



# **REMI EDELSTAHL TUBULARS LIMITED**

## **41<sup>st</sup> Annual Report 2011-2012**



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



**Wind Power  
Promoting Green Energy**



# *National Energy Conservation Award*

*This commendation certificate is awarded to*

*M/s Remi Edelstahl Tubulars Limited*

*Tarapur, Boisar*

*(Maharashtra)*

*in appreciation of their efforts in*

*Energy Conservation in the*

*Steel-Re rolling Sector*

*for the year 2011*

*Uma Manika*

*Ministry of Power  
New Delhi  
14 December 2011*

*Secretary to the  
Government of India*

**Board of Directors**

Shri Vishwambhar C. Saraf

Chairman

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

Shri Sandeep Shriya

**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**

- (1) Plot No. N-211/1  
M.I.D.C.  
Tarapur, Maharashtra
- (2) Village Brahmanwel,  
Taluka Shakri,  
District Dhule, Maharashtra

**NOTICE**

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

**NOTICE** is hereby given that the 41<sup>st</sup> 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 **Saturday the 29<sup>th</sup> September, 2012** at 11.30 A.M. to transact the following business:

1. To adopt the audited Balance Sheet as at, and the Statement of Profit and Loss for the year ended, 31<sup>st</sup> March, 2012.
2. To re-appoint as Director Shri Vishwambhar C. Saraf, who retires by rotation.
3. To re-appoint as Director Shri Kamal Kumar Dujodwala, who retires by rotation.
4. To re-appoint as Director Rishabh R. Saraf, who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To pass the following special resolution:

"Resolved that the Company hereby authorises the payment of remuneration to its Directors, excluding its Managing Director, by way of commission, at one per cent of the net profits of the Company.

"Further Resolved that this arrangement will enure for five years from April, 2011."

For **REMI EDELSTAHL TUBULARS LIMITED**

Place :Mumbai  
Dated : 14<sup>th</sup> August, 2012

**(RISHABH R.SARAF)**  
**MANAGING DIRECTOR**

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING WILL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, the 21<sup>st</sup> September, 2012** to **Friday, the 28<sup>th</sup> September, 2012**, 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.

4. Explanatory statement relating to the item of special business at item No.6 is set out below:

**Explanatory statement - Pursuant to Section 173 of the Companies Act, 1956 - Annexure to the notice.**

It is proposed to renew the arrangement for payment of commission to its Directors, in terms of the provisions contained in Section 309(4) of the Companies Act, 1956. This special resolution achieves this purpose.

Shri V.C. Saraf, Shri R.C. Saraf, Shri Rishabh R. Saraf and Shri Ritvik V. Saraf, Directors, are to be deemed to be interested in this item of business.

Your Directors commend this resolution for your approval.

# Remi Edelstahl Tubulars Limited

## DIRECTORS' REPORT

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

Your Directors have immense pleasure in presenting 41<sup>st</sup> Annual Report and Audited Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

### PERFORMANCE REVIEW:

The performance for the financial year ended 31<sup>st</sup> March, 2012 is summarized below:-

	(₹ in Lacs)	
	2011 -12	2010 -11
Gross Turnover	19731.68	14037.80
Profit before Finance Cost, Depreciation and Tax (EBIDTA)	1266.18	821.66
Finance Cost	799.37	457.68
Depreciation	290.03	268.70
Taxation	48.76	1138.16
Profit for the period	128.02	88.51
Balance brought forward	1179.77	1191.26
	1307.79	1279.77
<b>Appropriations</b>		
Transfer to General Reserve	50.00	100.00
Balance carried to Balance Sheet	1257.79	1179.77
	1307.79	1279.77

### OPERATIONS:

The year ended March, 2012 has been a turbulent year for the Global as well as the Indian Economy. The Indian Rupee was very volatile and has experienced new lifetime lows against the US Dollar. Apart from this phenomenon, the high interest rate regime in the Indian Economy has taken its toll on the Capital Goods Industry. In spite of these negatives, the Company has achieved higher production by volume, registering a growth of 30% which helped to achieve an EBIDTA growth of 54% over the last year. The NP of the Company increased by 44.64% on the strength of higher EBIDTA. The benefit of the increased volume and sales did not reflect in the profitability due to the depreciating Rupee/higher interest burden.

