

September 28, 2017

To,  
BSE Ltd.  
(Scrip Code-500365)  
Listing Department,  
P. J. Towers, Dalal Street,  
Mumbai - 400 001

Dear Sir / Madam,

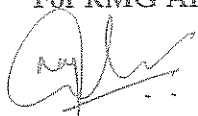
**Sub.: Compliance of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find attached Annual Report of the Company approved and adopted in the 35<sup>th</sup> Annual General Meeting of the Company held on Tuesday, September 26, 2017 at the Registered Office of the Company at Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat - 393110.

Please take the same on record.

Thanking you.

Yours Faithfully,  
For RMG Alloy Steel Limited



Nilesh Javker  
Company Secretary  
ACS-24087

Encl: As above



# **RMG ALLOY STEEL LIMITED**

**35<sup>TH</sup> ANNUAL REPORT  
2016- 2017**

# RMG ALLOY STEEL LIMITED

CIN:L27100GJ1980PLC020358

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Atul Desai	-	Chairman
	Mr. Anuj Burakia	-	Whole Time Director
	Mr. Ashok Jain		
	Mr. Hanuman Kanodia		
	Mr. Aneel Lasod		
	Ms. Amita Karia		

<b>KEY MANAGERIAL PERSONNEL</b>	Mr. Nilesh Javker	-	Company Secretary
	Mr. Narendra Kumar Bhandari	-	Chief Financial Officer

**AUDITORS** M/S. Chaturvedi & Shah., Nariman Point, Mumbai – 400 021

**BANKERS**  
Bank of Baroda  
Lakshmi Vilas Bank  
Andhra Bank  
Federal Bank  
Corporation Bank

**FACTORY AND REGISTERED OFFICE** Plot No. 1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat-393110

**LISTING OF SHARES** THE BOMBAY STOCK EXCHANGE LTD, MUMBAI  
Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai- 400 001

**CORPORATE OFFICE** B/9, Trade World, Kamala City,  
S.B.Marg, Lower Parel, Mumbai – 400013,  
Tel: 022-66136000/24908000, Fax: 022-24908020  
E-mail: [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com)  
Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

**R&T AGENT** Bigshare Services Pvt. Ltd.  
(Unit: RMG Alloy Steel Limited)  
Bharat Tin Works Building, 1<sup>st</sup> Floor,  
Opp. Vasant Oasis, Next to Keys Hotel,  
Marol Maroshi Road, Andheri (East)  
Mumbai – 400059  
Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Tel: 91-22-6263 8200  
Fax: 91-22-6263 8261

<b>CONTENTS.....</b>	<b>PAGE NO.</b>
Directors' Report.....	3
Corporate Governance Report .....	16
Management Discussion & Analysis .....	24
Independent Auditors' Report .....	25
Balance Sheet .....	30
Statement of Profit and Loss .....	31
Cash Flow Statement .....	32
Notes forming part of the Financial Statements .....	33

**NOTICE**

To,  
**The Members,**

**NOTICE** is hereby given that the 35th Annual General Meeting of RMG Alloy Steel Limited will be held at the Registered Office, Plot No.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, in the state of Gujarat on Tuesday, 26<sup>th</sup> September, 2017, at 12.30 pm to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2017 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Hanuman Kanodia (DIN: 00331178) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass , the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and based on the recommendation of the Audit Committee of the Board, M/s. Pathak H.D. & Associates, Chartered Accountants (having Firm Registration Number 107783W), be and are hereby appointed as the Auditors of the Company in place of M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No.101720W), the retiring Auditors, to hold office from the conclusion of this i.e. 35th Annual General Meeting until the conclusion of 40<sup>th</sup> Annual General Meeting of the Company, subject to the ratification by the members at every Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company in addition to the out-of pocket expenses as may be incurred by them during the course of the Audit."

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modification or re-enactment thereof for the time being in force), the total remuneration of Rs.35,000/- approved by the Board of Directors of the Company to M/s. Kiran J. Mehta & Co. the Cost Auditors (Firm Registration No. 000025), appointed as the Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 and the other duties in accordance with the applicable legal provisions, be and is hereby ratified"
5. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 152, 161 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") and other applicable rules made pursuant to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and any other law for the time being in force, if applicable., Mr. Aneel Lasod (DIN: 07705157) who has been appointed as an additional director by the Board of Directors and in respect of whom the Company has received notice from a member proposing his appointment, be and is hereby appointed as a director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") read with Schedule IV of the Act and other applicable rules made pursuant to the Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and any other law for the time being in force, if applicable, Ms. Amita Karia (DIN 07068393), who was appointed as an Additional Director by the Board of Directors of the Company and who holds office as such upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of director and who has submitted a declaration that she meets the criteria for independence as prescribed under Section 149 of the Act and who is eligible for appointment, be and is hereby confirmed as an Independent Director of the Company to hold office for the term upto March 31, 2022."
7. To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and all other applicable provisions of the Companies Act, 2013 read with the rules framed thereunder as may be amended from time to time and the Articles of Association of the Company, and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable, the approval of the members be and is hereby granted to increase the authorized share capital of the Company from the existing Rs.130,00,00,000 (Rupees One Hundred Thirty Crore Only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.6/- (Rupees Six Only) each and 6,40,00,000 (Six Crore Forty Lakh) Preference Shares of Rs.10/- (Rupees Ten Only) each to Rs.155,00,00,000 (Rupees One Hundred Fifty Five Crore Only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.6/- (Rupees Six Only) each and 8,90,00,000 (Eight Crore Ninety Lakh) Preference Shares of Rs.10/- (Rupees Ten Only) each."  
**RESOLVED FURTHER THAT** pursuant to the applicable provisions of the Act, the existing Clause V of Memorandum of Association of the Company is hereby repealed and replaced as follows:  
**"V.** The Authorised Share Capital of the Company is Rs.155,00,00,000 (Rupees One Hundred Fifty Five Crore Only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.6/- (Rupees Six Only) each and 8,90,00,000 (Eight Crore Ninety Lakh) Preference Shares of Rs.10/- (Rupees Ten Only) each with power to the Board of Directors to classify into any class of shares, 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,

## RMG ALLOY STEEL LIMITED

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.”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things a may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

8. 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 14 and all other applicable provisions, if any, of the Companies Act, 2013 (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 “ with power to” as mentioned below:

“The Authorised Share Capital of the Company is as per Clause V of Memorandum of Association with power to the Board of Directors to classify into any class of shares....”

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to 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.”

9. 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 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 and Rule 9 of the companies (share capital and debentures) Rule 2014 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 (hereinafter referred to as “Board”, which term shall include any committee constituted by the Board) to issue and allot upto 3,00,00,000 12% Redeemable Preference shares of Rs.10 each aggregating to Rs.30,00,00,000/- (Rupees Thirty Crore Only) in one or more tranches to the Promoter/Co-promoter/Strategic Investor/associate companies of promoter/ co-promoter/ Strategic Investor, on the terms as prescribed hereunder :

- a) Priority with respect to payment of dividend or repayment of capital vis a vis equity shares: Payment of Dividend or repayment of capital in case of Preference shares shall have priority over Equity shares;
- b) Participation in surplus fund- Nil
- c) Participation in surplus assets and profits on winding-up which may remain after the entire capital has been repaid- Nil;
- d) Payment of dividend on cumulative or non-cumulative basis- payment of dividend on cumulative basis;
- e) Conversion of preference shares into equity shares: Not convertible
- f) Voting rights- No voting rights;
- g) Redemption of preference shares- Preference Shares are redeemable at par at the end of nineteenth year from the date of issue or anytime earlier with mutual agreement.”

By Order of the Board

**Sd/-**  
Nilesh Javker  
Company Secretary  
ACS-24087

Place: Mumbai  
Date: 16.08.2017

### NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**
2. The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting.
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. Proxy shall not have the right to speak and shall not be entitled to vote except on a poll.
5. The proxy-holder shall prove his identity at the time of attending the meeting.
6. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
7. A proxy form which does not state the name of the proxy shall not be considered valid. Undated proxy shall not be considered valid and if the Company receives multiple proxies for the same holdings of a member, the proxy which is dated last shall be considered valid. If they are not dated or bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
8. When a member appoints a proxy and both the member and proxy attend the Meeting, the proxy stands automatically revoked.
9. A statement pursuant to Section 102 (1) of the Companies Act, 2013 (the Act), relating to the Special Business to be transacted at the meeting is annexed hereto.
10. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
11. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of members of the Company will be entitled to vote.
12. The Register of members of the Company will remain closed from Wednesday, 20th September, 2017 to Friday, 22nd September, 2017 (both days inclusive).

## RMG ALLOY STEEL LIMITED

13. All correspondence pertaining to Equity Shares should be forwarded to the Company's Registrar and Transfer Agent M/s. Bigshare Services Pvt. Ltd., Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059, Contact person: Mr. K. S. L. Upadhyay (General Manager) / Ms. Ujata Pokharkar (Client Executive) Tel: 91-22-6263 8200, Fax: 91-22-6263 8261, Email: investor@bigshareonline.com, and are also requested to immediately inform their change of address, change of e-mail address or consolidation of folios, if any, to the Company's said Registrar and Transfer Agent.
14. Members holding shares in dematerialized form are requested to intimate immediately any change pertaining to their bank details, Electronic Clearing Service (ECS) mandates, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agent, M/s. Bigshare Services Pvt. Ltd to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to M/s. Bigshare Services Pvt. Ltd, Registrar and Transfer Agent.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participants and members holding shares in physical form can submit their PAN details to the Company.
16. The Company will send full Annual Reports in electronic mode to its Members who have registered their e-mail addresses for the purpose. Those shareholders who have not got their email address registered or wish to update a fresh email address may do so by submitting the attached E-mail Registration-Cum Consent Form to the Company or the Registrar and Transfer Agent of the Company consenting to send the Annual Report and other document in electronic form at the said e-mail address.
17. The shareholders who wish to nominate, any person to whom his securities shall vest in the event of his death, may do so by submitting the attached Nomination Form to the Company or the Registrar and Transfer Agent of the Company. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of securities who has made the nomination, by giving a notice of such cancellation or variation.
18. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Bigshare Services Pvt. Ltd, Registrar and Transfer Agent, for consolidation into a single folio.
19. The Notice for the Annual General Meeting and the Annual Report will be available for inspection at the Registered Office of the Company on all working days between 10:00 a.m. to 12:00 noon upto the date of Annual General Meeting. The Notice will also be available on the Company's website at: [www.rmgalloysteel.com](http://www.rmgalloysteel.com).
20. The businesses mentioned in this Notice may be transacted through electronic voting system, the process and manner and such other details are as under:
  - a) In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 35th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). The e-voting facility is available at the link <https://www.evotingindia.com>

Please read the instructions for e-voting before exercising the vote.

These details and instructions forms integral part of the Notice for the 35<sup>th</sup> Annual General Meeting to be held on Tuesday, September 26, 2017.

### INSTRUCTIONS FOR E-VOTING

Members are requested to follow the instructions below to cast their vote through e-voting:

- (i) The voting period begins on Saturday, September 23, 2017 at 9:00 am and ends on Monday, September 25, 2017 at 5:00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.</li> </ul>

## RMG ALLOY STEEL LIMITED

Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>
--	---

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for RMG Alloy Steel Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xvii) **Note for Non – Individual Shareholders and Custodians**
- (xix) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) **The voting period begins on Saturday, September 23, 2017 at 9:00 am and ends on Monday, September 25, 2017 at 5:00 pm.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, September 19, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board

**Sd/-**  
Nilesh Javker  
Company Secretary  
ACS-24087

Place: Mumbai  
Date: 16.08.2017

### Registered Office of the Company:

Plot No.1, G.I.D.C Industrial Estate, Valia Road,  
Jhagadia, Dist. Bharuch, Gujarat - 393110  
Corporate Identity Number: L27100GJ1980PLC020358  
E-mail: [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com)  
Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

## RMG ALLOY STEEL LIMITED

### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND THE INFORMATION AS REQUIRED PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

Explanation to business mentioned under Item No. 3 has been provided on a voluntary basis.

#### ITEM NO. 3

M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No.101720W) have been the auditors of the Company. In terms of the provisions of Section 139 of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, an audit firm can be appointed as auditors of a company for not more than two terms of five consecutive years each. For the purpose of calculating the period of ten years, the period for which the audit firm had held office as auditors, prior to April 1, 2014, was required to be taken into account. The Companies Act, 2013 also provides a transition period of three years, within which the concerned companies are required to mandatorily rotate its auditors. Accordingly, M/s. Chaturvedi & Shah, Chartered Accountants, will complete their term of three years at the conclusion of this 35<sup>th</sup> Annual General Meeting ("AGM") and are not eligible for re-appointment.

Pursuant to the recommendation of the Audit Committee, the Board of Directors of the Company proposes to appoint M/s. Pathak H.D. & Associates, Chartered Accountants (having Firm Registration Number 107783W) as the Auditors of the Company for one term of five consecutive years and to hold office as such from the conclusion of this AGM until the conclusion of the 40th AGM of the Company. The said appointment will be subject to ratification by the Members of the Company at every AGM. M/s. Pathak H.D. & Associates, Chartered Accountants have consented to the said appointment and issued a certificate to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

M/s. Pathak H.D. & Associates, formed in the year 1987, is a firm of Chartered Accountants having its head office in Mumbai and branches at Ahmedabad and Bangalore and have clients across various industry sectors such as Oil & Gas Exploration and Petrochemicals, Infrastructure, Construction & Projects, Airlines, Tours & Travels, Pharmaceuticals Sector, Metals, Minerals & Mining, etc.

They have also confirmed that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013 and do not have any pecuniary interest in the Company or its subsidiary and associate companies. The Board, accordingly, recommends the appointment M/s. Pathak H.D. & Associates, Chartered Accountants as the Auditors of the Company as set out at Item No. 3 of this Notice for the approval of the Members. None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

#### ITEM NO. 4

The Board, on the recommendation of the Audit Committee, has appointed M/s. Kiran J. Mehta & Co., Cost Auditors to conduct the audit of cost records of the Company for the Financial Year ending March 31, 2018 and perform the other duties under the applicable provisions of the law, at the total remuneration of Rs.35,000/-p.a. subject to ratification of the remuneration at the general meeting of members.

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to M/s. Kiran J. Mehta & Co , Cost Auditors for the Financial Year ending March 31, 2018.

None of the Key Managerial Personnel or Directors of the Company or their relatives have any interest or concern in the proposed resolution.

#### ITEM NO. 5

Mr. Aneel Lasod is a practicing chartered accountant. He is having experience of more than 20 years in the field of Accounts, Finance and Taxation. The Board of directors of the Company at their meeting held on February 14, 2017 has appointed him as an additional director of the Company to hold office till the conclusion of the forthcoming annual general meeting. Mr. Lasod does not hold any share in the Company.

A notice has been received from a member proposing Mr. Lasod as a candidate for the office of director of the Company. His appointment shall be subject to retirement by rotation.

