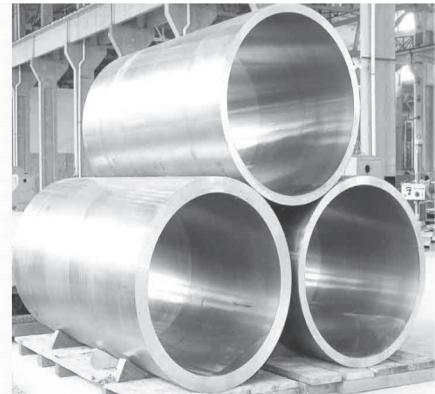
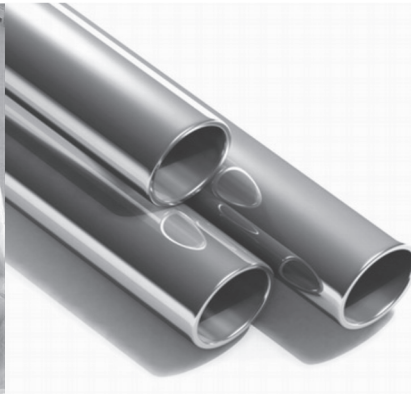
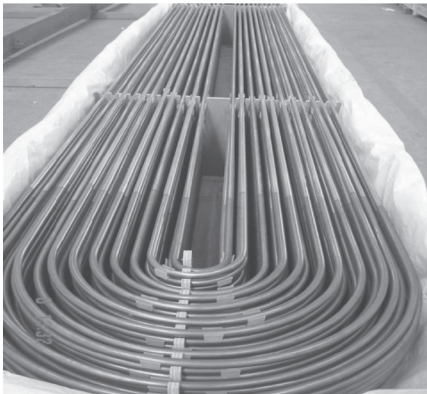




# **REMI EDELSTAHL TUBULARS LIMITED**

## **40<sup>th</sup> Annual Report 2010-2011**



### **Stainless Steel Welded and Seamless Pipes & Tubes**



**Wind Power  
Promoting Green Energy**

## **Board of Directors**

Shri Vishwambhar C. Saraf

Chairman

Shri Mahabir Prasad Jatia

Shri Rajendra C. Saraf

Shri Kamal Kumar Dujodwala

Shri Rishabh R. Saraf

Managing Director

Shri Ritvik V. Saraf

Shri Shankar Lal Jain

Shri Gopikishan Biyani

## **Bankers**

STATE BANK OF INDIA

## **Auditors**

M/s. Sundarlal, Desai & Kanodia

Chartered Accountants

903, Arcadia, 195, N.C.P.A. Road,

Mumbai- 400 021

## **Registered Office**

REMI HOUSE

Plot No.11, Cama Industrial Estate,

Goregaon (East),

Mumbai – 400 063

## **Works**

Plot No. N-211/1

M.I.D.C.

Tarapur, Maharashtra

## NOTICE

To  
The Members,  
REMI EDELSTAHL TUBULARS LIMITED

**NOTICE** is hereby given that the 40th Annual General Meeting of the Company will be held at the Company's Registered Office, Remi House, Plot No.11, Cama Industrial Estate, Goregaon (East), Mumbai – 400 063, on Friday, the 30th September, 2011, at 11.30 A.M. to transact the following business:

1. To adopt the audited Balance Sheet as at, and the Profit and Loss Account for the year ended, 31st March, 2011.
2. To re-appoint as Director Shri Ritvik V. Saraf who retires by rotation.
3. To re-appoint as Director Shri Rajendra C. Saraf who retires by rotation.
4. To re-appoint as Director Shri Mahabir Prasad Jatia who retires by rotation.
5. To appoint Auditors and to fix their remuneration.

For **REMI EDELSTAHL TUBULARS LIMITED**

Sd/-

Place : Mumbai  
Dated : 12th August, 2011

**RISHABH R.SARAF**  
**MANAGING DIRECTOR**

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING WILL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2011 to Friday, the 30th September, 2011, both days inclusive.