The adverse market conditions were tackled by the Company by its continuous effort of focussing on speciality product sectors, especially in the Energy Sectors. The management believes that further focus on these sectors is imperative for the Company's growth and continues to focus on these speciality sectors. The expansion programme initiated in the previous year is under implementation. Certain up-gradations have been completed by March while the remaining would be completed in the coming year. The benefits of this would be accrued partially in the coming year and thereafter reflect in the future performance. The Company has received approval from the American Petroleum Institute (API) which would help selling its products in the Petroleum sector in India and overseas.

The management believes that the product portfolio up-gradation (derived from the expansion programme undertaken) coupled with the measures to control the financial cost would help in achieving a better performance in the coming year.

### DIRECTORS:

Under Article 64 of the Articles of Association of the Company, Shri Vishwambhar C. Saraf, Shri Kamal Kumar Dujodwala and Shri Rishabh R. Saraf retire by rotation and being eligible, offer themselves for re-election.

### AUDITORS:

The retiring Auditors M/s. Sundarlal, Desai & Kanodia, Chartered Accountants, are eligible for re-appointment and have expressed their willingness to accept the re-appointment. In terms of Section 224A of the Companies Act, 1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

### AUDITORS' REPORT:

The Auditors' Report to the Shareholders does not contain any reservation, qualification or adverse remark.

### COST AUDITORS AND AUDIT REPORT:

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to several products manufactured by the Company.

### DIRECTORS' RESPONSIBILITY STATEMENT:

On the basis of compliance certificates received from the concerned executives of the respective Divisions of the Company and subject to disclosures in the annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and with proper explanation Provided relating to material departures, if any;
- the Directors have followed appropriate 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;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, if any;
- the Directors have prepared the annual accounts on a going concern basis.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

"National Energy Conservation Award received by the Company for their effort in energy conservation in the Steel-Rerolling Section for the year 2011. 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).

### FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	₹ 2212.76 Lacs (including deemed exports & supplies to SEZ & EOU of ₹ 1603.80 Lacs)
Outgo	₹ 9388.30 Lacs

### PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' report, as an addendum thereto. However, as required by the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as set out therein, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company, and the same will be forwarded by post.

### UNPAID DIVIDEND:

The unpaid dividend relating to the financial year ended 31<sup>st</sup> March, 2005, will be transferred to Investor Education and Protection Fund, in the prescribed time limit.

### APPRECIATION:

The Board place on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company, who have contributed in no small measure to the performance and the Company's continued inherent strength. It also extends grateful thanks to the Central and various State Governments, the investors, the banking circles, financial institutions and district level authorities for their continued support extended to the Company from time to time. Shareholders' appreciation of the managements' efforts expressed at the general meetings of the Company and otherwise, is a grate fillip to strive for better performance year after year.

### Registered Office:

REMI House, Plot No.11,  
Cama Industrial Estate,  
Goregaon (East),  
Mumbai - 400 063  
Dated: 14<sup>th</sup> August, 2012

### ON BEHALF OF THE BOARD

**VISHWAMBHAR C. SARAF**  
CHAIRMAN

**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 management firmly believes that the Stainless Steel Tubular industry has strong fundamentals and views that this is an essential product required during the further industrialization of the country. Its expansion programme which is catered to meeting the demand for value added products is going to give the Company a chance to participate in the specialized markets which are currently dominated with few manufacturers. The approvals received from users abroad will help in redevelopment of an export market which is currently negligible in the Company's portfolio.

**(d) Risk and Concerns:**

The uncertainty created by the Euro crisis may affect demand of Euro area. It may also have a further impact on the Indian Rupee, which would make imports more expensive. The Company however, is taking suitable steps to ensure protection of its margins as and when required. The high rate of interest and lower monsoons may continue to dampen the investment scenario in India

**(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 30/05/2011, 12/08/2011, 11/11/2011 and 14/02/2012.

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



## Remi Edelstahl Tubulars Limited

### 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 2011-12.

Committee Members	Designation	No. of Meetings	
		Held	Attended
Mr. K.K. Dujodwala	Member	4	4
Mr. S.L. Jain	Chairman	4	4
Mr. R.C. Saraf	Member	4	2

### 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 4 complaints during the year 2011-2012. 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
30/9/2009	Remi House, Plot No.11, Cama Industrial Estate, Goregaon (E), Mumbai – 400 063.	11.30 A.M.	Two
30/9/2010	- do -	- do -	One
30/9/2011	- do -	- do -	–

### 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 1.7 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 years.	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	Commission	Sitting fees
R. R. Saraf - Managing Director	31.55	-	-
V. C. Saraf - Chairman	-	0.80	0.08
R. C. Saraf	-	-	0.06
K. K. Dujodwala	-	-	0.12
M. P. Jatia	-	-	0.08
S. L. Jain	-	-	0.12
G. K. Biyani	-	-	0.02
R. V. Saraf	-	-	0.04