None of the key managerial personnel or directors of the Company or their relatives except Mr. Lasod himself may be deemed to be concerned or interested in this resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

#### ITEM NO. 6

Ms. Amita Karia is a practicing company secretary with experience of about 7 years.

In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ("the Act"), Ms. Karia, being eligible is proposed to be confirmed as an independent director for a period upto March 31, 2022. A notice has been received from a member proposing Ms. Karia as a candidate for the office of director of the Company.

In the opinion of the Board, she fulfills the conditions specified in the Act and Rules made thereunder for being appointed as an independent director of the Company and that she is independent of the management. Copy of the draft letter of appointment of Ms. Karia as an independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that her continued association would benefit the Company. The Board recommends the resolution in relation to confirmation of Ms. Karia as an independent director, for the approval by the members of the Company.



## RMG ALLOY STEEL LIMITED

None of the directors or the key managerial personnel of the Company or their relatives except Ms. Amita Karia herself may be deemed to be concerned or interested in this resolution.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

### ITEM NO. 7, 8 & 9

The Board has appraised the financial requirement of the Company, according to which the Company would need a further capital of about Rs.30 Crore till the Board gets further visibility of financial requirements. The Board therefore decided to raise further capital by way of preference shares at par. In order to enable issue and allotment of preference shares it is proposed to increase the present Authorized Share Capital of the Company Rs. 130,00,00,000 (Rupees One Hundred Thirty Crore Only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.6/- (Rupees Six Only) each and 6,40,00,000 (Six Crore Forty Lakh) Preference Shares of Rs.10/- (Rupees Ten Only) each to Rs.155,00,00,000 (Rupees One Hundred Fifty Five Crore Only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.6/- (Rupees Six Only) each and 8,90,00,000 (Eight Crore Ninety Lakh) Preference Shares of Rs.10/- (Rupees Ten Only) each.

The proposed increase of the Authorised Share Capital of the Company requires alteration of Memorandum of Association and Articles of Association of the Company and approvals of the members in General Meeting.

Further it is proposed to issue and allot upto 3,00,00,000 Preference Shares of Rs.10/- each to the Promoter/Co-promoter/Strategic Investor/associate companies of promoter/ co-promoter/ Strategic Investor of the Company.

Information as required under rule 9 of the companies (Share capital and debentures) rules 2014 are mentioned below:

- the size of the issue and number of preference shares to be issued and nominal value of each share : upto 3,00,00,000 12% Redeemable Preference shares of Rs.10 each aggregating to Rs.30,00,00,000/- (Rupees Thirty Crore Only);
- Nature of shares (i.e. cumulative or non - cumulative, participating or non-participating , convertible or non –convertible): Cumulative, Non-participating, non-convertible;
- Objectives of the issue: for the purpose of business operation
- Manner of issue of shares: to promoter/ co-promoter/strategic investor/Associate companies of promoter/co-promoter/strategic investor on preferential basis;
- Price at which such shares are proposed to be issued: shares shall be issued at par i.e. at face value of Rs.10/- each;
- Basis on which the price has been arrived at: NA
- Terms of issue, including terms and rate of dividend on each share, etc.:-
  - Dividend shall be payable on cumulative basis at 12% p.a on paid-up value of shares;
  - Redeemable as per the terms mentioned below.
- Terms of redemption, manner and modes of redemption: Preference shares are redeemable at par at the end of nineteenth year from the date of allotment or anytime earlier with mutual agreement;
- Current shareholding pattern of the company as produced below:

#### Particulars Equity shares as on 30.06.2017

	No. of shares	% to total shares
Promoter and promoter group	9,41,18,859	86.80
Financial institutions/FIIs/Mutual fund	40,681	0.04
Public	1,42,76,300	13.16
<b>Total</b>	<b>10,84,35,840</b>	<b>100.00</b>

- Expected dilution in equity share capital upon conversion of preference shares, the terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion: Preference shares are not convertible, terms of redemption are mentioned above in para (h).

Shareholders' approval is sought by way of –

- Ordinary Resolution for increase of Authorised Share Capital and alteration of Clause V of Memorandum of Association as mentioned in Item No.7
- Special Resolution for alteration of Article 3 of Articles of Association as mentioned in Item No.8
- Special Resolution for issue of preference shares as proposed in Item No. 9 of the accompanying Notice.

None of the key managerial personnel or directors of the Company or their relatives have any interest or concern in the proposed resolutions mentioned in item no. 7 to 9.

By Order of the Board

Sd/-

Nilesh Javker

Company Secretary

ACS-24087

Place: Mumbai  
Date: 16.08.2017

**DIRECTORS' REPORT**

To,  
The Members,  
**RMG Alloy Steel Limited,**

Your Directors are pleased to present the Thirty-Fifth Annual Report together with Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March 2017.

**FINANCIAL RESULTS**

(Rs. in Lakh)

Particulars	2016-17	2015-16
Sales and other income	24,058	27,022
Profit/(Loss) before Interest, Depreciation and exceptional items	(953)	(1,085)
Interest and Financial charges	4,491	4,580
Depreciation and Amortisation	659	663
Profit/ (Loss) before exceptional items and tax	(6,103)	(6,329)
Exceptional items	250	321
Profit/(Loss) before tax	(5,853)	(6,007)

**OPERATIONS**

Operations of the Company were as under:

Particulars	2016-17			2015-16		
	Production (Tones)	Sales (Qty M.T.)	Gross Sales (Rs.in Lakh)	Production (Tones)	Sales (Qty M.T.)	Gross Sales (Rs.in Lac)
Steel	46,371	46,654	26,283	50,664	51,131	29,955

Due to sluggish demand for all steel products, the Company lost on production quantities. Besides, lower prices affected per unit realization, bringing down per MT revenue from Rs.58,585/- in FY2015-16 to Rs.56,336/- in FY2016-17 and the total revenue declined by 10.96% whereas the total expenses were lower by 11.01% after factoring fixed cost (not directly proportionate to production levels) as against reduced production of 8.47%. The price of raw material was reduced by lesser amount as compared to fall in price of finished product.

**DIVIDEND AND RESERVES**

In view of the net loss, your directors do not recommend any dividend for the financial year ended on March 31, 2017 or propose to transfer to any specific reserves.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013 (the Act), your Directors hereby confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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 31<sup>st</sup> March 2017 and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively; and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 35TH ANNUAL REPORT 2016-2017

### DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP)

#### a. Board of Directors:

During the year Mr. V.S. Iyer ceased to be director of the Company upon his demise, while Mr. Aneel Lasod was appointed as an Additional Director with effect from February 14, 2017. The tenor of Ms. Amita Karia expired on March 30, 2017, Ms. Karia was appointed as additional Independent Director w.e.f. March 31, 2017.

Appointment of Mr. Aneel Lasod and Ms. Amita Karia is being placed before the members of the Company for their approval at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Hanuman Kanodia, Director of the Company retire by rotation at the 35<sup>th</sup> Annual General Meeting and being eligible, has offered himself for reappointment. Board has recommended his re-appointment.

Four (4) meetings of Board of Directors were held during the financial year 2016-17, the details of which are given in the Corporate Governance Report.

#### b. Key Managerial Personnel:

There was no change in Key Managerial Personnel during the year under review.

#### c. Declaration by Independent Directors:

Mr. Atul Desai, Mr. Ashok Jain and Ms. Amita Karia, independent directors have given declaration that they meet the criteria of independent directors as provided in Section 149(6) of the Companies Act, 2013.

#### d. Annual Board Evaluation:

In compliance with the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors, as per the process recommended by the Nomination and Remuneration Committee, has evaluated the effectiveness of the Board, its Committees and Directors and the results were satisfactory.

#### e. Disclosure as per Section 179(12) and Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- (i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: **the ratio of remuneration of Whole Time Director to the median remuneration was 5.24 times.**
- (ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year: **there was no increase in remuneration of Directors, CEO, CFO or CS.**
- (iii) the percentage increase in the median remuneration of employees in the financial year: **0.02%.**
- (iv) the number of permanent employees on the rolls of company: **414.**
- (v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: **neither aggregate remuneration of employees (including new employees) excluding KMP, nor in managerial remuneration was increased as compared to last year.**
- (vi) We affirm that the remuneration is as per the remuneration policy of the company.

None of the Directors receive any commission.

#### • Remuneration Policy and Criteria for making payment to Non-Executive Directors

Pursuant to Section 178 (3), Nomination and Remuneration Committee (NRC) at its meeting held on 27<sup>th</sup> May, 2014 approved and recommended policy relating to criteria for determining qualifications, positive attributes and independence of directors, the remuneration for the Directors, Key Managerial Personnel and other employees and the Board of Directors approved the said policy as recommended by NRC, at its meeting held on 27<sup>th</sup> May 2014.

An extract of Nomination and Remuneration Policy of the Company is included as a part of the Corporate Governance Report.

### AUDIT COMMITTEE

The Audit Committee consists of the following Non-Executive Directors:

- |                    |   |                       |
|--------------------|---|-----------------------|
| a. Mr. Atul Desai  | - | Chairman, Independent |
| b. Mr. Ashok Jain  | - | Member, Independent   |
| c. Ms. Amita Karia | - | Member, Independent   |

None of the Audit Committee's recommendations were rejected.

**DEPOSITS**

The Company has not accepted any deposit within the meaning of the Chapter V to the Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding as at the end of the year under the Report.

**EXTRACT OF ANNUAL RETURN**

Extract of Annual Return in form MGT-9 is enclosed as **Annexure I**.

**DETAILS OF RELATED PARTY TRANSACTIONS**

Details of arrangement entered into with Welspun Steel Limited under section 189 (related party) pursuant to **Rule 8 (2) of the Companies (Accounts) Rules, 2014** are mentioned in form AOC-2 enclosed as **Annexure II**.

The Company neither being a holding company nor a subsidiary, disclosure of related party transaction as per Schedule V of SEBI (LODR) Regulations, 2015 are not applicable.

**AUDITORS AND THEIR REPORTS**

• **Statutory auditors:**

Your Company's Auditors, M/s. Chaturvedi & Shah, Chartered Accountants were re-appointed for the period of three years till the conclusion of 35<sup>th</sup> Annual General Meeting i.e. the ensuing Annual General Meeting. The Board shall recommend to shareholders the appointment of a suitable organization as Statutory Auditors of the Company for their approval at the ensuing Annual General Meeting..

Please refer to Auditors' Observations/ Qualifications and in relation thereto the Board of Directors state as under:

- i. As regards note (i)(a) of "Annexure A to Independent Auditors' Report", the Company is relooking its Fixed Assets Register to find the missing information and the same will be updated in due course of time.
- ii. Comments under Emphasis of Matters read together with notes to accounts is self explanatory and therefore do not call for explanation.

No fraud was reported by the Auditors of the Company to the Audit Committee pursuant to section 143(12) of the Act.

• **Cost Auditors:**

As per Section 148 and other applicable provisions, if any, of the Act read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has appointed M/s. Kiran J. Mehta, Cost Accountants as the Cost Auditors of your Company for FY 2017-18 on the recommendations made by the Audit Committee.

Members are requested to ratify their remuneration by passing an ordinary resolution in the forthcoming Annual General Meeting.

• **Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. Mihen Halani & Associates, Practising Company Secretaries, as the Secretarial Auditor of your Company for the FY 2017-18. The Secretarial Audit Report issued by Mr. A. L. Makhija for FY 2016-17 is annexed herewith as **Annexure - III** to this Report.

As regards observations of the Secretarial Audit Report, we state that Note (A) is self-explanatory and therefore do not call for any comments;

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186.**

The Company has not made investment nor given loan or provide any guarantee for repayment of loan under section 186 of the Act.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to the Audit Committee Chairman.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo required pursuant to Rule 8(3) of the Companies (Accounts) Rules, 2014 are as follows:

**A. Conservation of Energy**

**(i) Steps taken or impact on conservation of energy.**

- Hot charging of billets has been adopted which reduce coal consumption from 120 Ton to 100 Ton, as well FO 30KL to 20 KL.
- 8 No's 8 KGM single motors replaced with single group drive of 30HP motor with gearbox arrangement reduced power consumption by 14 kWh. Same methodology adopted in two more places.

**(ii) Capexes on Energy Conservation Equipments:**

- Combustion air system to be provided with VVF drive.

## 35TH ANNUAL REPORT 2016-2017

### B. Technology Absorption

- 135" dia production from 3HI mill in place of 2HI reversible mill.

### C. Foreign exchange earnings and outgo

- Foreign exchange earned in terms of actual inflows during the year:  
FOB Value of exports Rs.71 Lakh (Rs.106 Lakh)
- Foreign exchange outgo during the year in terms of actual outflows:  
Imports on CIF Basis/expenditure in foreign currency Rs.442 lakh (Rs. 676 Lakh)

### 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 the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under the SEBI (LODR) Regulations, 2015 is attached to this report as **Annexure IV** and **Annexure V** respectively.

### RISK MANAGEMENT POLICY

The Board of Directors at its meeting held on 25<sup>th</sup> May, 2016 considered and approved a revamped risk management policy to suit the dynamic business environment.

Your Company is exposed to risks across all levels and functions of the organisation. The Board has approved Risk Management Policy (RMP) to effectively address financial, operational, compliance and strategic risk. A structured enterprise risk management program has been formulated and implemented. Refer to the Management Discussion and Analysis Section in this Report for risks and threats applicable to your Company.

### FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTOR

The details of familiarization program (for independent directors) are disclosed on the Company's website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com).

### CODE OF CONDUCT

The Company has Code of Conduct for Board members and senior management personnel. A copy of the Code has been put on the Company's website for information of all the members of the Board and Senior Management Personnel.

All Board members and senior management personnel have affirmed compliance of the same.

### PARTICULARS OF EMPLOYEES

None of the employees of the Company drew remuneration more than the amount specified under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### INTERNAL CONTROLS

Your Company has adequate internal control system, which is commensurate with the size, scale and complexity of its operations. Your Company has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation of Section 134(5)(e) of the Act, SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and other relevant statutes applicable to your Company. The Internal Auditors continuously monitor the efficiency of the internal controls / compliance, with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. For the year ended March 31, 2017, the Board is of the opinion that your Company has sound IFC commensurate with the nature of its business operations; wherein adequate controls are in place and operating effectively and no material weakness exists. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material effect on your Company's operation.

