs. 6/- (Rupees Six Only) each, 5,40,00,000 ( Five Crore Forty lacs) Preference Shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 120,00,00,000/- (Rupees One Hundred Twenty Crores Only)

**RESOLVED FURTHER THAT** the existing clause V of the Memorandum of Association of the Company be and is hereby deleted and be substituted by the following Clause:

- V. The Authorised Share Capital of the Company is Rs. 120,00,00,000/- (Rupees One Hundred Twenty Crores Only) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs. 6/- (Rupees Six Only) each, 5,40,00,000 ( Five Crore Forty lacs) Preference Shares of Rs. 10/- (Rupees Ten Only)

each, with power to increase or reduce the capital for the time being and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, preference, guaranteed, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, alter, modify, amalgamate or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided for by the Articles of Association of the Company or by the law in force for the time being."

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 31 and all other applicable provisions, if any, of the Companies Act, 1956 (The Act), Article No. 3 of Articles of the Association of the Company be and is hereby altered by substituting first Para starting from " The Authorised share capital" and ending before the word " for the time being" as mentioned below:

"The Authorised Share Capital of the Company is Rs. 120,00,00,000/- (Rupees One Hundred Twenty Crores Only) divided into 11,00,00,000 (Eleven Crores) Equity Shares of Rs. 6/- (Rupees Six Only) each, 5,40,00,000 (Five Crore Forty lacs) Preference Shares of Rs. 10/- (Rupees Ten Only) each, with power to increase or reduce the capital for the time being and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, preference, guaranteed, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, alter, modify, amalgamate or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided for by the Articles of Association of the Company or by the law in force for the time being.

11. 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 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 to issue and allot Preference shares not exceeding issue amount of Rs.96,00,00,000/- (Rupees Ninety Six Crores only) including share premium to the Promoters/co promoters/the strategic investors 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.

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

**Resolved That** subject to the provisions of SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulations and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, consent of the Company be and is hereby given to delist equity shares of the Company from Ahmedabad Stock Exchange Ltd, The Delhi Stock Association Ltd, Madras Stock Exchange Ltd, The Calcutta Stock Exchange Association Ltd and Vadodara Stock Exchange Ltd.

**Resolved further that** the Board of directors and/or Finance Committee of the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution.

By Order of the Board

**K. N. Kapasi**

*Company Secretary*

Date: 31st July, 2009

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING WILL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 18th September, 2009 to Friday, 25th September, 2009, both days inclusive.
3. An Explanatory Statement relating to the items of special business at nos.6 to 12 is herewith attached.
4. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Share Transfer Agent M/s. Bigshare Service Pvt. Ltd. E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri ( E ), Mumbai - 400 072.

**Explanatory Statement - Annexure to the Notice**

**Item no. 6**

The Board of Directors of the Company appointed Mr. Ramgopal Sharma, as an additional director with effect from 29th April 2009 and he holds office upto the date of the conclusion of 27th Annual General Meeting. The Company has received a Notice from the member under section 257 of the Companies Act, 1956 proposing appointment of the said director. The Corporate Governance part of the Directors' Report accompanying this notice contains all the necessary information about him.

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

Your Directors commend this resolution for your approval.

**Item no. 7 and 8**

The Board of Directors of the Company appointed Mr. Vijay Singh Bapna with effect from 5th March, 2009 as a director to fill casual vacancy caused by resignation of Mr. Shashank Chaturvedi, the director and he holds office upto the date of the conclusion of 27th Annual General Meeting. The Company has received a Notice from the member under section 257 of the Companies Act, 1956 proposing appointment of the said director.

Further, Mr. Vijay Singh Bapna has been appointed as an executive director for a period of three years on remuneration as mentioned in item no. 8 with effect from 30 th June, 2009 by the Board of Directors.

He is a Master of Commerce and a Chartered Accountant. He has over 36 years of experience in Pipes and Steel business and worked as CEO/director of large reputed companies in the field of Steel, petro chemical business.

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

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

None of the Directors of the Company except Mr. Vijay Singh Bapna himself is in any way concerned or interested in the said resolution.

Information pursuant to Schedule XIII of the Companies Act, 1956.

**GENERAL INFORMATION:**

- 1) Nature of industry - Iron & steel
- 2) Financial performance based on given indicators -

(Rs. In Lacs)

	Year ended 31-03-2009	Year ended 31-03-2008
Sales & Other Income	29,332	33,615
Profit / (Loss) before interest, depreciation and Miscellaneous Expenses written off	(1,983)	276
Interest and Financial Charges	1,207	1,469
Depreciation and Amortization	1,474	1,504
Profit / (Loss) before Exceptional Items	(4,664)	(2,697)
<b>Exceptional Items</b>		
Interest including Funded Interest waived as per rehabilitation scheme	665	12,317
Principal waived as per rehabilitation scheme	474	7,838
Excess depreciation written back due to change in method	Nil	8,644
Profit/ (Loss) after Exceptional Items	(3,525)	26,102
Less : Fringe Benefit Tax	7	7
Profit/ (Loss) after Tax	(3,532)	26,095
Less: Prior year adjustment	—	—
Profit/ (Loss) for the year	(3,532)	26,095
Profit/ (Loss) brought forward from previous year	(8,224)	(34,319)
Adjustment on reduction of share capital	6,805	
Balance carried to Balance Sheet	(4,951)	(8,224)

- 3) Export performance and net foreign exchange earning

Rs. in Lacs

FOB value of export	Year ended 31-03-2009	Year ended 31-03-2008
	19	Nil

**INFORMATION ABOUT THE APPOINTEE:**

1. Background details:  
Mr. Vijay Singh Bapna is 61 years old. He is a Chartered Accountant and has 36 years of experience in the field of steel.
2. Past remuneration: for the year 2008-09 - Rs.40,00,000 p.a.
3. Job profile and his suitability  
He is a chartered accountant and has more than 36 years of experience in the field of management. In view of his managerial experience in the field of steel business, your directors are of the view that he should be appointed as an executive director.
4. Remuneration proposed  
Rs. 40, 00,000 per annum inclusive of all perquisites and benefits,

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5. 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 size of the company, the proposed remuneration is justified to retain the managerial person.

6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

He is not related directly or indirectly with any managerial personnel. He is a CEO and Executive director of Welspun Power and Steel Ltd, a strategic investor of the Company. 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 lack of capital for installation of balancing equipments and working capital for day to day working of the Company.

- 2) Steps taken or proposed to be taken for improvement

Rehabilitation scheme is approved by BIFR for revival of the Company. Promoters/co promoters/strategic investor brought fund of Rs.57.50 Crores by way of equity and Optionally Convertible Preference shares

Further, the strategic investor has arranged payment of OTS at 52.5% of the principal amount of Rs.197.50 Crores. The Company has incurred capital expenditure for installing balancing equipments and replaced certain machinery.

Expected Productivity and Profits in measurable terms:

For the year  
2009-10

Production (in Qty)

Rolled steel	67000 M Tons
Pipe	16000 M Tons

The Company has incurred losses of Rs.4664 Lacs before exceptional item during the year 2008-09. Steel market is still reeling under recession. If the market improves, the Company expects to minimize the losses or may even earn marginal profits during the year 2009-10.

### Item no. 9 to 11

The Company has incurred losses during the year 2007-08 and 2008-09. Board of Directors' at their meeting held on 31st July 2009 has decided to augment funds by issue

of Preference shares to Promoters/ Strategic investors on preferential basis.

Pursuant to Section 81 (1A) of the Companies Act, 1956 approval of shareholders is necessary by passing special resolution. Further it is necessary to reclassify authorized share capital, alter Memorandum of Association and Articles of Association to effect re-classification of Authorised share capital. Hence resolutions mentioned in Item no. 9 to 11 require approval of shareholders.

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

A copy of the existing Memorandum of Association and Articles of Association together with copy of the proposed amended Memorandum of Association and Articles of Association is available for inspection of the members on any working day between 10.00 am and 12.00 noon at the Registered Office of the Company.

### Item no. 12.

The Company's equity shares are listed with Bombay Stock Exchange Ltd, Ahmedabad Stock Exchange Ltd, The Delhi Stock Association Ltd, Madras Stock Exchange Ltd, The Calcutta Stock Exchange Association Ltd and Vadodara Stock Exchange Ltd.

Trading of the Company's equity shares on Ahmedabad Stock Exchange Ltd, The Delhi Stock Association Ltd, Madras Stock Exchange Ltd, The Calcutta Stock Exchange Association Ltd and Vadodara Stock Exchange Ltd. (hereinafter referred to as "the said Stock Exchanges") is very negligible. As per SEBI delisting of securities, guidelines 2003, the Company can delist from the Stock Exchanges its securities provided it is continued to be listed in the Stock Exchange having nation wide trading terminals. The Bombay Stock Exchange Ltd has nation wide trading and the equity shares of the Company are listed with them. Therefore, it is not necessary to continue to list its securities on "the said Stock Exchanges"

In view of volume of trading on the said stock exchange very negligible and as a part of its cost reduction measure, it is proposed to delist its securities from the said Stock Exchanges. The Company has to pass a Special Resolution for delisting its securities from "the said Stock Exchanges". Hence, the Special Resolution is required.