3. **Green initiative in Corporate Governance:**

The Ministry of Corporate Affairs vide its circular bearing No.17/2011 dated 21/04/2011 and 18/2011 dated 29/04/2011 has taken a “**Green Initiative in Corporate Governance**” by allowing paperless compliances by Companies through electronic mode. Companies can now send various notices/documents to their shareholders through electronic mode to the registered e-mail addresses of the shareholders.

In this regard please register your email address and changes therein from time to time with the Company/ Registrar and Transfer Agent or with the concerned depositories.

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**DIRECTORS' REPORT**

To  
The Members,  
**REMI EDELSTAHL TUBULARS LIMITED**

Your Directors have immense pleasure in presenting 40th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2011.

**PERFORMANCE REVIEW:**

The performance for the financial year ended 31st March, 2011 is summarized below:-

	2010-2011		2009-2010	
Gross Income	13860.03		8323.42	
Profit				
before Depreciation & Taxation	364.16		287.29	
Depreciation	268.70	257.45		
Taxation	6.70	(17.13)	240.32	
Net Profit				
for the year	88.76		46.97	
Less: Prior year adjustments	(0.26)	33.32		
	88.50	80.29		
Add: Balance brought forward	1191.26		1210.97	
Available for appropriation	1279.76		1291.26	
Transfer to General Reserve	100.00		100.00	
Balance carried to Balance Sheet	1179.76	1191.26		
	1279.76	1291.26		

**OPERATIONS:**

The Stainless Steel Tubes and Pipes Industry was recovering from a weak economic period. Your Company's marketing and product development efforts initiated recently have fructified and are reflected in the Company's financial performance, i.e. revenue increase by 34.5%, growth in sales volume, 43.5% growth in value resulting in an EBIDTA growth of 43.72% over the previous year. The Company's order book reflects a healthy ₹121 crores at the beginning of the year end which indicates growth performance for the forthcoming year also.

The company has the distinction of being the first to commission the state-of-art cage-forming large diameter automatic Stainless Steel Pipe Forming Mill. The benefit of this equipment will partly accrue in the current year and would fully reflect in the coming years.

Your company is embarking on an expansion programme [of approx 13 Crores] to meet the increasing technological requirements of the expanding sophisticated market. The expansion project is funded by internal accruals and term loans already sanctioned by the Company's bankers.

**INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956:****Sub-Section (1) (e):****a. CONSERVATION OF ENERGY:**

All efforts are being made to conserve energy.

**b. TECHNOLOGY ABSORPTION:**

The Company does not have any foreign collaboration for manufacture. The Company is continuously modernizing and improving its products in quality and is having ISO 9001/PED Certification (which is required for Export Sales).

**c. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Outgo	-	₹39.53 Lacs
Earnings	-	₹1323.23 Lacs (including deemed exports & supplies to SEZ & EOU of ₹905.79 Lacs)

**Sub-Section (2A):**

No employee of the Company was in receipt of remuneration equal to or exceeding prescribed limits.

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

Your Directors state:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- that the directors had prepared the annual accounts on a going concern basis.

**APPRECIATION:**

Your Directors place on record their sincere thanks for the financial support from State Bank of India. They also place on record their appreciation for the dedicated services of the executives, staff and workers of the Company. Your Directors also appreciate the faith you have reposed in the Company and are confident that the Company can depend upon your continued support in its endeavor to grow.

**Registered Office:**

REMI HOUSE  
Plot No. 11, Cama Industrial Estate,  
Goregaon (East),  
Mumbai - 400 063

**ON BEHALF OF THE BOARD**

Sd/-  
**VISHWAMBHAR C. SARAF**  
**CHAIRMAN**

Dated: 12th August, 2011

**MANAGEMENT DISCUSSION AND ANALYSIS:-****(a) Industry Structure and Development:**

The Stainless steel tube and pipe industry can be classified in the organized sector, in which the Company operates has witnessed a sharp growth in capacity over the past few years. The growth in the product markets have shifted from the traditional focus on oil and petrochemical sector to the power sector. This shift stands to become more prominent in the next few years as the installation of nuclear power plants becomes more critical for the growth of the economy. There has been a revival in demand in the Fertilizer sector owing to the governments focus on increasing the agricultural produce.