### ACKNOWLEDGEMENT

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Commercial Banks and other authorities. Your directors also wish to place on record their sincere appreciation of the dedicated services, hard work, solidarity and profuse support by all the employees of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-	sd/-
<b>Anuj Burakia</b>	<b>Ashok Jain</b>
Whole Time Director	Director
DIN: 02840211	DIN: 00007189

Place: Mumbai  
Date: 16.05.2017

Annexure I

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

- i. CIN :- L27100GJ1980PLC020358
- ii. Registration Date : December 29, 1980
- iii. Name of the Company : RMG Alloy Steel Limited
- iv. Category / Sub Category of the Company: Public Limited Company
- v. Address of the Registered office and contact details:  
Plot No.1, G.I.D.C. Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat - 393110; Contact Tel: +91 22-6613 6000; Fax:+91 22 2490 8020  
Email: [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com)
- vi. Whether listed company: Yes. The Bombay Stock Exchange Limited
- vii. Name, address and contact details of Registrar and Transfer Agent:  
**M/s. Bigshare Services Private Limited**  
Unit : RMG Alloy Steel Limited  
Bharat Tin Works Building, 1<sup>st</sup> Floor, Opp. Vasant Oasis,  
Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059  
Email - [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
Tele. No.: +91-022-6263 8200  
Fax No. : +91-22-6263 8261

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

- All business activities are from the business of steel & steel products such as Seamless Tubes & Rolled Products and hence the entire turnover is from steel & steel products.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% Of Shares Held	Applicable Section
WS Alloy Holding Pvt Ltd	U27100GJ2014PTC080182	Associate	39.88	2(6)

**IV. SHARE HOLDING PATTERN (equity share capital break-up as percentage of Total Equity)**

**i. Category-wise share holding as on 31.03.2017**

CATEGORY	Total Shareholders	% Of Shareholders	Total Shares	%
CLEARING MEMBER	21	0.0256	76382	0.0704
CORPORATE BODIES	341	0.4157	1942161	1.7911
FOREIGN INST. INVESTOR	5	0.0061	23761	0.0219
GROUP COMPANIES	11	0.0134	94116875	86.7950
MUTUAL FUND	10	0.0122	15860	0.0146
NATIONALISED BANKS	4	0.0049	130	0.0001
NON NATIONALISED BANKS	1	0.0012	10	0.0000
NON RESIDENT INDIANS	51	0.0622	7083	0.0065
PROMOTERS	8	0.0098	1984	0.0018
PUBLIC	81568	99.4453	11129384	10.2636
TRUSTS	1	0.0012	1000000	0.9222
UNCLAIMED SUSPENSE ACCOUNT	1	0.0012	121290	0.1119
UNIT TRUST OF INDIA	1	0.0012	920	0.0008
<b>TOTAL</b>	<b>82023</b>		<b>108435840</b>	<b>100.0000</b>

## 35TH ANNUAL REPORT 2016-2017

### ii. Shareholding of Promoters and Change in Promoters' shareholding

Sl. No	Shareholder's name	Shareholding as on 31.03.2016			Shareholding as on 31.03.2017			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
<b>A</b>	<b><u>Individuals / HUF (Promoters)</u></b>							
1	Vishwambarlal C Saraf	916	0.00	0.00	916	0.00	0.00	0.00
2	Rajendra C Saraf	501	0.00	0.00	501	0.00	0.00	0.00
3	Minakshi R Saraf	151	0.00	0.00	151	0.00	0.00	0.00
4	Vishwambhar C Saraf (on behalf of Fulidevi Saraf Family Trust)	230	0.00	0.00	230	0.00	0.00	0.00
5	Vandana V.Saraf	1	0.00	0.00	1	0.00	0.00	0.00
6	Vishwambhar C Saraf (on behalf of Chiranjilal Saraf Family Trust)	125	0.00	0.00	125	0.00	0.00	0.00
7	Rishabh R Saraf	40	0.00	0.00	40	0.00	0.00	0.00
8	Anupama Kasera	20	0.00	0.00	20	0.00	0.00	0.00
		<b>1,984.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,984.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>B</b>	<b><u>Promoter Group Companies</u></b>							
1	Rajendra Finance Pvt. Ltd.	2,460,520	2.27	0.00	1,960,520	1.81	0.00	(0.46)
2	Bajrang Finance Ltd	10	0.00	0.00	10	0.00	0.00	0.00
3	Remi Securities Limited	2,313,600	2.13	0.00	2,313,600	2.13	0.00	0.00
4	K K Fincorp Limited (Formerly known as Kuber Kamal Industrial Investments Ltd)	2,313,617	2.13	0.00	2,313,617	2.13	0.00	0.00
5	Calplus Trading Pvt Ltd	6,114,390	5.64	0.00	6,114,390	5.64	0.00	0.00
6	Magnificent Trading Pvt Ltd	7,012,334	6.47	0.00	7,012,334	6.47	0.00	0.00
7	Remi Finance and Investment Pvt. Ltd.	2,460,000	2.27	0.00	2,460,000	2.27	0.00	0.00
8	Vishwakarma Jobworks Limited	2,556,545	2.36	0.00	2,556,545	2.36	0.00	0.00
9	Vayudoot Trading Limited	1,995,492	1.84	0.00	1,995,492	1.84	0.00	0.00
		<b>27,226,508</b>	<b>25.11</b>	<b>0.00</b>	<b>26,726,508</b>	<b>24.65</b>	<b>0.00</b>	<b>(0.46)</b>
<b>C</b>	<b><u>Co-promoter</u></b>							
1	Widescreen Holdings Pvt. Ltd.	24,143,333	22.27	0.00	24,143,333	22.27	0.00	0.00
<b>D</b>	<b><u>Strategic Investor</u></b>							
1	WS Alloy Holding Pvt Ltd	43,247,034	39.88	0.00	43,247,034	39.88	0.00	0.00
	<b>Grand total</b>	<b>94,618,859</b>	<b>87.26</b>	<b>0.00</b>	<b>94,118,859</b>	<b>86.80</b>	<b>0.00</b>	<b>(0.46)</b>

### iii. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no.	Name of the shareholders	Shareholding at the beginning of the year		Change in shareholding (No of shares)	Shareholding at the end of the year.	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
	Stressed Assets Stabilization Fund	1,000,000	0.92	-	1,000,000	0.92
	Shakuntla Gupta	513,705	0.47	-	513,705	0.47
	Anvil Consultancy Private Limited	0	0.00	513362	513,362	0.47
	Hanuman Freight And Carriers Pvt Ltd	0	0.00	500,000	500,000	0.46
	Sandhya Subhash Agarwal	0	0.00	493000	493,000	0.45
	Shaunak Jagdish Shah	470,741	0.43	-	470,741	0.43
	Ashkaran Jain	420,000	0.39	-20000	400,000	0.37
	Kali Ram Gupta	380,898	0.35	-	380,898	0.35
	Pinky Ventures Private Limited	990,918	0.91	-715000	275,918	0.25
	Jagdish Amritlal Shah	244,388	0.23	-	244,388	0.23

Note: Top ten shareholders of the company as on March 31, 2017 has been considered for the above disclosure

**RMG ALLOY STEEL LIMITED**

**iv. Shareholding of Directors and Key Managerial Personnel :**

Sr. no.	Name of the Director and KMP	Shareholding at the beginning of the year		Change in Shareholding	Shareholding at the end of the year	
		No. of shares	% of total shares of the company	Increase/ Decrease	No. of shares	% of total shares of the company
	Directors					
1	Mr. Atul Desai	-	-	-	-	-
2	Mr. Ashok Jain	-	-	-	-	-
3	Mr. Anuj Burakia (WTD)	-	-	-	-	-
4	Mr. V S Iyer (upto 12.01.2017)	10	0.00	-	10	0.00
5	Mr. Hanuman Kanodia	500	0.00	-	500	0.00
6	Ms. Amita Karia	-	-	-	-	-
7	Mr. Aneel Lasod (w.e.f. 14.02.2017)	-	-	-	-	-
	<b>KMP</b>					
1	Mr. Narendra Kumar Bhandari	-	-	-	-	-
2	Mr. Nilesh Javker	-	-	-	-	-

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding / accrued but not due for payment.**

Rs.in Lakh

	Secured Loans (excluding Deposits)	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	29,604		-	29,604
ii. Interest due but not paid	268		-	268
iii. Interest accrued but not due	-	7	-	7
<b>Total (i + ii + iii)</b>	<b>29,872</b>	<b>7</b>	<b>-</b>	<b>29,980</b>
<b>change in indebtedness during the financial year.</b>				
* Addition	1,817	-	-	1,817
* Reduction	(744)	-	-	(744)
* Change in Interest due but not paid	127	4	-	131
<b>Net change</b>	<b>1,200</b>	<b>4</b>	<b>-</b>	<b>1,203</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	30,677	-	-	30,677
ii. Interest due but not paid	395	-	-	395
iii. Interest accrued but not due	-	11	-	11
<b>Total (i+ii+iii)</b>	<b>31,072</b>	<b>11</b>	<b>-</b>	<b>31,083</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.**

**A. Remuneration to Managing Director, Whole-Time Directors and/or Manager**

Sr. No.	Particulars of Remuneration	Anuj Burakia (WTD) (upto October 30, 2016#)	Total Amount
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961.	5,83,331	5,83,331
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL



### 35TH ANNUAL REPORT 2016-2017

Sr. No.	Particulars of Remuneration	Anuj Burakia (WTD) (upto October 30, 2016#)	Total Amount
4	Commission - As % of profit - Others	NIL	NIL
5	Others	NIL	NIL
	<b>Total (A)</b>	<b>5,83,331</b>	<b>5,83,331</b>
	Ceiling as per the Act.	*84,00,000	

\* in terms of approval granted by the shareholders vide a special resolution passed at the 33rd Annual General Meeting held on 30.09.2015 pursuant to provisions of section 197 read with Schedule V, Part II, Section II (A) of the Act.

# Mr. Burakia relinquished his remuneration w.e.f. November 1, 2016.

#### B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors			Total amount
		Amita Karia	Atul Desai	Ashok Jain	
1	<b>Independent Directors</b>				
	Fee for attending Board & Committee meetings	92,000	129,000	119,000	340,000
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (1)</b>	<b>92,000</b>	<b>129,000</b>	<b>119,000</b>	<b>340,000</b>
Sr. No.	Particulars of Remuneration	Name of Directors			Total amount
		VS Iyer	Hanuman Kanodia	Aneel Lasod	
2	<b>Other Non-Executive Directors</b>				
	Fee for attending Board & Committee meetings	30,000	30,000	10,000	70,000
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (2)</b>	<b>30,000</b>	<b>30,000</b>	<b>10,000</b>	<b>70,000</b>
	<b>Total (B) = (1 + 2)</b>	<b>410,000</b>			
	<b>Total Managerial Remuneration</b>	<b>993,331</b>			
	<b>Overall Ceiling as per the Act.</b>	<i>The above amount is paid to directors towards fees for attending meetings of the Board or Committee. Pursuant to the Act, the amount of such fees should not exceed Rs. one lakh rupees per meeting of the Board or Committee thereof.</i>			

#### C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (p.a.)		Total
		Narendra Kumar Bhandari (CFO)	Nilesh Javker (CS)	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6,00,000	1,80,000	7,80,000
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of profit - Others	-	-	-
5	Others	-	-	-
	<b>Total</b>	<b>6,00,000</b>	<b>1,80,000</b>	<b>7,80,000</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

Type		Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A.	<b>COMPANY</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
B.	<b>DIRECTORS</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-
C.	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty	-	-	-	-	-
	Punishment	-	-	-	-	-
	Compounding	-	-	-	-	-

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

**Anuj Burakia**

Whole Time Director

DIN: 02840211

sd/-

**Ashok Jain**

Director

DIN: 00007189

Place: Mumbai  
Date: 16.05.2017

**Annexure II**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:**

1. Details of contracts or arrangements or transactions not at arm's length basis - NA
2. Details of material contracts or arrangement or transactions at arm's length basis
  - a. Name(s) of the related party and nature of relationship – Welspun Steel Limited (Enterprise under common control with the Company)
  - b. Nature of contracts/arrangements/transactions – Purchase of DRI/ sponge iron, stores materials, Scrap and sale of finished goods
  - c. Duration of the contracts / arrangements/transactions – 01.04.2016-31.03.2017
  - d. Salient terms of the contracts or arrangements or transactions including the value:
    - Purchases of DRI/ sponge iron & Others from Welspun Steel Limited for Rs.2,371 lakh during the period from 01.04.2016 - 31.03.2017 are at a market price and on Arm's length basis.
    - All material transactions entered with the related party is carried out in the ordinary course of the business.
  - e. Date(s) of approval by the Board: The Board of Directors at their meeting held on February 12, 2016 approved the said transactions;
  - f. Amount paid as advances: Nil

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

sd/-

**Anuj Burakia**

Whole Time Director

DIN: 02840211

sd/-

**Ashok Jain**

Director

DIN: 00007189

Place: Mumbai  
Date: 16.05.2017

## 35TH ANNUAL REPORT 2016-2017

### Annexure III

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31-03-2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**RMG ALLOY STEEL LIMITED.**

I have conducted the Secretarial Audit of the Compliance of applicable Statutory Provisions and the adherence to Good Corporate Practices by RMG Alloy Steel Ltd, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate conducts/Statutory Compliances and expressing my opinion thereon.

Based on my verification of RMG Alloy Steel Ltd's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial year ended on 31<sup>st</sup> March, 2017 complied with the Statutory Provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by RMG Alloy Steel Ltd, ("the Company") for the financial year ended on 31<sup>st</sup> March, 2017 according to the Provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (vi) Other laws applicable specifically to the Company are as per Annexure A.
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
  - (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## RMG ALLOY STEEL LIMITED

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

A) The time limit given by BIFR for reducing stake of non- public shareholders to 75% expired on February 6, 2016.

We are given to understand that as the Company is a BIFR company and the non-public shareholders are waiting for the rise in demand by public for shares of the Company, the increase of public shareholding has been delayed.

### **I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven days in Advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the views of Directors/ Members have been captured and recorded as part of the minutes.

**I further report that** there are Adequate Systems and Processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**I further report that** during the audit period the company has not undertaken any:

- i. Public/Right Issue of shares / debentures/sweat equity, etc. during the year under review.
- ii. Redemption / buy-back of securities during the year under review.
- iii. Major decisions taken by the Company as per powers given to them by members in pursuance to section 180 of the Companies Act, 2013 are within the limits laid down and are complied as per Rules and Regulations laid down under the Companies Act, 2013
- iv. No Merger / amalgamation / reconstruction, etc. have been undertaken during the year under review and
- v. There have been no foreign technical collaborations during the year under review.

