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# **REMI METALS GUJARAT LIMITED**

**Twenty-Second Annual Report  
2003-2004**

**BOARD OF DIRECTORS**

Shri Kumarpal M. Doshi

Shri Eugene D. Derry

Shri Vishwambhar C. Saraf

Shri Rajendra C. Saraf

Dr. N. S. Datar

Shri V. Sahasranama Iyer

Shri Shashank Chaturvedi

Shri L. S. Kshatriya

Shri Dipak Shah

Dr. Nayan R. Desai

Shri B.L. Chhibber

Shri G. C. Garg

Shri Shankarlal Jain

Shri K.P. Nair

Chairman &amp; Whole Time Director

Managing Director

Executive Director

Technical Director

Nominee of GLIC

Nominee of GLIC

Nominee of UTI

Alternate to Shri Eugene D. Derry

Alternate to Shri Kumarpal M. Doshi

Nominee of IDBI

**REGISTERED OFFICE**

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

**CORPORATE OFFICE**

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

**AUDITORS**

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

**BANKERS**

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

## NOTICE

To  
**The Members**  
**Remi Metals Gujarat Limited**

**NOTICE** is hereby given that the Twenty-Second Annual General Meeting of the Company will be held at its Registered Office, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat State on **Monday, the 27th September, 2004**, at 12.15 P.M. to transact the following business:

1. To adopt the Balance Sheet as at, 31st March, 2004, and the Profit and Loss Account for the year ended on that date.
2. To re-appoint as Director Shri Kumarpal Doshi, who retires by rotation.
3. To re-appoint as Director Shri Eugene Derry, who retires by rotation.
4. To re-appoint as Director Shri B.L. Chhibber, who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To re-appoint the Executive Director and the Technical Director and to pass the following resolutions:

- a) "RESOLVED THAT Shri Shashank Chaturvedi be and he is hereby re-appointed as the Executive Director of the Company from 1st April, 2004 for a term of three years therefrom.

"Further Resolved that he will be paid :

- (i) a monthly salary of Rs. 40,000/-,
- (ii) conveyance allowance at 10% of monthly salary,
- (iii) Leave Travel Allowance of one month's salary per annum,
- (iv) Medical Expenses for self and family, not exceeding one month's salary in a year,
- (v) Provident Fund Contribution as per the rules of the Company,
- (vi) Children's education allowance of Rs. 750/- per month.

- (vii) Soft furnishing allowance of Rs. 1,500/- per month,
- (viii) House Rent Allowance of Rs. 7,000/- per month,
- (ix) Professional Pursuit Compensation of Rs. 1,000/- per month,
- (x) Business Promotion Expenses of Rs. 2,500/- per month.

"Further Resolved that he will be entitled to annual increments not exceeding thirty per cent of the last basic salary drawn."

- b). "RESOLVED THAT Shri Lokeshwar Singh Khatriya be and he is hereby re-appointed as the Technical Director of the Company from 1st April, 2004 for a term of three years therefrom.

"Further Resolved that he will be paid :

- (i) a monthly salary of Rs. 56,000/-,
- (ii) medical expenses for self and family, not exceeding one month's salary in a year,
- (iii) leave travel allowance of half month's salary in a year,
- (iv) Professional Pursuit Compensation of Rs. 500/- per month,
- (v) Business Promotion Expenses of Rs. 40,000/- per annum,
- (vi) Soft furnishing allowance of Rs. 1,500/- per month,
- (vii) Provident Fund Contribution as per the rules of the Company,
- (viii) Children's education allowance of Rs. 1,200/- per month.

"Further Resolved that he will be entitled to annual increments not exceeding thirty per cent of the last basic salary drawn."

By Order of the Board

Place : Mumbai  
 Date : 19th August, 2004

V. S. Iyer  
 Director

Remi Metals Gujarat Limited

**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 24th September, 2004 to Thursday, the 30th September, 2004, both days inclusive.
3. An Explanatory Statement in respect of the business at Item No.6 is annexed.

Your Directors commend these resolutions for your approval.