**(b) Opportunities and Threats:**

The growth in the power (both thermal & nuclear)/ fertilizer/ oil and petroleum sector offer opportunities for the Company's products. However, the pricing volatility of key raw material ingredients (such as nickel) can affect demand and usage patterns of user industry as well as affect the viability of major project investments. Apart from this, installation of LNG terminals can have a substantial contribution in the usage of stainless steel tubular products. The threat of dumping of secondary quality products and imposition of antidumping duties by the government on major raw materials can have adverse effect on the demand. The effect of Nuclear disaster in Japan can have an impact on the global view of operating and constructing nuclear power plants which can delay the growth plans of the Company.

**(c) Outlook:**

The Company has viewed the economic downturn as an opportunity to reinvent its product portfolio over the past year. The company and the management believed in the fundamentals of the sector it operates in and continues to believe that the fundamentals of the stainless steel tubular industry remain strong. The approvals received by the company are reflected in the increased order book. The Company is continuing the process of product enhancement and expects further approvals for critical products from the user industries. The expansion programme undertaken will ensure that the products can be adequately developed.

**(d) Risk and Concerns:**

The current orders received by the Company are to be delivered over the next 12 months or so whereas the raw material pricing is volatile and it is difficult to enter into fixed long term contracts with the suppliers. The company is taking adequate steps to control this phenomenon by stocking material to protect its margin. The increase in interest rates can have an overall adverse effect in the economy. However, the Company is taking adequate preventive measures to ensure reduced interest cost. The volatility in the US Dollar can have an impact since bulk of the Company's input cost is derived from the US Dollar. The company is covering US Dollar exposure as and when required to ensure protection of margins.

**(e) Internal Control Systems and their adequacy:**

The Company has adequate internal control systems in technical and financial fields.

**(f) Financial Performance:**

The Financial Performance of the Company has improved with better capacity utilization and product mix.

**(g) Human Resources/ Industrial Relations:**

The Company has maintained good industrial relations and is continuously adding to the human resources of the Company.

**(h) Cautionary Statement:**

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

**CORPORATE GOVERNANCE****1. COMPANY'S BASIC PHILOSOPHY:**

The Company's philosophy is to undertake its business with integrity, fairness, transparency and accountability and to ensure that adequate internal control systems are devised and put in place so that the

interests of shareholders, employees, suppliers and those associated with the company are protected.

**2. BOARD OF DIRECTORS:**

During the year, the Board of Directors met 4 (Four) times on 21/05/2010, 12/08/2010, 11/11/2010 and 11/02/2011.

**COMPOSITION AND CATEGORY OF DIRECTORS**

Name of Director	Category	Attendance Particulars		Other Boards		
		Annual General Meeting	Board Meetings	Directorship	Committee Chairmanship	Committee Membership
Mr. V. C. Saraf	Promoter	No	4	3	1	---
Mr. M.P. Jatia	Independent Non-Executive	No	3	7	---	3
Mr. K.K. Dujodwala	Independent Non-Executive	No	2	4	---	---
Mr. R. C. Saraf	Promoter	Yes	4	5	---	3
Mr. R.R. Saraf	Promoter Executive	Yes	4	4	---	---
Mr. R.V. Saraf	Promoter	Yes	4	3	---	---
Mr. S.L. Jain	Independent Non-Executive	No	3	1	---	---
Mr. G. Biyani	Independent Non-Executive	No	1	7	---	---

**3. AUDIT COMMITTEE:**

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

The functions of the audit committee include:

- Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Discussing the adequacy of internal control systems, the scope of audit, internal audit reports and the compliance thereof.
- Recommending the fixation of the audit fee and also approval for payment for any other services of the Auditors.
- Reviewing with management the quarterly and annual financial statements, before submission to the Board.