**For A. L. Makhija & Co.,  
Company Secretaries**

sd/-

**A. L. MAKHIJA**

Proprietor

ACS-5087

C P No. : 3410

Place: Mumbai

Date: 16.05.2017

## 35TH ANNUAL REPORT 2016-2017

### ANNEXURE A:

The other laws applicable specifically to the Company are as follows:

1. Air (Prevention & Control of Pollution) Act, 1981
2. Air (Prevention & Control of Pollution) Rules 1982/1983
3. Apprentices Act, 1961
4. Arbitration and Conciliation Act, 1996
5. Boilers Act (Indian Boilers Act), 1923
6. Boilers Act, 1923
7. Bombay Industrial Relation Act, 1946
8. Central Excise Act, 1944
9. Central Sales Tax (Registration and Turnover) Tax, 1956 and Rules
10. Child Labour (Prohibition & Regulation) Rules, 1986
11. Child Labour (Prohibition and Regulation) Act, 1986
12. Code of Civil Procedure, 1908
13. Code of Criminal Procedure, 1973
14. Companies Act 1956 and rules
15. Companies Act, 2013 and rules
16. Competition Act, 2002
17. Constitution of India
18. Consumer Protection Act, 1986
19. Contract Labour (Regulation & Abolition) Act, 1970
20. Customs Act 1962 and Customs Tariffs Act, 1975 and Rules
21. Dangerous Machines (Regulations) Act, 1983
22. Dangerous Machines (Regulations) Rules, 1984
23. Depositories Act, 1996 and regulations
24. E Waste Management And Handling Rules 2011
25. Employee's Compensation Act, 1923 and Rules
26. Employees State Insurance Act, 1948
27. Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and Scheme, The Employees' Pension Scheme (EPS) and The Employees Deposit Linked Insurance Scheme (EDLI).
28. Employer's Liability Act, 1938
29. Employment Exchange (Compulsory Notification of Vacancies) Act, 1976
30. Employment Exchanges (Compulsory Notification of vacancies) Act, 1959
31. Energy Conservation Act, 2001
32. Environment (Protection) Act, 1986
- 33.. Environment Impact Assessment Notification
34. Environment Statement Under Gujarat Pollution Control Rules
35. Equal Remuneration Act, 1976 and Rules
36. Explosives Act, 1884
37. Factories Act, 1948
38. Foreign Exchange Management Act, 2000 and Rules and Regulations
39. Forest (Conservation) Act, 1980
40. Hazardous Waste (Management & Handling) Rules, 1989, Amended 2003
41. Income Tax Act, 1961
42. Indian Electricity Rules, 1956
43. Indian Evidence Act, 1872
44. Explosives Act, 1884
45. Explosives Rules, 2008

46. Indian Penal Code
47. Indian Stamp Act, 1899 read along with state stamps act
48. Industrial Disputes Act, 1947
49. Industrial Employment (Standing Orders) Act, 1946
50. Information Technology Act and Rules, 2000
51. Inter-State Migrant Workmen (Regulation Of Employment And Conditions Of Service) Act, 1979
52. Labour Welfare Fund Act (State wise)
53. Limitation Act, 1963
54. Maharashtra Fire Prevention and Life Safety Measures Act, 2006
55. Maternity Benefit Act, 1961 and Maternity Benefit Rule, 1965
56. Minimum Wages Act, 1948 and Rules
57. Motor Vehicle Act, 1988
58. National and Festival Holidays Act (state wise)
59. Negotiable Instrument Act, 1881
60. Ozone Depleting Substances (Regulation & Control) Rules, 2000, Amended 2003
61. Patent Act, 1970 and Copyright Act, 1957 and Rules
62. Payment of Bonus Act, 1965 and Rules 1975
63. Payment of Gratuity Act, 1972 and Rules
64. Payment of Wages Act, 1936 and Rules
65. Personal Injuries (Compensation Insurance) Act, 1963
66. Prevention of Money - Laundering Act, 2002
67. Registration Act, 1908
68. Reserve Bank of India Act, 1934
69. Sale of Goods Act, 1930
70. SEBI Act, 1992 and SEBI Regulation
71. Securities Contracts(Regulation) Act, 1956 and rules
72. Service Tax, 1994 and the Rules made there under
73. Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act, 2013
74. Sick Industrial Companies (Special Provisions) Act, 1985
75. specific relief act, 1963
76. State wise Shops and Establishments Act.
77. State wise Value Added Taxation Laws and Rules
78. Trade Unions Act, 1926
79. Trademarks Act, 1999
80. Transfer of Property Act, 1882
81. Water (Prevention & Control of Pollution) Act, 1974
82. Water (Prevention & Control of Pollution) Cess Act, 1977
83. Water (Prevention & Control of Pollution) Rules, 1975
84. Weekly Holidays Act, 1942
85. Workmen's Compensation Act, 1923

**For A L Makhija & Co.,  
Company Secretaries**

sd/-

**A. L. MAKHIJA**

Proprietor

ACS-5087

C P No. : 3410

Place: Mumbai  
Date: 16.05.2017

## 35TH ANNUAL REPORT 2016-2017

### Annexure IV

#### CORPORATE GOVERNANCE REPORT

##### 1. Company's Philosophy

RMG Alloy Steel Limited believes that for a company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness.

##### 2. Board of Directors

###### a. Composition and Category of directors:

Details of composition of the existing Board of Directors as on 31<sup>st</sup> March 2017 are given below:

Sr. No.	Name of Director	Category	No. of Shares Held	Attendance Particulars		No. of other Directorship (as last declared to the Company)			Member / Chairman in No. of Board/ Committees including other Companies (as last declared to the Company)@
				Last Annual General Meeting	Board Meeting	Pub.	Pvt.	Other Body Corporate	
1	Mr. Atul Desai	I,C	NIL	Yes	4/4	8	1	0	C-5, M-3
2	Mr. Anuj Burakia	E	NIL	No	4/4	3	4	0	-
3	Mr. Ashok Jain	I	NIL	No	4/4	4	9	0	M-2
4	Mr. Hanuman Kanodia	NP	100	No	3/4	2	1	0	-
5	Mr. Aneel Lasod	NP	NIL	No	1/1	1	0	0	-
6	Ms. Amita Karia	I,W	NIL	No	4/4	3	0	1	M-2

@ Chairmanship/membership of the Audit Committee and the Share Transfer, Investors' Grievance and Stakeholders' Relationship Committee alone considered

Abbreviations:

P = Promoter, E = Executive Director, NE = Non Executive Director, I = Independent Non Executive, S = Shareholder, C = Chairman, M = Member, SI= Strategic Investor, NP=Nominee of promoter director W=Woman Director.

###### b. Number of Board Meetings held, dates on which Board Meetings held:

During the year 2016-17, the Board of Directors met four times on the following dates: - 25.05.2016, 12.08.2016, 11.11.2016 and 14.02.2017.

None of the directors are related to any other director on the Board.

###### c. A copy of familiarization policy of the company for independent directors is available on the website of the company [www.rmgalloysteel.com](http://www.rmgalloysteel.com).

##### 3. AUDIT COMMITTEE

###### Terms of reference:

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

###### Composition:

The Audit Committee consists of the following 3 Non-Executive Directors as on 31.03.2017.

Mr. Atul Desai	-	Chairman (Independent)
Mr. Ashok Jain	-	Member (Independent)
Ms. Amita Karia	-	Member (Independent)

The Company Secretary of the Company, Mr. Nilesh Javker acts as the Secretary of the Committee.

**Meetings and attendance during the year:**

Four meetings of Audit Committee of the Board of Directors were held, viz, 25.05.2016, 12.08.2016, 11.11.2016 and 14.02.2017. The details of Attendance of Members of Audit Committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2016 to 31/03/2017)
1	Mr. Atul Desai	Chairman	4/4
3	Mr. Ashok Jain	Member	4/4
4	Ms. Amita Karia	Member	4/4

None of recommendations made by the Audit Committee were rejected by the Board.

**4. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES.**

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to the Audit Committee Chairman.

**5. NOMINATION AND REMUNERATION COMMITTEE**

The Company had constituted the Nomination and Remuneration Committee consisting of non-executive directors majority of which are independent directors. During the year under review, four meetings of the Committee were held on 25.05.2016, 12.08.2016, 11.11.2016 and 14.02.2017.

**Composition and attendance during the year:**

The Committee comprises of 3 independent and non-executive directors as on date of this Report as listed below. The details of Attendance of Members of Nomination and Remuneration Committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2016 to 31/03/2017)
1	Mr. Ashok Jain	Chairman	4/4
3	Mr. Atul Desai	Member	4/4
4	Ms. Amita Karia	Member	4/4

**Terms of Reference**

To recommend appointment of, and remuneration to, Managerial Personnel and review thereof from time to time.

**Nomination and Remuneration Policy:**

The Company follows a policy on remuneration of directors and senior management employees and the salient features thereof are as under:

**Appointment of Directors:**

- While identifying persons who may be appointed directors, the Committee shall consider business of the Company, strength, weakness, opportunity and threats to company's business, existing composition of the board of directors, diversity, skills, expertise of existing directors and, background, skills, expertise, reputation and qualification possessed by persons being considered, specific requirements under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws as to composition of the Board.
- While identifying persons who may be appointed as independent directors, the Committee shall review their qualifications and suitability to ensure that such candidates will be able to function as directors 'Independently' and void of any conflict of interest, obligations, pressure from other Board members, KMPs, senior management and other persons associated with the Company.

**Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel:**

- The remuneration to executive directors, Key Managerial Personnel and Senior Management Personnel at the time of appointment shall be mutually agreed. The Committee shall consider top industry indicators, requirements of role, qualification and experience of candidate, expected contribution of executive to the profitability challenges specific to the Company and such other matters as the Committee may deem fit. The remuneration must motivate individuals to achieve benchmarks which must be aligned to the vision of the Company. It may contain fixed pay. The management shall periodically find out the remuneration scale prevalent in the industry / peer group to the extent possible to find out if there is a need for revision in remuneration for retaining the talent.
- The Non-Executive directors shall not be eligible for any remuneration / commission, unless specifically approved by the Board of Directors on recommendation of the Nomination and Remuneration Committee and by the shareholders. There are no pecuniary relationships or transactions with the non-executive directors vis-a-vis the Company.



## 35TH ANNUAL REPORT 2016-2017

- The Non- Executive Directors including independent directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs.1,00,000/- per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- The Non-Executive Directors may be paid commission after complying with required provisions of the Companies Act, 2013.

Besides, the Committee shall take into consideration performance, of the concerned executive as well as the Company, to the growth of business, profitability, company potentiality and critical role played / initiatives taken while considering pay hike / increment to the concerned executives.

### Details under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr No.	Particulars	Mr. Anuj Burakia, Whole Time Director
1.	Salary	5,83,331 (upto October 31, 2016)
2.	Commission	-
3.	Service Contract	July 29, 2015 to July 28, 2018
4.	Notice Period	1 month
5.	Severance Fees	NIL
6.	Stock Options	NIL

## 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee, in accordance with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to look into complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends and to review the functioning of the investors grievance redressal system.

### Terms of Reference:

The terms of reference of the Committee are as contained under Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Other details:

- Name of non-executive director heading the committee: Mr. Atul Desai, Chairman
- Name and designation of compliance officer: Mr. Nilesh Javker
- Composition and details of attendance of members of the Committee are as follows:

Sr. No.	Name of the Member	Designation	Number of Meetings Attended (01/04/2016 to 31/03/2017)
1.	Mr. Atul Desai	Chairman	4/4
3.	Mr. Ashok Jain	Member	4/4

- No. of meetings held:

Four meetings of Stakeholders Relationship Committee were held, viz, 25.05.2016, 12.08.2016, 11.11.2016 and 14.02.2017.

- Number of shareholders complaints/ requests received so far during the year:

During the year under review, total one Investors complaints were received. Break up and number of complaints received under different category is given hereunder:

Sr. no.	Category	No. of complaints Recd
1	Non Receipt Of Dividend Warrant	0
2	Non Receipt Of Exchange Share Certificates	1
3	Non Receipt Of Annual Report	0
4	Non Receipt Of Share Certificate After Transfer	0
5	Non-Receipt Of Demat Credit	0
6	SEBI	0
	<b>Total Complaints Received</b>	<b>1</b>

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 31<sup>st</sup> March 2017.

- f) Number of complaints not solved to the satisfaction of shareholders: Nil  
 g) Number of pending complaints: Nil

**7. INDEPENDENT DIRECTORS' MEETING**

One independent directors meeting was held on 30.03.2017. Three independent directors were present at the meeting viz. Mr. Atul Desai, Mr. Ashok Jain and Ms. Amita Karia.

**Board Evaluation:** The evaluation process was led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance vis-à-vis the plans, meeting challenging situations, performing leadership role within and effective functioning of the Board. The evaluation process invited through IT enabled platform graded responses to a structured questionnaire for each aspect of evaluation viz. time spent by each of the directors, accomplishment of specific responsibilities and expertise, conflict of interest, integrity of the Director, active participation and contribution during discussions.

**8. GENERAL BODY MEETINGS:**

- (i) The details of General Meetings held in the last three years are given hereunder:

Date	Type of meeting	Location	Time	Special Resolutions Passed
29/09/2014	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 P.M	i. Accord consent to Board of directors to issue and allot Preference Shares of Rs. 10/- each at a premium of Rs. 25/- per shares to Promoters / Co-promoters / Strategic Investors; ii. Approval for keeping register and index of members as prescribed under section 88 of the Companies Act, 2013 at the office of M/s. Bigshare Services Private Limited, Registrar and Transfer Agent of the Company; iii. Adoption of Articles of association as per the regulations mentioned in the Companies Act 2013, in substitution, and to the entire exclusion of the regulations contained in the existing Article of Association of the Company.
30/09/2015	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 PM	i. Appointment of Mr. Anuj Burakia as a Whole Time Director of the Company for a period of three years with effect from 29th July, 2015 at a remuneration of Rs.10,00,000/- per annum inclusive of all perquisites. ii. Alteration of Article 3 of Articles of Associations upon increase in authorised share capital from Rs.120 Crore to Rs.130 Crore and insertion of Article 3A iii. To approve issue and allotment of 92,00,000 12% Redeemable Preference shares of Rs.10/- each at a premium of Rs.25/- per share aggregating to Rs.32,20,00,000/- (Rupees Thirty Two Crores Twenty Lacs only) in one or more tranches to the Promoter/Co-promoter/ Strategic Investor /associate companies of Promoter/Co-Promoter/Strategic Investor
27/09/2016	Annual General Meeting	Plot No.1, GIDC Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat	12.30 PM	NIL

- (ii) No special resolution was passed last year through postal ballot.  
 (iii) No special resolution is proposed to be conducted through postal ballot

## 35TH ANNUAL REPORT 2016-2017

### 9. MEANS OF COMMUNICATION

Quarterly results and newspapers wherein results normally published:

The Board of Directors of the Company approved the audited financial results for the year ended 31-03-2017, unaudited financial results for quarter ended 30-06-2016, 30-09-2016 and 31-12-2016 in their quarterly meetings and the same were normally published in Financial Express or Economic Times (E+G), Ahmedabad edition within 48 hours from the date of Board meetings.