None of the Directors of the Company is interested or concerned in this resolution.

By Order of the Board

**K. N. Kapasi**  
Company Secretary

Date: 31st July, 2009

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their 27th Annual Report together with Audited Accounts for the year ended 31st March, 2009.

### FINANCIAL RESULTS

(Rs. In Lacs)

	Year ended 31-03-2009	Year ended 31-03-2008
Sales & Other Income	29,332	33,615
Profit / (Loss) before interest, depreciation and Miscellaneous Expenses written off	(1,983)	276
Interest and Financial Charges	1,207	1,469
Depreciation and Amortization	1,474	1,504
Profit / (Loss) before Exceptional Items	(4,664)	(2,697)
<b>Exceptional Items</b>		
Interest including Funded Interest waived as per rehabilitation scheme	665	12,317
Principal waived as per rehabilitation scheme	474	7,838
Excess depreciation written back due to change in method	Nil	8,644
Profit/ (Loss) after Exceptional Items	(3,525)	26,102
Less : Fringe Benefit Tax	7	7
Profit/ (Loss) after Tax	(3,532)	26,095
Less: Prior year adjustment	—	—
Profit/ (Loss) for the year	(3,532)	26,095
Profit/ (Loss) brought forward from previous year	(8,224)	(34,319)
Adjustment on reduction of share capital	6,805	
Balance carried to Balance Sheet	(4,951)	(8,224)

### OPERATIONS

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

Particulars	2008-09			2007-08		
	Production Qty. (MT)	Sales (Rs. in Lacs)	Gross Sales (Rs. in Lacs)	Production Qty. (MT)	Sales (Rs. Lacs)	Gross sales (Rs. Lacs)
Steel	54089	52574	29748	70,915	71206	34578
Trading in steel	—	1409	989	—	12	262
Seamless Pipes	5513	3765	2461	6,530	6928	3947

The year 2008-2009 started with positive trend especially, in Automobile Industry and the Company did good business upto Oct.'08. From Nov'08 onwards, the global recession affected domestic industries specifically automobile sector to a great extent and sales were reduced due to poor demand & lowering of selling prices. Market started picking up from Feb'09.

We have also started developing niche products especially, high grade special steels (Creep Resistance Steel, Ball

Bearing Steels, Low Phosphorous & Low Sulphur Nickel Crome, Mo Steels & Round Ingots to maximize sales & profitability.

### IMPLEMENTATION OF REHABILITATION SCHEME

The Company has implemented BIFR order dated 23rd September, 2008 read with AAIFR order dated 13-02-2009 and order dated 12-05-2009 as detailed below:

- i. equity share capital of the Company is reduced from Rs. 75,61,50,420 divided into 12,60,25,070 equity shares of Rs. 6/- each fully paid up to Rs. 7,56,15,042 divided into 1,26,02,507 equity shares of Rs. 6/- each and the reduced equity shares are listed with effect from 11th February 2009.
- ii. the Company has received share application money of Rs.27.50 Crores from Promoters/Co-Promoters / Strategic Investors/Advisors and the Company has allotted 4, 58, 33,333 equity shares of Rs. 6 each on 7th February 2009.
- iii. the Company has received share application money of Rs.30.00 Crores from Co-Promoters /Strategic Investors and the Company has allotted 3, 00, 00,000 Optionally Convertible Preference shares (OCP) of Rs. 10 each at par on 31st March 2009.
- iv. The Company has made capital expenditure of Rs. 51 Crores in steel plant and pipe plant.

### PROSPECTS FOR THE COMPANY

The Company has completed the capital expenditure programmed as envisaged in the rehabilitation scheme. The requisite capital expenditure is essentially for ingot capacity expansion and procurement of balancing equipments towards debottlenecking in all 3 divisions of the Plant for enrichment of product mix and driving operational efficiencies.

Post implementation of the capex plan, the Company will supply higher grades and quality products, besides attaining productivity as well as contribution improvement.

### DIRECTORS

Shri B. K. Goenka, Shri Atul Desai and Shri M. L. Mittal directors of the Company retire by rotation at 27th Annual General Meeting and being eligible offered themselves for reappointment. Shri. Vijay Singh Bapna who has been appointed as a director of the Company to replace the casual

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vacancy caused by the resignation of Shri Shashank Chaturvedi and Shri Ramgopal Sharma who has been appointed as an additional director hold office of directorship until conclusion of the 27th Annual General Meeting and being eligible, they offered themselves for reappointment. Details of these directors are given in Corporate Governance Report.

Your directors recommend their appointments.

### AUDITORS

M/S. Chaturvedi & Shah hold office of Auditors until the conclusion of the 27th Annual General Meeting. Members are requested to reappoint them for continuing in the office until conclusion of the next Annual General Meeting.

### AUDITORS' OBSERVATIONS

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

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

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

### 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 Shri A L Makhija, Practising Company Secretary regarding compliance of conditions of Corporate Governance as prescribed under Clause 49 of the Listing Agreement is attached to this report.

### PARTICULARS OF EMPLOYEES

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

#### Sub-Section (2AA):

#### Your Directors state:

- i. that in the preparation of the annual accounts, all the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the annual accounts on a going concern basis.

### ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Director                      Director

Place: Mumbai

Date: June 29, 2009

**ANNEXURE TO THE DIRECTORS' REPORT**

**I) INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009.**

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

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commencement of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
Mr. Lallu Singh	Senior VP- Marketing	Rs.31,78,699/-	B.Sc. (Met Engg)	32	26.03.2007	62	Marmagoa Steels Ltd
Mr.N.S.Unnikrishnan	Technical Advisor	Rs.29,52,926/-	Diploma in Electrical Engineering	30	15.03.2004	65	Tata SSL Ltd.

**REMUNERATION OF RS. 2,00,000 PER MONTH OR MORE RECEIVED BY EMPLOYEE FOR A PART OF THE YEAR:**

Name	Designation/ Nature of duties	Remuneration received	Educational Qualification	Experience in years	Date of Commencement of employment	Age	Last employment before joining the Company
1	2	3	4	5	6	7	8
Mr.Shashank Chaturvedi	Executive Director	Rs.74,47,876/-	Chartered Accountant	24	14.3.1999	48	Shriyam Securities & Finance Ltd.
Mr. L. S. Kshatriya	Technical Director	Rs.51,85,440/-	M. Tech (Metallurgical)	26	01-11-1992	63	Simplex Casting Raipur
Mr. Prakash Chandra Jain	Vice President (Commercial)	Rs. 32,47,740/	ICWA	21	06-05-2008	46	Welspun India Ltd.
Mr. S. S. Asawale	Sr. Vice President (Operations)	Rs. 26,28,576/	B. Tech (Metallurgical)	27	10-11-2008	52	S. E. Forge

**Notes:**

1. Gross remuneration comprises salary, allowances, gratuity, Leave encashment, etc.
2. The nature of employment is contractual.
3. Above mentioned employee is not a relative of any Director of the Company.

## MANAGEMENT DISCUSSION & ANALYSIS

### A) INDUSTRY STRUCTURE & DEVELOPMENT

The Company has an integrated plant for manufacture of Alloy steel & Seamless tubes.

Alloy steel manufactured by us is generally used by Original Equipment Manufacturers in Auto-mobile sector, Earth-moving equipment, Railway sector, Defence sector, Bearing, Special Ingot steel manufacturers.

Seamless tubes are normally used by Oil & Gas Companies and as such trend in prices of crude oil is relevant in this industry. It is also required in manufacture of Boilers for power sector.

Even though crude oil prices have corrected significantly from the highs of USD 147 per barrel to USD 60 per barrel, the number of rigs currently being deployed by oil and gas majors is still close to the eighteen year highs. Oil and Gas companies continue to maintain their level of spending and drilling activity to offset declining rates of production from mature fields and to explore and develop new reserves.

Recession in international market during the years 2008-09 has affected growth of economy. The ongoing global financial crisis which has affected the economy has also hit the steel sector. India's industrial growth fell at its fastest annualized rate in 14 years. However with tax cuts and fresh spending programmes announced by the government in December and January, 09 to boost demand, there is sign of recovery from middle of February 2009.

The ongoing government funded infrastructure projects during the peak construction season, a slight revival in the automobile industry and a sharp 40-45 per cent correction in the steel prices from the peak of July 2008 spurred the demand for the commodity.