Attendance of the members at the Audit Committee Meetings held during 2010-11.

Committee Members	Designation	No. of Meetings	
		Held	Attended
Mr. K.K. Dujodwala	Member	3	3
Mr. S.L. Jain	Chairman	3	3
Mr. R.C. Saraf	Member	3	3

**4. SHAREHOLDERS/ INVESTORS GRIEVANCES COMMITTEE:-**

The Members of the Committee comprise of Shri. V. C. Saraf and Shri. R. C. Saraf. Shri V. C. Saraf is the Chairman of the Committee. The Company had received 12 complaints during the year 2010-2011. All the complaints had been disposed off. There are no Shareholders' complaints pending.

**5. GENERAL BODY MEETINGS:-**

The last 3 Annual General Meetings of the Company were held as under:

Date	Venue	Time	No. of special resolutions
30/9/2008	Remi House, Plot No.11, Cama Industrial Estate, Goregaon (E), Mumbai – 400 063.	11.30 A.M.	One
30/9/2009	- do -	- do -	Two
30/9/2010	- do -	- do -	One

**6. POSTAL BALLOT:**

During the last year, no resolution was passed through Postal Ballot and no resolution is proposed to be passed through Postal Ballot.

**7. DISCLOSURES:**

Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large	:	Transactions with related parties are disclosed in Note No 8 of Schedule 20 to the accounts. These transactions are not in conflict with the interests of the Company
Details of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three year	:	Nil
Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause	:	The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement.

**8. REMUNERATION TO DIRECTORS :**

(₹ in Lacs)

Name & Designation	Salary	Commis- sion	Sitting fees
Shri R.R. Saraf -Managing Director	39.00	-	--
Shri V.C.Saraf - Chairman	--	--	0.08
Shri R.C. Saraf	--	--	0.11
Shri K. K. Dujodwala	--	--	0.06
Shri M. P.Jatia	--	--	0.07
Shri S. L. Jain	--	--	0.07
Shri G. K. Biyani	--	--	0.04
Shri R.V. Saraf	--	--	0.06

**9. BRIEF DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT:**

Shri Ritvik V. Saraf, Shri Rajendra C. Saraf and Mahabir Prasad Jatia, Directors, who are retiring by rotation, are to be re-appointed. The brief resume of these Directors is given herebelow:

- i) Shri Ritvik V. Saraf, after his primary schooling in Mumbai, had a stint of five years' secondary education in England. Thereafter took an Engineering degree from the University of Leeds, England.

He hails from a family of business house of long standing and after his return, has joined his family business.

- ii) Shri Rajendra C. Saraf is a commerce graduate of the University of Bombay. After graduation, he joined the family business.

- iii) Shri Mahabir Prasad Jatia is an industrialist of repute and is the Managing Director of Pudumjee Pulp and Paper Mills Limited. He is a Director of some other companies also.

**10. MEANS OF COMMUNICATION:**

The Company regularly intimates its financial results to the Bombay Stock Exchange Limited as soon as the same are approved and taken on record. These financial results are published in The Free Press Journal and Navshakti.

**11. GENERAL SHAREHOLDER INFORMATION:**

The 40th Annual General Meeting of the Company will be held on Friday the 30th September, 2011, at its Registered Office, Remi House, Plot No. 11, Cama Industrial Estate, Goregaon (East), Mumbai – 400 063 at 11.30 A.M.

Financial year of the Company is from 1st April, 2010 to 31st March, 2011

The Register of Member and the Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2011 to Friday, the 30th September, 2011, both days inclusive.