The said financial results were also displayed on the website of the company at [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

### 10. GENERAL SHAREHOLDER INFORMATION:

The next Annual General Meeting shall be held at –

- (i) Day and Date - Tuesday, September 26, 2017  
Venue - Plot no. 1, GIDC Industrial Estate, Valia Road, Jhagadia,  
Dist. Bharuch, Gujarat - 393110  
Time - 12.30 P.M.
- (ii) Financial year - from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017
- (iii) Date of Book Closure - from Wednesday, September 20, 2017 to  
Friday, September 22, 2017 (both days inclusive)
- (iv) Dividend payment date - No dividend has been declared for the financial year 2016-17.
- (v) Listing on Stock Exchanges and Stock code-  
The securities of the Company are listed on the Bombay Stock Exchange Limited (Scrip code – 500365) (ISIN: INE731F01037)  
The Company has paid listing fee to the Bombay Stock Exchange Limited.
- (vi) Market Price Data - High-Low Quotations during each month in last financial year i.e from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 and performance in comparison to broad based indices such as BSE SENSEX is as follows:

Month	Market Price		Sensex	
	High	Low	High	Low
Apr-16	4.30	3.10	26,100.54	24,523.20
May-16	3.58	2.71	26,837.20	25,057.93
Jun-16	3.55	2.63	27,105.41	25,911.33
Jul-16	4.40	3.04	28,240.20	27,034.14
Aug-16	4.58	3.22	28,532.25	27,627.97
Sep-16	5.68	3.43	29,077.28	27,716.78
Oct-16	7.95	4.55	28,477.65	27,488.30
Nov-16	10.20	6.07	28,029.80	25,717.93
Dec-16	7.90	5.76	26,803.76	25,753.74
Jan-17	7.27	5.69	27,980.39	26,447.06
Feb-17	6.27	5.10	29,065.31	27,590.10
Mar-17	5.54	4.01	29,824.62	28,716.21

- (vii) Registrar and Transfer Agent:

The transfer of shares of the Company are being done by Bigshare Services Pvt. Ltd., the R & T Agent, having address at Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Next to Keys Hotel, Marol Maroshi Road, Andheri (East), Mumbai – 400059.

Contact person:

Mr. K. S. L. Upadhyay, General Manager / Ms. Ujata Pokharkar, Client Executive

Tel: 91-22-6263 8200

Fax: 91-22-6263 8261

Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

## RMG ALLOY STEEL LIMITED

(viii) Share Transfer System:

The Company's Registrar and Transfer Agent registers shares received from the shareholders for transfer in physical form within 15 days from the receipt of the documents, if the same are found in order. Transfer documents under objection are returned within two weeks.

(ix) Distribution of shareholding of equity shares as on 31<sup>st</sup> March, 2017 is as follows: -

Shareholding of nominal value Rs.	Total Holders		Amount	
	(in Nos.)	% of Total	in Rs.	% of Total
1 - 5000	80387	98.0054	15356928	2.3604
5001 - 10000	758	0.9241	5048856	0.7760
10001 - 20000	418	0.5096	5805468	0.8923
20001 - 30000	158	0.1926	4010946	0.6165
30001 - 40000	62	0.0756	2136882	0.3284
40001 - 50000	49	0.0597	2182752	0.3355
50001 - 100000	97	0.1183	6804204	1.0458
100001 and above	94	0.1146	609269004	93.6451
<b>Total :</b>	<b>82023</b>	<b>100.0000</b>	<b>650615040</b>	<b>100.0000</b>

(x) Dematerialisation of shares and liquidity: 107,319,393 equity shares constituting 98.97% of the outstanding equity shares are in demat form as on 31.03.2017 and have reasonable liquidity on the Bombay Stock Exchange Limited.

(xi) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and impact on equity: The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments.

(xii) commodity price risk or foreign exchange risk and hedging activities:

Refer to Management Discussion & Analysis section of this Report.

(xiii) Plant Location: Plot no.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch, Gujarat -393110

(xiv) Address for Correspondence : Plot no.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist – Bharuch, Gujarat- 393110.  
: Tel No. +91 22 6613 6000, Fax No.:+91 22 2490 8020

(xv) E-mail Id : [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com)

(xvi) Website : [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

### 11. OTHER DISCLOSURES

#### i. Related Party Transactions -

- Transactions with related parties are disclosed in Note No.30 of Notes forming part of the financial statements. None of these are in conflict with the interests of the Company.
- The Company's policy on dealing with Related Party Transactions as required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is disclosed on the Company's website and a web link thereto is as under:

<http://www.rmgalloysteel.com/images/corporate-policy/other-policies/policy-on-related-party-transactions.pdf>

ii. Details of non - compliance 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 market during the last 3 years:

- A penalty of Rs.68700/- has been imposed by the Bombay Stock Exchange for delayed submission of unaudited financial results under Clause 41 of the Listing Agreement for the quarter ended 30.06.2015.
- The time limit given by BIFR for reducing stake of non- public shareholders to 75% expired on February 6, 2016. However, as the Company is a BIFR company and the non-public shareholders are waiting for the rise in demand by public for shares of the Company, the increase of public shareholding has been delayed.

#### iii. Vigil Mechanism and Whistle Blower Policy:

The Company has a Whistle Blower Policy and Vigil Mechanism for its directors and employees and no personnel have been denied access to the Audit Committee Chairman. A copy of the policy is displayed on the website of the Company at:

<http://www.rmgalloysteel.com/images/corporate-policy/other-policies/whistle-blower-policy-n-vigil-mechanism.pdf>

### 35TH ANNUAL REPORT 2016-2017

- iv. The Company is in compliance with the mandatory requirements mentioned under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable and in addition the Company at its discretion adopted requirements mentioned at (D) – “Separate posts of chairperson and chief executive officer”; and (E) – “Reporting of Internal Auditor” of Part E of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- v. The Company is in compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46.

**vi. Code of Conduct –**

The Company has framed the Code of Conduct policy for Board members and Senior Management Personnel. A copy of the Code has been hosted on the Company’s website, a web link thereto is:

<http://www.rmgalloysteel.com/images/corporate-policy/other-policies/code-of-conduct-for-directors-and-senior-management.pdf> for information of all the members of the Board and Senior Management Personnel. All Board members and senior management personnel have affirmed compliance of the same.

A declaration signed by the Whole Time Director of the Company with respect to Compliance of Code of Conduct is given below:

*“I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2016-17.*

sd/  
**Anuj Burakia**  
Whole Time Director”

**vii. Disclosure of Shares held in suspense account under Clause F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year		Number of shareholders who approached issuer for transfer of shares from suspense account during the year		Number of shareholders to whom shares were transferred from suspense account during the year		Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
No of Shares	No of Holders	No of Shares	No of Holders	No of Shares	No of Holders	No of Shares	No of Holders
121290	7423	30	3	Nil	Nil	121290	7423

The voting rights on these shares shall remain frozen until the shares have been claimed by, and transferred to, the rightful owner.

**Certificate of Practicing Company Secretary on Corporate Governance Report**

TO THE MEMBERS OF RMG ALLOY STEEL LIMITED

We have examined the compliance of conditions of Corporate Governance by RMG Alloy Steel Limited, for the year ended on 31<sup>st</sup> March, 2017, as stipulated in Clause E of Schedule V of the SEBI (LODR) Regulations, 2015.

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 SEBI Regulations.

We state that in respect of investor's grievance received during the year ended 31<sup>st</sup> March 2017, the Registrar and Transfer Agent of the Company have certified that as at 31<sup>st</sup> March, 2017, there were no investors' grievances remaining unattended/ pending for more than 15 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.

**For A. L. Makhija & Co.,  
Company Secretaries**

sd/-

**A. L. MAKHIJA**  
Proprietor  
ACS-5087  
C P No. : 3410

Place: Mumbai  
Date: 16.05.2017

Annexure V

MANAGEMENT AND DISCUSSION ANALYSIS

**A. INDIAN INDUSTRY STRUCTURE SCENARIO & DEVELOPMENT**

During calendar year 2015 and 2016, among the top six crude steel producers in the world, crude steel production of only India increased on a y-o-y basis. However, it grew marginally by 0.9% to 89.79 million tonnes during the year while it fell for the other five countries in the range of 1.9-5.1%.

In the current financial year 2016-17, production of these top five steel producing countries (excluding India) remained subdued even during April-December 2016 on a y-o-y basis. While crude steel output in China, Japan and Russia grew by mere 0.5-3%, output in USA remained flat and that in Korea Republic (South) declined by 1.3%. In contrast, crude steel production in India rose by 8.8% to 72.35 million tonnes during this period. This was on account of higher output by the major Indian steel companies. The imposition of Minimum Import Price (MIP) encouraged the producers to increase their output.

Consumption of steel, on the other hand, grew by just 3.2% to 73.75 million tonnes during April-December 2016. Post demonetization, steel consumption continues to remain under pressure. This is because it is likely that the demand for steel from the user industries like construction, real estate will take some time to strengthen. However, government push towards infrastructure will compensate for this reduction in demand.

In the coming financial year 2017-18, steel production is expected to remain higher. This will be backed by an expected revival in consumption and demand. An increase in infrastructure allocation by the government in the Union Budget 2017-18 is expected to drive the pace of construction and infrastructure in the country. Apart from this, the National Steel Policy 2017 released by the government and other protective measures like "Made in India" preference in Government buying, antidumping duties on steel products etc. also aims to increase steel production. Thus, both production and consumption of steel is expected to remain buoyant in 2017-18.

**B. OPPORTUNITIES & THREATS**

Though the overall steel demand will grow, alloy steel sector particularly looks to be bullish due to expected strong growth in Automotive and Engineering sectors during 2017-18. Having said that, Blast Furnace route of making steel for its lower cost will continue to keep prices under check. In this scenario which will be competitive by pricing but strong by overall demand, your company will benefit due to its focus on niche segments with lower competition.

**C. SEGMENTWISE AND PRODUCTWISE PERFORMANCE**

Product wise performance is given in Directors Report under the heading 'Operations'.

**D. 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.

**E. RISK & CONCERNS**

Additional capacity being generated for production of Alloy Steel in India and import of steel caused pressure on sales & margin. However the company will benefit due to its focus on niche segments with lower competition. Government initiatives like "Made in India" preference and import duties are also helping company to reduce the risk of competition from overseas market.

**F. 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.

**G. 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.

**H. DISCUSSION & FINANCIAL PERFORMANCE**

Operational performance vis a vis financial performance of the Company is discussed in details in Directors' Report.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mumbai  
Date: 16.05.2017

sd/-  
**Anuj Burakia**  
Whole Time Director  
DIN: 02840211

sd/-  
**Ashok Jain**  
Director  
DIN: 00007189

## RMG ALLOY STEEL LIMITED

### INDEPENDENT AUDITOR'S REPORT

TO,  
THE MEMBERS OF RMG ALLOY STEEL LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **RMG ALLOY STEEL LIMITED** ("the Company"), which comprises the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its loss and its cash flows for the year ended on that date.

#### Emphasis of Matters

We draw attention to Note 27 of the accompanying statement; Company's net worth is eroded and the company has continued incurring losses for the current year, indicating the existence of uncertainty that may cast doubt about the company's ability to continue as a going concern. Considering the matters set out in the said note, this statement is prepared on a going concern basis.

Our opinion is not modified in respect of matter described in Emphasis of Matter paragraph.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;



### **35TH ANNUAL REPORT 2016-2017**

- 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 Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company,
- f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) rule, 2014 in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigation as at 31<sup>st</sup> March, 2017 on its financial position in its financial statements – Refer Note 36 to the financial statements;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
  - iv. The Company has provided requisite disclosures in Note 14 to financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and the disclosures are in accordance with books of account maintained by the Company.

**For CHATURVEDI & SHAH**  
**Chartered Accountants**  
Firm Registration No.: 101720W

**Parag D. Mehta**  
Partner  
Membership No.113904

Place: Mumbai  
Date: 16.05.2017

## RMG ALLOY STEEL LIMITED

### ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

- i) In respect of Fixed Assets
- The Company is in the process of updating its fixed assets register showing full particulars including quantitative details and situation of fixed assets.
  - 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
  - As per the information and explanations provided to us, title deeds of immovable properties are in the name of the Company.
- ii) In our opinion the inventories have been physically verified during the year by the Management at reasonable intervals and the discrepancies between physical stocks and the book stocks noticed on physical verification were not material.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under Section 189 of the Act. Hence Clauses (iii) (a) to Clauses (iii) (c) of Paragraph 3 of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the Company has neither granted loans nor have made investments nor provided guarantee and securities as specified under Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of paragraph 3 of the Order is not applicable.
- v) The Company has not accepted any deposits under the provisions of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under.
- vi) 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 148(1) 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.
- vii) 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, Service Tax, Custom Duty, Excise duty, Value added tax, 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 31<sup>st</sup> March, 2017 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanation given to us and the records of the company examined by us, the particulars of dues of Income Tax, Service Tax, Sales Tax including Value Added Tax, duty of Customs and duty of Excise as at 31<sup>st</sup> March, 2017 which have not been deposited on account of disputes, are as follows:

Name of Statute	Nature of the dues	Amount (Rs. in Lac)	Period to which amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	103	2005-06 to 2011-12	Customs, Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	11	2004-05 to 2005-06	Joint Commissioner Central Excise & Customs
Finance Act, 1994	Service Tax	5	2012-13 to 2013-14	Assistant Commissioner, Central Excise & Customs
Central Excise Act	Excise Duty	34	1996-97	Customs, Excise & Service Tax Appellate Tribunal

According to the information and explanation given to us and the records of the company examined by us, there are no dues of Wealth Tax which have not been deposited on account of any dispute.

- viii) Based on our audit procedures and according to the information and explanations given to us, there have been no defaults in repayment of loan or borrowing to banks and the company has not taken loan or borrowing from financial institution and Government. There were no debentures issued during the year or outstanding at the beginning of the year.
- ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x) In our opinion and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

### **35TH ANNUAL REPORT 2016-2017**

- xii) In our opinion company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, wherever applicable, and details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of Cumulative Redeemable Preference shares during the year in accordance with requirement of section 42 of the Companies Act, 2013 ("the Act").
- xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence reporting under clause (xv) of Paragraph 3 of the Order is not applicable to the Company
- xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For CHATURVEDI & SHAH**  
**Chartered Accountants**  
Firm Registration No.: 101720W

**Parag D. Mehta**  
Partner  
Membership No.113904

Place: Mumbai  
Date: 16.05.2017

## RMG ALLOY STEEL LIMITED

### ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RMG ALLOY STEEL LIMITED

(Referred to in paragraph 2 (g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Control over financial reporting of **RMG ALLOY STEEL LIMITED** ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the Company for the year then ended.