### 9. BRIEF DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE APPOINTMENT:

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

- Shri Vishwambhar C. Saraf is a commerce graduate of the University of Bombay and after graduation he joined the family business. He is Managing Director of Remi Elektrotechnik Ltd. and is on the Board of Remi Process Plant and Machinery Ltd. and Magnificent Trading Pvt. Ltd.
- Shri Kamal Kumar Dujodwala is a B.Sc. Graduate. He has a vast experience of nearly 29 years in various sectors of business. He is on the Board of Dujodwala Resins & Terpenes Ltd., Dujodwala Products Ltd., Indo Euro Securities Ltd. and Dujodwala Exports Pvt. Ltd.
- Shri Rishabh. R. Saraf has obtained a Bachelor of Arts in Business Administration from the University of Nottingham, England. After his return, he joined his family business and has received from his elders in the family very good training in business management. He is the Managing Director of the Company since April, 2002, in full charge of the manufacturing and export activities of the Company.

### 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 41st Annual General Meeting of the Company will be held on Saturday the 29th September, 2012, 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, 2011 to 31st March, 2012.

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 21st September, 2012 to Friday, the 28th September, 2012, both days inclusive.

### Listing on Stock Exchange:

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

## 41<sup>st</sup> Annual Report 2011-2012

### Market Price Data

Month	High Price(₹)	Low Price(₹)
April - 2011	20.45	14.15
May - 2011	22.45	18.45
June - 2011	22.20	18.20
July - 2011	21.80	17.50
August - 2011	23.40	18.00
September - 2011	22.70	18.50
October - 2011	19.10	15.60
November - 2011	19.80	15.15
December - 2011	16.95	11.40
January - 2012	13.90	10.25
February - 2012	17.70	13.87
March - 2012	20.55	15.65

### Registrar and Transfer Agents:

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai - 400 072  
Tel: 22 28470652/ 40430200 / 28470653, Fax: 22 28475207  
E-mail: investor@bigshareonline.com  
Website: www.bigshareonline.com

### Share Transfer System:

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

### Distribution of Shares:

Distribution of Shareholding as on 31<sup>st</sup> March, 2012.

No. of Equity Shares Held	No. of Share holders	% of Total Holders	Total No. of Shares	% of total Capital
Upto 500	3,234	80.97	710,357	7.41
501 - 1000	506	12.67	368,890	3.85
1001 - 2000	140	3.50	208,974	2.18
2001 - 3000	28	0.70	71,309	0.74
3001 - 4000	18	0.45	66,375	0.70
4001 - 5000	17	0.43	79,798	0.83
5001 - 10000	19	0.48	137,695	1.44
10001 & Above	32	0.80	7,939,002	82.85
<b>TOTAL:</b>	<b>3,994</b>	<b>100.00</b>	<b>9,582,400</b>	<b>100.00</b>

Categories of Shareholders as on 31<sup>st</sup> March, 2012

Category	No. of Holders	No. of Shares	% of total Share Holding
Individuals	3902	4513038	47.10
Companies	72	4882462	50.95
FII's, NRI's & OCB's	17	176900	1.85
Mutual Funds, Banks & FI's	3	10000	0.10
<b>TOTAL:</b>	<b>3994</b>	<b>9582400</b>	<b>100.00</b>

### Dematerialization of Shares:

As on 31<sup>st</sup> March, 2012, 8938564 equity shares constituting 93.28% have been dematerialized.

### Plant Locations:

1. The manufacturing facility of the Company located at the Plot No. N – 211/1, M. I. D. C., Tarapur, Maharashtra.
2. Windmill located at Village Brahmanwel, Taluka Sakri, District Dhule, Maharashtra.

### Address for Correspondence:

<b>Registered &amp; Corporate Office:</b>	<b>Registrar and Share Transfer Agent:</b>
REMI HOUSE Plot No.11, Cama Industrial Estate, Goregaon (E) Mumbai - 400 063 Ph. No.022-4058 9888 Fax No.022-2685 2335 Email: vsiyer@remigroup.com rmi_igrd@remigroup.com	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072 Ph. No.:022-2847 0652/ 4043 0200 Fax No.:022-2847 5207 Email: investor@bigshareonline.com

## CERTIFICATE 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, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, Mumbai.

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

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

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

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

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

PLACE : MUMBAI  
DATED : 14<sup>th</sup> August, 2012

(M. B. DESAI)  
PARTNER