Although Factory output shrank on weak global and domestic demand, Capital goods and machinery equipment are doing well in view of government spending in the infrastructure sector. The real GDP growth for the year 2009-10 is placed around 6% by RBI.

The economic think-tank expects steel output to pick up in the current financial year backed by healthy demand from long steel products used in the infrastructure and construction sectors.

According to government official, despite a slide in global demand, India's steel demand is poised to grow between 15% and 20% in the current financial year as compared to 2008-09.

There is a big potential for export of our products. Our main thrust is Alloy steel & higher Alloy steel, tubes both for domestic as well as international market.

### B) OPPORTUNITY & THREATS

Drastic slowdown in the global economy leading to a negative outlook in the oil & gas price may adversely affect future E & P activities leading to a slowdown in the order for Seamless pipes.

Around 60% of the demand for seamless pipes

originates from the OCTG segment where quality is a vital issue, while the balance 40% comes from bearings, automobiles and boilers segments which are price sensitive. China being one of the major producers of seamless pipes may step up exports in the bearings, automobiles and boilers segments in the event of sluggishness in the domestic demand for seamless pipes. The recent dumping of seamless pipes by Chinese pipe manufacturers has a negative impact on the margins of Indian pipe companies.

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

### C) SEGMENTWISE AND PRODUCTWISE PERFORMANCE

The Company manufacturers Alloy Steel & Seamless tubes/pipes.

Performance of Alloy Steel and Seamless Pipes of the Company are mentioned in the Directors' Report.

### D) RISK & CONCERNS

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

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

### E) INTERNAL CONTROL SYSTEM

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

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

### F) INDUSTRIAL RELATIONS & HUMAN RESOURCES

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

### G) DISCUSSION ON FINACIAL PERFORMANCE

#### SALES

Net turnover of the Company is reduced to Rs. 292 Crores during the year ended 31st March 2009 from Rs. 334 Crores during the year 31st March 2008 in view of recession in the industry. Production was affected due to break down of distribution transformers for 37 days in second quarter of 2008-09. Global recession has affected domestic industries specifically automobile sector.

# REMI METALS GUJARAT LIMITED

## EBDITA

Losses before exceptional items, depreciation & financial charges during the year ended 31st March 2009 was of Rs. 1983 Lacs as compared to Profit of Rs. 276 Lacs for the year ended 31st March 2008.

EBDITA is reduced due to sharp correction in raw material prices relating to steel and pipes and low capacity utilisation.

## BIFR ORDER

The Modified Rehabilitation Scheme (MDRS) was approved by BIFR in the hearing held on 23rd September 2008 read with further order dated 12-05-2009. Equity share capital was reduced during the year and settlement with IIBI took place in March 09, the

impact of which as mentioned below was given in P & L account pursuant to the scheme: -

	(Rs. In Lacs)
1) Waiver as per Rehabilitation scheme: -	1139
2) Reduction of share capital	:- 6805
<b>TOTAL</b>	<b>7943</b>

## H. FUTURISTIC STATEMENT

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

## FORM - A

(SEE RULE 2)

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

	Current Year 2008-2009	Previous Period 2007-2008
<b>A Power and fuel consumption</b>		
<b>1 Electricity</b>		
(a) Purchased		
Units (In '000S)	64603	81621
Total Amount (Rs.in Lacs)	3627	4304
Rate / Unit (Rs.)	5.61	5.27
(b) Own Generation	Nil	Nil
(i) Through Diesel/Gas Generator	Nil	Nil
Units (In '000S)		
Units Of Natural gas		
Cost / Unit (Rs.)		
(ii) Through Steam Turbine / Generator	Nil	Nil
<b>2 Gas Used</b>		
Units (In '000S)	6149	7707
Total Amount (Rs.in Lacs)	700	815
Rate / Unit (Rs.)	11.39	10.58
<b>3 Furnace Oil</b>		
Quantity (K.Ltrs.)	942	NA
Total amount (Rs.in Lacs)	215	NA
Average Rate (K.Ltrs.)	22860	NA
<b>4 Others / Internal Generation</b>	Nil	Nil
<b>B CONSUMPTION PER UNIT OF PRODUCTION STANDARDS</b>		
Products (With Details)		
Electricity/Steel Kwh	1063	1151
Electricity/Pipe Kwh	1289	1050
Steel prodn/Mt		
Furnace Oil (KL)	Nil	Nil
Natural Gas (M <sup>3</sup> )	92	88
Pipe prodn/Mt		
Gas (M <sup>3</sup> )	387	222

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

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

01	Specific area in which R&D is Carried out by the Company.	-	<ul style="list-style-type: none"> <li>i) Development and manufacture of bearing steel with Rolled product, P 91grades pipes;</li> <li>ii) Low sulphur and phosphorus steel in F11 and F22 grades.</li> </ul>
02	Benefit derived as a result of the above R&D	-	Rise in productivity and quality improvement.
03	Future Plan of Action	-	
04	Expenditure on R&D		
05	Capital	-	-
	a) Recurring	-	-
	b) Total	-	-
	c) Total R&D expenditure as a percentage of total turnover.	-	-

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

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

**Foreign exchange earnings and outgo:**

1)	Activities relating to exports, initiatives taken to increase exports development of new export markets for products and services and export plans.	-	-
(2)	Total foreign exchange used and earned		
	Used	-	Rs. 1493 Lacs
	Earned	-	Rs. 19 Lacs

**CORPORATE GOVERNANCE - CLAUSE 49 OF THE LISTING AGREEMENT**

**A. Company's Philosophy**

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

**B. Board of Directors**

**i) Composition:**

The policy is to have an optimum combination of Executive, Independent and Non-Executive Directors, to ensure the independent functioning of the Board. The Board consists of 8 directors and all are non executive directors. The Chairman is an independent and Non Executive Director. The Board has 2 independent directors as on 31st March 2009. Details of composition of the existing Board of Directors as on 31st March 2009 are given below:

Sr.No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		Other Boards		
				Annual General Meeting corporate	Board Meeting	Directorship in other bodies	Committee Chairmanship	Committee Membership
1	Mr. R. C. Saraf	P,NE,S	100500	No	5	4	1	3
2	Mr. Rishabh Saraf w.e.f.15-11-2008	P,NE	Nil	No	1	1	-	-
3	Mr. B. K. Goenka w.e.f. 15-11-2008@	S,I,NE	Nil	No	1	13	-	5
4	Mr. M. L. Mittal w.e.f. 15-11-2008@	NE	Nil	No	2	14	-	3
5	Mr. Atul Desai w.e.f. 15-11-2008	I,NE,C	Nil	Yes	2	4	2	5
6	Mr. Nirmal Gangwal w.e.f. 15-11-2008	I,NE	Nil	No	2	4	-	3
7	Mr. Vijay Singh Bapna w.e.f. 05-03-2009	NE	Nil	No	-	-	-	-
8	Mr. R. G. Sharma w.e.f. 29-04-2009	I,NE	Nil	No	-	3	-	3
9.	Mr. Kumarpal M. Doshi upto 15-11-2008	P,NE	Nil	No	-	5	—	—
10.	Mr. Eugene D. Derry upto 15-11-2008	P,NE	Nil	No	-	—	—	—
11.	Mr. V. C. Saraf upto 15-11-2008	P,E,S	169915	No	5	3	1	—
12.	Dr. N. S. Datar upto 15-11-2008	I,NE	Nil	No	1	4	1	1
13.	Mr. V. Sahasranaman Iyer upto 15-11-2008	I,NE	Nil	Yes	5	2	1	1
14.	Mr. Shashank Chaturvedi upto 5-03-2009	E	Nil	Yes	7	-	—	—
15.	Mr. L. S. Kshatriya upto 27-10-2008	E	Nil	No	1	—	—	—

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16.	Mr. D.R. Shah Nominee of GIIC upto 10-07-2008	I, NE, N	Nil	No	—	4	—	—
17.	Mr. A.B. Shah Nominee of GIIC Upto 10-07-2008	I, NE, N	Nil	No	1	3	—	—
18.	Mr. Shankar Lal Jain - Alternate Director upto 15-11-2008	NE	Nil	No	3	—	—	—
19.	Mr. G.C. Garg - Alternate Director upto 15-11-2008	NE	Nil	No	5	6	—	—
20.	Mr. K.P. Nair Nominee of IDBI Upto 21-07-2008	I, NE, N	Nil	No	3	1	—	—
21.	Mr. P.P. Vaidya Nominee of IFCI Upto 29-04-2008	I, NE, N	Nil	No	4	—	—	—

@ Upto 07.02.2009 these Directors were Independent Directors.

### Abbreviations:

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

### Details of Date of Board Meeting:

During the year 2008-09, the Board of Directors met seven times on the following dates: -

29-04-2008, 10-07-2008, 21-07-2008, 31-07-2008, 27-10-2008, 15-11-2008 and 30-01-2009.