#### Management Responsibility for the Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **CHATURVEDI & SHAH**  
Chartered Accountants  
Firm Registration No.: 101720W

**Parag D. Mehta**

Partner

Membership No.113904

Place: Mumbai

Date: 16.05.2017

### 35TH ANNUAL REPORT 2016-2017

#### BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in lac)

PARTICULARS	Note	As at March 31, 2017	As at March 31, 2016
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	12,397	12,397
Reserves and Surplus	3	(36,278)	(30,425)
		<u>(23,881)</u>	<u>(18,028)</u>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	29,051	29,144
Long Term Provisions	5	152	149
		<u>29,203</u>	<u>29,293</u>
<b>Current Liabilities</b>			
Short Term Borrowings	6	7,436	5,784
Trade Payables	7		
- For dues to Micro and Small Enterprises		-	-
- For dues to others		5,051	5,590
Other Current Liabilities	8	3,265	1,985
Short Term Provisions	9	44	25
		<u>15,796</u>	<u>13,384</u>
<b>TOTAL</b>		<u><u>21,118</u></u>	<u><u>24,649</u></u>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
- Tangible assets		11,114	11,754
- Intangible assets		-	6
		<u>11,114</u>	<u>11,760</u>
Long-Term Loans And Advances	11	176	259
<b>Current Assets</b>			
Inventories	12	4,337	4,566
Trade receivables	13	4,165	6,523
Cash and Bank Balances	14	358	403
Short term Loans and Advances	15	954	1,122
Other Current Assets	16	14	16
		<u>9,828</u>	<u>12,630</u>
<b>TOTAL</b>		<u><u>21,118</u></u>	<u><u>24,649</u></u>
Significant Accounting Policies & Notes to Accounts forming an integral part of Financial Statements	1		

As per our attached report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

Firm Registration No: 101720W

**Parag D. Mehta**

Partner

Membership No.113904

Place : Mumbai

Date : 16.05.2017

For and on behalf of the Board of Director

**Anuj Burakia**

Whole Time Director

**Ashok Jain**

Director

**Narendra Kumar Bhandari**

Chief Financial Officer

**Nilesh Javker**

Company Secretary

**RMG ALLOY STEEL LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017**

(Rs. in lac)

PARTICULARS	Note	Year ended March 31, 2017	Year ended March 31, 2016
<b>III INCOME</b>			
Revenue from operations	17	23,441	26,816
Other Income	18	617	206
<b>Total Revenue</b>		<u>24,058</u>	<u>27,022</u>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	19	13,453	15,593
Purchase of Stock in Trade		-	-
Changes in inventories of Finished and semi finished goods	20	(62)	69
Employee Benefits Expenses	21	1,635	1,665
Finance Costs	22	4,491	4,580
Depreciation		659	663
Others expenses	23	9,985	10,780
<b>Total Expenses</b>		<u>30,161</u>	<u>33,350</u>
<b>Profit before Exceptional items and tax</b>		<u>(6,103)</u>	<u>(6,328)</u>
<b>Exceptional Item</b>	24	250	321
<b>Profit/(Loss) before tax</b>		<u>(5,853)</u>	<u>(6,007)</u>
Tax Expenses		-	-
<b>Profit/(Loss) for the year</b>		<u>(5,853)</u>	<u>(6,007)</u>
Earning per Equity Share (Face value of Rs. 6 Per Share) :	25		
Basic & diluted (in Rs.)		<b>(6.05)</b>	(6.11)
Significant Accounting Policies & Notes to Accounts forming an integral part of these financial statements	1		

As per our attached report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

Firm Registration No: 101720W

For and on behalf of the Board of Director

**Parag D. Mehta**

Partner

Membership No.113904

**Anuj Burakia**

Whole Time Director

**Ashok Jain**

Director

Place : Mumbai

Date : 16.05.2017

**Narendra Kumar Bhandari**

Chief Financial Officer

**Nilesh Javker**

Company Secretary

### 35TH ANNUAL REPORT 2016-2017

#### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

		(Rs. in Lac)	
Particulars		Year ended 2016-17	Year ended 2015-16
<b>A)</b>	<b>Cash Flow from Operational Activities</b>		
	Net Profit / (Loss) before Tax & Extra-Ordinary items :	(5,853)	(6,007)
	Adjustment for :		
	Depreciation	659	663
	Financial Costs	4,491	4,580
	Provision for Gratuity & Compensated Absences	72	49
	Exceptional Item	(250)	(321)
	Exchange Difference on Translation (Net)	(4)	(1)
	(Profit)/Loss on Sale of Assets	-	7
	Profit on sale of Investment (net)	(5)	-
	Provision for Doubtful Debts	65	25
	Sundry Credit Balances Written Back/Provision no longer required	(1)	(92)
	Capital Advance Written off	12	
		<b>5,039</b>	<b>4,910</b>
	Operating Cash Profit/(Loss) before Working Capital Changes	<b>(814)</b>	<b>(1,097)</b>
	Changes in Working Capital :		
	Trade Receivables	2,521	115
	Inventories	228	(39)
	Loans & Advances	560	4,212
	Trade and other Payables	(726)	(677)
		<b>2,583</b>	<b>3,611</b>
	Cash generated from / (used in) Operations	<b>1,769</b>	<b>2,514</b>
	Income Tax (Net)	<b>(29)</b>	<b>(28)</b>
	Net Cash generated from / (used in) Operating Activities:	<b>1,740</b>	<b>2,486</b>
<b>B)</b>	<b>Cash Flow from Investing Activities</b>		
	Acquisition of Fixed Assets (including Work in Progress)	(11)	(55)
	Purchase of Investments	(9,730)	-
	Sale of Investments	9,735	-
	Net Cash generated from / (used in) Investing Activities:	<b>(6)</b>	<b>(55)</b>
<b>C)</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from issue of Fresh Shares	-	2,800
	Finance Costs	(4,360)	(4,728)
	Net Increase/(Decrease) in Short Term Borrowings	1,652	(10,088)
	Proceeds from Long Term Borrowings	1,817	11,998
	Repayment of Long Term Borrowings	(848)	(2,475)
	Net Cash generated from / (used in) Financing Activities:	<b>(1,739)</b>	<b>(2,493)</b>
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	<b>(5)</b>	<b>(62)</b>
	Cash and cash equivalents at the beginning of the year	<b>9</b>	<b>72</b>
	Cash and cash equivalents at the end of year	<b>4</b>	<b>9</b>
	NET INCREASE/(DECREASE) AS DISCLOSED ABOVE ..	<b>(5)</b>	<b>(62)</b>

**Notes :**

- Fixed Deposits with the Bank under lien amounting to Rs.354 lac (Previous Year Rs.394 Lac) are not included in Cash & Cash Equivalents.
- Previous Year's figure have been regrouped wherever necessary to confirm current year's figures.

As per our attached report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

Firm Registration No: 101720W

For and on behalf of the Board of Director

**Parag D. Mehta**

Partner

Membership No.113904

**Anuj Burakia**

Whole Time Director

**Ashok Jain**

Director

Place : Mumbai

Date : 16.05.2017

**Narendra Kumar Bhandari**

Chief Financial Officer

**Nilesh Javker**

Company Secretary

**1 SIGNIFICANT ACCOUNTING POLICIES****A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial statements are prepared on the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013 and the applicable accounting standards.

**B. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

**C. FIXED ASSETS**

**Tangible Assets:** Tangible Fixed Assets are stated at cost (net of cenvat credit availed) less accumulated depreciation. The cost of fixed asset includes cost of acquisition, taxes, duties, freight, incidental expenses related to acquisition, construction and installation, allocated pre-operative expenditure and borrowing cost during the preoperational period.

**Intangible Assets:** Intangible Assets are recognised only if acquired and it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

**D. DEPRECIATION/AMORTISATION**

The depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in schedule II to the Companies Act, 2013 except in respect of the Plant and Machinery the life of the assets has been assessed 15 to 30 year based on technical advice, taking into account the nature of the assets, the estimated usage of the asset, the operating conditions and maintenance of the asset, etc. Premium on leasehold land is not amortised as the lease is for long period. Intangible Assets are being amortised over a period not exceeding 4 years.

**E. 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.

**F. INVESTMENTS**

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

**G. FOREIGN CURRENCY TRANSACTIONS/ TRANSLATION**

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Any fluctuation on account of realization /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 Statement of Profit and Loss.

b) Forward contracts are entered into to hedge the foreign currency risk of the underlying transaction. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Exchange differences on forward contracts are recognised as income or expense in the Statement of Profit and Loss of the year / period. Any profit or loss arising on the cancellation and renewal of forward contract are recognised as income or expense for the year / period.

**H. REVENUE RECOGNITION**

Sales are recognised when risks and rewards of ownership are passed on to the customers. Export sales are accounted for on the basis of date of bill of lading. Sales are inclusive of excise duty and sales during trial run. Exports benefits are accounted on accrual basis.

**I. INVENTORIES**

Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

Stores and Spares are valued at cost determined on weighted average basis or net realisable value, except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

Semi finished and finished Goods are valued at lower of cost or net realisable value. Cost includes raw material, labour, manufacturing expenses, allocable overheads and depreciation. Scrap is valued at net realisable value.



## 35TH ANNUAL REPORT 2016-2017

### J. EMPLOYEE BENEFITS

#### a) Defined Benefit and Other Long Term Benefit plan :

Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised 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 Statement of Profit and Loss.

#### b) Short Term Employee Benefits:

Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

### K. 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 in the notes. Contingent assets are not recognised or disclosed in the financial statements.

### L. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 2 SHARE CAPITAL

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2016	
	Number of shares	Rs. Lacs	Number of shares	Rs. Lacs
<b>Authorised</b>				
Equity Shares of Rs.6/- each	110,000,000	6,600	110,000,000	6,600
Preference Shares of Rs. 10/- each	64,000,000	6,400	64,000,000	6,400
<b>Total</b>		<b>13,000</b>		<b>13,000</b>
<b>Issued, Subscribed and Paid up</b>				
108,435,840 (Previous year 108,435,840) Equity Shares - of Rs.6/- each fully paid up		<b>6,506</b>		<b>6,506</b>
58,904,271 (Previous year 58,904,271) 12% Cumulative Redeemable Preference Shares (CRPS) - of Rs. 10/- each fully paid up		<b>5,891</b>		<b>5,891</b>
<b>Total</b>		<b>12,397</b>		<b>12,397</b>
<b>a. Reconciliation of the Number of Shares</b>				
<b>Equity Shares : Face value of Rs.6 each</b>				
As at beginning of the year	108,435,840	6,506	108,435,840	6,506
Share issued during the year	-	-	-	-
Buyback/ forfeiture/ reduction shares	-	-	-	-
Outstanding at the end of the year	108,435,840	6,506	108,435,840	6,506
<b>Preference Share :Face value of Rs 10 each</b>				
As at beginning of the year	58,904,271	5,891	50,904,271	5,091
Share issued during the year	-	-	8,000,000	800
Buyback/forfeiture/ reduction shares	-	-	-	-
Outstanding at the end of the year	58,904,271	5,891	58,904,271	5,891
<b>b. Details of Shareholders holding more than 5% shares</b>				
<b>Name of the Shareholders</b>	<b>Number of shares</b>	<b>% held</b>	<b>Number of shares</b>	<b>% held</b>
<b>Equity Shares :</b>				
WS Alloy Holding Pvt Ltd (Demerged from Welspun Steel Limited w.e.f. 09.05.2015)	43,247,034	39.88	43,247,034	39.88
Widescreen Holding Pvt Limited	24,143,333	22.27	24,143,333	22.27
Magnificent Trading Pvt Limited	7,012,334	6.47	7,012,334	6.47
Calplus Trading Pvt Limited	6,114,390	5.64	6,114,390	5.64
<b>12% CRPS</b>				
WS Alloy Holding Pvt Ltd (Demerged from Welspun Steel Limited w.e.f. 09.05.2015)	-	-	50,904,271	86.42
Welspun Fintrade Pvt Limited	-	-	8,000,000	13.58
Right Growth Trading Pvt.Limited	50,904,271	86.42	-	-
MGN Agro Properties Pvt.Ltd.	8,000,000	13.58	-	-

**c. Terms/ rights attached to**

**Equity shares :**

The Company has 108,435,840 equity share having par value of Rs 6/- each fully paid up. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends, if any, in Indian rupees. The dividend proposed if any, by the board of Directors is subject to the approval of the Shareholders in ensuing annual general meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

**Preference Share :**

The CRPS carry dividend (cumulative) of 12% per annum. The CRPS 40,242,857 are redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from the date of allotment (i.e.19<sup>th</sup> February 2013), The CRPS 4,285,714 are redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from the date of allotment (i.e.11<sup>th</sup> February 2014),

The CRPS 6,375,700 are redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from the date of allotment (i.e.11<sup>th</sup> November 2014) and

The CRPS 8,000,000 are redeemable with premium of Rs.25 per share in three equal annual installments payable from the end of eight years to ten years from the date of allotment (i.e.23<sup>rd</sup> October 2015).

**3 RESERVE AND SURPLUS**

(Rs. in lac)

Particulars	As at	As at
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>Securities Premium Account</b>		
Balance as at the beginning of the year	14,726	12,726
Add: received on issue of shares	-	2,000
Less : Amount Utilized	-	-
Balance as at the end of the year	<u>14,726</u>	<u>14,726</u>
<b>(Deficit) in Statement of Profit and Loss</b>		
As per the last Balance Sheet	(45,151)	(39,144)
Add: Profit / (Loss) for the year	(5,853)	(6,007)
Balance as at the end of the year	<u>(51,004)</u>	<u>(45,151)</u>
<b>Total</b>	<u><u>(36,278)</u></u>	<u><u>(30,425)</u></u>

**4 LONG TERM BORROWINGS**

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	Non Current	Current	Non Current	Current
Secured				
Indian Rupee Term Loans from Banks	28,739	1,938	28,728	876
	28,739	1,938	28,728	876
Unsecured				
Sales Tax Deferred Loan	312	104	416	104
	312	104	416	104
<b>Total</b>	<u>29,051</u>	<u>2,042</u>	29,144	980

**Secured:**

a) Rupee loan of Rs.30,677 lac (Previous year Rs. 29,604 lac) pari passu basis, by way of:

- i. Equitable mortgage of immoveable properties on first charge basis.
- ii. Hypothecation of movable fixed assets on first charge basis.
- iii. Second charge on current assets.

Rupee loans carry interest at bank prime lending rate /base rate/ MCLR plus margin. Loans of

- i. Rs.16,288 lac (Previous year Rs.16900 lac)are repayable in 30 quarterly installment starting from September 2016 and ending in April 2024.
- ii. Rs.574 lacs (Previous year Rs. 704 lac) are repayable in 20 quarterly installment starting from June 2014 and ending in March 2019.
- iii. Rs.13,815 lac (Previous year Rs. 12,000) are repayable in 32 quarterly installments starting from June 2017 and ending in August 2025.

b) Rupee Term loans include installment of Rs.132.04 lac (Previous Year Rupees. 13.5 Lac) due on the balance sheet date.

**Unsecured:**

a) Sales Tax Deferred Loan is repayable from April 2015 in six equal annual installments.