**Listing on Stock Exchange:**

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	513043

**Market Price Data**

Month	High Price (in ₹)	Low Price (in ₹)
April – 2010	28.85	22.45
May – 2010	29.00	21.55
June – 2010	28.85	22.85
July – 2010	27.45	23.00
August – 2010	27.15	23.00
September – 2010	30.95	23.35
October – 2010	26.75	21.60
November – 2010	25.55	20.00
December – 2010	24.90	19.00
January – 2011	23.90	18.35
February – 2011	21.90	16.30
March – 2011	21.00	14.10

**Registrar and Transfer Agents:**

**Bigshare Services Private Limited**

E-2&3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E) Mumbai – 400 072

Tel: 22 28470652/ 40430200 / 28470653, Fax: 22 28475207

E-mail: investor@bigshareonline.com

Website: www.bigshareonline.com

“Our RTA, Bigshare Services Private Limited has launched Gen-Next Investor Interface Module “iBoss” the most advanced tool to interact with investors. Please login into iBoss (www.bigshareonline.com) and help them to serve you better.”

**Share Transfer system:**

The transfers received by the Company or Registrar and Transfer agents in physical form are processed and Share Certificates are dispatched.

**Distribution of Share:**

Distribution of shareholding as on 31st March, 2011 is as follows: -

No. of Equity Shares held	No. of Share holders	% of Total holders	Total No. of Shares	% of Total Capital
Upto 5000	3,274	80.82	727,725	7.59
5001 – 10000	524	12.94	380,749	3.97
10001 – 20000	136	3.36	204,640	2.14
20001 – 30000	28	0.69	71,756	0.75
30001 – 40000	18	0.44	66,213	0.69
40001 – 50000	16	0.39	74,342	0.78
50001 – 100000	19	0.47	137,655	1.44
100001 & Above	36	0.89	7,919,320	82.64
<b>TOTAL</b>	<b>4,051</b>	<b>100.00</b>	<b>9,582,400</b>	<b>100.00</b>

Categories of shareholders as on 31st March, 2011.

Category	No. of holders	No. of Shares	% of Total Shareholding
Individuals	3955	4505251	47.02
Companies	77	4891449	51.05
FII, NRIs & OCBs	16	175700	1.83
Mutual Funds, Banks & FIs	3	10000	0.10
<b>TOTAL</b>	<b>4051</b>	<b>9582400</b>	<b>100.00</b>

**Dematerialization of Shareholding:**

As on 31st March, 2011, 8928026 equity shares constituting 93.17% have been dematerialized

**Plant Location:**

The manufacturing facility of the Company is located at the following address:

Plot No. N – 211/1, M. I. D. C., Tarapur, Maharashtra

**Registered & Corporate Office:**

REMI HOUSE

Plot No. 11, Cama Industrial

Estate, Goregaon (E),

Mumbai – 400 063

Ph. No. 022-40589888

Fax No. 022-26852335

Email: vsiyer@remigroup.com

: rmi\_igrd@remigroup.com

**Registrar and Share Transfer**

**Agent:**

Bigshare Services Pvt. Ltd.

E-2&3, Ansa Industrial Estate,

Saki Vihar Road, Andheri (E),

Mumbai – 400 072

Ph. No.: 22 28470652/40430200

Fax No.: 22 28475207

Email: investor@bigshareonline.

ON BEHALF OF THE BOARD

Sd/-

PLACE : MUMBAI

DATED : 12th August, 2011

**VISHWAMBHAR C. SARAF**

**CHAIRMAN**

**CERTIFICATE OF OF CORPORATE GOVERNANCE**

The Members,

**REMI EDELSTAHL TUBULARS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **REMI EDELSTAHL TUBULARS LIMITED**, for the year ended on March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, Mumbai.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/Investors Grievance Committee of the Company.

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

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

Sd/-

PLACE : MUMBAI

DATED : 12th August, 2011

**(M. B. DESAI)**

**PARTNER**

## AUDITORS' REPORT

To,

The Members of **Remi Edelstahl Tubulars Ltd.**

1. We have audited the attached Balance Sheet of REMI EDELSTAHL TUBULARS LTD. as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon, gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For SUNDARLAL, DESAI AND KANODIA,  
CHARTERED ACCOUNTANTS,  
Registrar No. 110560W**

PLACE : **MUMBAI**  
DATED : 30<sup>th</sup> May, 2011

Sd/-  
**(M. B. DESAI)**  
**PARTNER.**  
Membership No. 33978