### 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 31.03.2009.

Mr. Atul Desai - Chairman  
(Independent)

Mr. Nirmal Gangwal - Member  
(Independent)

Mr. M. L. Mittal - Member

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

#### Terms of reference:

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

Five meetings of Audit Committee of Board of Directors were held on 29.04.2008, 31.07.2008, 27.10.2008, 15.11.2008 and 30.01.2009. The details of Attendance of Members of

audit committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2008 to 31/03/2009)
1	Mr. Atul Desai w.e.f. 15-11-2008	Chairman	1
2	Mr. Nirmal Gangwal w.e.f. 15-11-2008	Member	1
3	Mr. M. L. Mittal w.e.f. 15-11-2008	Member	1
4	Shri V.S.Iyer Upto 15-11-2008	Chairman	4
5	Dr. N.S.Datar Upto 15-11-2008	Member	1
6	Shri S. L. Jain Upto 15-11-2008	Member	4

#### 2. REMUNERATION COMMITTEE

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

Mr. Atul Desai (w.e.f. 15-11-2008) - Member  
Mr. Nirmal Gangwal (w.e.f. 15-11-2008) - Member  
Mr. M. L. Mittal (w.e.f. 15-11-2008) - Member  
Mr. V.S.Iyer (Upto 15-11-2008) - Chairman  
Dr. N.S.Datar (Upto 15-11-2008) - Member  
Mr. S. L. Jain (Upto 15-11-2008) - Member

During the year 2008-09, Remuneration Committee meetings were held on 29.04.2008 and 31-07-2008 and the meetings were attended by Mr. V. S. Iyer and Mr. S. L. Jain, the members of the Committee.

**Terms of Reference**

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

The details of Remuneration paid/due during the period under review are mentioned below:

	Shri Rajendra C. Saraf (upto 31-10-2008) (Managing Director) Amount (Rs.)	Shri Shashank Chaturvedi (upto 5-03-2009) (Executive Director) Amount (Rs.)	Shri L. S. Kshatriya (upto 27-10-2008) (Technical Director) Amount (Rs.)
Basic	5,25,000	27,72,061	14,11,947
HRA/ Rent Free			
Accommodation	NIL	1,08,000	NIL
Bonus/ Exgratia	NIL	NIL	NIL
Other benefits	63,000	11,69,003	4,22,582
Gratuity, Leave encashment etc.	NIL	33,98,812	33,50,911
Total	5,88,000	74,47,876	51,85,440
Notice period	3 Months	3 Months	3 Months
Service contract	upto 31.10.2008	upto 05.03.2009	Upto 27.10.2008

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 for the year 2008-09
Mr. Atul Desai	5000
Mr. Nirmal Gangwal	2000
Dr. N. S. Datar	3000
Mr. V. Sahasranaman Iyer	16000
Mr. A B Shah	Nil
Mr. Shankar Lal Jain	14000
Mr. G.C. Garg	8000
Mr. K.P. Nair	2000
Mr. P.P. Vaidya	Nil

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

a) The Shareholders/Investors Grievances Committee focused on shareholder's grievances and strengthening of investor relations. The functions of the Committee include specifically looking into redressal of investors' grievances pertaining to Transfer of shares, Dematerialization of shares, replacement of lost/ stolen/mutilated share certificates and other related issues.

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 (01/04/2008 to 31/03/2009)
1	Mr. Atul Desai w.e.f 15-11-2008	Chairman	3
2	Mr. Nirmal Gangwal w.e.f 15-11-2008	Member	3
3	Mr. M. L. Mittal w.e.f 15-11-2008	Member	3
4	Mr. V.S. Iyer Upto 15-11-2008	Chairman	16
5	Mr. V C Saraf Upto 15-11-2008	Member	15
6	Mr. R C Saraf Upto 15-11-2008	Member	16

c) Nineteen meeting of Share Transfer and Investors' Grievance Committees were held on 15.04.08, 29.04.08, 15.05.08, 31.05.08, 14.06.08, 16.06.08, 30.06.08, 15.07.08, 31.07.08, 18.08.08, 30.08.08, 15.09.08, 30.09.08, 15.10.08, 30.10.08, 15.11.08, 22.12.08, 27.02.09, 13.03.09.

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

During the year under review, total 59 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 Shares after Transfer	19
2	Non Receipt of Dividend Warrant	6
3	SEBI Complaints	10
4	Non Receipt of Demat Rejected S/C's	6
5	Non Receipt of Demat Credit	9
6	Non Receipt of Annual Reports	9
	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 2009 for more than 30 days.

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### 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
24/08/2006	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat.	12.15 P.M.	Nil
19/09/2007	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat.	12.15 P.M.	Nil
29/12/2007	Extra-ordinary General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat.	11.30 A.M.	Nil
29/12/2008	Annual General Meeting	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat.	12.30 P.M.	3

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

Date	Location	No. of special Resolutions	Special Resolutions passed
29/12/2008	GIDC Industrial Estate, Valia Road, Jhagadia, Dist. - Bharuch, Gujarat.	Three	<p>(a) Alteration in Article 3 of the Articles of Association to give effect to the re-classification of share capital into Preference shares and equity shares.</p> <p>(b) Reappointment of Mr. Shashank Chaturvedi as Executive director on remuneration of Rs.46,50,000 per annum for a period of one year with effect from 1-04-2008.</p> <p>(c) Reappointment of Mr. L. S. Kshatriya as Technical director on remuneration of Rs.31,60,000 per annum for the period from 1-04-2008 to 27-10-2008.</p>

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

### E. MANAGEMENT DISCUSSION AND ANALYSIS

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

### F. DISCLOSURES

- (i) Transactions with related parties are disclosed in Note 8 of Section B of Notes to Accounts in Schedule 13. None of these are in conflict with the interests of the Company.

- (ii) There was no non-compliance of any law or regulations (during the last three years) and hence, no penalties/ strictures.

- (iii) Certification by CEO/CFO - Certificate obtained from Managing Director and Executive Director (Finance) on the financial statements of the Company in terms of Clause 49 of the Listing Agreement was placed before the Board meetings, who took the same on record.

- (iv) Brief resume of Directors being appointed/reappointed-

1. Shri B.K. Goenka aged 42 years. He is the Chief promoter of Welspun Group of Companies. He has considerable experience in the field of Textile, Saw Pipes and related business activities.
2. Shri. 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.
3. Shri Murarilal Mittal is an Executive Director (Finance) of Welspun Gujarat Stahl Rohren Ltd and Welspun India Ltd. He has more than 25 years of experience in the field of management of Finance and Administration.

### G. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the unaudited financial results in the Proforma prescribed by Bombay Stock Exchange Limited, Mumbai and forwards the results to the Stock Exchange and publishes the same in 'The Free Press Journal' and 'Navshakti' ( of all quarters ) and also published Results for the quarter ended 31-12-2008, 31-03-2009 in Western Times , Bharuch.

### H. GENERAL SHAREHOLDER INFORMATION:

The next Annual General Meeting shall be held at -

- (i) Venue - GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat,
- Time - 12.30 P.M
- Day and Date - Saturday, 26th September, 2009
- Financial year - from 1st April 2008 to 31st March 2009

- (ii) Date of Book Closure -from Friday, 18th September, 2009 to Friday, 25th September, 2009.

- (iii) Dividend payment date - No dividend has been declared for the financial year 2008-09.

## REMI METALS GUJARAT LIMITED

(iv) Listing on Stock Exchanges and codes

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

(v) Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited, Mumbai during each month from April 1, 2008 to March 31, 2009 as follows:

Market Price Data			Sensex	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2008	12.50	8.24	17378.46	15297.96
May 2008	11.29	9.74	17600.12	16275.59
June 2008	9.82	6.42	16063.18	13461.60
July 2008	9.83	6.08	14942.28	12575.80
August 2008	8.09	7.58	15503.92	14048.34
September 2008	7.86	6.02	13531.27	12595.75
October 2008	6.60	3.73	13055.67	8509.56
November 2008	4.51	2.82	10631.12	8451.01
December 2008	3.99	3.09	10099.91	8739.24
January 2009	Suspended for fresh listing	Suspended for fresh listing	10335.93	8674.35
February 2009	46.15	18.55	8822.06	9647.47
March 2009	25.70	19.40	10048.49	8160.40

(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, 2009 is as follows: -

Shareholding of nominal Value (in Rs.)	Total Holders (in Nos.)	% of Total Holders	Total Holding (in Rs.)	% Total Capital
1 - 5000	1,00,189	99.29	18017082.00	5.14
5000 - 10000	388	0.38	2634432.00	0.75
10001 - 20000	175	0.17	2411010.00	0.68
20001 - 30000	61	0.06	1535928.00	0.44
30001 - 40000	17	0.02	585324.00	0.17
40001 - 50000	11	0.01	489750.00	0.14
50001 - 100000	26	0.03	1853874.00	0.53
100001 - 9999999	41	0.04	323087640.00	92.15
Total :	1,00,908	100.00	350615040.00	100.00

(viii) As on 31st March 2009, 1, 13, 74,896 equity shares constituting 19.47% of the share capital have been dematerialized.