### 35TH ANNUAL REPORT 2016-2017

(Rs.in lac)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>5 LONG TERM PROVISIONS</b>		
Provision for Employee Benefit		
Provision for Gratuity	124	112
Provision for Leave Encashment	28	37
<b>Total</b>	<b>152</b>	<b>149</b>
<b>6 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
From Bank		
Working Capital Loan	6,578	5,784
<b>Unsecured</b>		
From Bank		
Foreign Currency Loan : Buyer's Credit	58	-
Other Loan	800	-
<b>Total</b>	<b>7,436</b>	<b>5,784</b>
a) Working Capital Loans are secured, on pari passu basis, by way of		
i. Hypothecation of current assets on first charge basis.		
ii. Hypothecation of movable fixed assets on second charge basis.		
iii. Equitable mortgage of immovable properties on second charge basis		
b) Working Capital Loans carry interest, at bank prime lending rate/base rate/ MCLR plus margin, ranging from 10.90% to 15.05%.		
c) Buyers Credit carry interest at LIBOR plus margin (68 bps to 100 bps).		
<b>7 TRADE PAYABLES</b>		
Micro small and medium enterprises (Refer Note No.36)	-	-
Others	5,051	5,590
<b>Total</b>	<b>5,051</b>	<b>5,590</b>
<b>8 OTHER CURRENT LIABILITIES</b>		
Current maturity of Long Term Borrowings	2,042	980
Interest accrued and due	395	268
Interest accrued but not due	10	7
Advances from Customers	277	50
Book Overdraft	27	-
Payable for Purchase of Fixed Assets	262	264
Payable to Employees	23	15
Statutory Liabilities	87	60
Provision for Expenses	103	290
Other Payables	39	51
<b>Total</b>	<b>3,265</b>	<b>1,985</b>
<b>9 SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Provision for Gratuity	34	20
Provision for Leave Encashment	10	5
<b>Total</b>	<b>44</b>	<b>25</b>

## RMG ALLOY STEEL LIMITED

### 10 FIXED ASSETS

(Rs.in lac)

Description	Gross Block			Depreciation / Amortisation				Net Block		
	As at 01-04-2016	Additions	Deductions / Adjustments	As at 31-03-2017	Up to 31-03-2016	For the Year	Deductions / Adjustments	Up to 31-03-2017	As at 31-03-2017	As at 31-03-2016
<b>TANGIBLE ASSETS :</b>										
Lease hold Land	351	-	-	351	-	-	-	-	351	351
Free hold Land	14	-	-	14	-	-	-	-	14	14
Plant & Machinery	31,514	11	-	31,525	24,850	358	-	25,208	6,317	6,664
Electrical Installation	1,998	-	-	1,998	1,912	22	-	1,934	64	86
Buildings	8,809	-	-	8,809	4,202	265	-	4,467	4,343	4,607
Office Equipments	201	2	-	203	196	2	-	198	5	5
Furniture and Fixtures	110	-	-	110	86	5	-	91	19	24
Vehicles	20	-	-	20	18	1	-	19	1	3
	<b>43,017</b>	<b>13</b>	<b>-</b>	<b>43,030</b>	<b>31,263</b>	<b>653</b>	<b>-</b>	<b>31,916</b>	<b>11,114</b>	<b>11,754</b>
<b>INTANGIBLE ASSETS:</b>										
Computer Software	32	-	-	32	26	6	-	32	-	6
	32	-	-	32	26	6	-	32	-	6
<b>Total</b>	<b>43,049</b>	<b>13</b>	<b>-</b>	<b>43,062</b>	<b>31,289</b>	<b>659</b>	<b>-</b>	<b>31,948</b>	<b>11,114</b>	<b>11,760</b>
Previous Year	43,016	161	128	43,049	30,746	663	120	31,289	11,760	12,270

Note: (a) During the Financial Year 2015-16 the management has re-assessed the estimated useful life of the Fixed Assets based on technical advice received from an independent technical consultant effective from 1st April 2015 and consequently revised the estimated useful lives of Plant and Machinery. This has resulted in the decrease of depreciation for the year ended 31<sup>st</sup> March 2016 by Rs. 541 lacs.

(Rs.in lac)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>11 LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured and considered good unless otherwise stated</b>		
Capital Advances	-	17
Less: Provision for Doubtful Debt	-	5
	-	12
Security Deposits	-	100
Income tax paid/deducted (Net of provisions)	<b>176</b>	147
<b>Total</b>	<b>176</b>	<b>259</b>
<b>12 INVENTORIES</b>		
Raw Materials	<b>667</b>	955
Semi Finished Goods	<b>1,814</b>	1,644
Finished Goods	<b>348</b>	456
Stores and Spares (net of provision for obsolescence of Rs. 112 lac, Previous year Rs. 112 lac)	<b>1,508</b>	1,511
<b>Total</b>	<b>4,337</b>	<b>4,566</b>

## 35TH ANNUAL REPORT 2016-2017

(Rs. in lac)

Particulars	As at	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>13 TRADE RECEIVABLES</b>		
<b>Unsecured considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	423	1,029
Others	3,742	5,494
	<b>4,165</b>	<b>6,523</b>
<b>Considered Doubtful</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	586	462
Others	-	478
	<b>586</b>	<b>940</b>
	<b>4,751</b>	<b>7,462</b>
Less: Provision for Doubtful Debts	586	940
<b>Total</b>	<b>4,165</b>	<b>6,523</b>
<b>14 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
Balances with Banks		
- In Current Accounts	2	7
Cash on Hand	2	2
<b>Other Bank Balances</b>		
In Margin Deposit Accounts	354	394
<b>Total</b>	<b>358</b>	<b>403</b>

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R. 308(E), dated March 31, 2017. The Details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	SBN(#)	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	5,18,000	33,755	5,51,755
Add: Withdrawal from Bank accounts		5,22,497	5,22,497
Add: Receipts for permitted transactions	-	26,450	26,450
Less: Paid for permitted transactions		3,77,503	3,77,503
Less: Deposited in bank accounts	5,18,000	-	5,18,000
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>2,05,199</b>	<b>2,05,199</b>

# For the purpose of this clause, the term 'Specified Bank Note' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016

Particulars	As at	
	31 <sup>st</sup> March, 2017	31 <sup>st</sup> March, 2016
<b>15 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good unless otherwise stated</b>		
Security deposit	24	11
Balance with Statutory/Government Authorities	771	726
Advance to Vendors	102	264
Loans & advance to employees	-	6
Prepaid expenses	48	92
Cenvat/Other claims receivable/recoverable	9	23
<b>Total</b>	<b>954</b>	<b>1,122</b>

**RMG ALLOY STEEL LIMITED**

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>16 OTHER CURRENT ASSETS</b>		
Interest receivable on Margin Deposits	13	16
Duty Draw Back	1	-
<b>Total</b>	<b>14</b>	<b>16</b>
Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>17 REVENUE FROM OPERATIONS</b>		
Sales of Products – Gross	26,283	29,955
Less: Excise Duty	2,920	3,187
Sales of Products – Net	<b>23,363</b>	<b>26,768</b>
Particulars of Sale of Products		
Steel	23,363	26,768
	<b>23,363</b>	<b>26,768</b>
Other Operating Revenues		
Export Incentives	2	1
Other Revenue	75	32
Provision no longer required	1	15
	<b>78</b>	<b>48</b>
<b>Total</b>	<b>23,441</b>	<b>26,816</b>
<b>18 OTHER INCOME</b>		
Interest from Bank & Others	382	125
Profit on sale of Investment	5	-
Miscellaneous Income	230	81
<b>Total</b>	<b>617</b>	<b>206</b>
<b>19 COST OF RAW MATERIAL CONSUMED</b>		
<b>Cost of Raw Materials Consumed</b> (Refer Note No. 34(a))		
Inventory at the beginning of the year	955	885
Add : Purchases	13,166	15,663
Less : Inventory at the end of the year	668	955
<b>Total</b>	<b>13,453</b>	<b>15,593</b>
Particulars of Raw Materials		
Metallics	9,243	11,563
Ferro Alloys	3,251	3,479
Others	959	551
<b>Total</b>	<b>13,453</b>	<b>15,593</b>
<b>20 CHANGES IN INVENTORIES</b>		
Inventories (at beginning)		
- Finished Goods	456	811
- Semi Finished Goods	1,644	1,358
	<b>2100</b>	<b>2,169</b>
Inventories (at close)		
- Finished Goods	348	456
- Semi Finished Goods	1,814	1,644
	<b>2,162</b>	<b>2,100</b>
Net (Increase) / Decrease		
- Finished Goods	109	355
- Semi Finished Goods	(171)	(286)
<b>Total</b>	<b>(62)</b>	<b>69</b>

### 35TH ANNUAL REPORT 2016-2017

(Rs. in lac)

Particulars	For the year ended 31 <sup>st</sup> March, 2017	For the year ended 31 <sup>st</sup> March, 2016
<b>Particulars of Inventories</b>		
Finished Goods		
Steel	348	456
	<u>348</u>	<u>456</u>
Semi Finished Goods		
Steel	1,813	1,643
Seamless Pipe	1	1
<b>Total</b>	<u><u>1,814</u></u>	<u><u>1,644</u></u>
<b>21 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages, Allowances and Benefits	1,448	1,492
Contribution to Provident and other Funds	80	80
Gratuity	61	34
Leave Encashment	11	15
Staff Welfare Expenses	35	44
<b>Total</b>	<u><u>1,635</u></u>	<u><u>1,665</u></u>
<b>22 FINANCE COST</b>		
Interest Expense	4,360	4,364
Other Borrowing Cost	131	216
<b>Total</b>	<u><u>4,491</u></u>	<u><u>4,580</u></u>
<b>23 OTHER EXPENSES</b>		
<b>Manufacturing and Other Expenses</b>		
Stores and Spare Consumed (Refer Note No. 34(b))	1,963	2,174
Power and Fuel	6,423	6,828
Repairs to Buildings	13	27
Repairs to Plant & Machinery	103	211
Labour Charges	401	381
Job Work Charges	190	274
Insurance	41	37
Excise Duty on change in inventories	(12)	(39)
Lease Rentals and Hire Charges	60	70
Security charges	31	35
Safety Expenses	5	12
Vehicle Expenses	85	79
Communication expenses	13	20
Travelling and Conveyance	41	39
Rates and Taxes	11	35
Printing & Stationery	5	14
Listing Fees	5	5
Directors' Sitting Fees	4	6
Auditors' Remuneration		
- Audit Fees	9	9
- Certification Charges	1	1
Legal and Professional Fees	176	224
Net loss on foreign currency transactions and translation	(8)	13
Freight	146	147
Discounts on Sales	157	96
Brokerage & Commission	1	1
Sales Promotion Expenses	1	6
Provision for doubtful debts	65	25
Loss on assets sold/scrapped (Net)	-	7
Miscellaneous Expenses	55	43
<b>Total</b>	<u><u>9,985</u></u>	<u><u>10,780</u></u>

## RMG ALLOY STEEL LIMITED

### 24 EXCEPTIONAL ITEM

As per the Letter dated 9th October 2013 of Government of Gujarat to BIFR in connection with G.R.No: 102012-593970-I, dated 8<sup>th</sup> July 2013, the Company is eligible to avail unutilized incentive. Accordingly, during the year ended 31st March 2017, the Company had accounted for the refund on the purchase tax an amount of Rs. 250 lac and for the year ended 31st March 2016 amounting to Rs.321 lac respectively.

### 25 EARNING PER SHARE

(Rs.in lac)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Net Profit / (Loss) for the year (Rs. lac)	(5,853)	(6,007)
Less: Cumulative Dividend on 12% CRPS	707	655
Net Profit / (Loss) for the year considered for calculating earnings per share	(6,560)	(6,662)
Number of equity shares outstanding during the year	108,435,840	108,435,840
Basic and Diluted earnings / (loss) per equity share of Rs.6/- each:	(6.05)	(6.11)

26 The balances of trade receivables and trade payables are subject to confirmation from the respective parties and Consequential adjustments arising there from, if any. The management however does not expect any material variations on reconciliation.

27 The slowdown in end user industries and overall global weakness continues to weigh on and is adversely impacting the performance. Ongoing initiatives to raise funds and the expected receipt of fiscal incentive to result in further improvement in the liquidity of the company. The value added products approved by major OEM's and also with improved demand in auto sector both domestic & global will result in increased demand of company's products. Management thus, expects substantial improvement in the utilization of the capacity in the coming period. Accordingly, the financial statements have been prepared on going concern basis and no adjustments are required to the carrying amount of assets and liabilities.

28 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 in the Balance Sheet, unless stated otherwise. The provision for all known liabilities is adequate and not in excess of the amount reasonably stated.

### 29 SEGMENT REPORTING

The Company operates in a single business segment i.e. manufacture of 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 Accounting Standard (AS-17) on "Segment Reporting". The Company has no reportable geographical segment.

### 30 RELATED PARTY DISCLOSURE

As per Accounting Standard (AS) 18, 'Related Party Disclosures, prescribed under the Accounting Standard Rules, the disclosures of transactions with the related parties are given below:

Name of related party	Relationship
- Anuj Burakia	Key Management Personnel (w.e.f 29 <sup>th</sup> July 2015)
- Welspun Steel Limited	Enterprise having significant influence
- WS Alloy Holding Pvt. Ltd.	Enterprise having significant influence (w.e.f. 9 <sup>th</sup> May, 2015)
- Wide Screen Holding Pvt Ltd	Enterprise having significant influence
- MGN Agro Properties Pvt Ltd	Enterprise under common significant influence (Krishiraj Trading Limited merged with MGN Agro Properties Pvt Ltd w.e.f. 27 <sup>th</sup> September 2016)

Above mentioned related parties are identified by the Management and relied upon by the Auditor.

### Transactions with related parties

(Rs.in lac)

Particulars	Enterprise having significant influence	Key Management Personnel
<b>Welspun Steel Limited</b>		
Purchases	2,371(4,595)	
Sales	548 (NIL)	
Reimbursement of Expenses	2(27)	
Interest to Creditors	28(53)	
Outstanding Payable	572(872)	
Advance from Customer	255(NIL)	



## 35TH ANNUAL REPORT 2016-2017

Particulars	Enterprise having significant influence	Key Management Personnel
<b>MGN Agro Properties Pvt Ltd (Krishiraj Trading Limited merged with MGN Agro Properties Pvt Ltd w.e.f. 27<sup>th</sup> September 2016)</b>		
Repayment of Loan	NIL(200)	
<b>Remuneration</b>		
Anuj Burakia	-	6(7)

(figures in bracket represent Previous year figures)

### 31 DEFERRED TAX LIABILITY (Net)

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	1547	1,485
<b>Deferred Tax Asset</b>		
Other Disallowances under Income Tax Act, 1961	276	231
Unabsorbed Depreciation/ Business Loss (Refer note below)	1271	1254
<b>Net Deferred Tax Liability</b>	-	-

Note: - In the absence of virtual certainty, Deferred Tax asset on account of unabsorbed depreciation and business loss has been recognised to the extent it can be realized against reversal of deferred tax liability.

