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REMI GROUP

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REMI METALS GUJARAT LIMITED
Annual Report
1996-97

BOARD OF DIRECTORS

Shri Chiranjilal Saraf	<i>Chairman</i>
Shri Vishwambhar C. Saraf	.....	<i>Vice-Chairman</i>
Shri Rajendra C. Saraf	.....	<i>Managing Director</i>
Shri Kumarpal M. Doshi		
Shri Eugene D. Derry		
Shri Rajendra Prakash Goyal		
Shri C.P. Phillip	.....	<i>Nominee of IDBI</i>
Shri Gautam B. Doshi	.....	<i>Alternate to Shri Kumarpal Doshi</i>
Shri V. Sahasranama Iyer	.....	<i>Alternate to Shri Eugene D. Derry</i>
Dr. N.S. Datar		

SECRETARY

A. Mani

REGISTERED OFFICE

GIDC Industrial Estate,
Valia Road, Jhagadia,
District Bharuch,
Gujarat

CORPORATE OFFICE

52 A, Mittal Court,
Nariman Point,
Mumbai - 400 023.

PROJECT OFFICE

11, Cama Industrial Estate,
Goregaon (East)
Mumbai - 400 063.

SOLICITORS

M/s. Kanga & Co.,
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai - 400 023.

AUDITORS

M/s. Chaturvedi & Shah,
712-715, Tulsiani Chamber,
212, Nariman Point,
Mumbai - 400 021.

BANKERS

State Bank of India
Churchgate Branch,
Mumbai - 400 020.

NOTICE

The Members,
Remi Metals Gujarat Limited

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at its Registered Office, GIDC Industrial Estate, Valia Road, Jhagadia, Dist: Bharuch, Gujarat State, on Tuesday, the 31st March, 1998, at 12-15 P.M. to transact the following business :-

1. to consider the Audited Balance Sheet of the Company as at 30th September, 1997 and Profit and Loss Account for the eighteen-month period April, 1996 to September, 1997.
2. to re-appoint as Director Shri R.P. Goyal, who retires by rotation.
3. to re-appoint as Director Dr N.S. Datar, who retires by rotation.

4. to re-appoint Auditors and to fix their remuneration.

4th March, 1998

A. MANI
SECRETARY

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 27th, to Tuesday, the 31st March, 1998, both days inclusive.
3. All communications shall be addressed to the Company at its Registered Office or its Project Office at 11, Cama Industrial Estate, Goregaon (East), Mumbai-400 063.

DIRECTORS' REPORT

The Members,
Remi Metals Gujarat Limited

Your Directors have pleasure in presenting the **Sixteenth Annual Report** together with the **Audited Accounts** for the eighteen months period April, 1996 to September, 1997.

THE PROJECT :

Your Directors had informed you in the last annual report that the trial production had commenced in stages and expected the trials to lead to regular commercial production from the month of Oct, 1997.

The Company decided to commence the production on trial basis to achieve the following; (a) to establish the performance of both equipments and process technology (b) to debug the initial commissioning/teething problems (c) to ensure the performance of equipments after automation, etc. (d) to establish the process parameters (i) Steel making of various grades through concast/ingot route (ii) hot rolling of ingots/cast products (iii) Seamless Pipe Manufacture through cast and rolled products route with various types of lubricants for different process routes.

It was planned that during this period the balance portion of the project would be completed. However, the project could not be completed, in all respects as envisaged on account of delay in a disbursement of funds, deliver and commissioning of equipments, handing over of possession of 40 hectares of land by GIDC, etc.

In view of non-completion of the proposed project due to various constraints, the trial operations were gradually phased out from April, 1997, as:

1. During trial production the abovementioned objectives were achieved.
2. Operating incomplete plant could not result in economic/viable levels of production and produce the required range of products and grade mix for marketing.

3. The unprecedented increase in the power tariff by almost 50% by the Gujarat Electricity Board resulted in substantial increase in the already unviable trial production costs, which could neither be passed on to the customer nor could be absorbed by the Company during trial production in an incomplete project.

4. The sudden slump in the economy, particularly in the engineering sector, a major consumer of our products, also contributed towards lower offtakes of trial production of limited range and quality from incomplete project.

Subsequent to phasing out of trial production, the Company has taken the following steps:

- i) to endeavour to complete the project by conserving and utilising the available finance for project completion rather than for unviable operations.
- ii) to convert available raw materials and work-in-process at various stages to saleable goods.
- iii) to achieve reduction in fixed cost (a) by reduction of Fixed Electricity cost (b) by scaling down existing manpower to minimum 'CORE Team' comprising of key personnel to maintain the plant and (c) reducing working capital interest liability by sale of inventory.

In the meanwhile, the Company appraised the situation and prepared a proposal for completing the project and submitted it to the lead institution, IDBI, who requested that an independent consultant examine the techno-feasibility of the project. MECON then appraised the project and included the following in their detailed viability report:

1. Installation of minor additional facilities to fully achieve the inherent steel-making capacity of 1,40,000 tpa of liquid steel, enhancement value-added product range, addition of "ingot manufacture route" and modification/addition to the existing layout/building.
2. The equipments/process technology selected and operated during trial production would be suitable for