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

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

**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, 2009, 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 2009, the Registrar and Share Transfer Agents of the Company have certified that as at 31st March, 2009, there were no investors' grievances remaining unattended/ pending for more than 30 days.

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

**A L Makhija**

*Wholetime Practising Company Secretary*

Membership No. 5087

C.P No. 3410

Place: Mumbai

Date: 29th June 2009

**AUDITORS' REPORT**

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

We have audited the attached Balance Sheet of Remi Metals Gujarat Limited as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004,(together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) of the Act, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that :-
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
  - e) On the basis of written representations received from the directors of the Company as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the director of the Company is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) Without qualifying our opinion, we draw attention to note no.2 part B of Schedule 13. The accounts have been prepared on a going concern basis

though the Company continues to incur losses, in view of the reasons referred to in the note therein;

- g) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements together with the significant accounting policies and notes thereon give the information required by the Act, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
  - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For CHATURVEDI & SHAH**  
*Chartered Accountants*

**Parag. D. Mehta**  
*Partner*

Membership No. 113904

Place: Mumbai  
Dated: 29th June 2009

**ANNEXURE TO AUDITORS' REPORT**

**Annexure referred to in paragraph 2 of Auditor's report of even date to the members of Remi Metals Gujarat Limited on the accounts for the year ended March 31, 2009**

- 1) a) The Company has maintained proper records to show all particulars, including quantitative details and situations, of its fixed assets.
  - b) We have been informed that the fixed assets of the Company are physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year.
- 2) a) As explained to us, inventories have been physically verified by the management at the year end.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - c) The Company has maintained proper records of inventory and the discrepancies between physical stocks and the book stocks noticed on physical verification were not material.
- 3) a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under Section 301 of the Act.
  - b) The Company has not taken any loans, secured and unsecured, from companies, firms and other

parties listed in the register maintained under Section 301 of the Act.

- 4) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchases of inventories, fixed assets and sale of goods and services and we have not observed any continuing failure to correct the major weaknesses in such internal controls.
- 5) a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and material and sale of goods, material and services made pursuant of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at a prices which are reasonable having regard to the prevailing market price at the relevant time.
- 6) The Company has not accepted any deposits under the provisions of section 58A and 58AA of the Act or any other relevant provisions of the Act and the rules framed there under.
- 7) In our opinion, the Company's internal audit system is commensurate with its size and nature of business.
- 8) On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.
- 9) a) According to the books and records as produced and examined by us in accordance with the generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues in respect of Provident Fund, Employees State Insurance Dues, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India. According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2009 for a period of more than six months from the date of becoming payable.
- b) As at March 31, 2009, there have been no disputed dues which have not been deposited with the respective authorities in respect of Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess except disputed Sales Tax dues of Rs1.35 lac (under Central Sales Tax Act for the year 1994-95) pending before Deputy Commissioner (Appeal).
- 10) In our Opinion, the accumulated losses of the Company are more than fifty percent of its net worth as at March 31, 2009, and the Company has incurred cash loss during the financial year and in the immediately

preceding financial year.

- 11) Pursuant to Company's restructuring proposal envisaging one time settlement (OTS) of dues to its secured term lenders sanctioned by Corporate Debt Restructuring Empowered Group [CDR-EG] and approved by the Board for Industrial & Financial Reconstruction (BIFR), the Company has settled dues of all term lenders. The Company has not defaulted in repayment of dues to a debenture holder.  
In view thereof as per the information & explanation given to us, and keeping in mind the OTS sanctioned by the lenders, the Company has not defaulted in repayment of dues to banks or financial institutions.
- 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
- 14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's report) Order, 2003 is not applicable to the Company.
- 15) The Company has not given any guarantees for loans taken by others from bank or financial institutions.
- 16) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 17) On the basis of review of utilization of funds which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, we are of the opinion that no funds raised on short term basis have been used for long term assets.
- 18) The Company has made preferential allotment of equity and preference shares to companies covered in the register maintained under section 301 of the Act during the year. In our opinion, the price at which such shares have been issued is not prima facie prejudicial to the interest of the Company.
- 19) According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures and no debentures were outstanding at the end of the year. Therefore, the provisions of clause 4(xix) of companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 20) The Company has not raised any money by public issue during the year.
- 21) As per the information with us and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

**For CHATURVEDI & SHAH**  
*Chartered Accountants*

**Parag. D. Mehta**  
*Partner*

Membership No. 113904

Place: Mumbai  
Dated: 29th June, 2009

## BALANCE SHEET

(Rs. in lac)

	Schedule	ASAT 31.03.09	ASAT 31.03.08
<b>A. SOURCES OF FUNDS</b>			
<b>I Shareholders' Fund</b>			
Share Capital	1	6,506	7,562
<b>II Loan Funds</b>			
Secured Loans	2	10,575	13,247
Unsecured Loans	3	13,703	8,869
<b>TOTAL (A)</b>		<b>30,784</b>	<b>29,678</b>
<b>B. APPLICATION OF FUNDS</b>			
<b>I Fixed Assets</b>			
i) Gross Block	4	33,384	30,529
Less :Depreciation		15,980	14,512
Net Block		17,404	16,017
ii) Capital Work in Progress		6,378	851
		23,782	16,868
<b>II Current Assets, Loans &amp; Advances</b>			
i) Inventories		7,505	7,314
ii) Sundry Debtors		4,825	7,176
iii) Cash & Bank Balances		423	707
v) Loans & Advances		1,395	935
		14,148	16,132
<b>Less: Current Liabilities &amp; Provisions</b>	6		
i) Current Liabilities		11,980	11,417
ii) Provisions		117	129
		12,097	11,546
<b>Net Current Assets</b>		<b>2,051</b>	<b>4,586</b>
<b>III Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	7	-	-
<b>IV Balance in Profit &amp; Loss Account</b>			
		4,951	8,224
<b>TOTAL (B)</b>		<b>30,784</b>	<b>29,678</b>

As per our report of even date  
For Chaturvedi & Shah  
Chartered Accountants

PARAG D MEHTA  
Partner  
Membership No.113904

Place : Mumbai  
Date : 29th June, 2009

For and On behalf of the Board of Directors

V S BAPNA  
Executive Director

M L MITTAL  
Director

KAUSHIK KAPASI  
Company Secretary

PROFIT & LOSS ACCOUNT

(Rs. in lac)

	Schedule	For the Year 31.03.09	For the Year 31.03.08
<b>INCOME</b>			
Sales & Services		33,198	38,788
Less : Excise Duty		3,996	5,370
		<u>29,202</u>	<u>33,418</u>
Other Income	8	130	197
Increase / (Decrease) in Stock	9	(130)	1,905
<b>TOTAL</b>		<u>29,202</u>	<u>35,520</u>
<b>EXPENDITURE</b>			
Purchases		981	240
Material Cost	10	19,974	23,645
Manufacturing & Other Expenses	11	10,230	11,359
Financial Charges	12	1,207	1,469
Depreciation		1,474	1,426
Miscellaneous Expenses Written off		-	78
<b>TOTAL EXPENSES</b>		<u>33,866</u>	<u>38,217</u>
<b>Profit / (Loss) before Exceptional Items &amp; Tax</b>		<u>(4,664)</u>	<u>(2,697)</u>
<b>Exceptional Items</b>			
Interest including Funded Interest waived as per rehabilitation scheme (Refer Note 1 of Part B of Schedule 13)		665	12,317
Principal waived as per rehabilitation scheme (Refer Note 1 of Part B of Schedule 13)		474	7,838
Excess Depreciation reversed due to change in method of calculation		-	8,644
<b>Profit / (Loss) before Tax</b>		<u>(3,525)</u>	<u>26,102</u>
Less :Fringe Benefit Tax		(7)	(7)
<b>Profit / (Loss) after Tax</b>		<u>(3,532)</u>	<u>26,095</u>
Less : Prior Year Adjustments		-	-
<b>Net Profit/(Loss) for the year</b>		<u>(3,532)</u>	<u>26,095</u>
Less : Loss Carried from the Earlier Years		(8,224)	(34,319)
Adjustment on Reduction of Share Capital (Refer Note 1 of Part B of Schedule 13)		6,805	-
<b>Profit / (Loss) Carried to Balance Sheet</b>		<u>(4,951)</u>	<u>(8,224)</u>
Earnig / (Loss) per share of Rs 6/- each			
Basic/ Diluted (Before Exceptional Items)		(4.46)	(2.15)
Basic / Diluted (After Exceptional Items)		(3.37)	20.71
Significant Accounting Policies & Notes to Accounts	13		