### 32 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 recognised Rs.80 lac (Previous year Rs.80 lac) for provident fund contributions in the Statement of Profit and Loss.

#### 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 recognised 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 recognised in the company's financial statements as at 31st March, 2017:

(Rs.in lac)

Particulars	Gratuity Non Funded	
	As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2016
<b>Reconciliation of Present Value of Obligation PVO– defined benefit obligation</b>		
PVO at the beginning of the year	132	130
Current Service Cost	16	18
Interest Cost	11	10
Actuarial (gain) / losses	34	6
Benefits paid	(35)	(32)
PVO at end of the year	158	132
<b>Net cost for the year ended 31st March</b>		
Current Service cost	16	18
Interest cost	11	10
Actuarial (gain) / losses	34	6
Net cost	61	34
<b>Assumption used in accounting for the gratuity plan</b>		
Discount rate (%)	7.38 % p.a.	8.00 % p.a.
Salary escalation rate (%)	4.00 % p.a.	4.00 % p.a.

**c) OTHER DISCLOSURES**

	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of defined benefit obligation	158	132	130	127	173
Fair value of plan assets	-	-	-	-	-
(Deficit)/ Surplus of the plan	(158)	(132)	(130)	(127)	(173)
Experience adjustments on plan liabilities [loss / (gain)]	23	20	(6)	19	8
Experience adjustments on fair value of plan assets [(loss) / gain]	-*	-*	-*	-*	-*

\*The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not available in the valuation report and hence, are not furnished.

**d) Other Long Term Employee Benefits**

The compensated absences charge for the year ended 31st March, 2017, based on actuarial valuation carried out using the Projected Unit Credit Method, amounting to Rs.11 lac (Previous year Rs.15 lac) has been recognised in the Statement of Profit and Loss.

**33 FINANCIAL AND DERIVATIVE INSTRUMENTS**

Particulars	INR equivalent (Rs.in lac)		USD equivalent (USD in lac)	
	As at 31st March			
	2017	2016	2017	2016
<b>Foreign Currency:</b>				
<u>Unhedged</u>				
Buyers' Credit	58	-	1	-
Current Liabilities	21	50	0*	1

\*USD 32,233

**34 ADDITIONAL INFORMATION**

Pursuant to the provisions of 5(viii)(c) of Part II of Schedule III to the Companies Act, 2013: (Rs. in lac)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2017		For the year ended 31 <sup>st</sup> March, 2016	
		Amount (Rs.in lac)	(%)	Amount (Rs.in lac)	(%)
a)	<b>Value of Raw Material Consumed</b>				
	- Imported	635	5	2,191	14
	- Indigenous	12,818	95	13,402	86
	<b>Total</b>	<b>13,453</b>	<b>100</b>	<b>15,593</b>	<b>100</b>
b)	<b>Value of Stores and Spares Consumed</b>				
	- Imported	263	13	302	14
	- Indigenous	1,700	87	1,872	86
	<b>Total</b>	<b>1,963</b>	<b>100</b>	<b>2,174</b>	<b>100</b>

	Particulars	For the year ended 31 <sup>st</sup> March	
		2017	2016
c)	<b>Value of Imports on CIF Basis in respect of</b>		
	- Raw Materials	217	383
	- Stores and Spares	215	290
	-Finished Goods	-	-
	-Fixed Asset (Plant & Machinery)	9	-
d)	<b>Expenditure in Foreign Currency</b>		
	- Interest / Bank Charges	1	2
	- Others	-	1
e)	<b>Earnings in Foreign Exchange</b>		
	- FOB Value of Export	71	106

### 35TH ANNUAL REPORT 2016-2017

#### 35 CONTINGENT LIABILITY

(Rs. in lac)

Particulars	For the year ended 31 <sup>st</sup> March	
	2017	2016
Capital Commitments not provided for (net of advances)	-	23
Bank Guarantees	854	915
Bills Discounted	1,264	668
Service Tax	139	139
Excise Duty	34	34
Disputed Sales Tax Demands	20	20
Claim against the Company not acknowledged as debts	501	442
Dividend on Cumulative Redeemable Preference Shares (CRPS)	2,470	1,763

- 36 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. The required disclosures are the information required under the said Act as given below :

(Rs.in lac)

Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
Principal amount remaining unpaid as on 31st March	-	-
Interest due thereon as on 31st March	10	7
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 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	-	-
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.	-	-

#### 37 PREVIOUS YEAR'S FIGURES

Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our attached report of even date

**For CHATURVEDI & SHAH**

Chartered Accountants

Firm Registration No: 101720W

**Parag D. Mehta**

Partner

Membership No.113904

Place : Mumbai

Date : 16.05.2017

For and on behalf of the Board of Director

**Anuj Burakia**

Whole Time Director

**Ashok Jain**

Director

**Narendra Kumar Bhandari**

Chief Financial Officer

**Nilesh Javker**

Company Secretary

## RMG ALLOY STEEL LIMITED

CIN : L27100GJ1980PLC020358

**Registered Office** : G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110, India.  
Email : [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com) Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

**Corporate Office** : B/9, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.  
Tel No: +91 -22-66136000 Fax: +91-22-2490 8020

### E-mail Registration-Cum-Consent Form

To,  
The Executive Director,  
RMG Alloy Steel Limited  
G.I.D.C Industrial Estate, Valia Road, Jhagadia,  
Dist. Bharuch, Gujarat 393110

I/ we the members of the Company do hereby request you to kindly register/ update my e-mail address with the Company. I/ We, do hereby agree and authorize the Company to send me/ us all the communications in electronic mode at the e-mail address mentioned below. Please register the above e-mail address / mobile number for sending communication through e-mail/ mobile.

Folio No.	:	DP – ID	:	Client ID	:
Name of the Registered Holder (1 <sup>st</sup> )		:			
Name of the joint holder(s)		:			
		:			
Registered Address		:			
		Pin:			
Mobile Nos. (to be registered)		:			
E-mail Id (to be registered)		:			

\_\_\_\_\_  
**Signature of the Shareholder(s)\***

\* Signature of all the shareholders is required in case of a joint holding.

TEAR HERE



**Form No. SH-13  
Nomination Form**

(Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014)

To,  
The Executive Director,  
RMG Alloy Steel Limited  
G.I.D.C Industrial Estate, Valia Road, Jhagadia,  
Dist. Bharuch, Gujarat 393110

I/ We \_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**1. PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)**

Nature of securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

**2. PARTICULARS OF NOMINEE/S —**

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

**3. IN CASE NOMINEE IS A MINOR--**

- (a) Date of birth:
- (b) Date of attaining majority
- (c) Name of guardian:
- (d) Address of guardian:

Name of the Security Holder(s) \_\_\_\_\_

Signatures: \_\_\_\_\_

Witness with name and address: \_\_\_\_\_

**Instructions:**

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by individuals only. Non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the Shares are held jointly all joint holders shall sign (as per the specimen registered with the Company) the nomination form.
3. A minor can be nominated by a holder of Shares and in that event the name and address of the Guardian shall be given by the holder.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.
5. Transfer of Shares in favour of a nominee shall be a valid discharge by a Company against the legal heir(s).
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filled; else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.
9. Whenever the Shares in the given folio are entirely transferred or dematerialised, then this nomination will stand rescinded.
10. Upon receipt of a duly executed nomination form, the Registrar & Transfer Agent of the Company will register the form and allot a registration number. The registration number and folio no. should be quoted by the nominee in all future correspondence.
11. The nomination can be varied or cancelled by executing fresh nomination form.
12. The Company will not entertain any claims other than those of a registered nominee, unless so directed by a Court.
13. The intimation regarding nomination / nomination form shall be filed in duplicate with the Registrars & Transfer Agents of the Company who will return one copy thereof to the Shareholders.
14. For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.



**Form No. MGT-11  
PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014  
CIN : L27100GJ1980PLC020358

**Name of the Company: RMG ALLOY STEEL LIMITED**

**Registered Office :** G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat- 393110, India.

Email : [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com) Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

**Corporate Office :** B/9, Trade world, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.

Tel No: +91 -22-66136000 Fax: +91-22-2490 8020

Name of the member (s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No / Client ID \_\_\_\_\_ DP ID \_\_\_\_\_

I / We \_\_\_\_\_ being the member(s) of Equity Shares of the above named company, hereby appoint:

1. Name) : \_\_\_\_\_  
Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her

2. Name) : \_\_\_\_\_  
Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her

3. Name) : \_\_\_\_\_  
Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her

as my / our proxy attend and vote (on a poll) for me / us and on my / our behalf at the 35th Annual General Meeting of the Company to be held on Tuesday, September 26, 2017 at 12.30 p.m. at the Registered Office of the Company at G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject of the Resolution	Vote	
		For	Against
1	Consider and adopt Audited Financial Statements for FY-16-17 and the reports of the Board of Directors and Auditors thereon.		
2	Re-appointment of Mr. Hanuman Kanodia as a director of the Company, liable to retire by rotation.		
3	Ratification of appointment of M/s. Pathak H.D. & Associates, Chartered Accountants (Firm Registration No. 107783W), as Auditors.		
4	Ratification of remuneration payable to Cost Auditor.		
5	Approval of appointment of Mr. Aneel Lasod as Director of the Company.		
6	Approval of Appointment of Ms. Amita Karia as an Independent Director of the Company.		
7	Increase of Authorised Share Capital and Alteration of Clause V of Memorandum of Association.		
8	Alteration of Article 3 of Articles of Association.		
9	Issue of upto 3,00,00,000 12% Redeemable Preference shares of Rs.10 each aggregating to Rs.30,00,00,000/- (Rupees Thirty Crore Only)		

Signed this ..... day of .....2017.

Signature of shareholder

Signature of Proxy Holder(s) : 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_

**Note:**

- Please complete all the details including details of member(s) in the above Box before submission.
- It is optional to put "X" in the appropriate column against the Resolutions indicated in the Box. If you leave the "For" or "Against" column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.
- A proxy can act on behalf of such number of member or members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company. Provided that a member holding more than 10%, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.**
- The Form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

TEAR HERE





## RMG ALLOY STEEL LIMITED

CIN : L27100GJ1980PLC020358

**Registered Office** : G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110, India.

Email : [allcompanysecretaryofrmgl@welspun.com](mailto:allcompanysecretaryofrmgl@welspun.com) Website: [www.rmgalloysteel.com](http://www.rmgalloysteel.com)

**Corporate Office** : B/9, Trade World, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.

Tel No: +91 -22-66136000 Fax: +91-22-2490 8020

### ATTENDANCE SLIP

Name of the sole / first named member

Address of sole / first named member:

Registered folio no.

DP ID no. / Client ID no.\*

Number of shares held

I hereby record my presence at the 35<sup>th</sup> Annual General Meeting of the Company held on Tuesday, September 26, 2017 at Plot No.1, G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch- 393110, Gujarat, at 12:30 PM.

Signature of Shareholder/ Proxy Present

Note: Members are requested to fill up the attendance slip and hand it over at the venue of the meeting.

----- Tear here -----

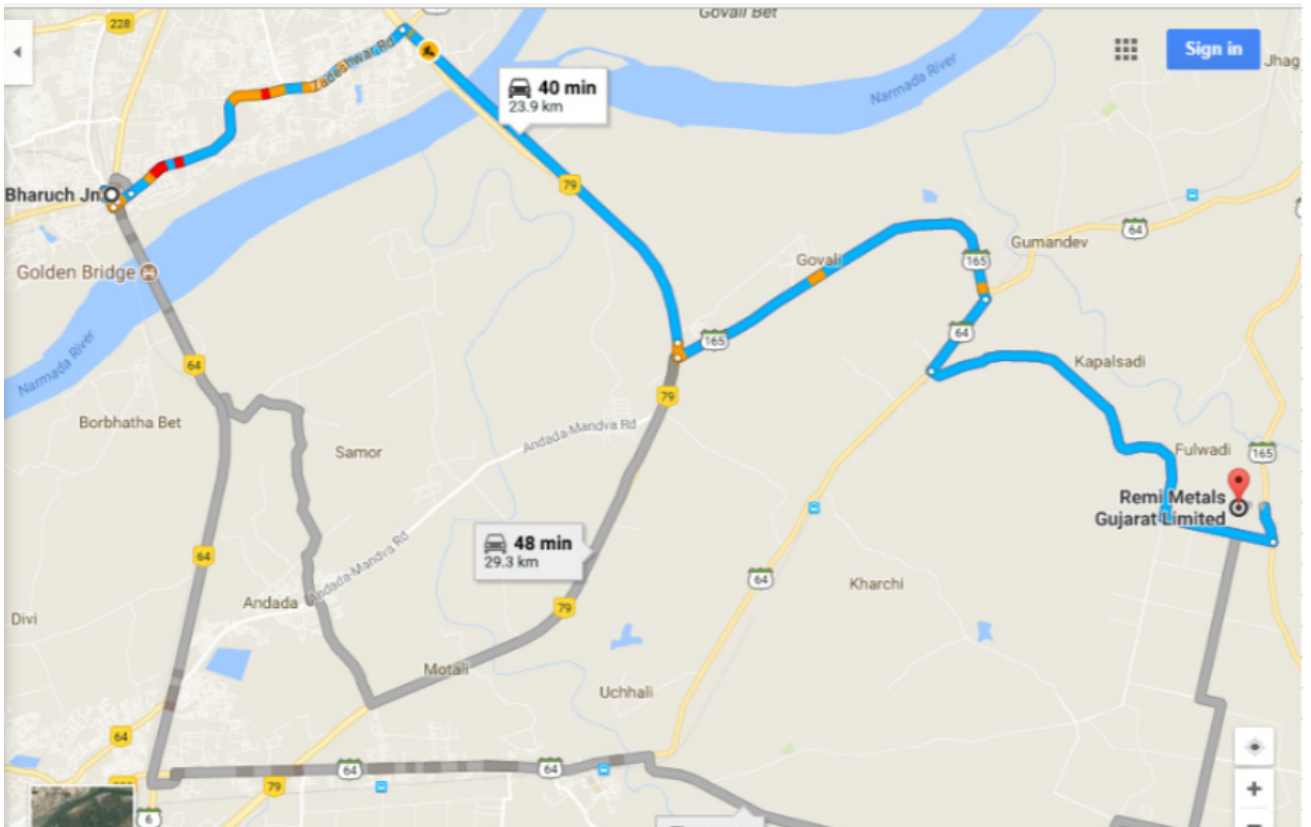
#### Important note for Electronic Voting:

The e-voting period commences on Saturday, September 23, 2017 at 9:00 am and ends on Monday, September 25, 2017 at 5:00 pm. The e-Voting module shall be disabled by CDSL for voting thereafter.

Please read the instructions before exercising the vote.

These details and instructions form integral part of the Notice dated May 25, 2016 of 35<sup>th</sup> Annual General Meeting.

## Route Map



**Registered Office :**

G.I.D.C Industrial Estate, Valia Road, Jhagadia, Dist. Bharuch, Gujarat 393110