By Order of the Board

Place : Mumbai  
Date : 19th August, 2004

V. S. Iyer  
Director

**Explanatory Statement – Pursuant to Section 173 of the Companies Act, 1956 – Annexure to the Notice.**

Item No.6

The term had ended on the 31st March, 2004 and they are being re-appointed.

The remuneration to be paid to them has been detailed in the resolutions.

Your Directors commend the resolutions for your approval.

Shri Shashank Chaturvedi and Shri L. S. Kshatriya are to be deemed to be interested in the items of business relating to their respective appointments.

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## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their 22nd Annual Report together with Audited Accounts for the year ended 31st March, 2004.

### FINANCIAL RESULTS

	(Rs. in Thousands)	
	Year Ended 31.03.2004	Year Ended 31.03.2003
Gross Income	4,68,812	16,366
Profit/(Loss) before interest and depreciation	(1,14,629)	(32,388)
Interest and Financial Charges	3,78,127	349,240
Depreciation and Write-off	1,80,993	126,001
Interest waived as per Rehabilitation Scheme	9,403	1,785,994
Profit/ (Loss) after interest waived	(6,54,973)	1,281,535
Prior year adjustment	(4,73,312)	1,841
Reduction in Capital	3,57,000	-
Balance brought forward from previous year	(27,81,293)	(4,064,669)
Balance carried to Balance Sheet	(35,52,578)	(2,781,293)

The Board of Directors of the Company is pleased to inform that your Company has now commenced operations after a gap of 7 years as per the Rehabilitation Package approved by BIFR. The BIFR package was subsequently revised through Corporate-Debt Restructuring route in view of substantial delays in achieving financial closure.

The trial production commenced in September, 2003 and after teething problems the Steel Plant and Rolling Mill have commenced normal operations from January 2004. However, the Pipe Plant operations were normalized only in July 2004.

The capacity of the Company is restricted due to shortage of working capital, unprecedented increase in the cost of both inputs and outputs and low entry price level for penetration into the market. Additional sanctions of working capital limits under appraisal by the consortium of banks can significantly increase the capacity utilization of the Company.

The Company is now in the process of augmenting the operations by development of different market segments, grades of Steel, sizes of pipes, etc. The Company is also taking appropriate steps for obtaining international accreditations and has already received ISO 9002 and IBR Certifications. Other required certifications, accreditations and registration with reputed manufacturers are in advance stages. You are aware that your Company is dealing with engineering products like steel and pipes which require a due process of technical and quality approvals, etc. which is time-consuming in the initial period but will ensure reliable and constant market in future times to come.

The Company has achieved a gross income of Rs. 4,68,812 thousands during its partial operations in this year.

The Company has commenced its operations in favourable economical scenario in general and specifically in the industries like automobile, oil exploration, power, engineering, etc. to which your Company's products cater to. In view of this, the Company's prospects are bright.

### AUDITORS' OBSERVATIONS

Clause 3 (a) of Auditors' Report :

At present the Company is not having sufficient information / identification of Suppliers as Small Scale Industrial Undertaking(s) and the amount outstanding for more than 30 days. The required information is under compilation and the Company has already taken necessary steps to abide by the provisions of the Act in the future.

Clause 3(f) of Auditors' Report :

This note is self-explanatory and does not require any further clarification.

### PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

#### Sub Section (1)(e):

- Conservation of Energy - All efforts are being made to conserve energy.
- Technology Absorption - Not applicable
- Foreign Exchange Earnings and outgo:
 

Outgo	: Rs. 61 Thousands.
Earnings	: Nil

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

Your Directors state:

- that in the preparation of the annual accounts, all the applicable accounting standards had been followed along with proper explanations 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.

### ACKNOWLEDGMENT

Your Directors express their sincere appreciation of the support to the Company by various financial institutions and banks.

They also thank the Shareholders for the confidence they have reposed in the Company. They also express their appreciation of the dedicated services of the Executives and other employees of the Company and expect their continued and sincere co-operation.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 19th August, 2004

V. C. Saraf  
Chairman