As per our report of even date  
**For Chaturvedi & Shah**  
*Chartered Accountants*

**PARAG D MEHTA**  
*Partner*  
 Membership No.113904

Place : Mumbai  
 Date : 29th June, 2009

For and On behalf of the Board of Directors

**V S BAPNA**  
*Executive Director*

**M L MITTAL**  
*Director*

**KAUSHIK KAPASI**  
*Company Secretary*

## 27TH ANNUAL REPORT 2008-09

### SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in lac)

	ASAT 31.03.09	ASAT 31.03.08
<b>SCHEDULE-1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
15,00,00,000 (20,00,00,000) Equity Shares of Rs. 6/- each	9,000	12,000
3,00,00,000 ( - ) Preference Shares of Rs. 10/- each	3,000	-
	<u>12,000</u>	<u>12,000</u>
<b>Issued, Subscribed &amp; Paid up Capital</b>		
5,84,35,840 (12,60,25,070) Equity Shares of Rs.6/- each fully paid up	3,506	7,562
3,00,00,000 10% Cumulative Optionally Convertible Preference Shares of Rs 10/- Each (The above Preference Shares are optionally convertible at par after 1 year from the date of allotment i.e. March 31, 2009 or upon the networth of the company turning positive or are redeemable at par in 4 equal annual installments commencing from the end of one year from the date of allotment)	3,000	-
Total	<u>6,506</u>	<u>7,562</u>
<b>SCHEDULE-2</b>		
<b>SECURED LOANS</b>		
<b>A Term Loans</b>		
<b>i Financial Institutions (Refer Note i &amp; iv)</b>		
- Term Loan	-	997
- Funded Interest	-	467
<b>ii Banks (Refer Note i &amp; iv)</b>		
- Term Loan	-	5
- Funded Interest	-	-
-Working Capital Term Loan	-	-
<b>iii Others (Refer Note i &amp; iv)</b>		
	6,887	6,992
<b>B Working Capital Loans (Refer Note ii &amp; iv)</b>		
<b>i Banks</b>		
	3,462	3,525
<b>ii Others</b>		
	203	553
<b>C Other Loans</b>		
<b>-Banks (Refer Note iii)</b>		
	-	1
<b>D Interest Accrued and Due</b>		
	23	707
Total	<u>10,575</u>	<u>13,247</u>
<b>i Term Loan including FITL from Financial Institutions and Others as mentioned above are secured by mortgage of immovable assets and hypothecation of movable assets (except book debts), both present and future, subject to prior charge created in favour of the Company's Bankers on current assets. The charges rank pari passu inter-se Financial institutions, Banks and Others except for Rs.837 lac for which registration for modification of charge is pending (since registered).</b>		
<b>ii Working Capital Loans are secured by hypothecation of all current assets including inventories and book debt. Further, secured by second charge on the immoveable properties of the Company.</b>		
<b>iii The amount is secured by way of first &amp; exclusive charge on the respective vehicles in favour of the Banks.</b>		
<b>iv Item No.A(i), (ii) &amp; (iii) and B(i) &amp; (ii) is further guaranteed by Shri V.C. Saraf and Shri R.C. Saraf in their personal capacity and item no. A(i), (ii) &amp; (iii) &amp; B(i) &amp; (ii) secured by the pledge of shares held by the promoters and their associate companies.</b>		
<b>SCHEDULE-3</b>		
<b>UNSECURED LOANS</b>		
Sales Tax Deferment Loan	1,599	1,328
Electricity Duty Deferment	748	991
Interest Accrued/Deferred on Electricity Duty	8	10
Short Term Loan from Bank	1,500	-
Short Term Loan from Others	-	6,540
Long term loan from Others	9,848	-
Total	<u>13,703</u>	<u>8,869</u>
Repayable within one year - Rs. 243 lac (Previous year - Rs.6813 Lac )		

SCHEDULE 4 : FIXED ASSETS

(Rs. in lac)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2008	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	TOTAL AS AT 31.03.2009	AS AT 01.04.2008	DEPRECIATION DURING THE YEAR	DEDUCTION DURING THE YEAR	TOTAL AS AT 31.03.2009	TOTAL AS AT 31.03.2009	TOTAL AS AT 31.03.2008
LAND - LEASE HOLD LAND	351	—	—	351	—	—	—	—	351	351
- FREE HOLD	41	—	—	41	—	—	—	—	41	41
PLANT & MACHINERY	23,068	2,683	—	25,751	11,247	1,169	—	12,416	13,335	11,821
ELECTRICAL INSTALLATION	1,838	44	—	1,882	1,041	89	—	1,130	752	797
BUILDING	4,972	81	—	5,053	2,064	188	—	2,252	2,801	2,908
OFFICE EQUIPMENT	127	48	—	175	78	15	—	93	82	49
FURNITURE & FIXTURE	61	10	—	71	51	8	—	59	12	10
VEHICLES	71	—	11	60	31	5	6	30	30	40
	30,529	2,866	11	33,384	14,512	1,474	6	15,980	17,404	16,017
PREVIOUS YEAR	30,467	62	—	30,529	13,086	1,426	—	14,512	16,017	—
CAPITAL WORK IN PROGRESS									6,378	851

NOTE :-

Capital Work In Progress includes pre operative expenses capitalised amounting to Rs.158 Lac (Rs. Nil) and Capital Advances of Rs.394 Lac (Rs. 333 Lac).

SCHEDULES FORMING PART OF THE BALANCE SHEET  
(Rs. in lac)

	AS AT 31.03.09	AS AT 31.03.08
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SCHEDULE-5

CURRENT ASSETS, LOANS & ADVANCES

A Current Assets :

1 Inventories (Certified & Valued By Management)		
i. Raw Materials	1,111	995
ii. Consumable Stores & Spares	1,828	1,623
iii. Finished Goods	1,314	717
iv. Work in Progress	3,252	3,979
	<u>7,505</u>	<u>7,314</u>
2 Sundry Debtors (Unsecured )		
Less than 6 months		
- Considered Good	4,468	6,874
More than 6 months		
- Considered Good	357	302
- Considered Doubtful	102	102
	<u>4,927</u>	<u>7,278</u>
Less : Provision for doubtful debts	102	102
	<u>4,825</u>	<u>7,176</u>
3 Cash & Bank Balances		
i. Cash on Hand	2	7
ii. Balance With Scheduled Banks		
- In Current Accounts	11	9
- As Margin Money	410	691
	<u>423</u>	<u>707</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET  
(Rs. in lac)

	AS AT 31.03.09	AS AT 31.03.08
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SCHEDULE-5 (Contd.)

B Loans & Advances

(Unsecured, considered good except stated otherwise)

i. Advances Recoverable in cash or in kind or for Value to be received	377	293
ii. Balance with Excise Authorities	550	163
iii. Security Deposits	426	449
iv. Tax paid in advance (net of provision)	42	30
	<u>1,395</u>	<u>935</u>
Total	<u>14,148</u>	<u>16,132</u>

SCHEDULE-6

CURRENT LIABILITIES AND PROVISIONS

A Current Liabilities

i) Sundry Creditors		
Micro and Small Enterprise (Refer Note 14 of Part B of Schedule 13)	83	-
Others	8,607	10,613
ii) Advance from Customers	184	324
iii) Other Liabilities	887	408
iv) Capital Goods Creditors	1,491	72
v) Book Overdraft	728	-
Total	<u>11,980</u>	<u>11,417</u>

B Provisions

i) Gratuity	64	80
ii) Leave encashment	50	49
iii) Fringe Benefit Tax (Net of Advance)	3	-
	<u>117</u>	<u>129</u>
Total	<u>12,097</u>	<u>11,546</u>



**SCHEDULE - 13**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

The accounts are prepared on the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

**2. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition net of Modvat/Cenvat Credit availed inclusive of freight, duties, taxes, incidental expenses and allocated pre-operative expenditure.

**3. DEPRECIATION**

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

**4. IMPAIRMENT OF ASSETS**

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

**5. INVESTMENTS**

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

**6. FOREIGN CURRENCY TRANSACTIONS**

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

**7. SALES**

Sales are inclusive of excise duty and net of sales tax and sales during trial run.

**8. EXCISE DUTY**

Excise duty has been accounted on both the payments made in respect of goods cleared and also provision has been made for goods lying in bonded warehouse.

**9. CENVAT CREDIT**

Cenvat Credit claimed on Capital Goods is reduced from the value of the respective Fixed Assets and Capital Work-in-Progress. Cenvat Credit claimed on Raw Materials and other consumables are netted off to such Raw Materials/Other Consumables.

**10. INVENTORIES:**

- Raw Materials - At cost on FIFO basis or Net realisable value whichever is lower
- Consumable Stores - At cost on FIFO basis or Net realisable value whichever is lower
- Finished Goods - At cost or Net Realisable value, whichever is less.
- Work In Progress - At Cost or Net Realisable value, whichever is less.
- Scrap - Net Realizable value.

**11. EMPLOYEE BENEFITS**

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

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

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

**B. NOTES ON ACCOUNTS**

1. On implementation of modified rehabilitation scheme, approved by Board for Industrial and Financial Reconstruction (BIFR) in the hearing held on 23.09.2008 vide its order dated 10.10.2008, the Company during the year has given effect to the following:

- i) Waiver of interest including funded Interest and principal amount of term loan amounting to Rs.665 lac (Previous Year - Rs.7838 lac) and Rs.473 lac (Previous Year - Rs.12317 lac) respectively, has been credited to Profit and Loss Account.
- ii) Reduction of share capital by 90% amounting to Rs.6805 lac affected during the year has been shown as an adjustment to reduce balance in brought forward losses.
- iii) Issue of equity shares on preferential basis, amounting to Rs.2750 lac to existing promoters, co-promoters and strategic investors.
- iv) Issue of optionally convertible preference shares of Rs.3000 lac to co-promoter and strategic investor pursuant to order dated 13.02.2009 of Appellate Authority for Industrial and Financial Reconstruction (AAIFR) at the hearing held on 05.01.2009 and consequential order dated 25.05.2009 issued by BIFR at the hearing held on 12.05.2009.

2. The rehabilitation scheme is under advanced stage of implementation with the conclusion of settlement with all the secured lenders, reduction of existing equity and raising of fresh capital. The capital expenditure programme as envisaged in the scheme is underway and is expected to be completed by September, 09.

The net worth has turned positive as on March 31, 2009. The new equipments and modernized existing facilities to improve performance of the Plant shall be fully operational in the financial year 2009-10. The losses notwithstanding, the accounts have been prepared on going concern basis.

**3. CAPITAL EXPENDITURE PLAN**

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

- i) Pre-operative expenses (including net expenditure during trial run of Rs.262 lac) of Rs.302 lac (Previous year - nil) in respect of assets capitalized during the year have been allocated to the direct cost of the respective assets.
- ii) The details of preoperative expenses are as:

Particulars	(Rs. in lac)
Salaries, wages and allowances	126
Hire Charges	38
Power, Fuel and Water Charges	26
Technical Consultancy fees	8
Sub Total (A)	198
Trial Run Expenses	
Raw Material Consumed	676
Stores, Spares and Consumables	112
Power	216
Fuel and Gas	106
Salary, Wages and Allowances	101
Repairs and Maintenance Expenses	33
Sub Total	1244
Net Sale Realisation	982
Net Loss (B)	262
Total (A+B)	460
Less : Amount allocated to assets capitalized during the year	302
Balance carried to Balance Sheet	158

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4. The balances under Sundry Debtors and Sundry Creditors are subject to confirmations from the respective parties and consequential / adjustments arising there from, if any. The management however does not expect any material variations and reconciliation.
5. During the year the company purchased and sold Current Investments in liquid scheme of mutual fund as detailed below.

Particulars	Units Purchased and Sold during the year ended March 31, 2009	Face Value of Units (Rs.)	Cost of Units (Rs. Lac)
LIC Liquid Fund - Dividend Plan	5,04,40,873	10	5538

6. 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, unless stated otherwise.

### 7. SEGMENT REPORTING

Company is manufacturing 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 AS-17 on "Segment Reporting" as notified in the Companies (Accounting Standards) Rules 2006.

### 8. RELATED PARTY DISCLOSURE

As for Accounting Standard 18 (AS - 18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with the related parties as defined in AS - 18 are given below

Name of related party	Name of relationship
Shri V.C.Saraf	Key Management Personnel (upto 15th Nov 08)
Shri Rajendra C. Saraf	Key Management Personnel (upto 15th Nov 08)
Shri Shashank Chaturvedi	Key Management Personnel (upto 5th March 09)
Shri L. S. Kshatriya	Key Management Personnel (upto 27th Oct 08)

List of transactions which have taken place during the year with related parties.

Nature of Transactions	Key Management Personnel (Rs. lac)	
	2008-09	2007-08
Directors Remuneration		
- Shri R.C.Saraf	6	10
- Shri L.S.Kshartiya	52	23
- Shri Shashank Chaturvedi	74	24
Total	132	57

### 9. EARNING PER SHARE

Particulars	Year Ended 31.03.2009	Year Ended 31.03.2008
Net Profit / (Loss) (Rs. Lac)	(3532)	26095
Number of equity shares outstanding during the year	10,47,13,114	12,60,25,070
Basic and Diluted earning / (loss) per equity share of Rs.6/- each:		
- Before Exceptional Items	(4.46)	(2.15)
- After Exceptional Items	(3.37)	20.71

10. In terms of Accounting Standard 22 issued by ICAI, in respect of "Accounting of Taxes on Income" the company has computed deferred tax asset amounting to Rs.10864 lac (previous year Rs.10,492 lac) on account of carried forward losses and disallowances and the deferred tax liability amounting to Rs.3058 lac (Previous year Rs.3073 lac). The net deferred tax assets amounting to Rs.7806 lac (Previous year Rs.7419 lac) has not been recognized as a matter of prudence.

### 11. 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.107 lac (Previous year Rs.88 lac) for provident fund contributions in the profit and loss account.

- 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, 2009:

(Rs. in Lac)

Sr. No	Particulars	Gratuity (Non-Funded)	
		As on 31.03.2009	As on 31.03.2008
I)	Reconciliation of Present Value of Obligations (PVO) - defined benefit obligation :		
	PVO at the beginning of the year	80	64
	Current Service Cost	10	6
	Interest Cost	6	24
	Actuarial (gain) / losses	11	(1)
	Benefits paid	(43)	(13)
	PVO at end of the year	64	80
II)	Net cost for the year ended March 31,2009 :		
	Current Service cost	10	24
	Interest cost	6	6
	Actuarial (gain) / losses	11	(13)
	Net cost	27	17
III)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	7.75 % p.a.	8.00 % p.a.
	Salary escalation rate (%)	5.00 % p.a.	5.00 % p.a.

- c) Other Long Term Employee Benefit

The Leave Encashment charge for the year ended 31st March, 2009, based on actuarial valuation carried out using the Projected Accrued Benefit Method, amounting to Rs. 54 lac (Previous Year Rs. 26 lac) has been recognized in the Profit and Loss Account.

### 12. FINANCIAL AND DERIVATIVE INSTRUMENTS

The foreign currency exposure that have not been hedged by any derivative instrument or otherwise related to liability as on 31st March, 2009 is Rs.1091.13 lac, equivalent to US\$ 20.52 lac and Euro 0.75 lac (Previous year Rs.568 lac equivalent to US\$ 13.97 and Euro 0.11 lac)

### 13. ADDITIONAL INFORMATION

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

(Rs. in lac)

- a) Directors' Remuneration

	Year Ended 31.03.2009	Year Ended 31.03.2008
Salary	47	35
House Rent Allowance	1	1
Other Benefits	84	21
	132	57

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

(Rs. in lac)

- b) Auditors' Remuneration (excluding service tax)

	Year Ended 31.03.2009	Year Ended 31.03.2008
Audit Fees	7.00	5.00
Certification Charges	0.40	0.40
	7.40	5.40

# REMI METALS GUJARAT LIMITED

## c) Quantitative Information

	Year Ended 31.03.2009 Qty. (MT)	Year Ended 31.03.2008 Qty. (MT)
i) Licensed Capacity	— *	— *
ii) Installed Capacity		
- Steel Bloom	150000	150000
- Rolled Products	100000	100000
- Seamless Pipes	70000	70000
iii) Production		
- Steel	54089	70915
- Seamless Pipes	5513	6530

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

	Year Ended 31.03.2009		Year Ended 31.03.2008	
	Qty (MT)	Value (Rs. In lac)	Qty (MT)	Value (Rs. In lac)
iv) Consumption of Raw Material				
-Steel and Others	85572	19974	113351	23549
-Seamless Pipes / Tubes	-	-	46	96
<b>Total</b>	<b>85572</b>	<b>19974</b>	<b>113397</b>	<b>23645</b>
v) Purchase for Resale -	1409	981	12	240
vi) Sales and Services *				
- Seamless Pipes	3765	2461	6928	3947
- Steel	52574	29748	71206	34578
- Job Work	-	-	-	1
- Trading	1409	989	12	262
<b>Total</b>	<b>57748</b>	<b>33198</b>	<b>78146</b>	<b>38788</b>

\* Sales and Services includes 184 MT towards captive consumption amounting to Rs.125 lac and excludes 1537 MT towards trial run sales amounting to Rs.982 lac.

vii) Opening Stock of Finished Goods				
- Seamless Pipes	82	49	480	289
- Steel	1064	668	1355	697
<b>Total</b>	<b>1146</b>	<b>717</b>	<b>1835</b>	<b>986</b>
viii) Closing Stock of Finished Goods				
- Seamless Pipes	293	189	82	49
- Steel	2579	1125	1064	668
<b>Total</b>	<b>2872</b>	<b>1314</b>	<b>1146</b>	<b>717</b>
ix) Opening Stock of Work in Progress				
- Seamless Pipes	1312	703	1096	533
- Steel	6781	3276	3286	1273
<b>Total</b>	<b>8093</b>	<b>3979</b>	<b>4382</b>	<b>1806</b>
x) Closing Stock of Work In Progress				
- Seamless Pipes	2189	1704	1312	703
- Steel	4034	1548	6781	3276
<b>Total</b>	<b>6223</b>	<b>3252</b>	<b>8093</b>	<b>3979</b>

	Year Ended 31.03.2009 (Rs. in lac)	Year Ended 31.03.2008 (Rs. in lac)
xi) Value of Imports on CIF Basis in respect of		
- Raw Materials	1520	2353
- Stores and Spares	324	248
- Capital goods	460	-

## xii) Value of Raw Material Consumed

	Percentage	Value	Percentage	Value
* Imported	7%	1455	10%	2354
* Indigenous	93%	18519	90%	21291
<b>Total</b>	<b>100%</b>	<b>19974</b>	<b>100%</b>	<b>23645</b>

	Year Ended 31.03.2009	Year Ended 31.03.2008
xiii) Value of Stores and Spares Consumed		
- Imported	287	207
- Indigenous	1179	1221
xiv) Expenditure in foreign currencies		
- Interest / Bank Charges	27	23
xv) Earnings in Foreign Exchange		
- FOB Value of Export	19	-
xvi) Contingent Liability		
a) Estimated amount of unexecuted contracts on capital account not provided for (net of advances)	2371	483
b) Bank Guarantee	223	23
c) Bill discounting	637	556
d) Claims against the Company not acknowledged as debt	-	-
e) Others	4	4
f) Cumulative Preference Share Dividend	1	-

14. Disclosures relating to amounts payable as at the year end together with interest paid / payable to Micro, Small and Medium Enterprises have been made in the accounts, as required under Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) to the extent of information available with the Company determined on the basis of intimation received from suppliers regarding their status and the required disclosures are given below..

Particulars	Year Ended March, 2009 Rs. in lac	Year Ended March, 2008 Rs. in lac
Principal amount remaining unpaid as on 31st March, 2009	83	-
Interest due thereon as on 31st March, 2009	5	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay lay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid as at 31st March, 2009	-	-
Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

15. Previous year figures have been rearranged and regrouped, wherever necessary.

As per our report of even date

For Chaturvedi and Shah      For and on behalf of the Board of Directors  
Chartered Accountants

PARAG D MEHTA  
Partner  
Membership No. 113904

V S BAPNA  
Executive Director

M L MITTAL  
Director

KAUSHIK KAPASI  
Company Secretary

Place : Mumbai  
Date : 29th June, 2009

# 27TH ANNUAL REPORT 2008-09

## ANNEXURE

Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.

(Balance Sheet abstract and Company's General Business Profile).

### I Registration Details

Registration No. : 20358 State Code : 004

Balance Sheet Date : 31-3-2009

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

Public Issue : Nil Right Issue : Nil

Bonus Issue : Nil Private Placement \*\* : 5750

\*\* Pursuant to order by BIFR, the Company has raised Rs.2750 lac and Rs.3000 lac by way of equity shares and optionally convertible preference shares respectively issued to Promoters, Co-promoters and Strategic Investors.

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

Total Liabilities : 30,784 Total Assets : 30,784

#### Sources of Funds Application of Funds

Paid up capital : 6,506 Net Fixed Assets : 23,782

Secured Loan : 10,575 Net Current Assets : 2,051

Unsecured Loan : 13,703 Investments : Nil

Misc. Expenditure : Nil

Accumulated Losses : 4,951

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

Total Income : 29,202 Total Expenditure : 33,866

Profit/(Loss) Before Tax : (4,664) Profit/(Loss) after tax : (4,671)

Basic Earning per share(In Rs.) : (4.46) Dividend Rate (%) : Nil

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

Product Description : Seamless Pipes

Item Code No. : 730400

(ITC Code)

Product Description : Other Alloy Steels

Item Code No. : 722400

(ITC Code)

Product Description : Non Alloy Steels

Item Code No. : 720600

(ITC Code)

For and on behalf of the Board of Directors

**V S BAPNA** **M L MITTAL**  
Executive Director Director

**KAUSHIK KAPASI**  
Company Secretary

Place : Mumbai  
Date : 29th June, 2009

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in Lac)

Particulars	2008-09	2007-08
<b>A) Cash Flow from Operational Activities</b>		
Net Profit / (Loss) before Tax & Extra-Ordinary Items :	(3,525)	26,102
Adjustment for :		
Waiver of Principal & Interest including Funded Interest as per Rehabilitation Scheme	(1,139)	(20,155)
Excess depreciation due to change in policy	-	(8,644)
Depreciation	1,474	1,426
Foreign Exchange Fluctuation	127	(35)
Financial Charges	1,207	1,469
Preliminary Expenses Written off	-	78
Loss on sale of Assets	3	-
Provision for Gratuity	27	18
Provision for Leave Encashment	54	26
Sundry Credit Balances Written Back	(6)	(80)
Income from Dividend	(3)	-
	<b>1,744</b>	<b>(25,897)</b>
Operating Profit/(Loss) before Working Capital Changes	(1,781)	205
Changes in Working Capital :		
Decrease / (Increase) in Sundry Debtors	2,351	(1,283)
Decrease / (Increase) in Inventories	(191)	(1,526)
Increase/(Decrease) in Current Liabilities	(1,070)	3,247
Decrease / (Increase) in Loans & Advances	(84)	(113)
Decrease / (Increase) in other Current Assets	(366)	(109)
	<b>640</b>	<b>216</b>
Income Tax Paid (Net of refund)	(1141)	421
	(17)	(21)
<b>Cash generated from Operations (A)</b>	<b>(1158)</b>	<b>400</b>
<b>B) Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(6,974)	(771)
Sale of Fixed Assets	2	-
Purchase of Investments	(5,538)	-
Sale of Investments	5,538	-
Income from dividend	3	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(6969)</b>	<b>(771)</b>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from issue of Fresh Shares	5,750	-
Interest Paid	(1,695)	(1,160)
Proceeds / (Repayments) from Short Term Borrowings	86	6,165
Proceeds from Long Term Borrowings	4,578	7,202
Discharge of Long Term Borrowings	(876)	(11,733)
<b>Net Cash (used)/generated from Financing Activities (C)</b>	<b>7,843</b>	<b>474</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS ..... (A + B + C)</b>	<b>(284)</b>	<b>103</b>
Cash and cash equivalents (Opening balance)	707	604
Cash and cash equivalents (Closing balance)	423	707
<b>NET INCREASE/(DECREASE) AS DISCLOSED ABOVE .....</b>	<b>(284)</b>	<b>103</b>

Note : (1) All Figures in brackets are outflows

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

As per our report of even date  
For **Chaturvedi & Shah**  
Chartered Accountants

**PARAG D MEHTA**  
Partner  
Membership No.35671

PLACE : MUMBAI  
DATE : 29th June, 2009

For and on behalf of the Board of Directors

**V S BAPNA**  
Executive Director

**KAUSHIK KAPASI**  
Company Secretary

**M L MITTAL**  
Director

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REMI METALS GUJARAT LIMITED

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

DP. Id\* [ ]

Master Folio [ ]

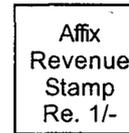
PROXY FORM

Client Id\* [ ]

No. of Shares [ ]

I/We.....resident/s of.....in the district of.....being a member/s of the above named Company hereby appoint Shri/Smt.....resident of .....in the district of .....or failing him, Shri/Smt .....resident of in the district of .....as my/our proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the shareholders of the Company to be held on Saturday, 26th September, 2009 at the Registered office of the Company at GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat at 12.30 p.m.

Signed this.....day of.....2009.



Signature of Proxy

Signature of first named/ Sole shareholder

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

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

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

REMI METALS GUJARAT LIMITED

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

DP. Id\* [ ]

Master Folio [ ]

ATTENDANCE SLIP

Client Id\* [ ]

No. of Shares [ ]

I hereby record my presence at the 27TH ANNUAL GENERAL MEETING of the Remi Metals Gujarat Ltd. at Regd Office: GIDC, Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat to be held on Saturday, 26th September, 2009 at 12.30 p.m.

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

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

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



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**REMI METALS GUJARAT LIMITED**  
GIDC, Industrial Estate, Valia Road,  
Jhagadia, Dist. Bharuch, Gujarat 392110